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IVCA-EY PE/VC Roundup

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Foreword and outlook



Vivek Soni

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“ In August 2024, PE/VC investments recorded US\$2.9 billion, a 47% decline from August 2023 but a 5% increase from July 2024. The number of deals in August 2024 saw a 31% year-on-year increase.

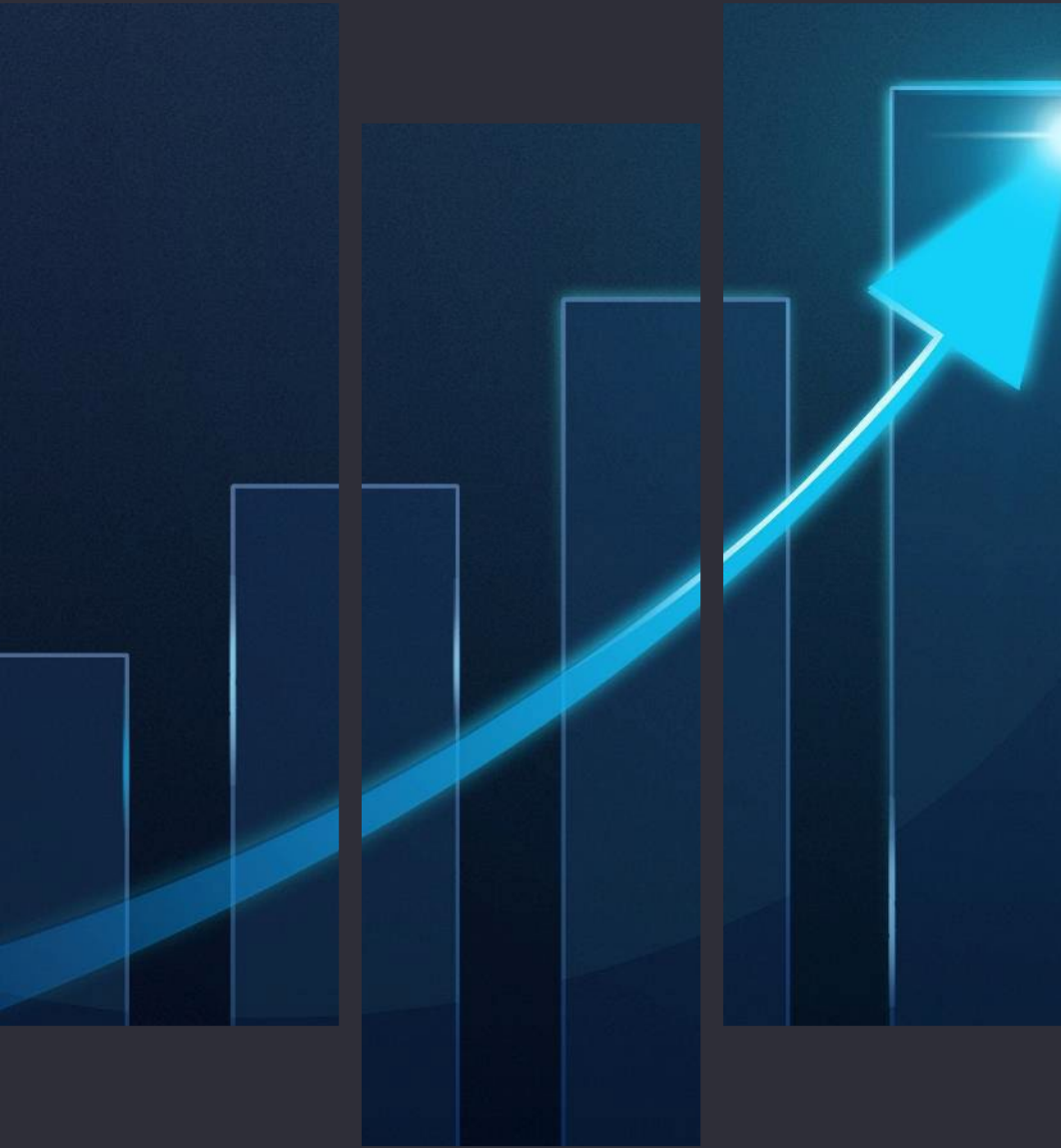
“ Pure play PE/VC investments in August 2024 recorded US\$2.1 billion, marking a 34% year-on-year decline (US\$3.1 billion) but a 13% increase from July 2024 (US\$1.8 billion). The number of deals saw a 36% year-on-year increase, with 79 deals in August 2024 compared to 58 in August 2023. Investments in the real estate and infrastructure asset class amounted to US\$838 million, a 63% drop year-on-year (US\$2.3 billion) and 10% lower than July 2024 (US\$928 million).

“ Growth investments, the largest deal type in August 2024, recorded US\$1.5 billion, accounting for 51% of overall investments. This was followed by start-up investments (US\$695 million). From a sector point of view, financial services emerged as the top sector, attracting US\$548 million in PE/VC investments.

“ PE/VC exits in August 2024 recorded US\$2.8 billion across 28 deals, reflecting a 36% year-on-year decline (US\$4.3 billion in August 2023). Open market exits in August 2024 accounted for 81% of the total exit value (US\$2.3 billion).

“ After a sluggish July, deal momentum has remained subdued in the second half of 2024. The average number of deals per month in the first half of 2024 was 110, but the initial two months of the second half have seen a 20% decline, with a monthly average of 88 deals. This trend is also evident in large deals (deals with value greater than US\$100 million). While a few large deals helped sustain PE/VC investments in the first half of 2024 that averaged 12 large deals per month, the second half of 2024 has seen a sharp decline, averaging only seven large deals per month. We have seen only four deals exceeding \$1 billion in value in 2024 so far as compared to six \$1 billion plus deals in the first 8 months of 2023. We think this is primarily on account of mismatch in valuation ask between buyers and sellers.

“ Although India’s fiscal health remains good and overall macro-economic environment is positive, overall deal momentum is sluggish due to ongoing geopolitical tensions and material bid-ask spreads between buyer valuations and seller expectations. A correction in asset prices or a rerating of earnings growth should help close this gap and increase the value and volume of deal closures. We remain cautiously optimistic.



Agenda

- 1 Monthly trend analysis: August 2024

01

Monthly trend analysis:
August 2024

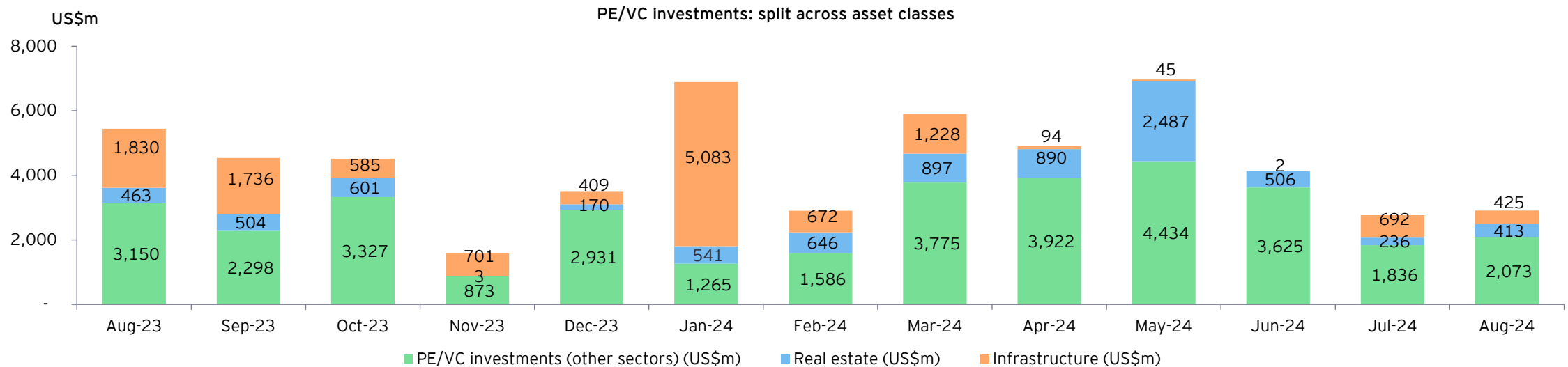
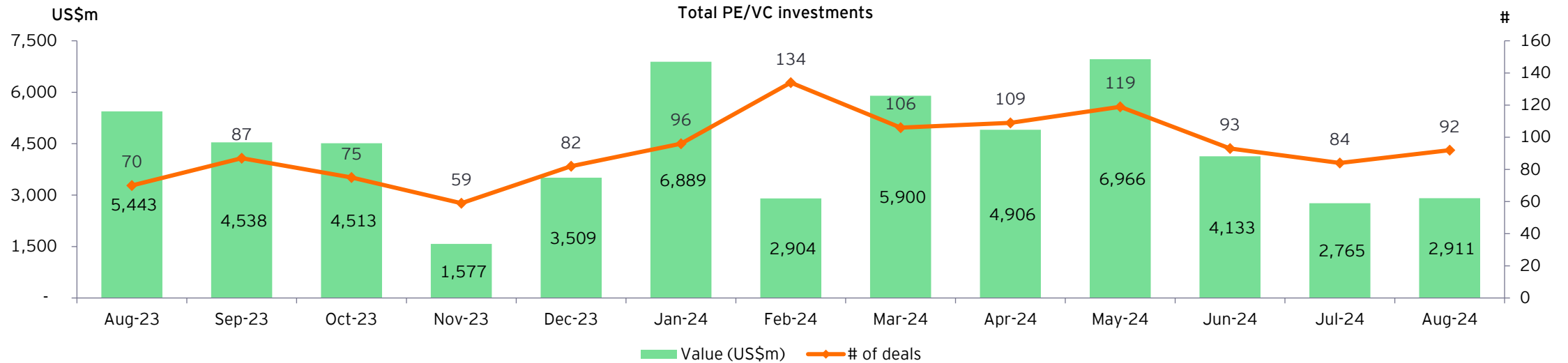
| EVOLUTION | METRIC | ACTUAL VS TARGET | ACTUAL | TARGET |
|-------------------------|--------|------------------|---------|---------|
| REVENUE | | | \$12.5M | \$10.0M |
| PROFIT | | | \$10.5M | \$10.0M |
| ON-TIME DELIVERY | | | 98.0% | 95.0% |
| AVG. ORDER SIZE | | | 120.5M | 80.0% |
| NEW CUSTOMERS | | | 957000 | 99.0% |
| MARKET SHARE | | | 15.0% | 10.0% |
| CUSTOMERS SATISFACTIONS | | | 91.0% | 90.0% |

Key trends



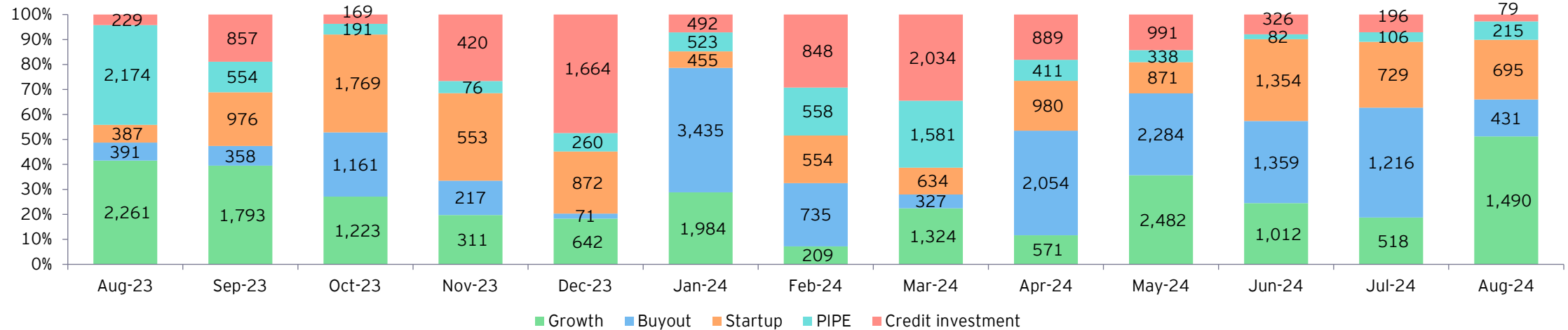
- ▶ PE/VC investments in August 2024 reached US\$2.9 billion, 47% lower than in August 2023 (US\$5.4 billion) but 5% higher than in July 2024 (US\$2.8 billion). In terms of deal volume, August 2024 saw a 31% increase with 92 deals compared to 70 in August 2023.
- ▶ August 2024 recorded eight large deals (deals with value greater than US\$100 million), aggregating US\$1.7 billion, a 63% decline in value from August 2023 (US\$4.6 billion across 14 deals). The largest deal of the month involved General Catalyst, Dragon Fund, EPIQ Capital, and others, investing US\$340 million in KiranaKart Technologies (Zepto).
- ▶ Growth investments had the largest share in August 2024, with US\$1.5 billion invested across 20 deals compared to US\$2.3 billion across 13 deals in August 2023, marking a decline of 34%. Start-up investments were the second largest, with US\$695 million invested across 50 deals in August 2024, a growth of 79% compared to US\$387 million across 27 deals in August 2023. Buyout investments were the third highest at US\$431 million across six deals, reflecting 10% growth from August 2023 (US\$391 million across six deals). PIPE investments recorded US\$215 million across 10 deals, a sharp 90% decline from August 2023 (US\$2.2 billion across 20 deals). Credit investments stood at US\$79 million across six deals, down 65% from August 2023 (US\$229 million across four deals).
- ▶ From a sector point of view, financial services was the top sector in August 2024, attracting US\$548 million in PE/VC investments across 18 deals, followed by e-commerce (US\$533 million) and infrastructure (US\$425million). These sectors, combined, accounted for 52% of total PE/VC investments in August 2024.

PE/VC monthly headline trends: investments

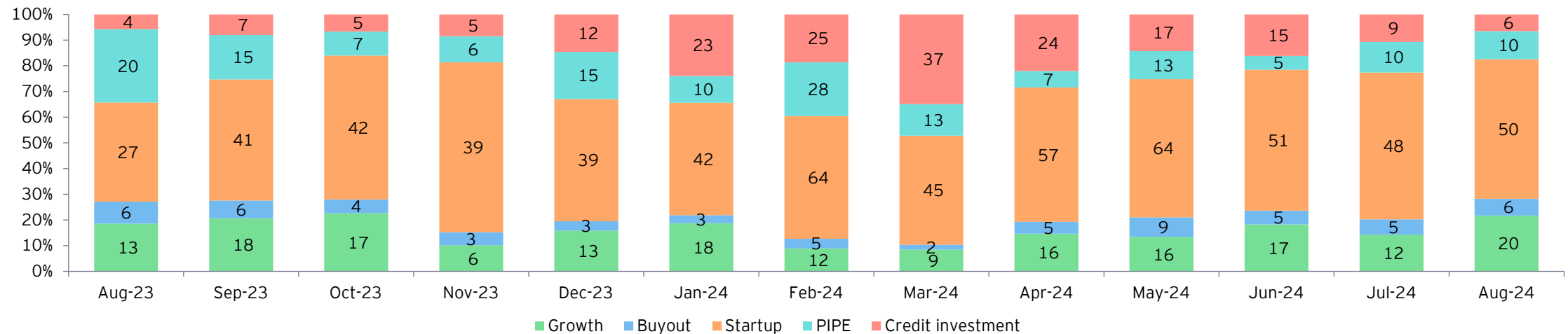


PE/VC monthly headline trends: investments

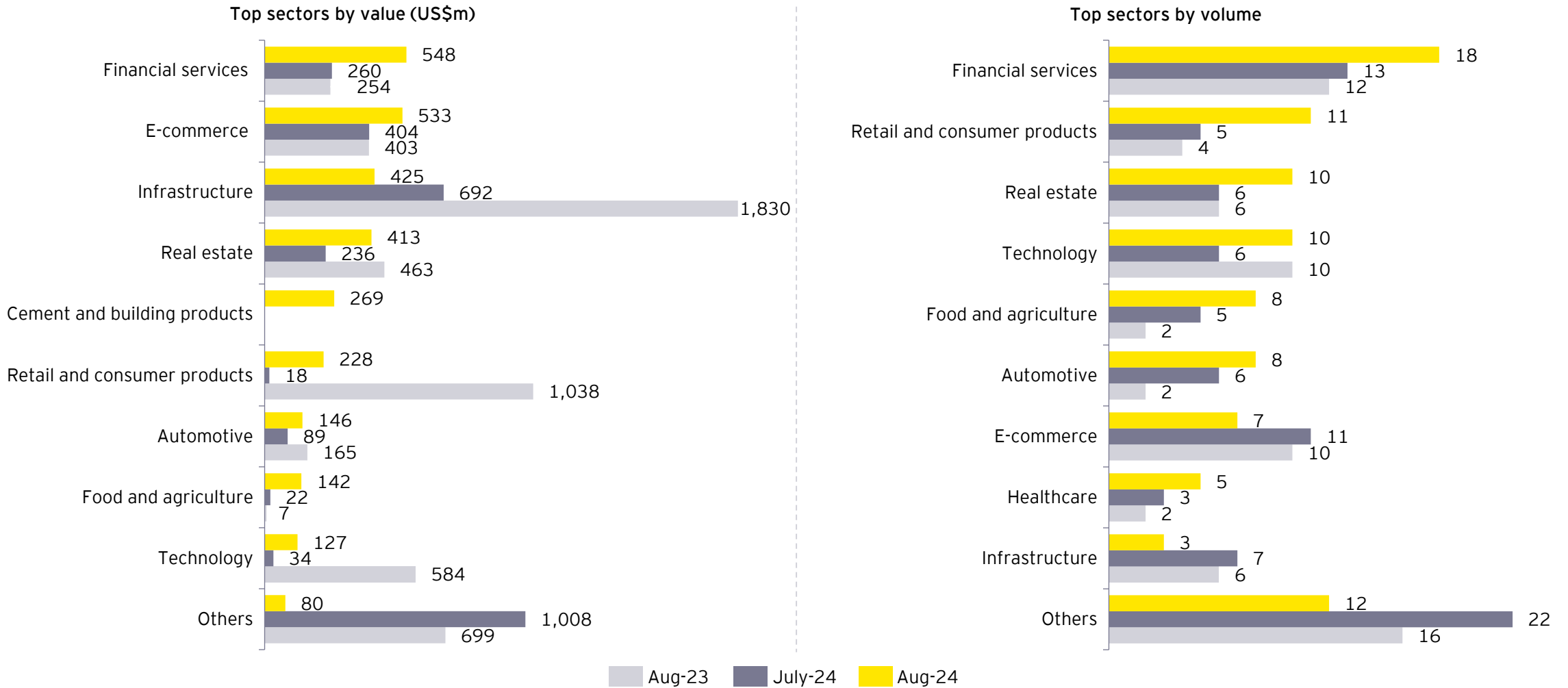
PE/VC investments: split across deal segments (value in US\$m)



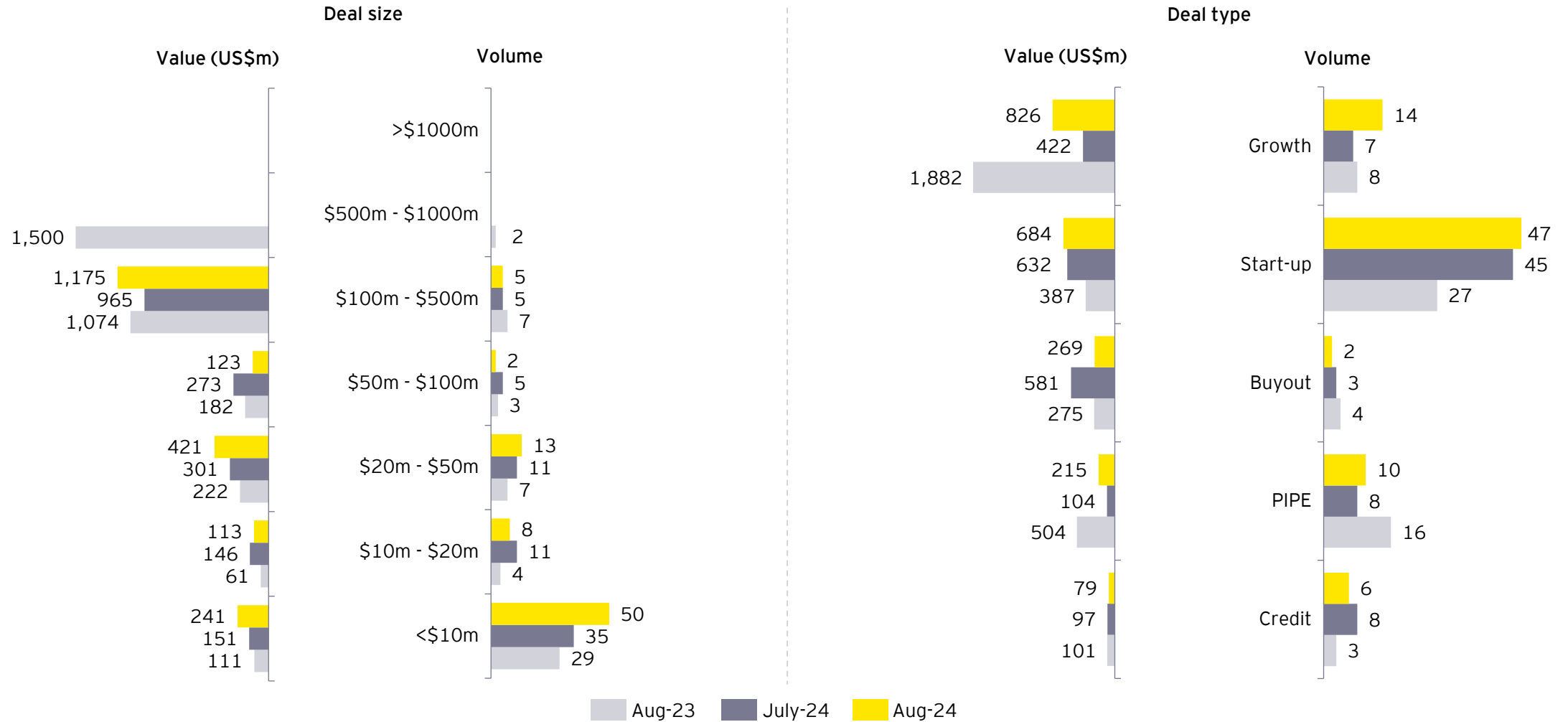
PE/VC investments: split across deal segments (number of deals)



PE/VC investments: split by sector



PE/VC investments: split by deal size and deal type (excludes real estate and infrastructure)



* PIPE: Private investment in public equity

Note: Deal value not available for six deals in August 2023, four deals in July 2024 and one deal in August 2024

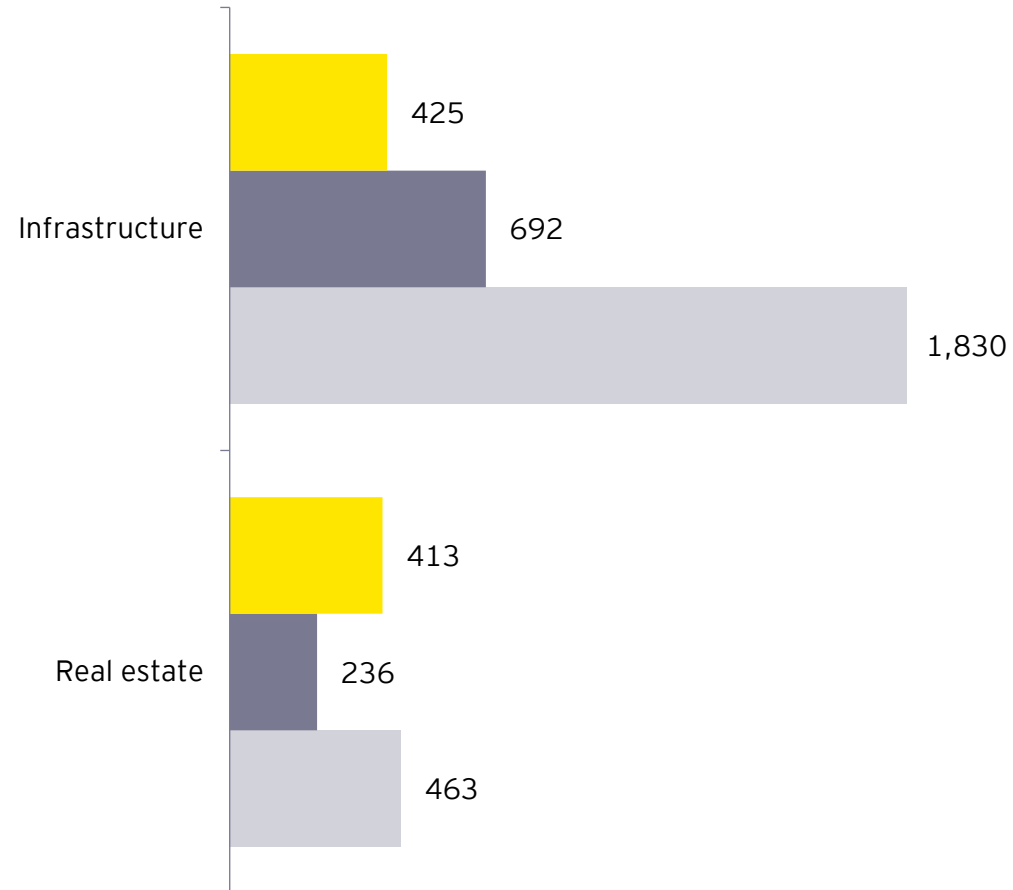
Top PE/VC investments

Top PE/VC investments, excluding infrastructure and real estate, in August 2024

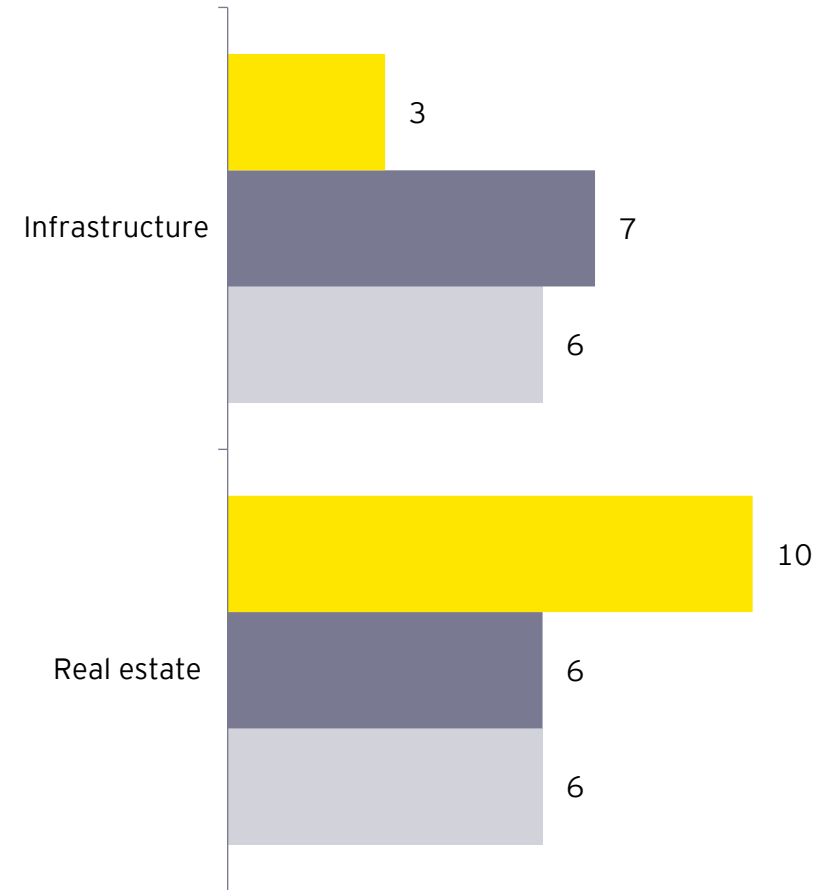
| Company | PE investors | Sector | Stage | US\$m | Stake (%) |
|---|--|------------------------------|----------|-------|-----------|
| KiranaKart Technologies (Zepto) | General Catalyst, Dragon Fund , EPIQ Capital and others | E-commerce | Start-up | 340 | 7 |
| DMI Finance | Mitsubishi UFJ Financial Group | Financial services | Growth | 334 | 11 |
| Ebco | Warbug Pincus | Cement and building products | Buyout | 269 | 75 |
| Oravel Stays (Oyorooms) | InCred Wealth, J&A Partners, ASK Financial Holdings and others | E-commerce | Growth | 124 | 5 |
| BlueStone Jewellery and Lifestyle | Prosus, Peak XV, Steadview Capital and others | Retail and consumer products | Growth | 108 | 11 |
| Ather Energy | NIIF | Automotive | Growth | 71 | 5 |
| PNB Housing Finance | GIC | Financial services | PIPE | 52 | 2 |
| Tata Technologies | JP Morgan | Technology | PIPE | 49 | 1 |
| Smart Software Testing Solutions (OpKey, PCloudy) | PeakSpan Capital and others | Technology | Start-up | 47 | NA |
| Kalyan Jewellers India | GIC | Retail and consumer products | PIPE | 47 | 1 |

PE/VC investments in infrastructure and real estate sectors

Top sectors by value (US\$m)

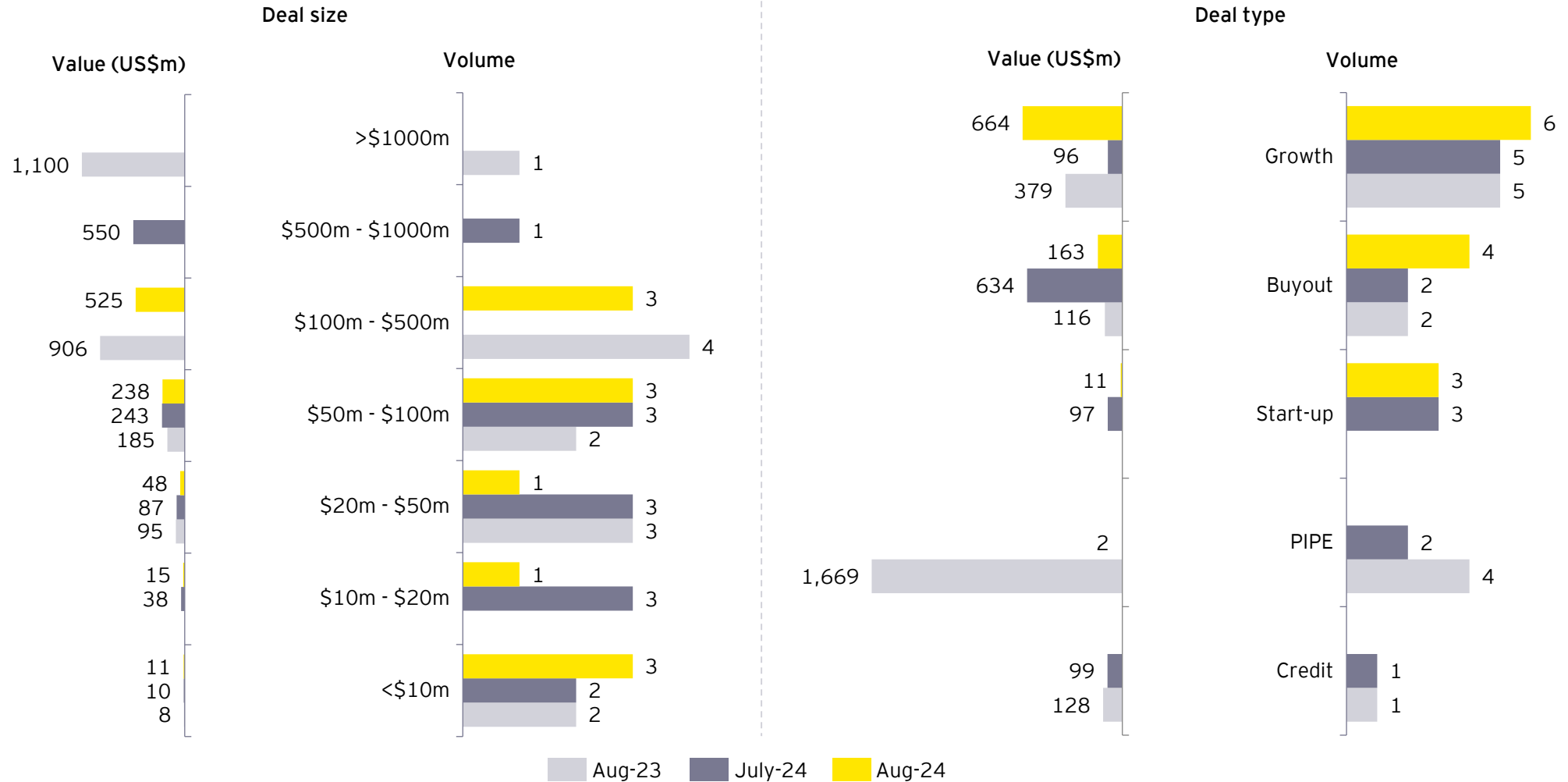


Top sectors by volume



Aug-23 July-24 Aug-24

PE/VC investments in infrastructure and real estate sectors



* PIPE: Private investment in public equity

Note: Deal value not available for one deal in July 2024 and two deals in August 2024

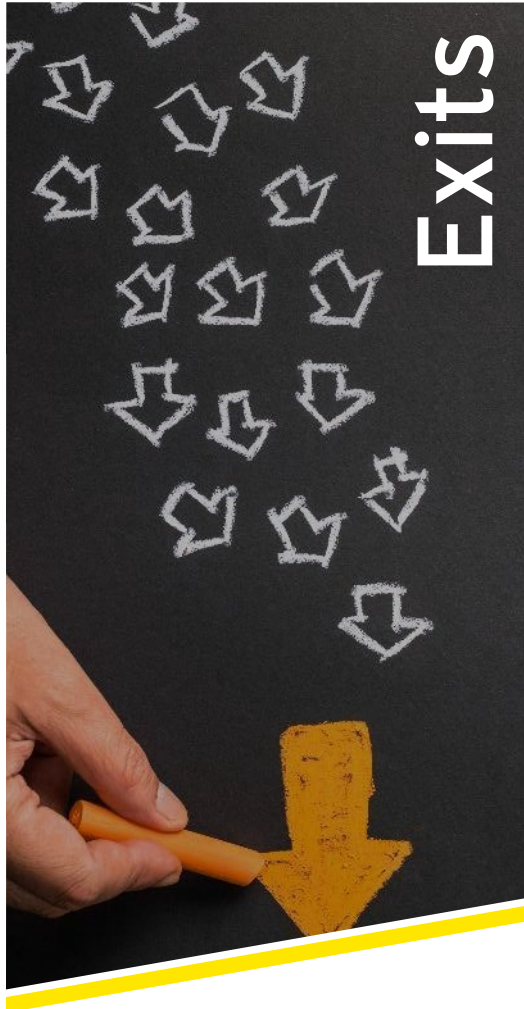


Top infrastructure and real estate investments

Top infrastructure and real estate investments in August 2024

| Company | PE investors | Sector | Stage | US\$m | Stake (%) |
|---|---------------------------------------|----------------|--------|-------|-----------|
| Fourth Partner Energy | IFC, ADB and DEG | Infrastructure | Growth | 275 | NA |
| Continuum Green Energy | Climate Assets Fund I | Infrastructure | Growth | 150 | 15 |
| JV Ventures and Terminus Group Platform (Madison) | JV Ventures | Real estate | Growth | 100 | 50 |
| Supertech's stalled project in Noida | Kotak Investment | Real estate | Growth | 91 | NA |
| 211-acre land acquisition in Chennai | Blackstone and Hiranandani Group (JV) | Real estate | Buyout | 84 | 100 |

Key trends

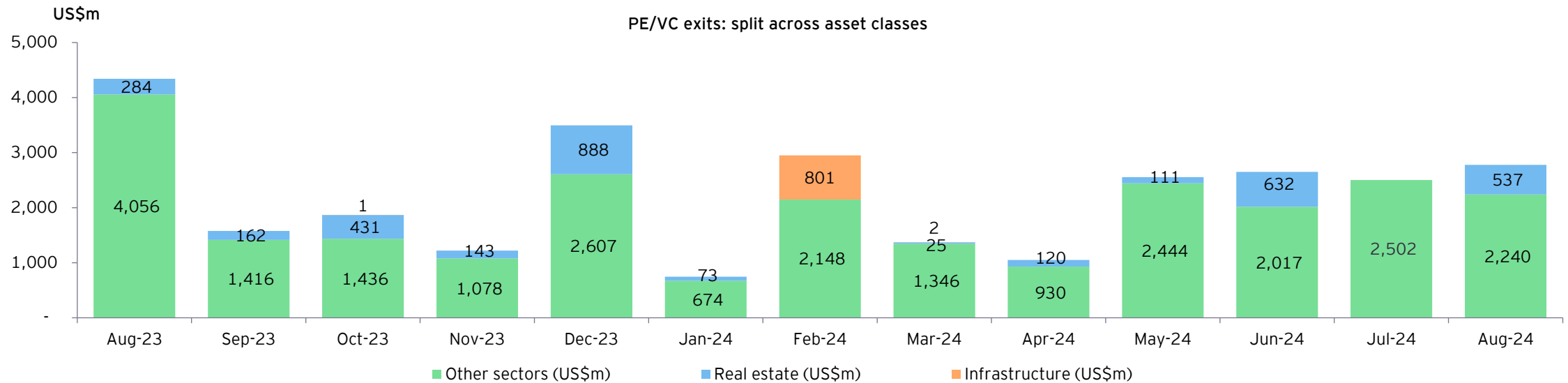
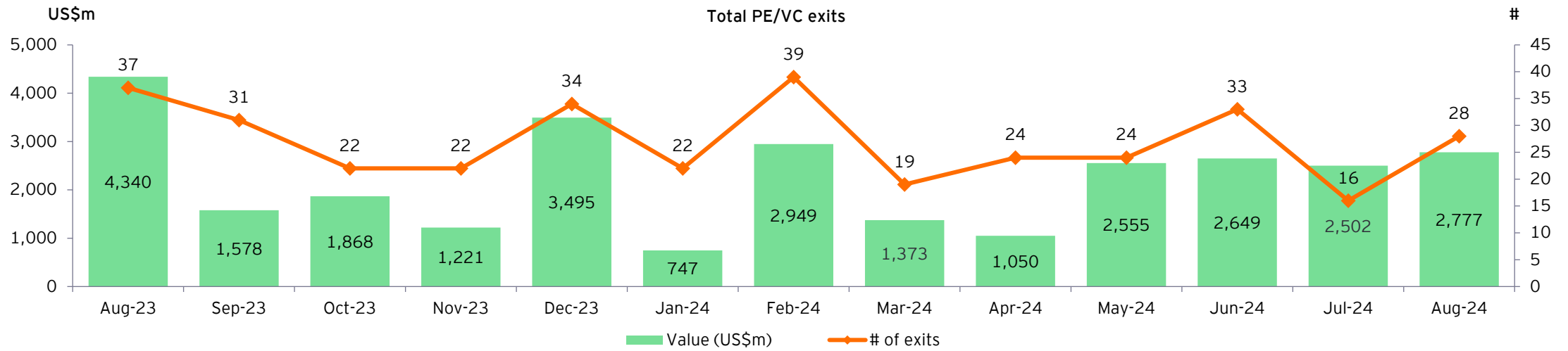


- ▶ August 2024 recorded 28 exits worth US\$2.8 billion, compared to US\$4.3 billion in August 2023 across 37 exits.
- ▶ Open market exits were the highest in August 2024 at US\$2.3 billion across 13 deals, followed by PE-backed IPO at US\$441 million.
- ▶ The largest exit in August 2024 saw Antfin Singapore Holding selling a 2% stake in Zomato for US\$570 million.

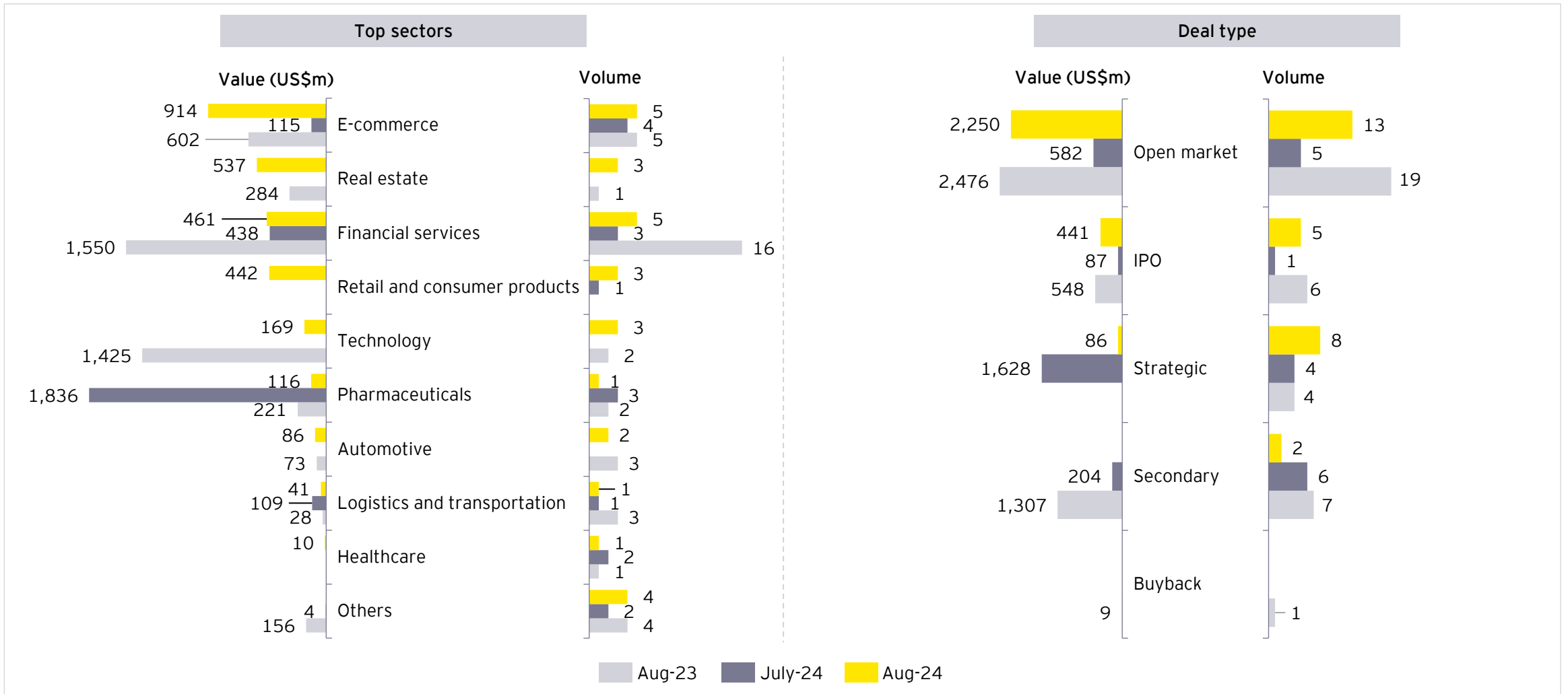


- ▶ August 2024 recorded total fundraises of US\$828 million, across 12 funds, compared to US\$1.5 billion raised in August 2023 and US\$434 million in July 2024.
- ▶ US\$500 million raised by 360 ONE WAM was the largest fundraiser in August 2024.

PE/VC monthly headline trends: exits



PE/VC monthly headline trends: exits



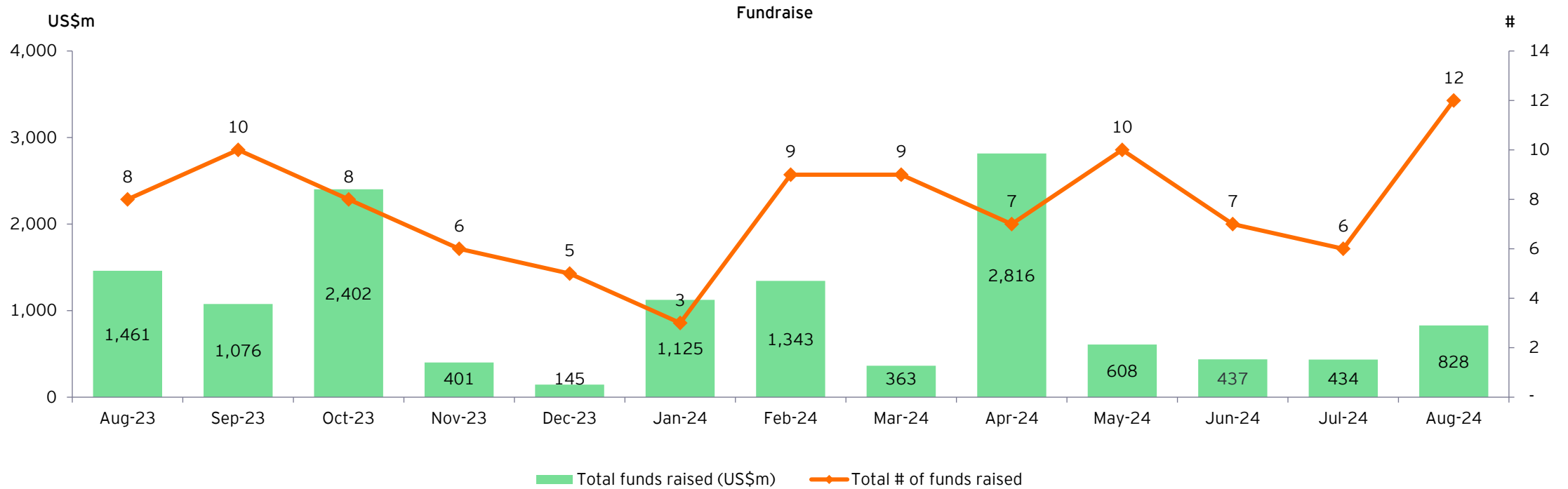
Note: Deal value not available for nine exits in August 2023, seven exits in July 2024, four exits in August 2024.

Top exits

Top exits in August 2024

| Company | Sector | Seller | Buyer | Stage | US\$m | Stake (%) |
|------------------------------------|------------------------------|---|----------------------|-------------|-------|-----------|
| Zomato | E-commerce | Antfin Singapore Holding | NA | Open market | 570 | 2 |
| Nexus Select Trust | Real estate | Blackstone | NA | Open market | 505 | 22 |
| Kalyan Jewellers | Retail and consumer products | Warburg Pincus | NA | Open market | 428 | 6 |
| BrainBees Solutions (Firstcry.com) | E-commerce | Softbank, PremjiInvest, TPG and others | NA | IPO | 244 | 8 |
| PNB Housing Finance | Financial services | General Atlantic and Asia Opportunities V | NA | Open market | 209 | 8 |
| PB Fintech (Policybazaar) | Financial services | Tencent | NA | Open market | 199 | 2 |
| Tata Technologies | Technology | TPG Rise Climate | NA | Open market | 147 | 3 |
| Akums Drugs and Pharmaceuticals | Pharmaceuticals | Quadria Capital | NA | IPO | 116 | 9 |
| MedPlus Health Services | E-commerce | Warburg Pincus | NA | Open market | 100 | 11 |
| Sunbeam Lightweighting Solutions | Automotive | Kedaara Capital | Craftsman Automation | Strategic | 45 | 100 |

PE/VC monthly headline trends: fundraise



Fundraise

Top fundraise in August 2024

| Status | Fund | PE/VC GP | US\$m | Strategy |
|-----------|----------------------------|-------------------|-------|--|
| Raised | 360 ONE Secondaries Fund 1 | 360 ONE WAM | 500 | Secondaries fund which will also invest in companies planning to go public within the next two years |
| Announced | Trifecta Capital Fund 4 | Trifecta Capital | 240 | Sectors excluding 'risky sectors' such as cryptocurrencies, gaming and peer-to-peer (P2P) lending |
| Raised | Bharat Value Fund | Bharat Value Fund | 119 | Pre-IPO investment opportunities in Indian growth-stage enterprises |
| Raised | Ankur Capital Fund 3 | Ankur Capital | 48 | Early-stage start-ups in agri-tech, climate and deep-tech segments |
| Raised | Sauce VC Fund 3 | Sauce VC | 44 | 12 to 15 consumer brands in the early stages |



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**EY Private Equity
Services**

About our Private Equity Services practice

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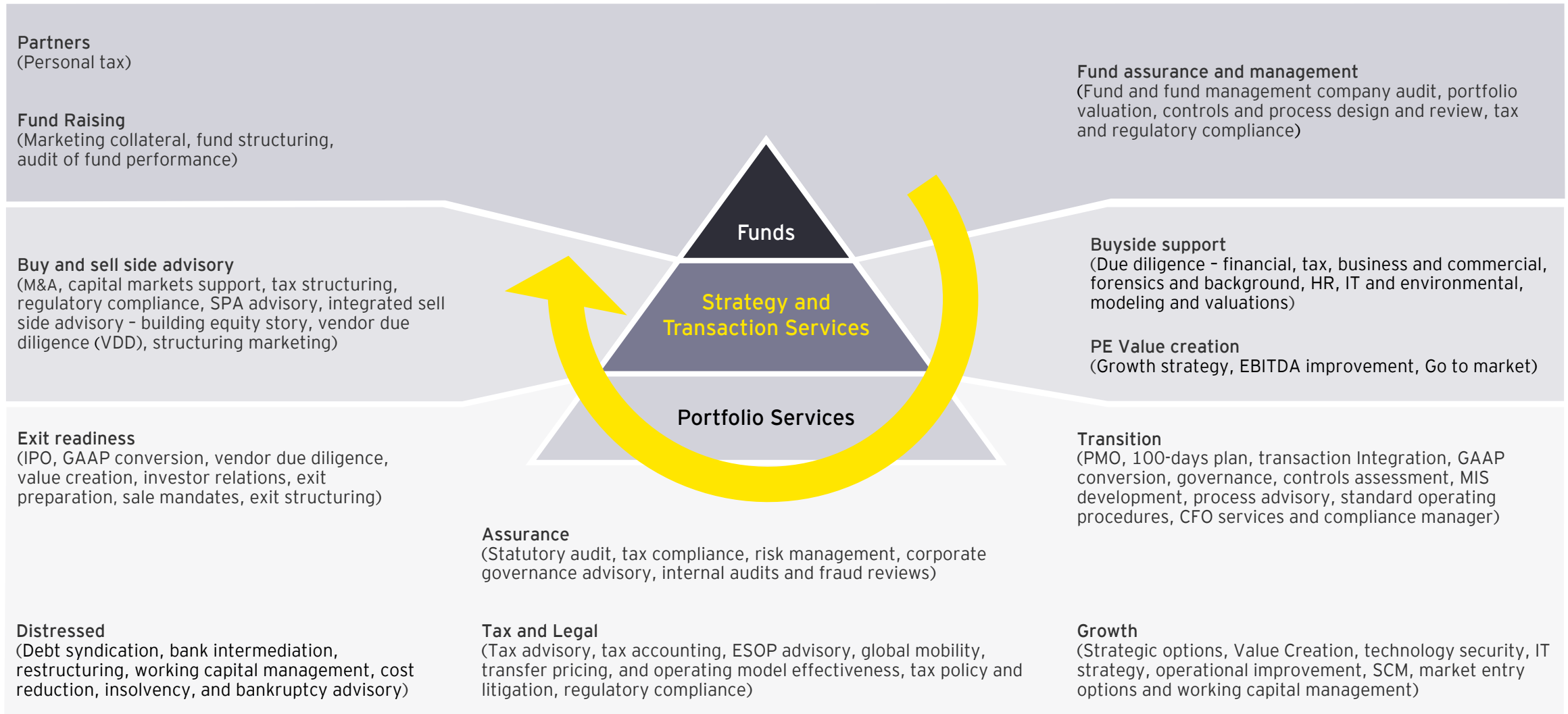
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- ▶ Our India Private Equity Services practice has been among the top advisors for private equity deals over the past ten years. EY has been awarded the "Most Active Transaction Advisor" award by Venture Intelligence for 2009-2013 and the "Investment Bank of the Year, Private Equity" award by VC Circle in 2012, 2017 and 2020 and for M&A in 2018 and 2019.
- ▶ EY has been ranked a #1 Financial Advisor for over a decade across Mergermarket, Thomson Reuters and Bloomberg**. Our position as the foremost M&A advisor in the Indian mid-market enables us to create a robust deal origination pipeline for our PE/VC clients, acting as the tip of the spear of what is India's dominant PE Services practice.
- ▶ Our Private Equity Services practice provides value to PE funds and their portfolio companies through its deep sector and service expertise. EY India is organized around key industry verticals in a matrix structure that enables us to offer a unique blend of industry expertise and functional skills. We actively track about 15 sectors with sector leads, driving our penetration in each of those sectors.



** for most number of deals

EY services for private equity



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About IVCA

The Indian Private Equity & Venture Capital Association (IVCA), is the apex body promoting the Alternative Investment Funds (AIFs) in India and promotes stable, long-term capital flow (Private Equity (PE), Venture Capital (VC) and Angel Capital) in India.

With leading VC/ PE firms, institutional investors, banks, corporate advisers, accountants, lawyers and other service providers as members, it serves as a powerful platform for all stakeholders to interact with each other. Being the face of the Industry, it helps establish high standards of governance, ethics, business conduct and professional competence.

With a prime motive to support the ecosystem, it facilitates contact with policy makers, research institutions, universities, trade associations and other relevant organizations. Thus, support entrepreneurial activity, innovation and job creation.

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