

# Why do uncertain times need a certainty of purpose?

Navigate the transformative age with strategy solutions from better-connected consultants

IVCA-EY PE/VC Roundup

ENTER



The better the question. The better the answer.  
The better the world works.

IVCA  
IVC ASSOCIATION  
INDIAN VENTURE AND ALTERNATE CAPITAL ASSOCIATION  
PROMOTING PRIVATE CAPITAL ECOSYSTEM

EY  
Building a better  
working world





# Foreword and outlook



**Vivek Soni**

Partner and National Leader  
Private Equity Services, EY India

“

February 2023 recorded US\$3.7 billion in PE/VC investments, 44% lower than the investments in February 2022 and 14% lower than January 2023. While January recorded month-on-month improvement in PE/VC investments, the decline in February and the overall uncertainty make it difficult to call out any shift in PE/VC investment trends just yet.

“

By deal type, buyouts were the highest in terms of value in February 2023 at US\$1.9 billion across three deals compared to US\$1.6 billion invested across nine deals in February 2022. From a sector point of view, real estate was the top sector in February 2023, driven by one large investment announced by CDPQ and Temasek of US\$1.9 billion to set up an investment platform for office properties in India.

“

Pure play PE/VC investments declined by 78% in terms of value and 59% in terms of volume on a y-o-y basis, making Feb 2023 the second lowest month for pure play PE/VC investments. On the contrary, investments in the infrastructure and real estate asset class recorded a 115% increase y-o-y, making Feb 2023 the highest month for real estate PE/VC investments.

“

Exits recorded a degrowth on a y-o-y and sequential basis of 48% and 19%, respectively. Exits via open market were the highest, accounting for 73% of all exits by value.

“

The deal momentum in 2023 continues to remain circumspect as PE/VC funds steer away from making large deals and deals in the pure play PE/VC segment remain elusive due to mismatch in valuation expectations. As the interest rate environment continues to tighten, the pressure on startup and growth investments in the technology and e-commerce sectors is expected to continue. Over the past two months, large investments announced in the real estate sector have helped shore up the investment tally. Yield generating assets in the real estate and infrastructure sectors that provide inflation hedged cashflows would continue to attract investments from PE funds, SWFs, and pension funds. While the fundraising continues unabated, rising global recession concerns, increasing cost of capital and mismatch in valuation expectations between sellers and investors are turning out to be major impediments in the deployment of capital.



# Agenda

1

Monthly trend analysis: February 2023

2

Spotlight: environment-focused PE/VC investment trend



# 01

Monthly trend analysis:  
**February 2023**

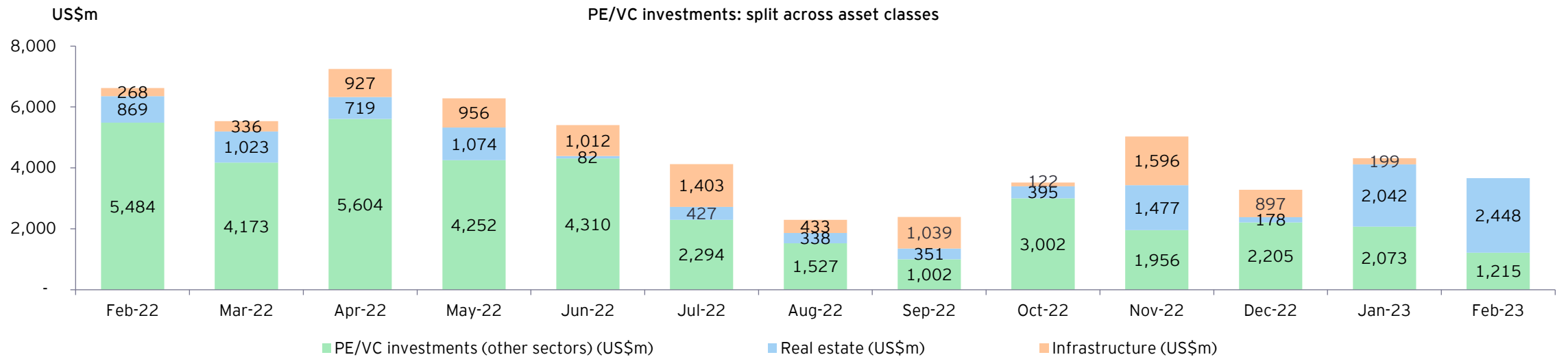
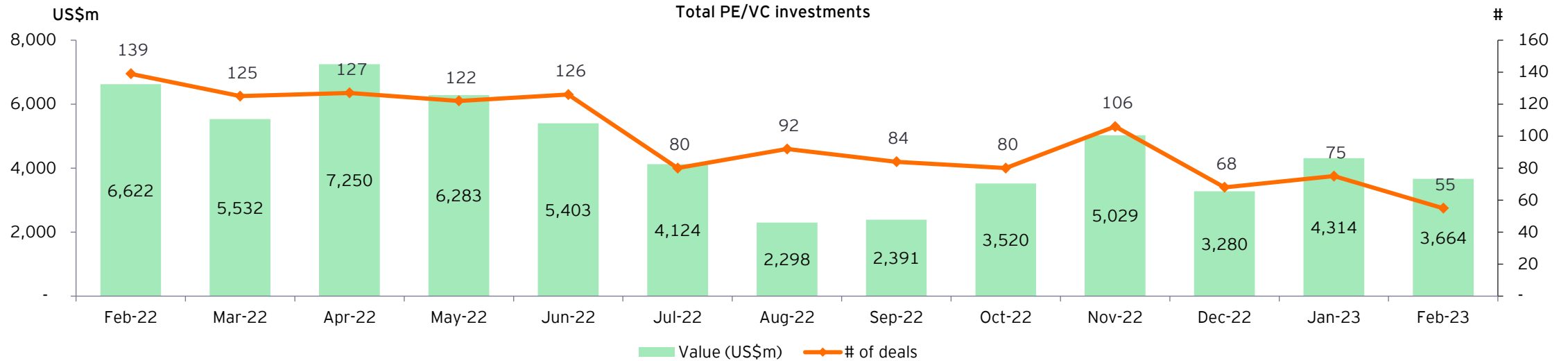


# Key trends



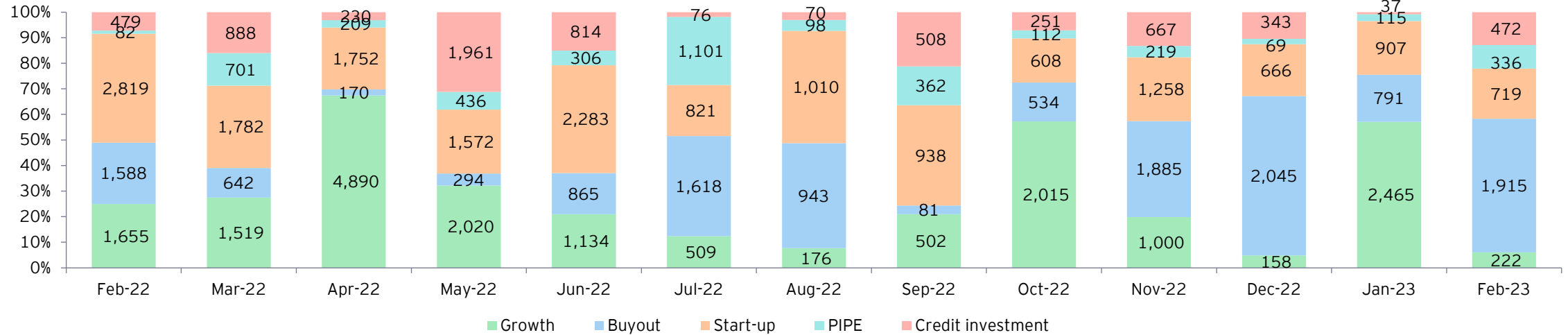
- ▶ PE/VC investments in February 2023 recorded US\$3.7 billion, 44% lower than PE/VC investments in February 2022 (US\$6.6 billion) and 14% lower than January 2023. In terms of number of deals, February 2023 recorded a 60% y-o-y decline and a 27% sequential decline. Pureplay PE/VC investments declined by 78% in terms of value and 59% in terms of volume on a y-o-y basis. In contrast, the infrastructure and real estate asset class recorded a 115% increase y-o-y and a 9% increase over January 2023.
- ▶ February 2023 recorded nine large deals (deals of value greater than US\$100 million) aggregating US\$3 billion, a 38% decline y-o-y. The largest deal in February 2023 saw Ivanhoé Cambridge (real estate arm of CDPQ) and Temasek announce a US\$1.9 billion funding to set up an investment platform for office properties in India.
- ▶ By deal type, buyouts were the highest in terms of value in February 2023 at US\$1.9 billion across three deals compared to US\$1.6 billion invested across nine deals in February 2022, a 21% increase y-o-y in value terms. Startup investments were second highest, recording US\$719 million across 38 deals in February 2023 compared to US\$2.8 billion recorded across 96 deals in February 2022, a 75% decline y-o-y in terms of value and 60% decline in terms of volume. Credit investments recorded US\$472 million across five deals in February 2023, compared to US\$479 million recorded across 12 deals in February 2022. Growth investments recorded the steepest fall in February 2023, declining by 87% in terms of value (US\$222 million in February 2023 vs. US\$1.7 billion in February 2022) and 78% in terms of volume (four deals in February 2023 vs. 18 deals in February 2022).
- ▶ From a sector point of view, real estate was the top sector in February 2023, driven by a single large deal by CDPQ and Temasek, recording US\$2.4 billion in PE/VC investments across five deals (12 deals worth US\$869 million in February 2022). The second largest sector was technology, with US\$362 million recorded across 15 deals (25 deals worth US\$1.5 billion in February 2022). Financial services sector with US\$305 billion recorded across 13 deals was the third largest sector (US\$1.3 billion in February 2022).

# PE/VC monthly headline trends: investments

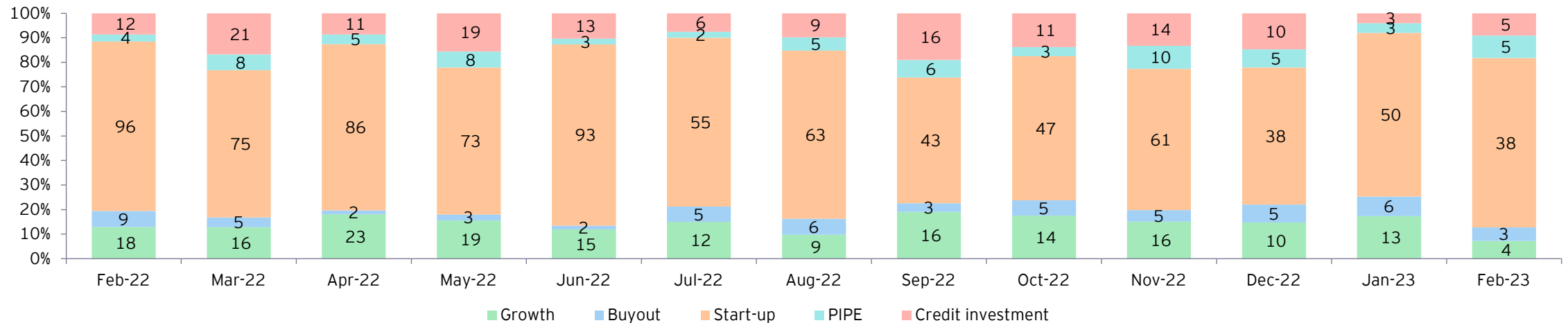


# PE/VC monthly headline trends: investments

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



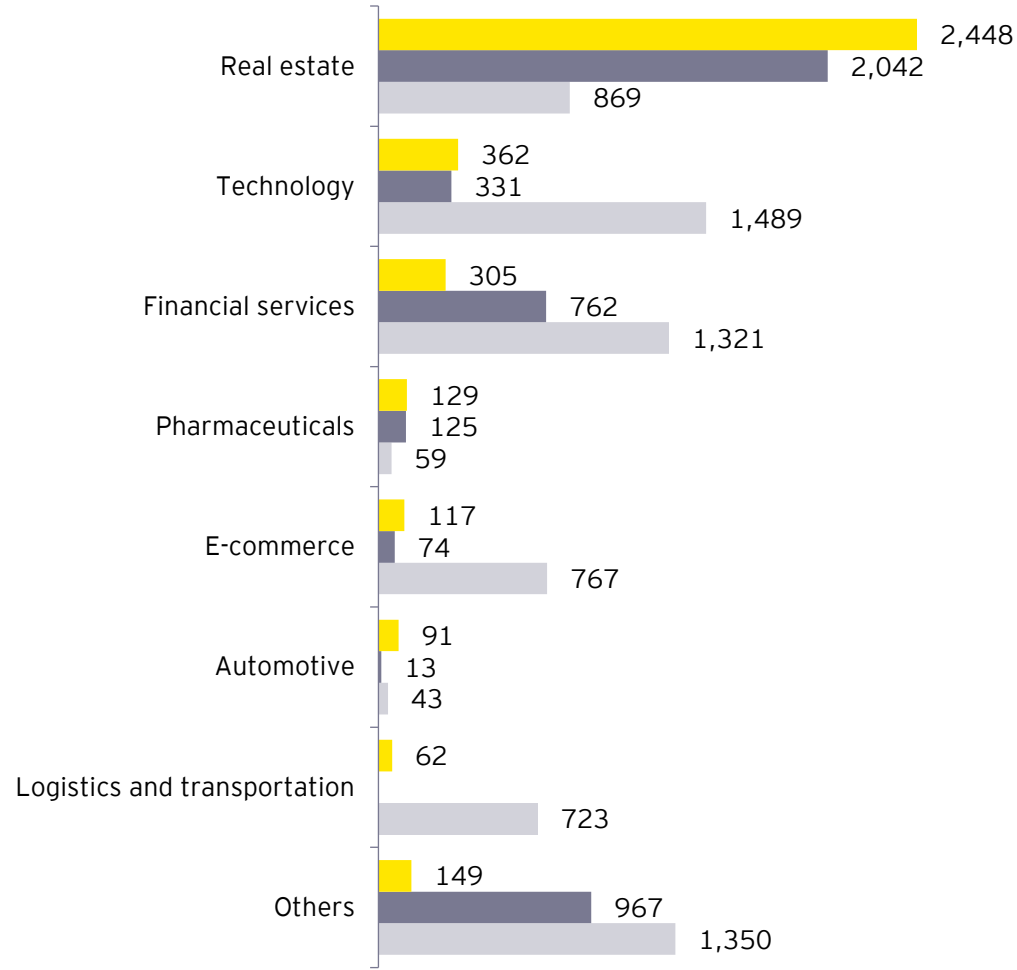
PE/VC investments: split across deal segments (number of deals)



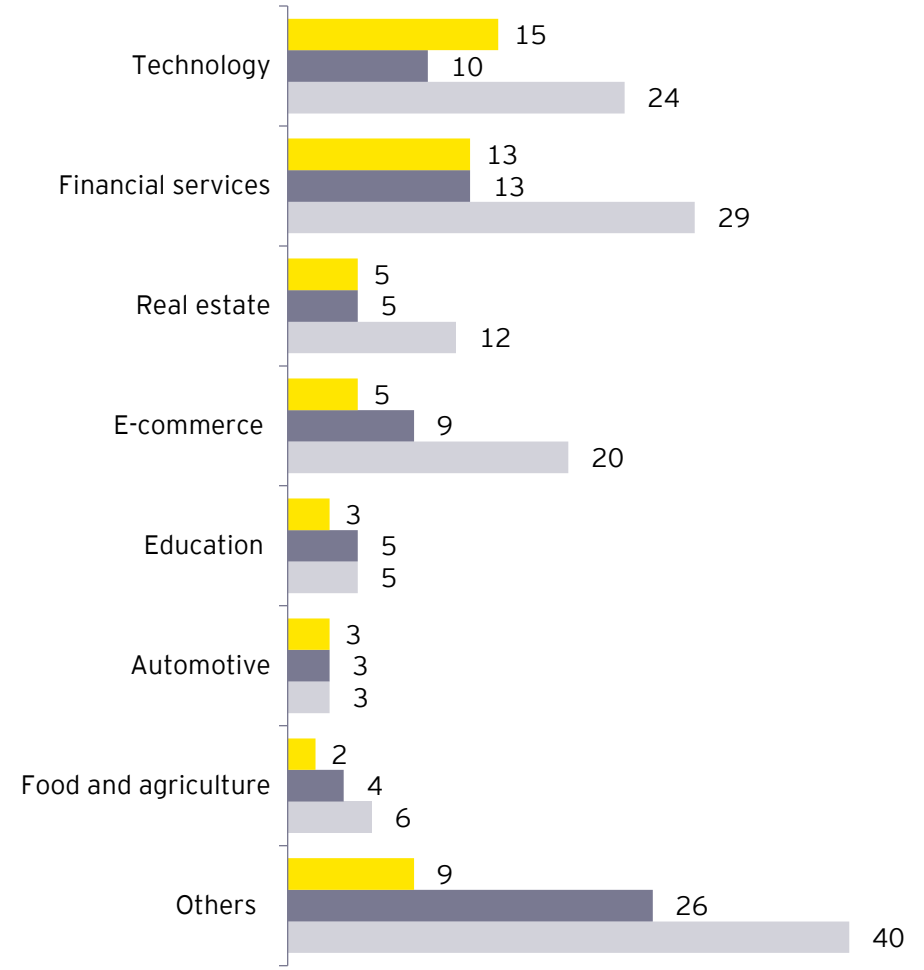


# PE/VC investments: split by sector

Top sectors by value (US\$m)



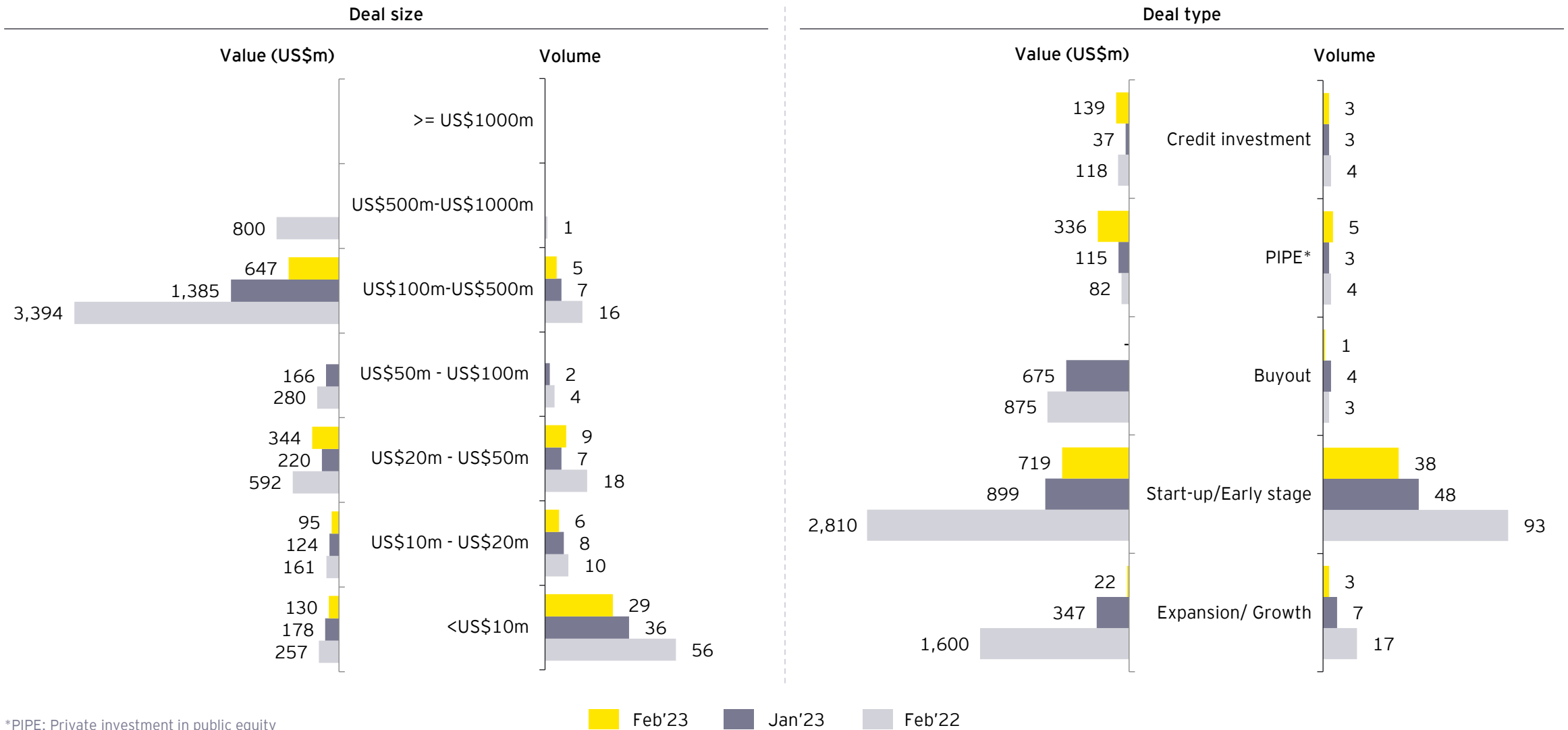
Top sectors by number of deals



■ Feb'23   
 ■ Jan'23   
 ■ Feb'22



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



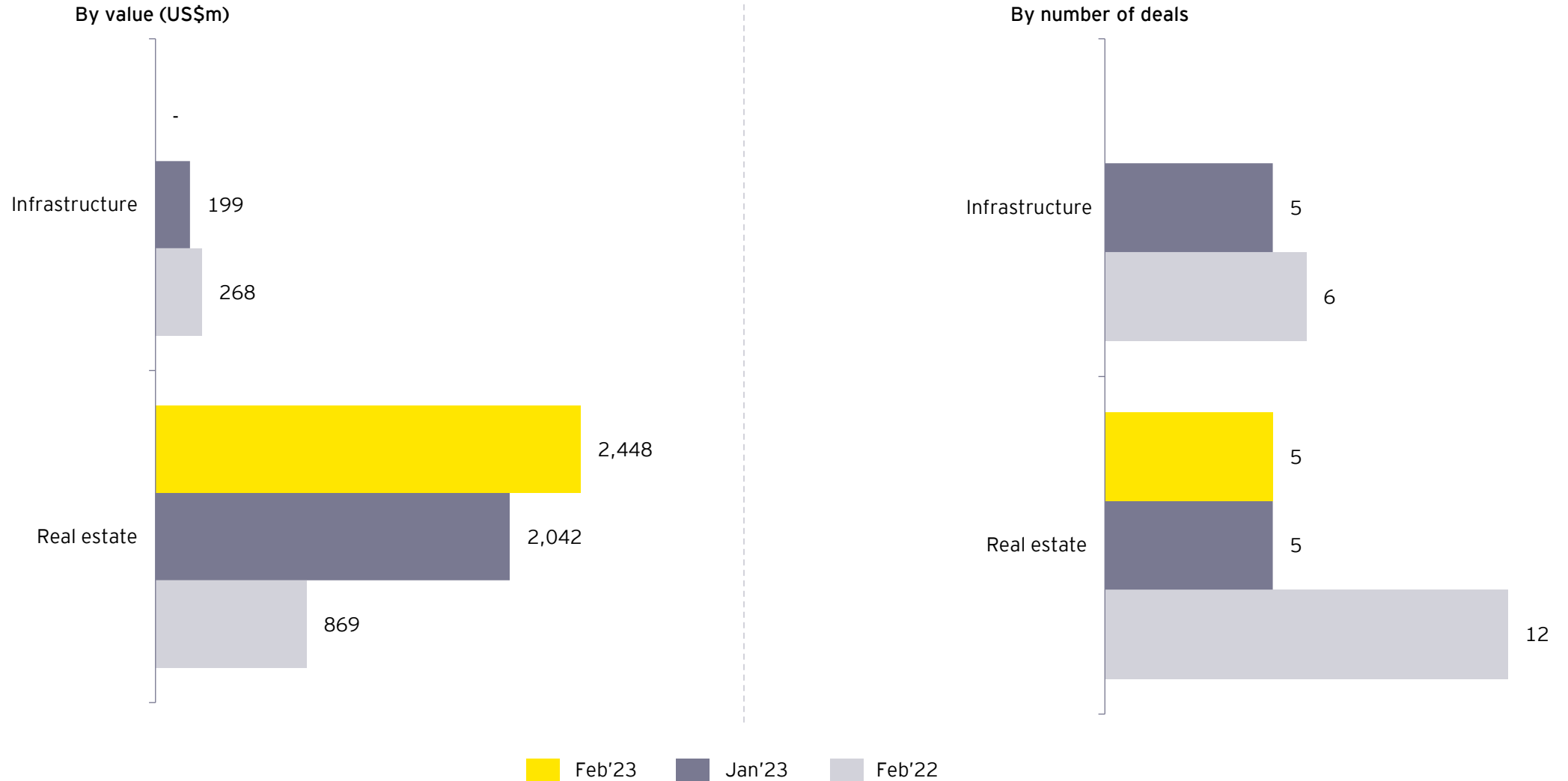
\*PIPE: Private investment in public equity

# Top PE/VC investments

## Top PE/VC investments excluding infrastructure and real estate in February 2023

Company	PE investors	Sector	Stage	US\$m	Stake (%)
Freshworks Inc.	Westbridge	Technology	PIPE	200	6
Biocon Limited	Kotak Special Situations Fund	Pharmaceuticals	Credit investment	129	NA
Girnar Insurance Brokers Private Limited (InsuranceDekho)	Goldman Sachs, TVS Capital Funds, Investcorp, Avataar Ventures and LeapFrog Investments	Financial services	Startup	114	NA
Freshtohome Foods Private Limited	Amazon Smbhav Venture Fund, Iron Pillar, Investcorp, Ascent Capital	E-Commerce	Startup	104	NA
PhonePe Private Limited	Ribbit Capital, Tiger Global, and TVS Capital Funds	Financial services	Startup	100	1
Acceldata Technology Private Limited	March Capital, Sanabil Investments, Industry Ventures, and Insight Partners	Technology	Startup	50	NA
SpiceJet Limited	Carlyle Aviation Partners	Logistics and transportation	PIPE	50	5

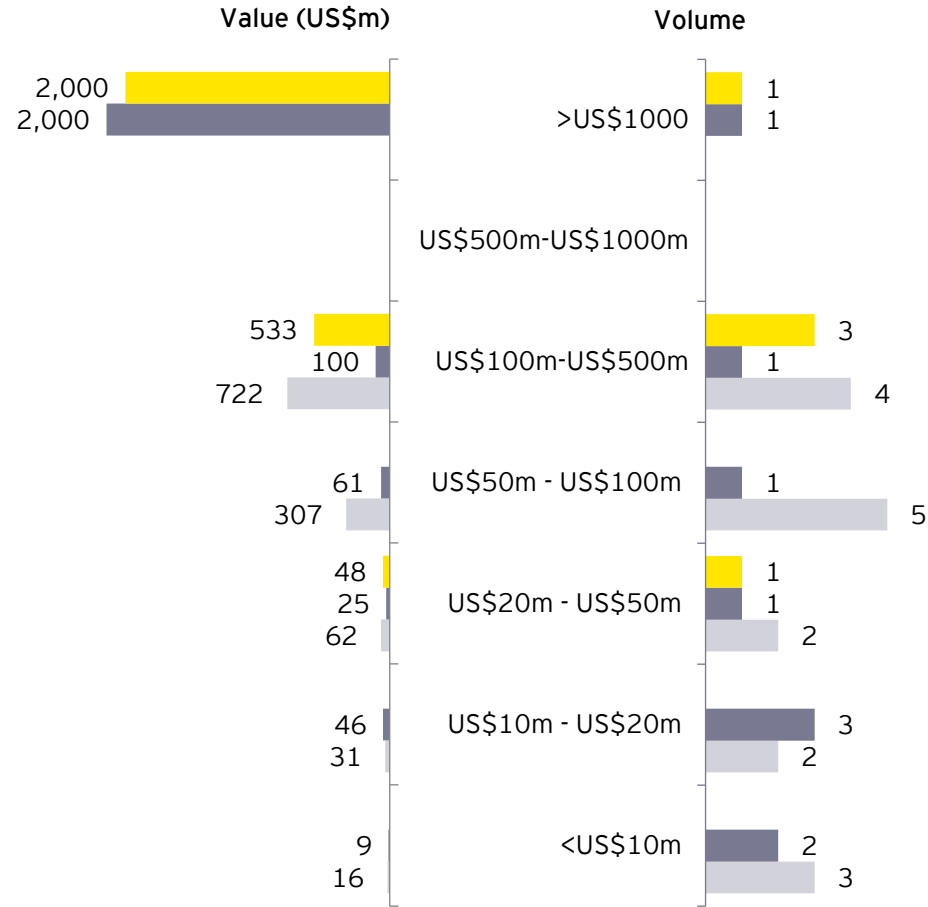
# PE/VC investments in infrastructure and real estate sectors



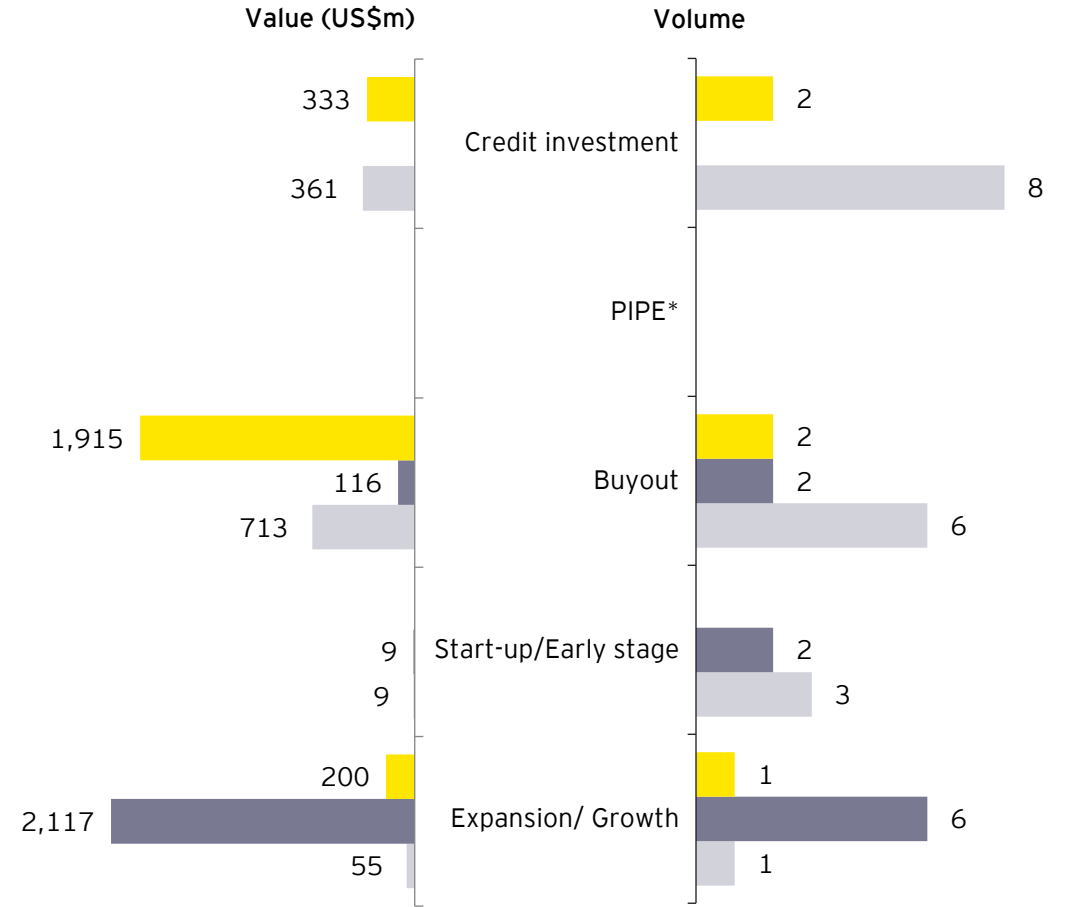


# PE/VC investments in infrastructure and real estate sectors

## Deal size



## Deal type



Feb'23 Jan'23 Feb'22

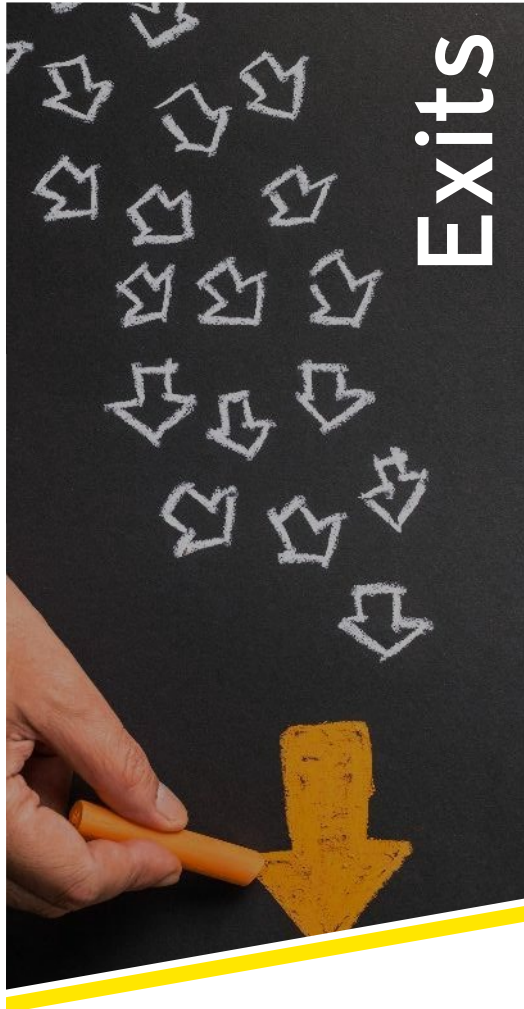
\*PIPE: Private investment in public equity

# Top infrastructure and real estate investments

## Top infrastructure and real estate investments in February 2023

Company	PE investors	Sector	Stage	US\$m	Stake (%)
Investment Platform for Office Properties in India	Ivanhoé Cambridge (CDPQ), Mapletree (Temasek)	Real estate	Buyout	1,867	100
M3M India Private Limited	PAG Credit & Markets	Real estate	Credit investment	200	NA
Pragati Warehousing Private Limited	Singapore-based private equity fund	Real estate	Growth capital	200	NA
Bharat Hotels Limited	Kotak Realty Fund	Real estate	Credit investment	133	NA
TransIndia Realty (Logistics Park Portfolio of Allcargo Logistics Limited)	Blackstone	Real estate	Buyout	48	90

# Key trends



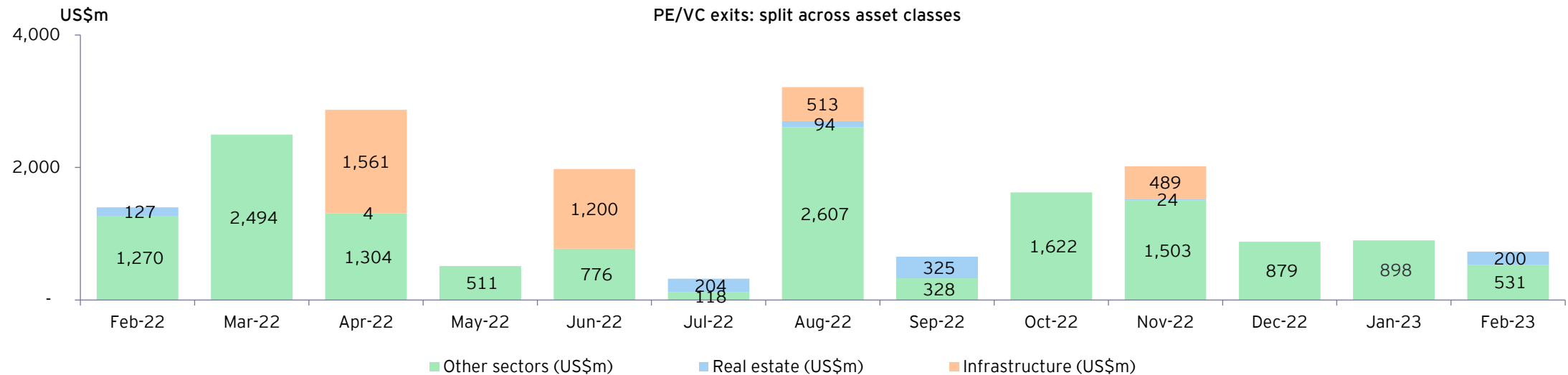
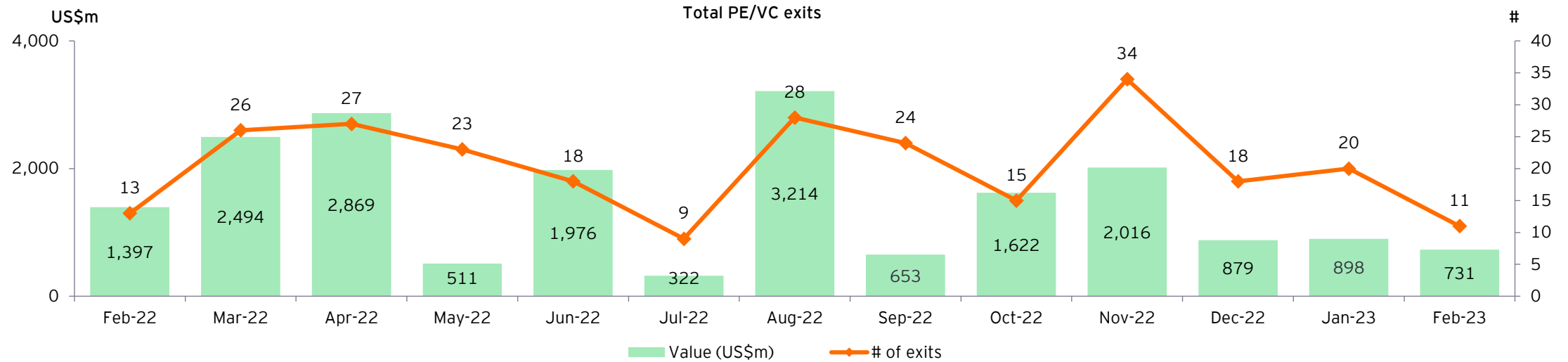
- ▶ February 2023 recorded 11 exits worth US\$731 million compared to US\$1.4 billion recorded in February 2022 across 13 deals and US\$898 million recorded across 20 deals in January 2023.
- ▶ Open market exits were the highest at US\$531 million across five deals. Secondary exits were the second highest, with US\$200 million recorded across two deals.
- ▶ The largest exit in February 2023 saw BPEA EQT sell ~10% stake in Coforge for US\$295 million.



- ▶ February 2023 recorded total fundraises of US\$881 million, compared to US\$347 million raised in February 2022. The largest fundraiser in February 2023 was by Kotak Alternate Assets that raised US\$590 million for its Kotak Data Centre Fund, with a focus on making investments in data centres, enterprise cloud, 5G, and IoT.

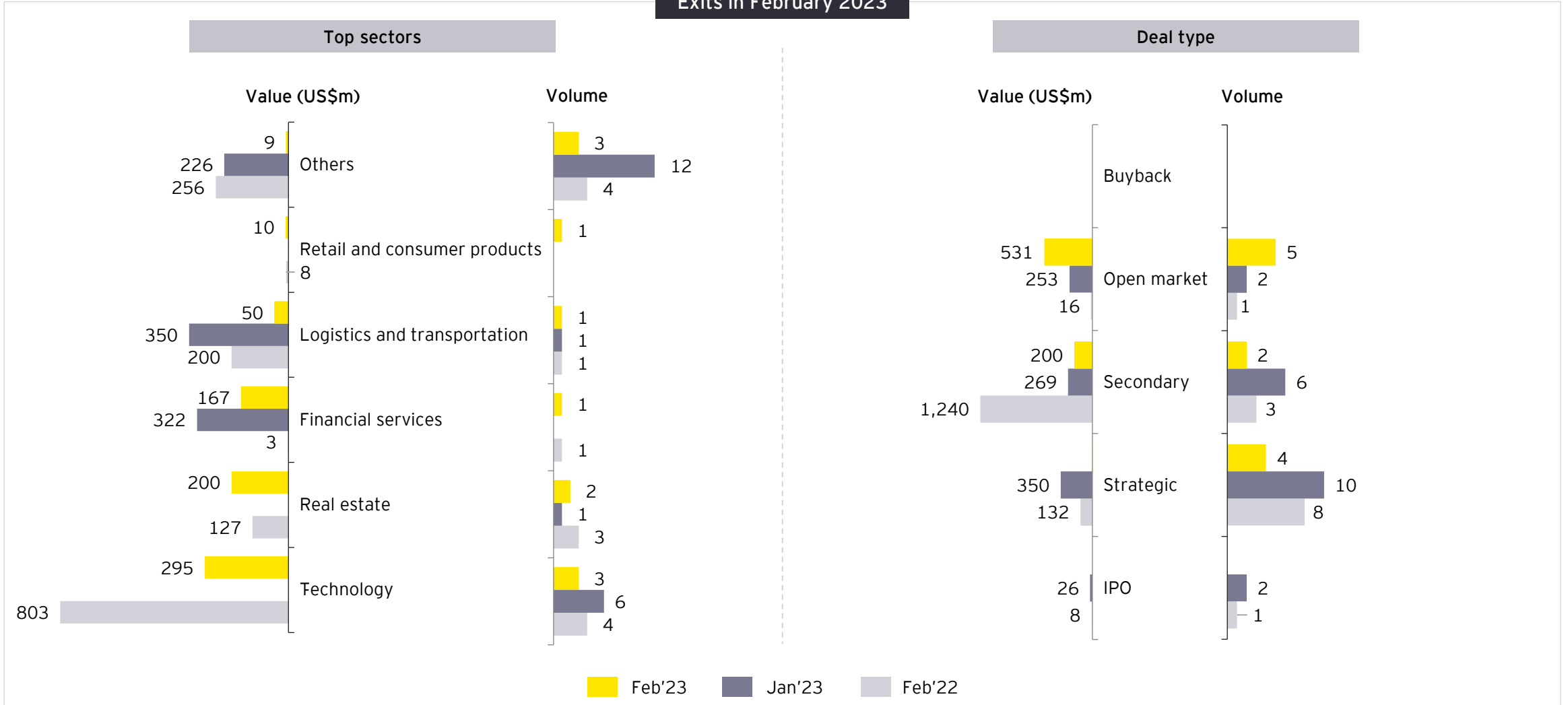


# PE/VC monthly headline trends: exits



# Exits: US\$731 million across 11 deals in February 2023

## Exits in February 2023



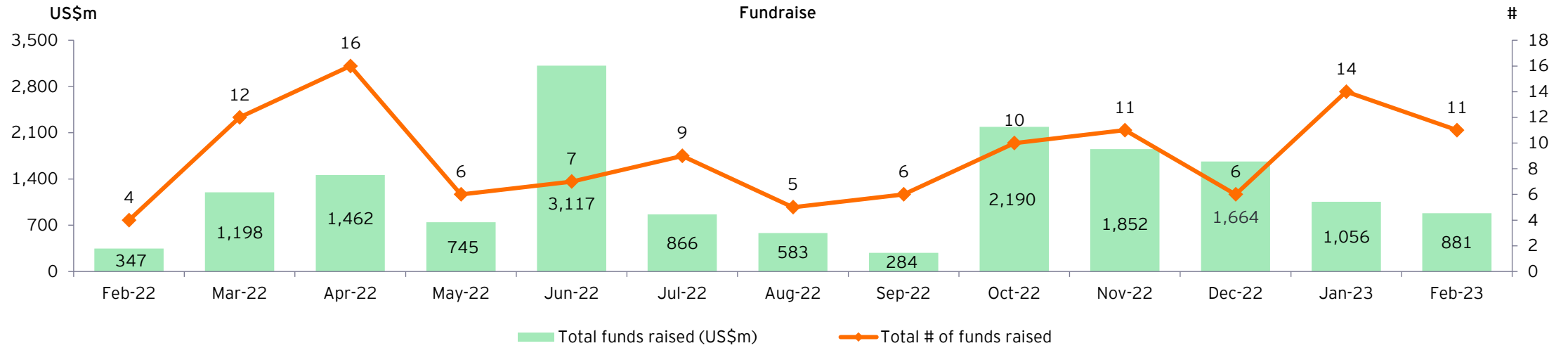
# Top exits

## Top exits in February 2023

Company	Sector	Sellers	Buyer	Exit type	US\$m	Stake (%)
Coforge Limited	Technology	BPEA EQT	NA	Open market	295	10
Pragati Warehousing Private Limited	Real estate	Morgan Stanley	Singapore-based private equity fund	Secondary	200	0
One 97 Communications Limited (PayTM)	Financial services	Alibaba	NA	Open market	167	3
Delhivery Limited	Logistics and transportation	Tiger Global	NA	Open market	50	2



# PE/VC monthly headline trends: fundraise



# Fundraise

## Top fundraise in February 2023

Status	Fund	PE/VC GP	US\$m	Strategy
Raised	Kotak Data Centre Fund	Kotak Alternate Assets	590	Data centres, enterprise cloud, 5G, and IoT
Raised	CarTrade Ventures	CarTrade	91	Auto finance, leasing, insurance, servicing, car ownership, electric vehicles, clean energy, and new-age technologies
Raised	Carpediem Capital Fund II	Carpediem Capital	55	FMCG, food and retail space
Raised	Axis Commercial Real Estate Fund	Axis Asset Management	48	Early-stage greenfield commercial real estate projects
Raised	PeerCapital Fund I	PeerCapital	36	Technology-focused

# 02

## Spotlight:

environment-focused PE/VC  
investment trend



# Spotlight: environment-focused PE/VC investment trend

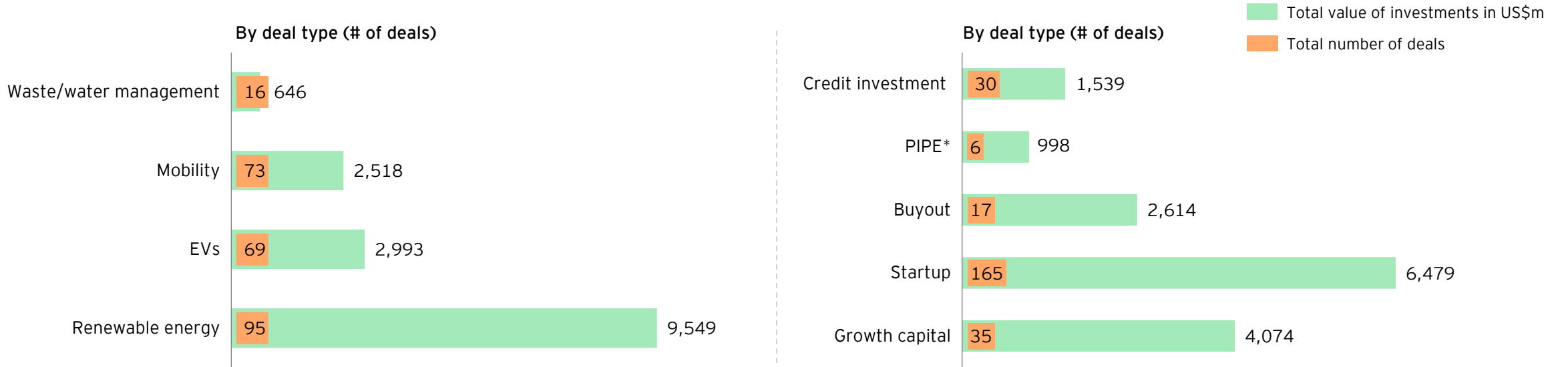
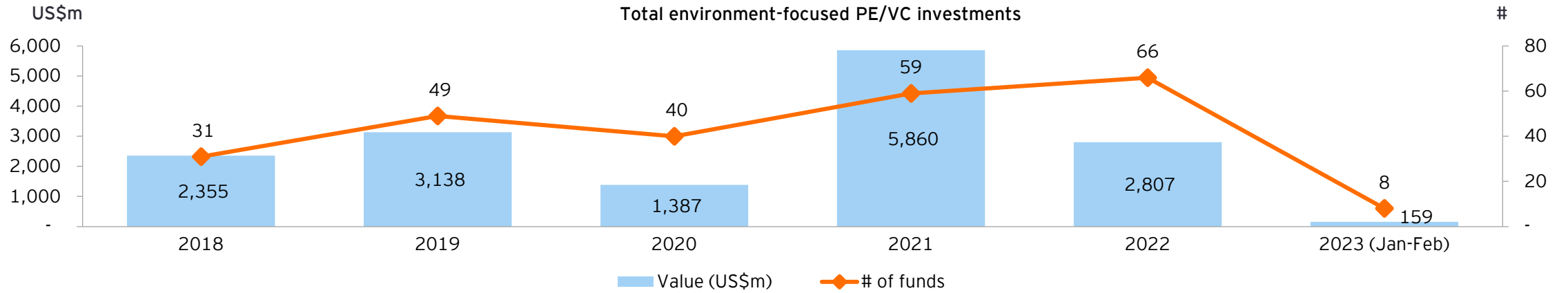
- ▶ While ethical investment and the consideration of environmental, social and governance (ESG) factors hardly represent new concepts in private equity investment, the weight that such ESG considerations are given in the investment decisions and portfolio management strategies of private equity firms, has undoubtedly increased.
- ▶ In a relatively short time ESG issues have catapulted from the sidelines to the center stage of the corporate agenda.
- ▶ Climate change has emerged as the predominant environmental concern, imbued with increasing urgency as more nations and companies worldwide commit to net-zero carbon targets. This is also reflected in the investment decisions by PE/VC funds.
- ▶ In this section, we look at the PE/VC investment trend in environment-focused businesses. For the purpose of this analysis, we have considered investments in clean energy, mobility, and waste and water management.
- ▶ Investments in clean energy have accounted for a major share of all environment focused PE/VC investments in India over the past five years, accounting for 61% of all the investments. However, over the past couple of years, investments into electric vehicles focused ecosystem have been on the rise, receiving ~US\$3 billion in PE/VC investments between 2021 and 2022.
- ▶ ESG-focused investments are expected to gain further prominence going forward for PE/VC funds, moving from compliance to creating impact and value.
- ▶ The investment opportunity is expected to grow bigger with the government's vision to achieve net-zero emissions by 2070<sup>1</sup>, increase renewables capacity to 500 GW by 2030, meeting 50% of energy requirements from renewables, and achieve EV sales penetration of 30% of private cars, 70% of commercial cars, 40% of buses and 80% of two and three-wheelers by 2030<sup>2</sup>.

1 <https://www.bbc.com/news/world-asia-india-59125143>

2 <https://www.news18.com/news/auto/indias-2030-ev-target-is-aggressive-but-not-unachievable-ivcas-report-5784067.html>



# Spotlight: environment-focused PE/VC investment trend



\*PIPE: Private investment in public equity



# Spotlight: environment-focused PE/VC investment trend

## Top environment focused PE/VC investments - 2018-2023 (Jan-Feb)

Company	PE investors	Sector	Stage	Year	US\$m	Stake (%)
TML EVCo	TPG Rise Climate, ADQ	EV's	Growth capital	2021	1,000	11
ReNew Power	BlackRock, BNP Paribas Energy Transition Fund, Sylebra Capital, TT Environmental Solutions Fund, and Zimmer Partners	Renewables	PIPE	2021	610	NA
Engie SA-Indian Solar Energy Assets	Edelweiss Infrastructure Yield Plus Fund, and Sekura Energy Ltd	Renewables	Buyout	2021	550	75
Ramky Enviro Engineers Limited	KKR	Waste management	Buyout	2018	530	60
Tata Power Renewable Energy Limited	BlackRock, Mubadala	Renewables	Growth capital	2022	527	11
ANI Technologies Private Limited (Ola)	Temasek, Warburg Pincus, Broad Peak Investment Advisers	Mobility	Startup	2021	500	NA
First Solar, TN Plant	US International Development Finance Corporation (DFC)	Renewables	Credit Investment	2021	500	NA
Greenko Energy Holdings	GIC, Abu Dhabi Investment Council	Renewables	Growth capital	2019	495	NA
Greenko Energy Holdings	GIC, Abu Dhabi Investment Council	Renewables	Growth capital	2018	450	NA
Hero Future Energies Private Limited	KKR, Hero Group	Renewables	Startup	2022	450	45

A photograph of a business meeting. In the center, two men in suits are shaking hands. The man on the left is wearing a dark suit and a silver watch. The man on the right is wearing a dark suit with a purple and white striped shirt cuff. In the background, other people in business attire are visible, some holding papers. In the foreground, there are two white coffee cups and a glass of water on a table.

# About **EY Private Equity Services**

# About EY's Private Equity Services Practice

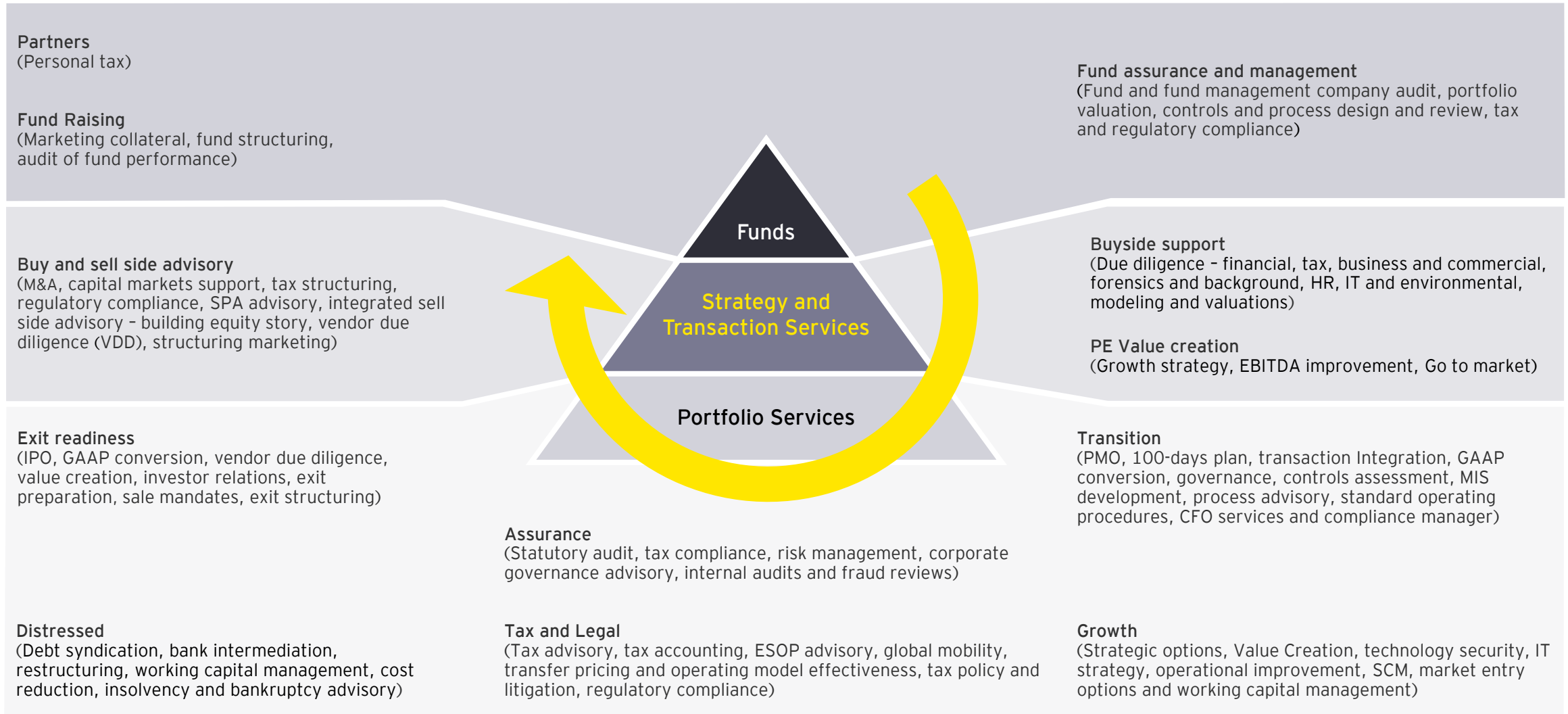
EY has been working with the private equity industry for more than 25 years, with approximately 25,000 seasoned professionals worldwide dedicated to the industry and its business issues. EY serves 74% of the top 300 PE firms included in the Global PEI 300 firms list. Private equity firms, portfolio companies and investment funds face complex challenges. They are under pressure to deploy capital amid geopolitical uncertainty, increased competition, higher valuations and rising stakeholder expectations. Successful deals depend on the ability to move faster, drive rapid and strategic growth, and create greater value throughout the transaction life cycle. EY taps its global network to help source deal opportunities and combines deep sector insights with the proven, innovative strategies that have guided the world's fastest growing companies.

In India, EY is among the leading providers of advisory, tax, transactions and assurance services. The organization is also the number one professional services brand\* in India, which is a testimony to our relentless commitment to deliver exceptional client service and create a better working world. EY has offices spread across 11 cities in India. Worldwide, our 300,000 people across 150+ countries and 700+ cities are united by our shared values and their unwavering commitment to quality.

- ▶ EY's 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 also the "Investment Bank of the Year, Private Equity" award by VC Circle in 2012 and 2017 and for M&A in 2018.
- ▶ EY's India 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 an unparalleled blend of industry expertise and functional skills. We actively track about 15 sectors with sector leads driving our penetration in each of those sectors.



# EY services for private equity









About  
IVCA

## IVCA

### 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.

## Contacts

### Rajat Tandon

President, IVCA

E: [Rajat.Tandon@ivca.in](mailto:Rajat.Tandon@ivca.in)

### Aakriti Bamniyal

Vice President, IVCA

E: [aakriti@ivca.in](mailto:aakriti@ivca.in)

