



# In today's frenetic world, how does private equity set the pace?

Learn how EY helps private equity  
professionals thrive in the Transformative  
Age

The IVCA-EY monthly PE/VC roundup -  
October 2020



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



Building a better  
working world

# Our thoughts

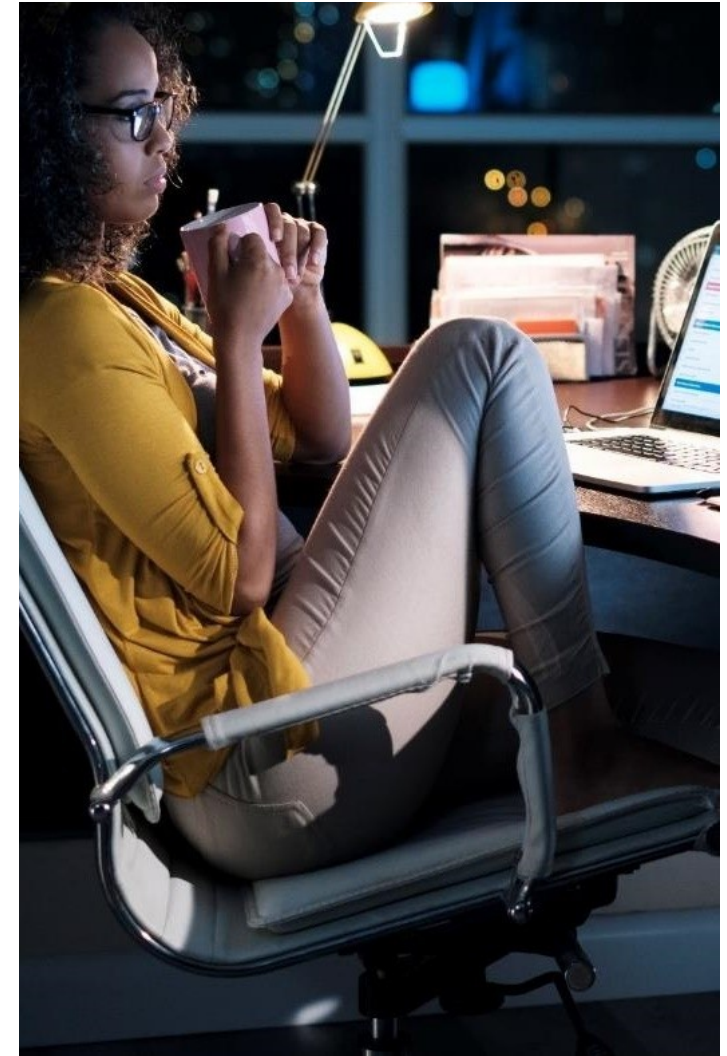
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*“October 2020 has been the best month so far with PE/VC investments exceeding US\$8.4 billion. This spike is primarily due to a couple of large US\$1 billion plus deals in the commercial real estate sector and the continuing in-flow of PE investments into entities of the Reliance Group (US\$3.3 billion received by Reliance Retail Ventures in October 2020). Year to date, 2020 has recorded US\$37.5 billion in PE/VC investments, just 5% below the numbers recorded last year for the same period. However, investments in Reliance Group entities account for 40% of these investments. Excluding this outlier, YTD PE/VC investments are 43% lower than same period, last year.*


*From a sector perspective, real estate, retail and pharmaceuticals sector witnessed significant deal activity and were the top three sectors attracting PE/VC investments in October 2020.*

*Exit activity continued to remain muted with October 2020 recording US\$288 million in exits, mainly supported by deal activity in the open market segment. If the recovery in the capital markets becomes broader and mid-cap / small indices inch further upwards, we can expect to see a pickup in PE-backed IPOs and open market exit of PE positions in listed companies.*

*While the domestic economy has seen demand picking up to pre-COVID levels in some sectors helped by the festive season and pent-up demand, we are still not out of the woods as yet. Notwithstanding the investor thumbs up to the US election results, there are still concerns on global growth outlook especially with countries in the European region going into second round of lockdowns. We expect Indian PE/VC investing activity to remain circumspect and overweight towards larger transactions involving high quality assets in select sectors.*







# How can you cut cost and still accelerate growth?

Find out how EY's insights can help  
companies grow from cash poor to cash rich

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# Key trends

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## Investments

- ▶ PE/VC investments in October 2020 were 2.6 times that of October 2019 and 1.9 times that of September 2020 (US\$8.4 billion in October 2020 vs. US\$3.2 billion in October 2019 and US\$4.4 billion in September 2020). In terms of deal value, October 2020 has been the best month ever for PE/VC investments. The significant jump in PE/VC investments was primarily on account of investments worth US\$3.3 billion made in Reliance Retail Ventures and investments in commercial real estate projects worth US\$3.6 billion announced by Blackstone and Brookfield.
- ▶ October 2020 recorded nine large deals (value greater than US\$100 million) worth US\$7.6 billion compared to five large deals worth US\$2.2 billion in October 2019 and seven large deals worth US\$3.4 billion in September 2020. The largest deals in October 2020 saw Brookfield acquire 12.5 million square feet of commercial space from RMZ Corp including its shared working space COWrks followed by Blackstone buying the rental income assets of Prestige Group for US\$1.6 billion. In addition, Reliance Retail Ventures received five large investments from a group of PE investors aggregating US\$3.3 billion.
- ▶ In October 2020, buyouts was the largest deal segment with US\$4.4 billion recorded across eight deals (US\$500 million across five deals in October 2019) mainly on account of the two large deals in the commercial real estate space noted above. Growth investments recorded US\$3.6 billion across 13 deals (US\$1.7 billion in October 2019). Start-ups recorded US\$318 million in investments across 58 deals (US\$655 million across 61 deals in October 2019).
- ▶ From a sector point of view, real estate has emerged as the top sector with US\$3.7 billion in investments across six deals, accounting for 44% of all investments in October 2020 and greater than investments received by the sector in the past 14 months combined on account of the two large deals mentioned above. Retail and consumer products was next in line with US\$3.3 billion invested across seven deals followed by pharmaceuticals with US\$706 million invested across four deals and financial services with US\$297 million invested across 11 deals.

# Key trends

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## Exits

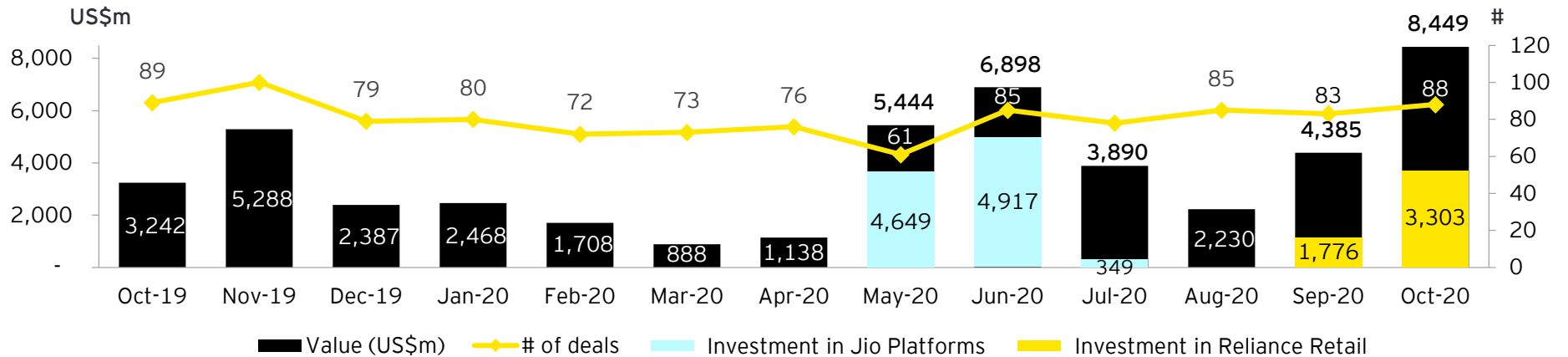
- ▶ October 2020 recorded nine exits worth US\$288 million, 70% lower than the value of exits in October 2019 (US\$960 million) and 55% lower than the value recorded in September 2020 (US\$527 million). Open market exits in October 2020 were highest at US\$159 million across five deals.
- ▶ The largest exit in October 2020 saw Baring Asia Private Equity sell its 6% stake in Coforge Limited for US\$119 million.

## Fundraise

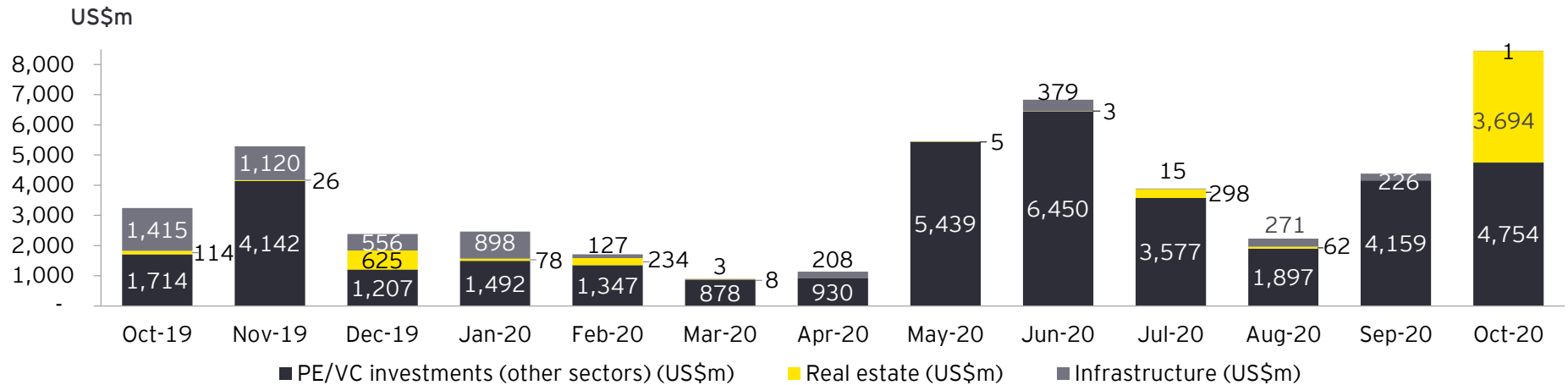
- ▶ October 2020 recorded total fundraises of US\$1.5 billion compared to US\$403 million raised in October 2019. The largest fundraise in October 2020 saw Edelweiss Asset Management raise its third fund of US\$900 million for structured debt investments.

# PE/VC monthly headline trends: investments

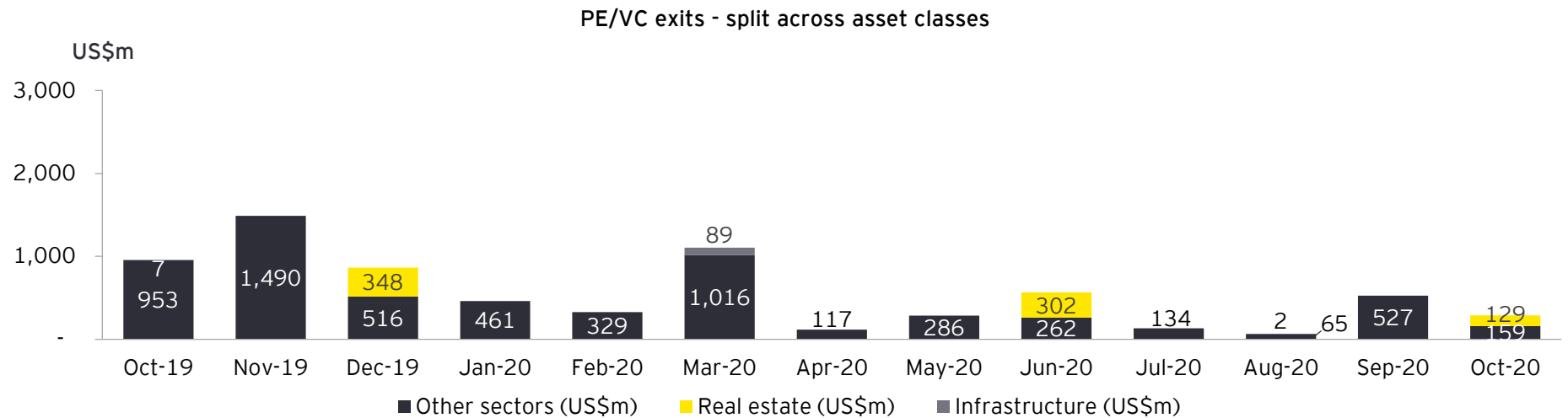
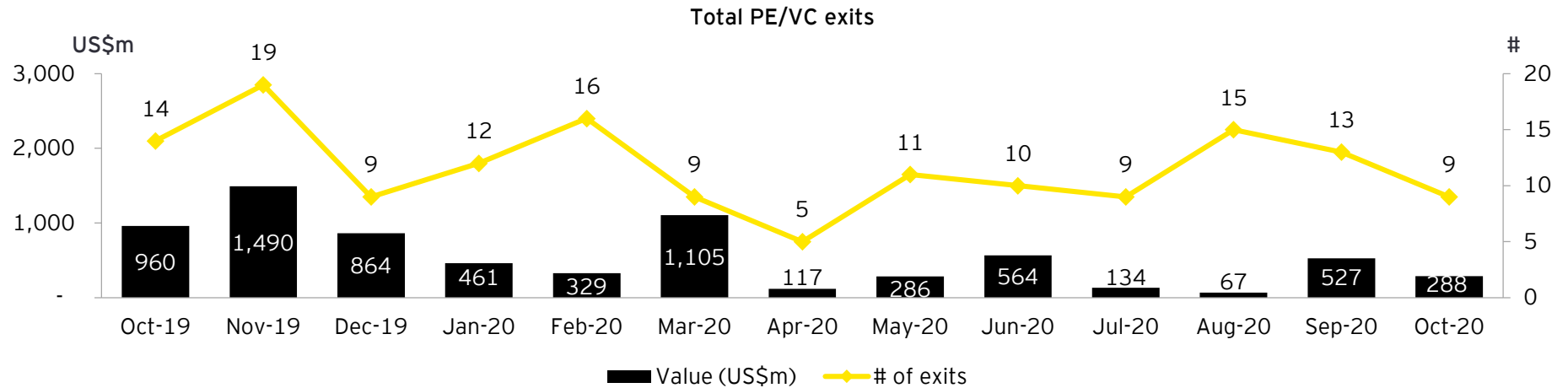
Total PE/VC investments



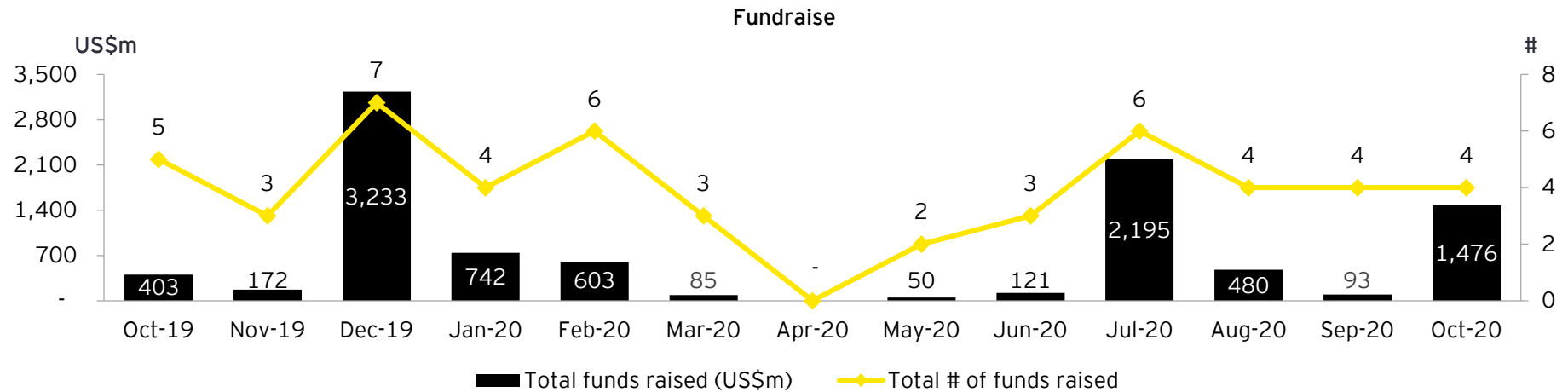
PE/VC investments: split across asset classes



# PE/VC monthly headline trends: exits



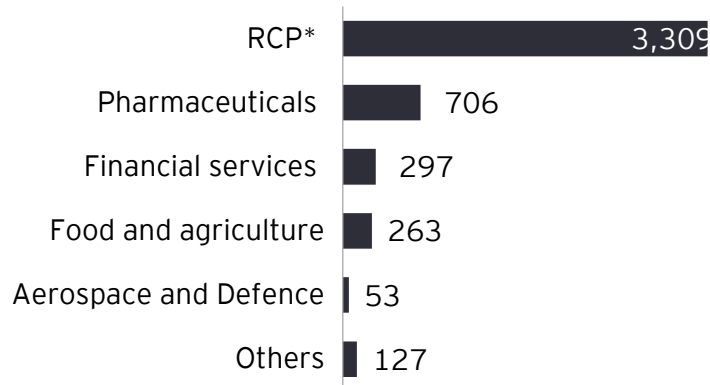
# PE/VC monthly headline trends: fundraise



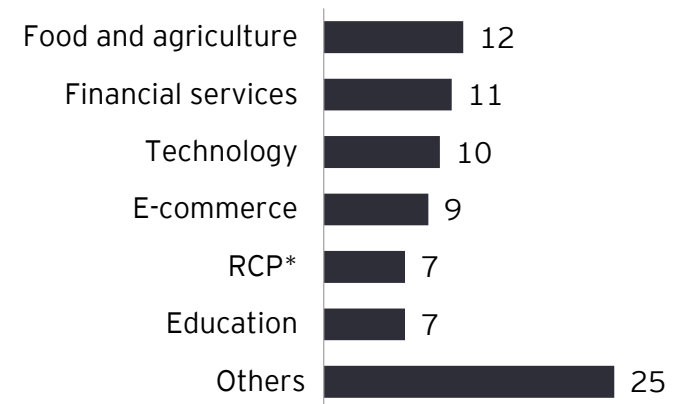


# PE/VC investments: US\$4,754 million over 81 deals (excluding infrastructure and real estate investments)

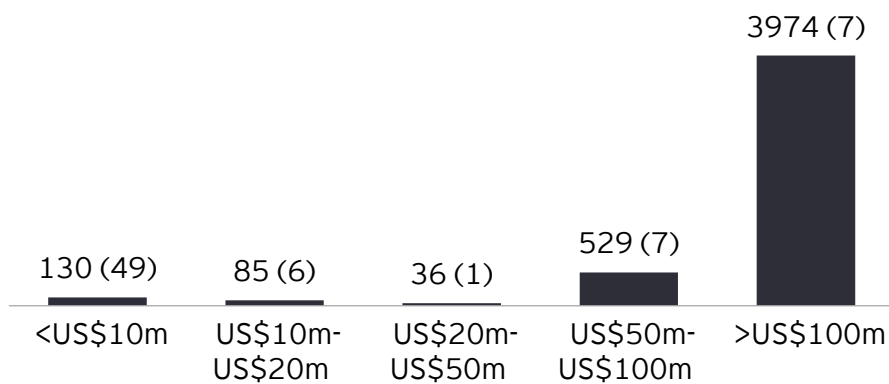
Top sectors by value US\$m



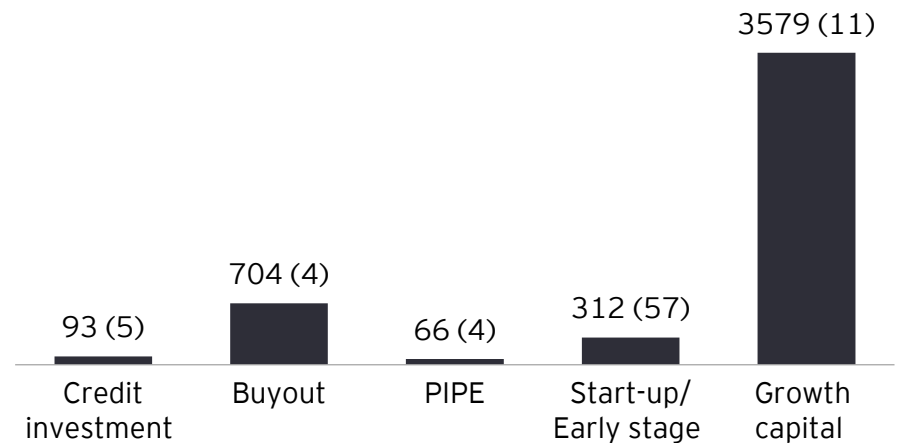
Top sectors by volume



Deal value US\$m (volume)

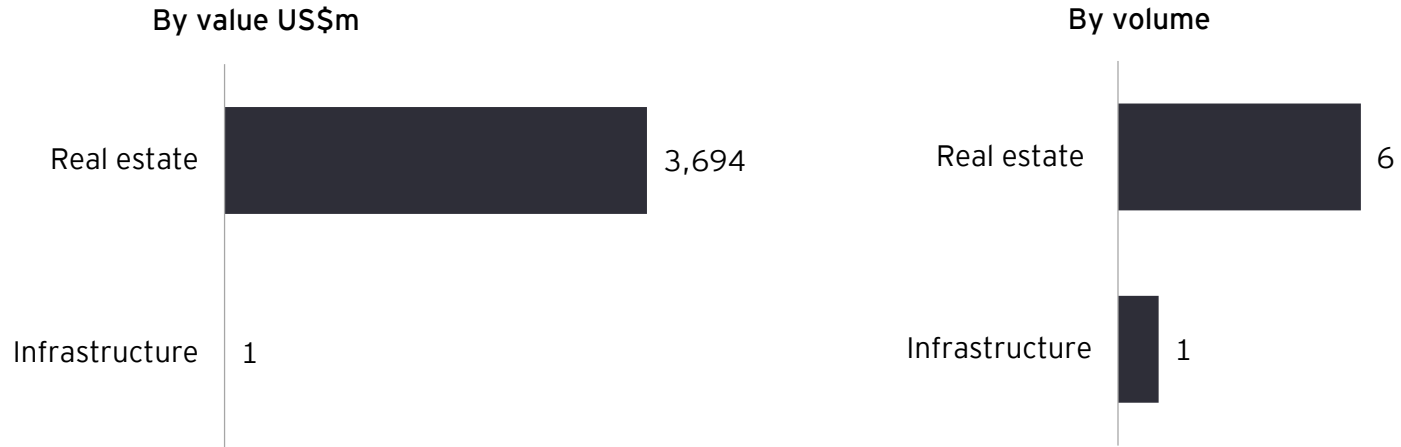


Deal type US\$m (volume)

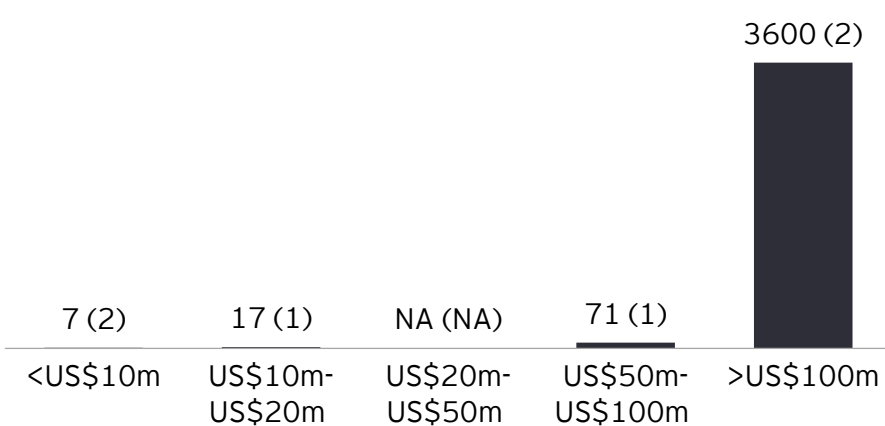


\*RCP : Retail and consumer products

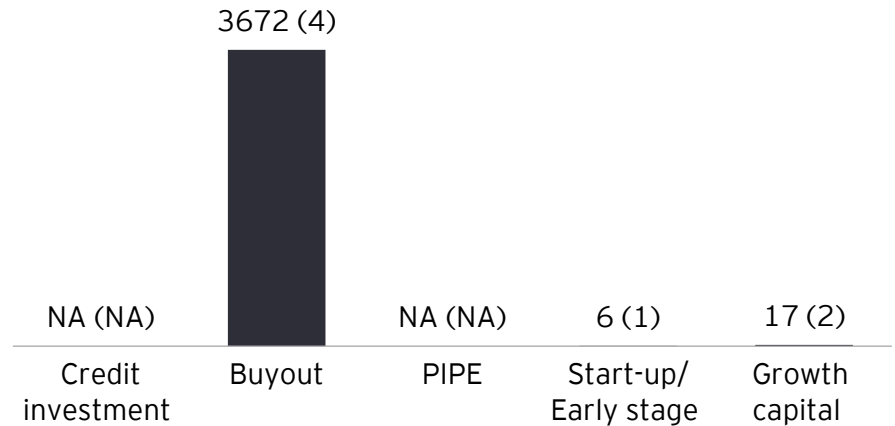
# Infrastructure and real estate investments: US\$ 3,695 million over seven deals



Deal value US\$m (volume)



Deal type US\$m (volume)



# Top PE/VC investments

## PE/VC investments in Reliance Retail - October 2020

PE investors	Stage	US\$m	Stake (%)
GIC, TPG Asia	Growth capital	953	1.63
Mubadala Investment Co.	Growth capital	846	1.40
Abu Dhabi Investment Council	Growth capital	751	1.20
General Atlantic	Growth capital	498	0.84
Silver Lake Management's co-investors	Growth capital	254	0.38

# Top PE/VC investments

## Top PE/VC investments excluding infrastructure and real estate in October 2020\*

Company	PE Investors	Sector	Stage	US\$m	Stake (%)
Aurobindo Pharma, Natrol LLC (US Unit)#	New Mountain Capital	Pharmaceuticals	Buyout	550	100
Freshtohome Foods Private Limited	Ascent Capital, Iron Pillar, Investcorp and others	Food and agriculture	Growth capital	121	25
Razorpay Software Private Limited	Ribbit Capital, Tiger Global Management, Matrix Advisors, Sequoia Capital, GIC and others	Financial services	Early stage	100	NA
Home First Finance Company India Limited	Warburg Pincus LLC	Financial services	Growth capital	95	NA
Anjan Drug Private Limited	PAG Asia, CX Capital and Samara Capital	Pharmaceuticals	Buyout	80	NA
Netafim Irrigation India Private Limited	IFC	Food and agriculture	Credit investment	75	NA
Viyash life sciences Private Limited	Carlyle	Pharmaceuticals	Buyout	74	52

PE/VC deals excluding investments in Reliance Retail in October 2020

# This is a sale by an Indian company of its US subsidiary

# Top *infrastructure* and *real estate* investments

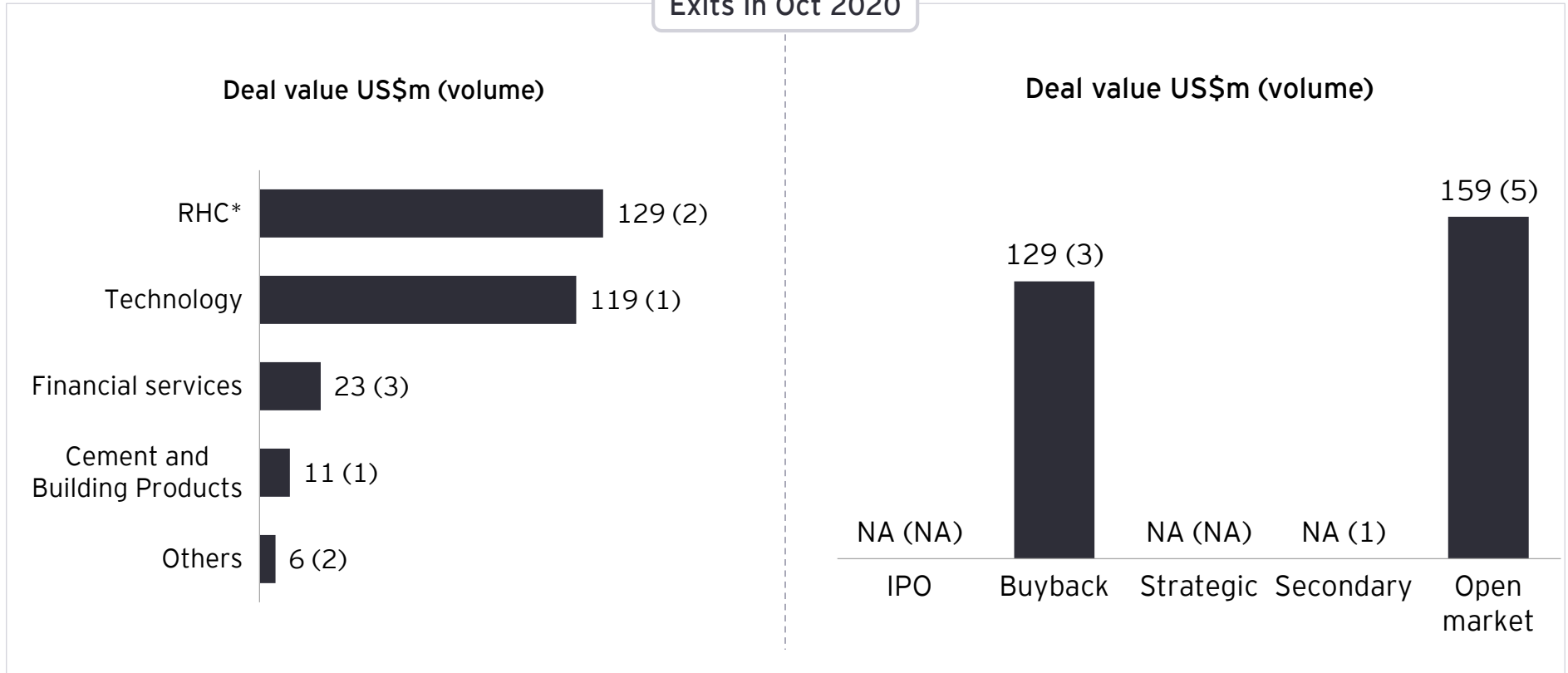
## Top infrastructure and real estate investments in October 2020

Company	PE Investors	Sector	Stage	US\$m	Stake (%)
RMZ Corp, 12.5 million sq ft real estate assets	Brookfield	Real estate	Buyout	2,000	>50
Prestige Estates Projects Limited, Rental Income Assets	Blackstone	Real estate	Buyout	1,600	>50
The Kanakia Group, Vikhroli asset (7 Acres)	Temasek	Real estate	Buyout	71	100



# Exits: US\$ 288 million across nine deals in October 2020

Exits in Oct 2020



\* RHC: Real Estate, Hospitality and Construction

# Top exits

## Top exits in October 2020

Company	Sector	Sellers	Buyer	Exit type	US\$m	Stake (%)
Coforge Limited	Technology	Baring Private Equity Asia	NA	Open market	119	6
Rustomjee's subsidiary Kapstone Constructions	Real estate	Xander	NA	Buyback	95	NA
Runwal Group's township project	Real estate	HDFC capital	NA	Buyback	34	NA

# Fundraise

## Top fundraise/announcements in October 2020

Status	Fund	US\$m	Strategy
Raised	Edelweiss Asset Management III fund	900	Structured debt
Raised	SAIF Partners (Elevation Capital) 7th Fund	400	Sector agnostic
Raised	IIFL Fund	176	Financial intermediaries
Announced	Government AIF Fund	2,000	Early/Growth stage - Insurance



An aerial photograph of a city skyline at sunset. The sun is low on the horizon, creating a bright lens flare and casting a golden glow over the scene. In the foreground, a multi-lane highway bridge spans across a body of water, with several cars visible on the road. To the right of the bridge, there is a baseball field with a green field and a brown infield. The background is filled with a dense urban skyline, including various skyscrapers and buildings. A yellow vertical bar is positioned on the right side of the text overlay.

# 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 270,000 people across 150+ countries and 700+ cities are united by our shared values and their unwavering commitment to quality.

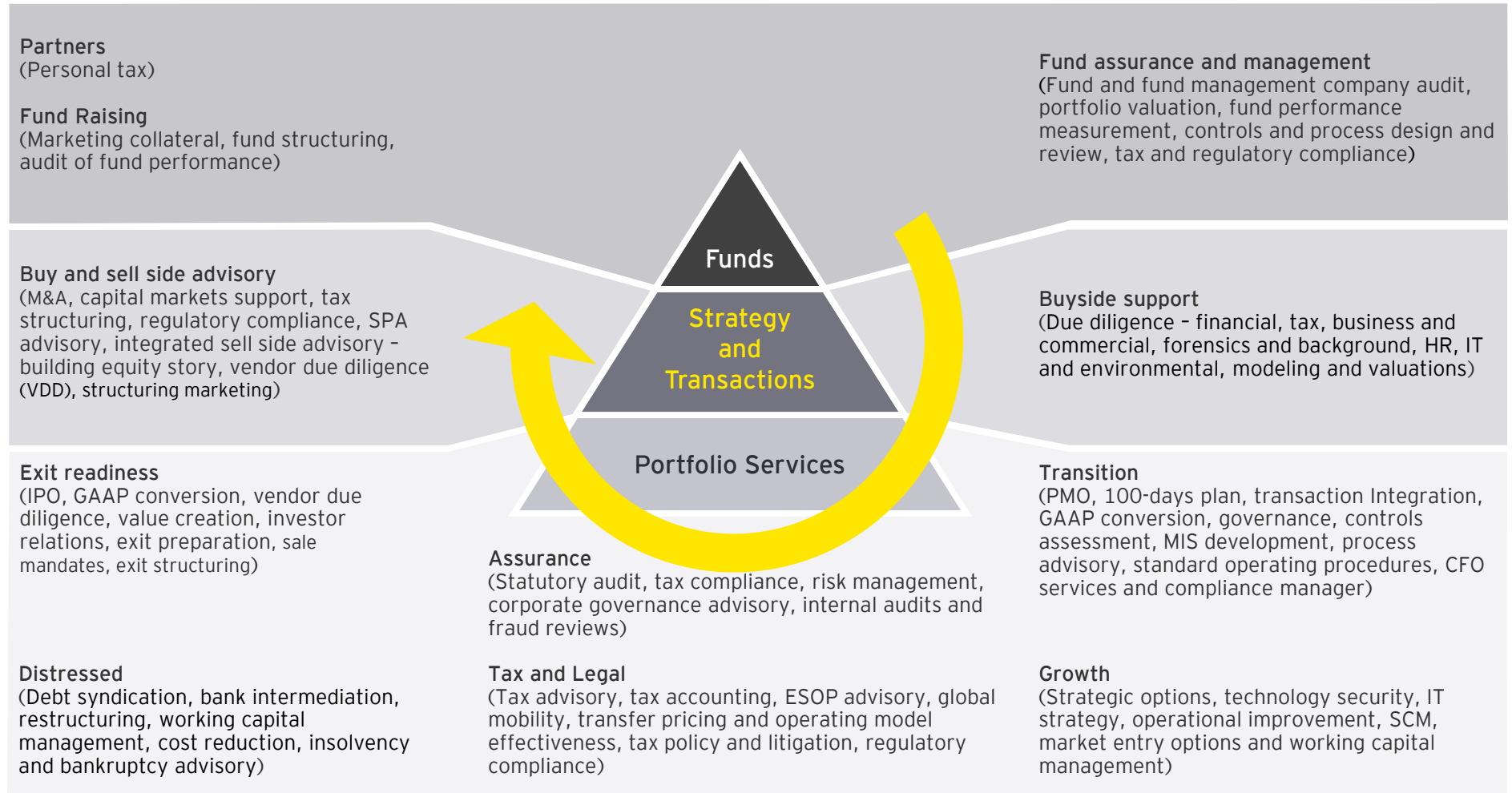
- ▶ EY's India Private Equity Services Practice has been among the top advisors for private equity deals over the past ten years. EY has been awarded the "Most Active Transaction Advisor" award by Venture Intelligence for 2009-2013 and also the "Investment Bank of the Year, Private Equity" award by VC Circle in 2012 and 2017 and for M&A in 2018. EY was also the top PE advisor in the Venture Intelligence league table 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.





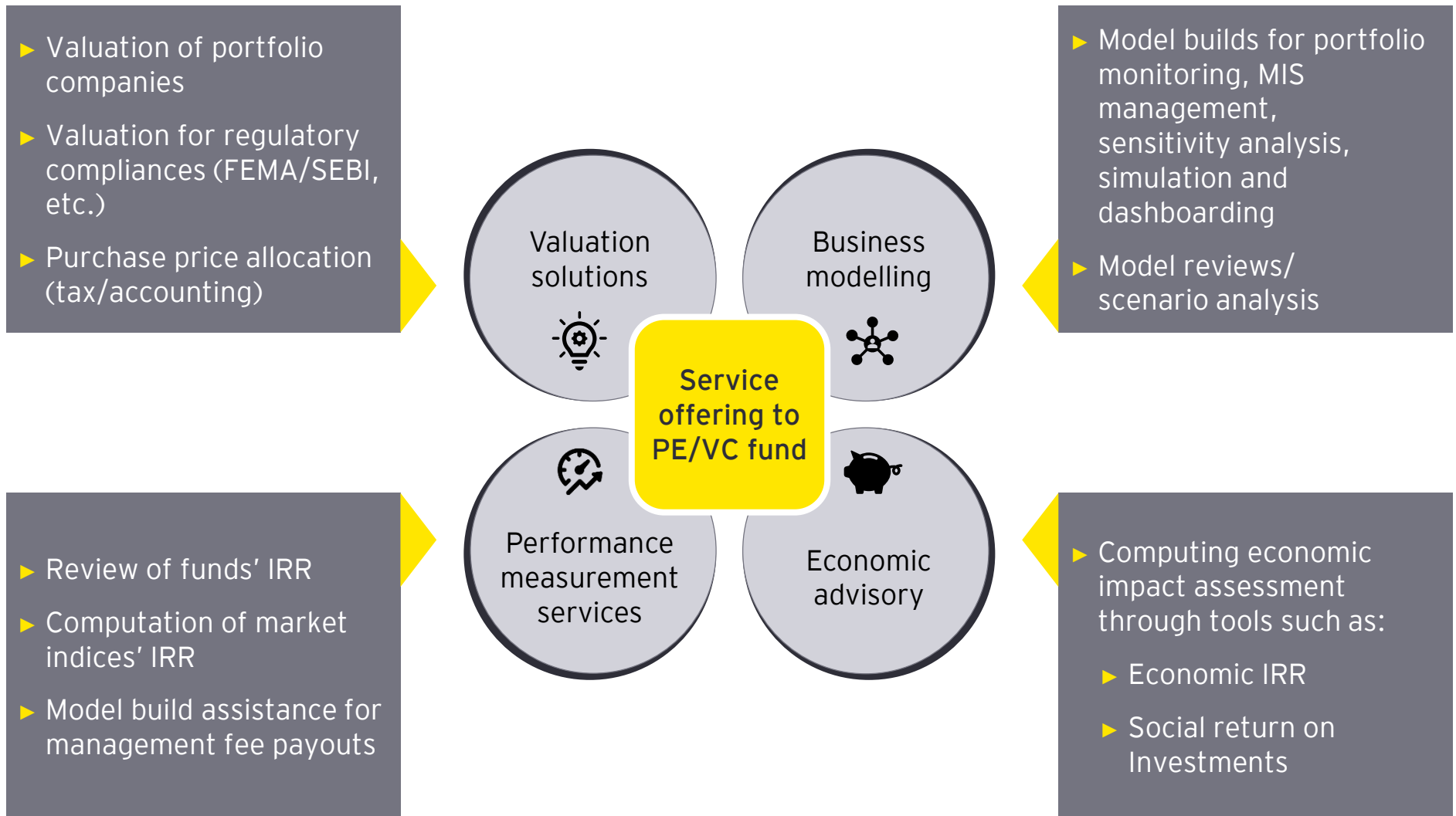
# EY services for Private Equity

We offer an array of services to Private Equity funds and their portfolio/investee companies through our various service lines.



# EY services for Private Equity

## EY Valuations, Modelling and Economics services offering to PE/VC funds



# EY services for Private Equity

## EY fund performance measurement services

### What is it?

- ▶ Certifying Internal Rate of Return (IRR) earned by investors and benchmarking it with market indices

### How it helps?

- ▶ Helps fund managers to showcase their historical performance in an objective way
- ▶ External certification provides confidence to investors about the calculation process
- ▶ A comparison - fund vs. relevant market indices

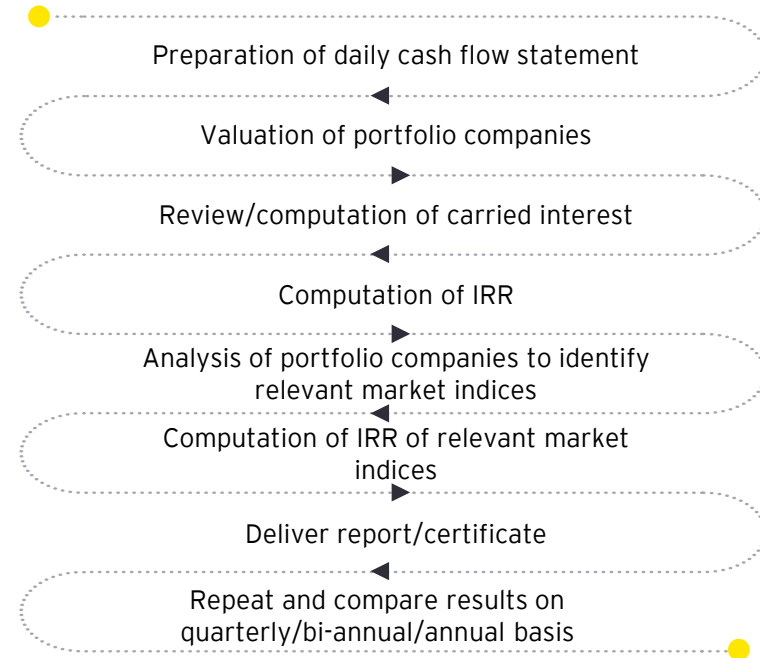
### When to do it?

- ▶ Regular intervals: quarterly/bi-annual/annual
- ▶ While raising new funds
- ▶ Global Investment Performance Standards recommends it annually

### Benefits of independent certification

- ▶ Promotes investor interests and instills confidence
- ▶ Ensures accuracy and consistency in data

### Steps involved



**Global Investment Performance Standards (GIPS) says,** “Firms may choose to have an independent third-party verification. Verification is a process by which a verification firm (verifier) conducts testing of a firm on a firm-wide basis in accordance with the required verification procedures of the GIPS standards. Verification provides assurance on whether the firm’s policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. The value of verification is widely recognized, and being verified is considered to be best practice.” Source: Page ix, *Global Investment Performance Standards: For Firms, 2020*

Our understanding of PE lifecycle and the ability to serve across the PE framework ensures that the performance measurement exercise is being effective and efficient.

Ernst & Young LLP

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An aerial photograph of a city skyline at sunset. The sun is low on the horizon, creating a bright lens flare and casting a golden glow over the scene. In the foreground, a multi-lane highway bridge spans across a body of water. The bridge is filled with cars, and a yellow vertical bar highlights a specific lane. To the right of the bridge, there is a baseball field with a green field and a brown infield. The background features a dense city skyline with various skyscrapers and buildings. The sky is a mix of blue and orange, indicating the time is either sunrise or sunset.

# 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.

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