

# Why do uncertain times need a certainty of purpose?

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The IVCA-EY monthly PE/VC roundup -  
January 2021



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



Building a better  
working world

# Our thoughts

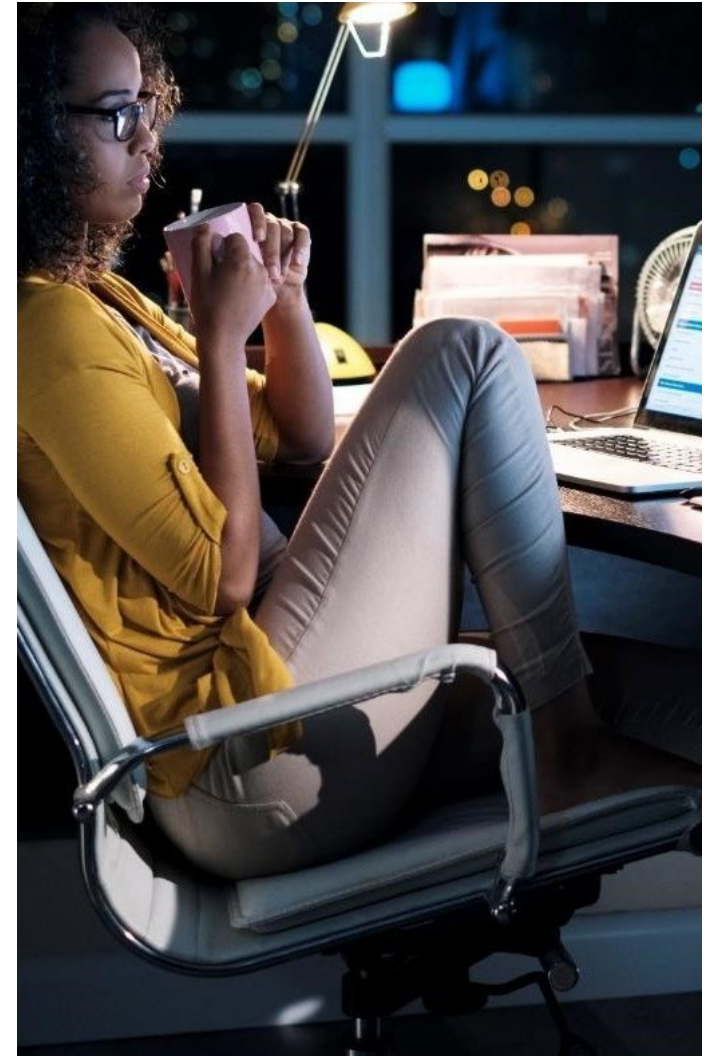
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*After a record high in 2020, PE/VC investments in January 2021 started on a sombre note, with investments worth US\$1.6 billion and exits worth US\$313 million. From a sector perspective, for the first time in over two years, e-commerce emerged as the top sector recording investments worth US\$689 million.*

*Exit activity continued to remain muted, with January 2021 recording US\$313 million in exits, mainly supported by IPO deal activity. January recorded three PE-backed IPOs that saw early investors like Sequoia, True North and Bessemer record successful partial/full exits. In the absence of strategic and secondary deals, IPO's in the currently buoyant midcap/ small cap equity markets have provided a good exit option to PE/VC investors at favourable valuations. If this recovery in the capital markets sustains and midcap / small cap indices inch further upwards, we expect to see a pickup in PE-backed IPOs and open market exit of PE positions in listed companies.*

*Looking ahead, the deal pipeline remains robust and investment teams of most large and medium sized PE funds are working flat out diligencing and negotiating multiple deals. In our view, the global macro has thrust the India investment opportunity in a favourable position and most PE/VC investors are inclined towards investing increased amounts in larger deals. While there are still concerns on the possibility of a second wave, new mutant virus strains and the complexity of the vaccine rollout, most Indian corporates as well as investors seem to have a positive view. The government too has played its part well by way of an accommodative Budget that is expected to spur growth on the back of increased govt spend and kickstart of the capex cycle.*

*Notwithstanding the slow start to PE/VC investments in January, we expect things to pick up and retain our bullish outlook for 2021 for both PE/VC investments as well as exits.*





In today's frenetic world,  
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age

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# Key trends

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## Investments

- ▶ PE/VC investments in January 2021 were 35% lower than January 2019 and 77% lower than December 2020 (US\$1.6 billion in January 2021 vs. US\$2.5 billion in January 2019 and US\$7.1 billion in December 2020). The significant decline in PE/VC investments was primarily on account of fewer large deals.
- ▶ January 2021 recorded three large deals (value greater than US\$100 million) worth US\$680 million compared to five large deals worth US\$1.4 billion in January 2019 and 12 large deals worth US\$6.0 billion in December 2020. The largest deals in January 2021 saw a group of investors including Tencent, Lightspeed and Altimeter Capital invest US\$280 million in Udaan.com, an online B2B trading platform, followed by Tiger Global, Steadview, Fidelity and others investing US\$250 million in Zomato, a platform for online food ordering and delivery.
- ▶ In January 2021, growth investments were the largest deal segment with US\$717 million recorded across 17 deals (US\$1 billion across 14 deals in January 2019). Start-up investments recorded US\$599 million across 52 deals (US\$449 million across 50 deals in January 2019). Buyouts recorded US\$150 million in investments in one deal (US\$71 million across three deals in January 2019).
- ▶ From a sector point of view, e-commerce emerged as the top sector with US\$689 million in investments across 15 deals, accounting for 43% of all investments in January 2021 and second highest value of monthly investments in the sector in past 18 months. E-commerce has emerged as the top sector after a gap of over two years. Infrastructure was next in line with US\$177 million invested across four deals followed by financial services with US\$176 million invested across 15 deals and pharmaceuticals with US\$111 million invested across three deals.

# Key trends

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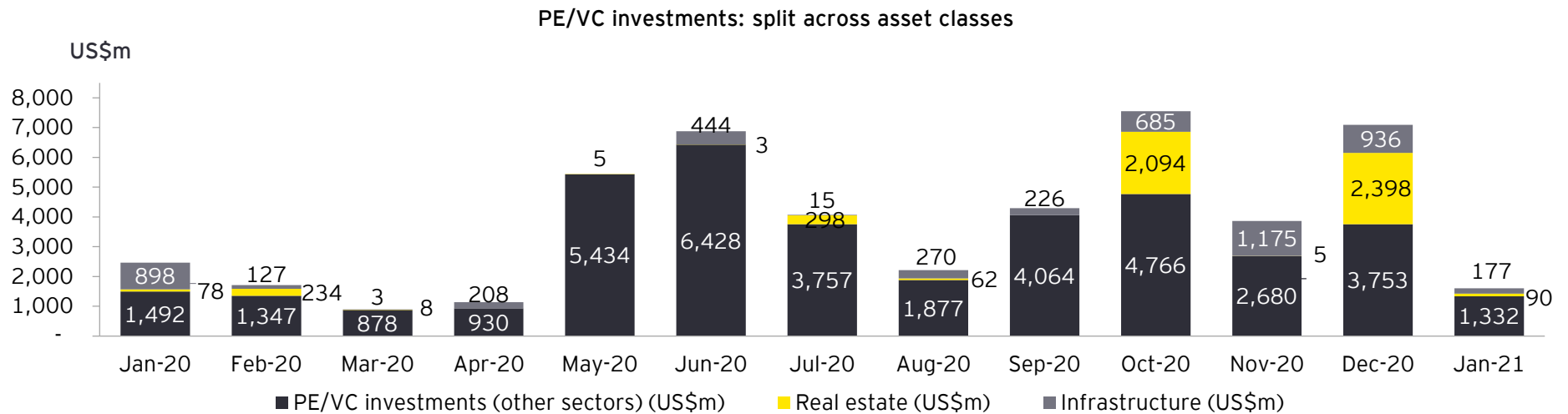
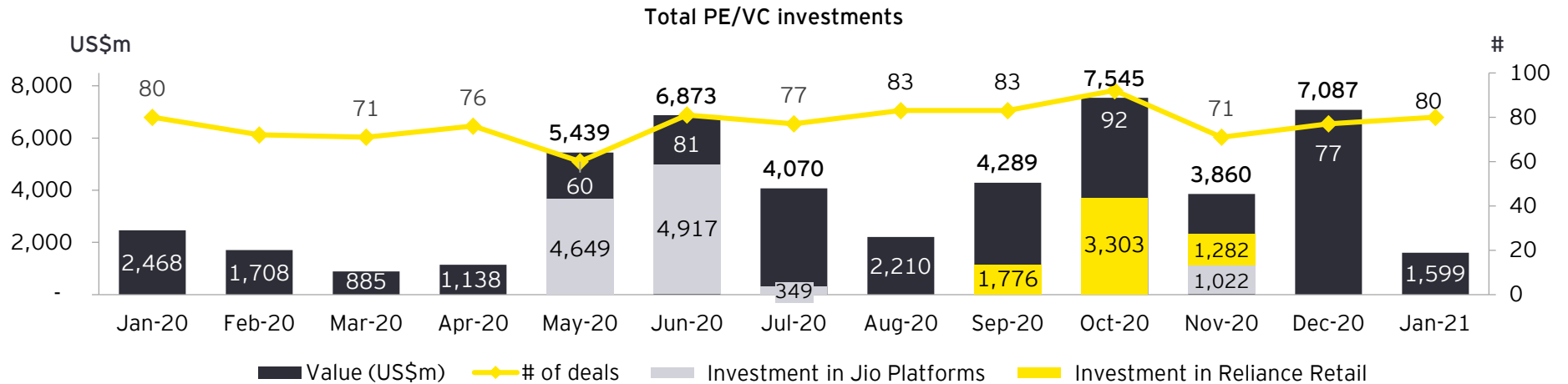
## Exits

- ▶ January 2021 recorded nine exits worth US\$313 million, 32% lower than the value of exits in January 2019 (US\$461 million) and 70% lower than the value recorded in December 2020 (US\$1 billion). IPO exits in January 2021 were highest at US\$165 million across three deals.
- ▶ The largest exit in January 2021 saw Sequoia sell partial stake (8.8%) in Indigo Paints for US\$87 million.

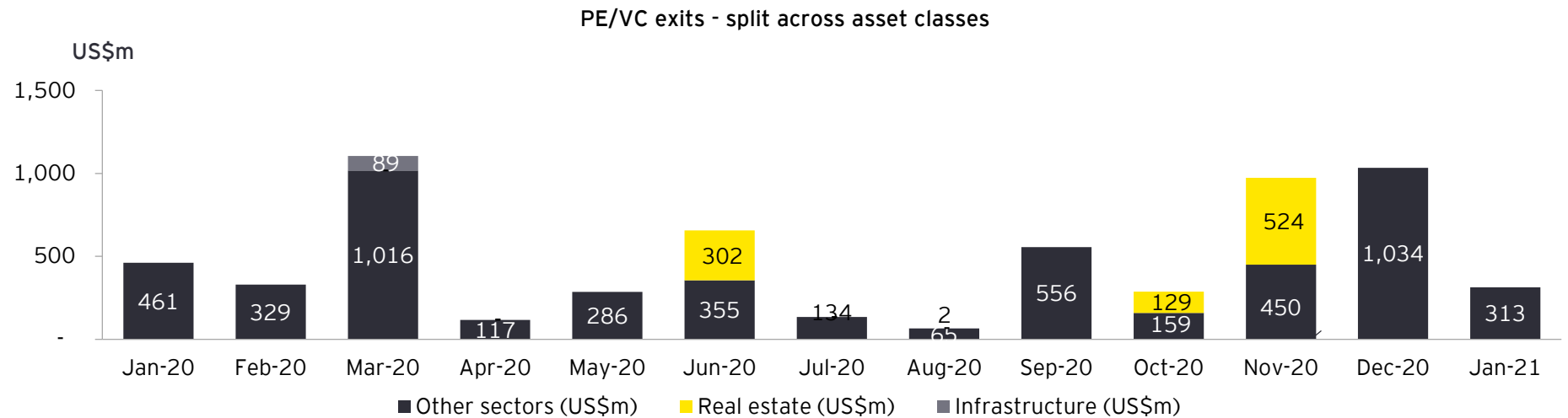
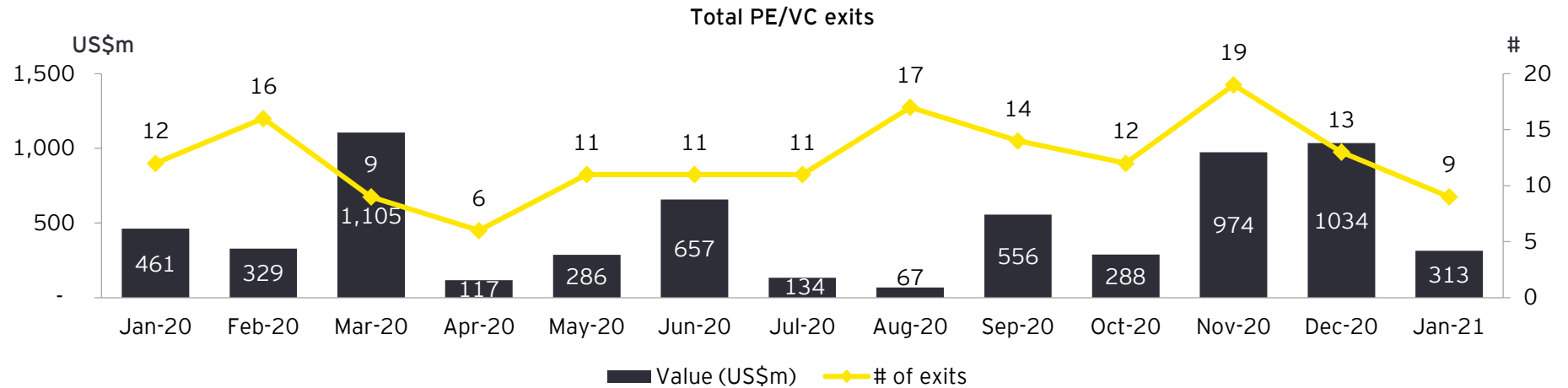
## Fundraise

- ▶ January 2021 recorded total fundraises of US\$854 million compared to US\$742 million raised in January 2019. The largest fundraise in January 2021 saw Godrej Fund Management raise US\$250 million in the first tranche of its US\$500 million fund to develop prime office buildings.

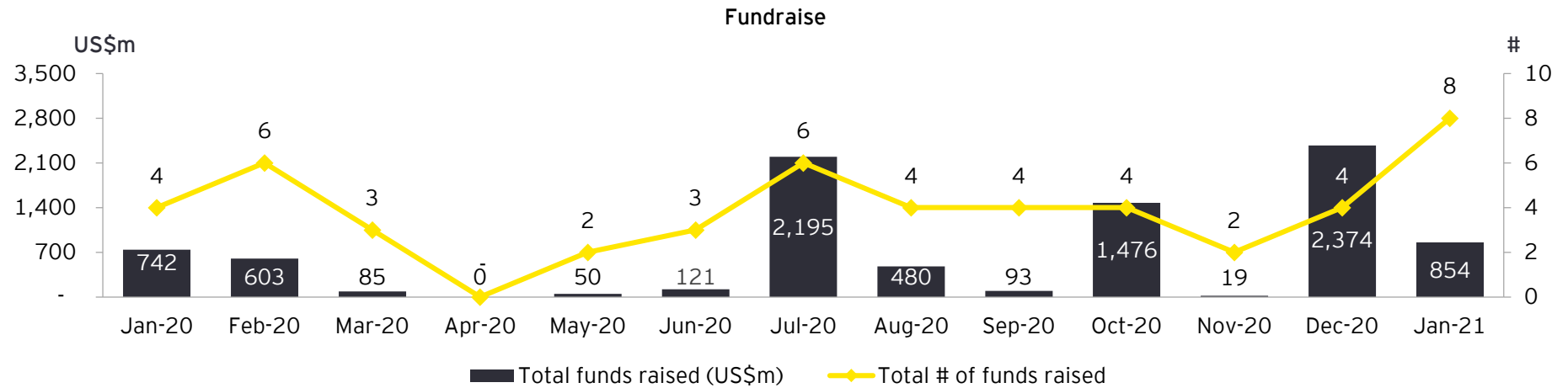
# PE/VC monthly headline trends: investments



# PE/VC monthly headline trends: exits



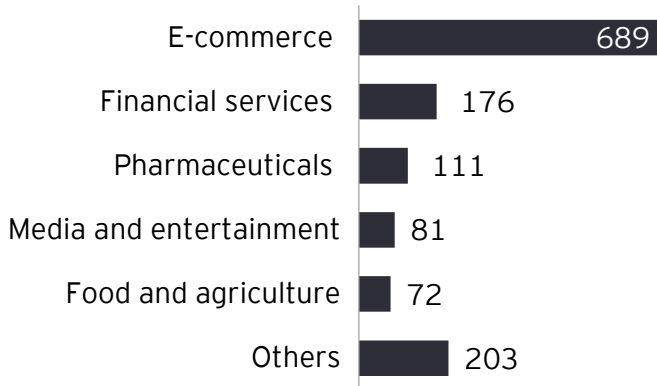
# PE/VC monthly headline trends: fundraise



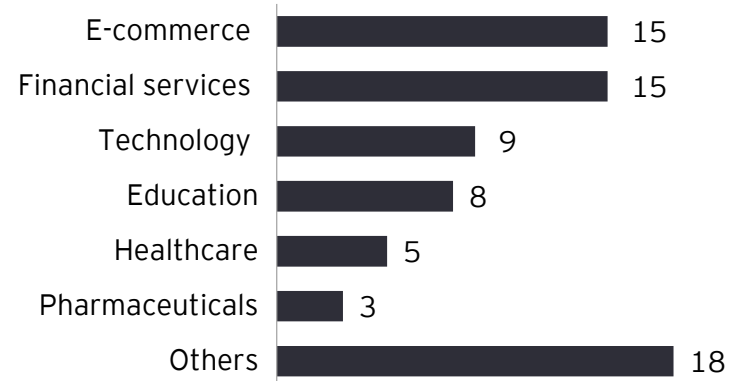


# PE/VC investments: US\$1,332 million over 73 deals (excluding infrastructure and real estate investments)

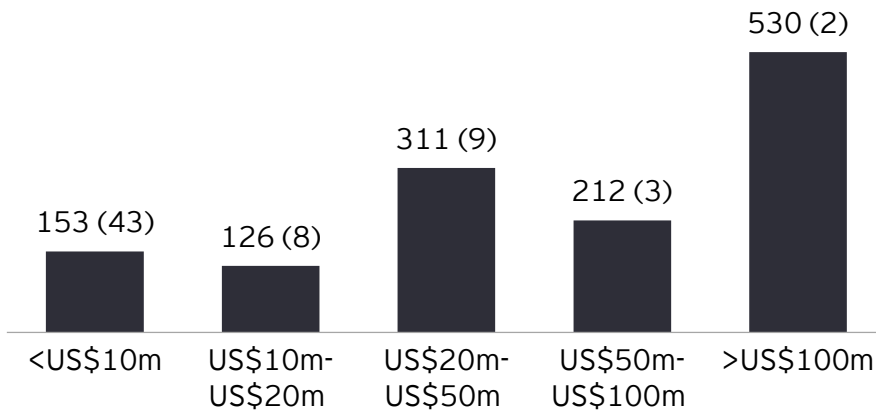
Top sectors by value US\$m



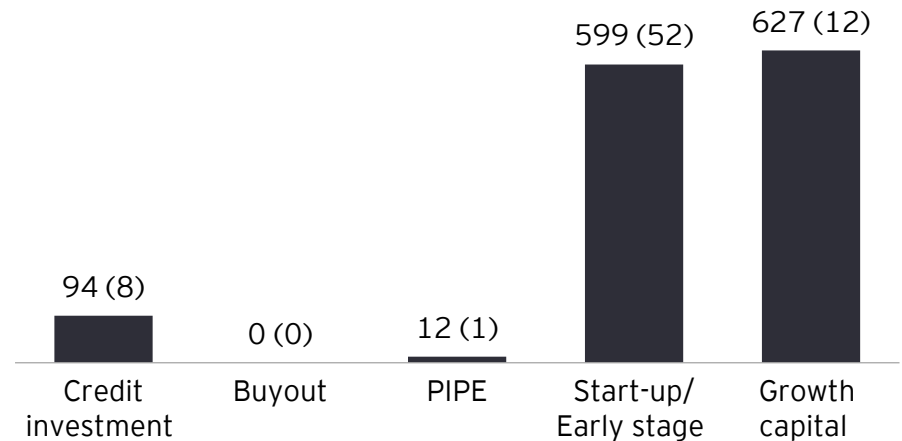
Top sectors by volume



Deal value US\$m (volume)

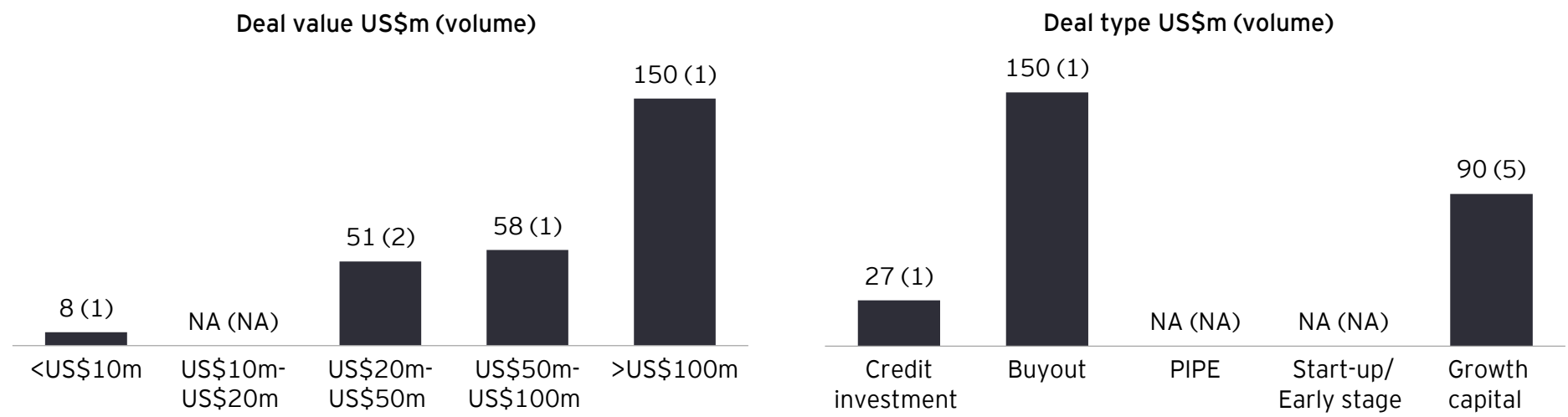
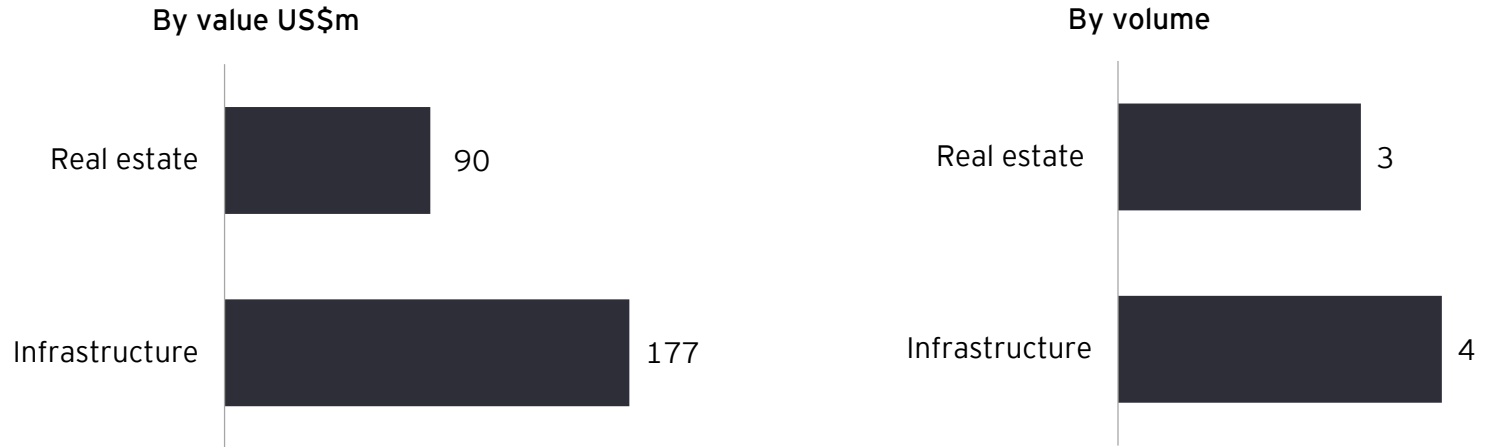


Deal type US\$m (volume)



\* PIPE: Private investment in public equity

# Infrastructure and real estate investments: US\$ 267 million over seven deals



# Top PE/VC investments

## Top PE/VC investments excluding infrastructure and real estate in January 2021

Company	PE investors	Sector	Stage	US\$m	Stake (%)
Trustroot Internet Private Limited (Udaan.com)	Altimeter Capital, GGV Capital, DST Global, Lightspeed Venture Partners, Tencent Holdings and others	E-commerce	Start-up	280	NA
Zomato Private Limited	Tiger Global, Kora Investments, Steadview, Fidelity and others	E-commerce	Growth Capital	250	NA
Biocon Biologics Limited	ADQ Investment Management	Pharmaceuticals	Growth Capital	76	1.8
Nazara Technologies Limited	Plutus Wealth Management	Media and entertainment	Growth Capital	68	NA
MedPlus Health Services Private Limited	Warburg Pincus	E-commerce	Growth Capital	68	25
Sorting Hat Technologies Private Limited (Unacademy)	Steadview Capital, General Atlantic, Tiger Global and others	Education	Start-up	50	NA

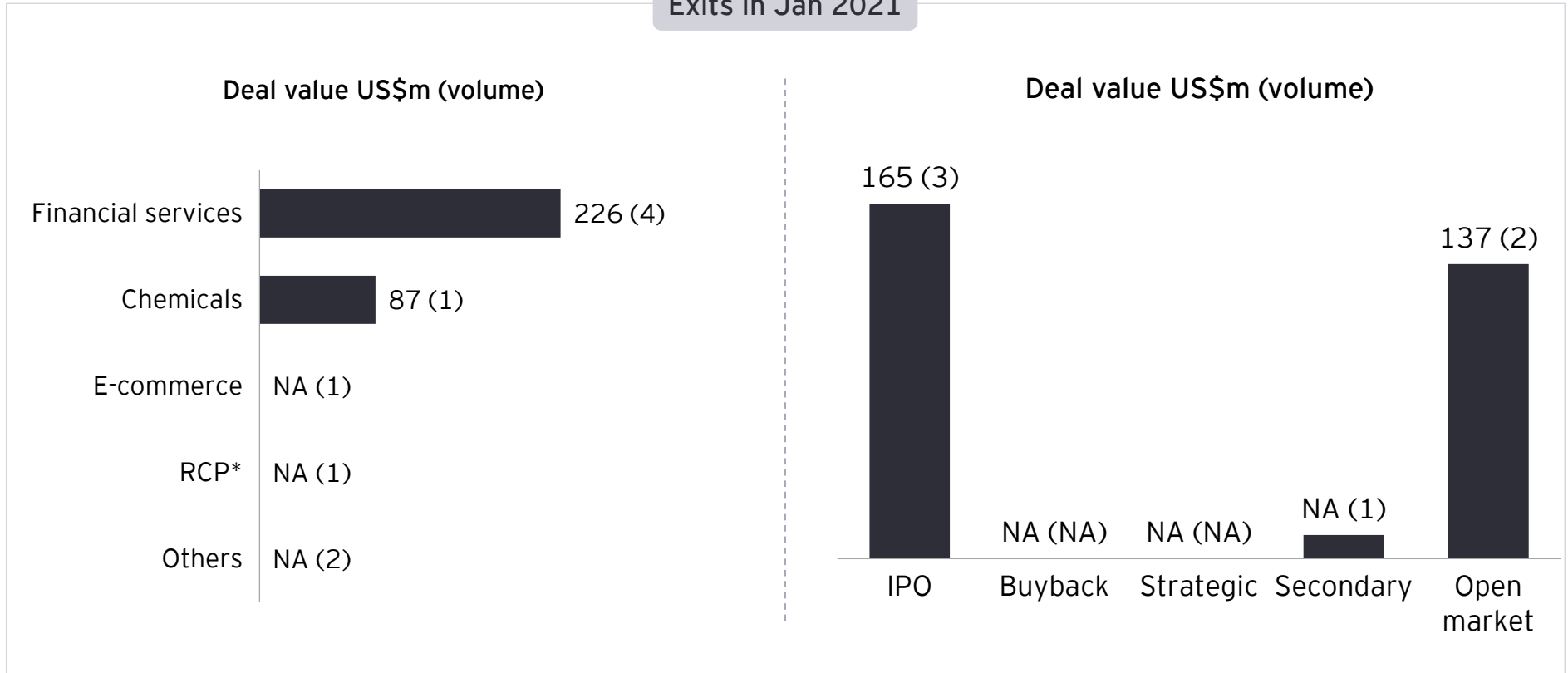
# Top *infrastructure* and *real estate* investments

## Top infrastructure and real estate investments in January 2021

Company	PE investors	Sector	Stage	US\$m	Stake (%)
Sterlite Power Transmission Limited, 5 Energy Transmission Projects	AMP Capital	Power and utilities	Buyout	150	50
Hubtown Limited's Luxury Residential Project in Mumbai	Oaktree Capital Management	Real estate	Growth Capital	58	NA

# Exits: US\$ 313 million across nine deals in January 2021

Exits in Jan 2021



\* RCP: Retail and consumer products

# Top exits

## Top exits in January 2021

Company	Sector	Sellers	Buyer	Exit type	US\$m	Stake (%)
Indigo Paints	Retail and consumer	Sequoia	NA	IPO	87	8.8
Max Financial Services Limited	Financial services	KKR	NA	Open market	86	3.6
Home First Finance Company India Limited	Financial services	Bessemer Venture Partners, True North	NA	IPO	77	12.3
IDFC Limited	Financial services	Khazanah Nasional Berhad	NA	Open market	51	5.5

# Fundraise

## Top fundraise/announcements in January 2021

Status	Fund	US\$m	Strategy
Raised	Godrej Fund Management	250	Office building platform
Raised	TVS Shriram Growth Fund 3	212	Sector agnostic
Raised	Tata Capital Growth Fund II	168	Strategic services, urbanisation and discrete manufacturing
Raised	Fireside Ventures - Fund II	118	Early stage - consumer
Announced	TVS Capital IV Fund	500	Sector agnostic
Announced	Stakeboat Capital	136	B2B software and manufacturing - Lifesciences
Announced	Motilal Oswal Real Estate fifth fund	109	Real estate
Announced	N+1 Capital Debt Fund	100	Venture debt

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 with traffic flows from the bottom towards the city. To the left of the highway is a large body of water. To the right, there are several multi-story brick buildings and a baseball field with a green field and brown infield. The city skyline in the background features various skyscrapers and buildings, including a prominent one with a spire. A yellow vertical bar is positioned on the right side of the highway.

# About EY Private Equity Services



# About EY's Private Equity Services Practice

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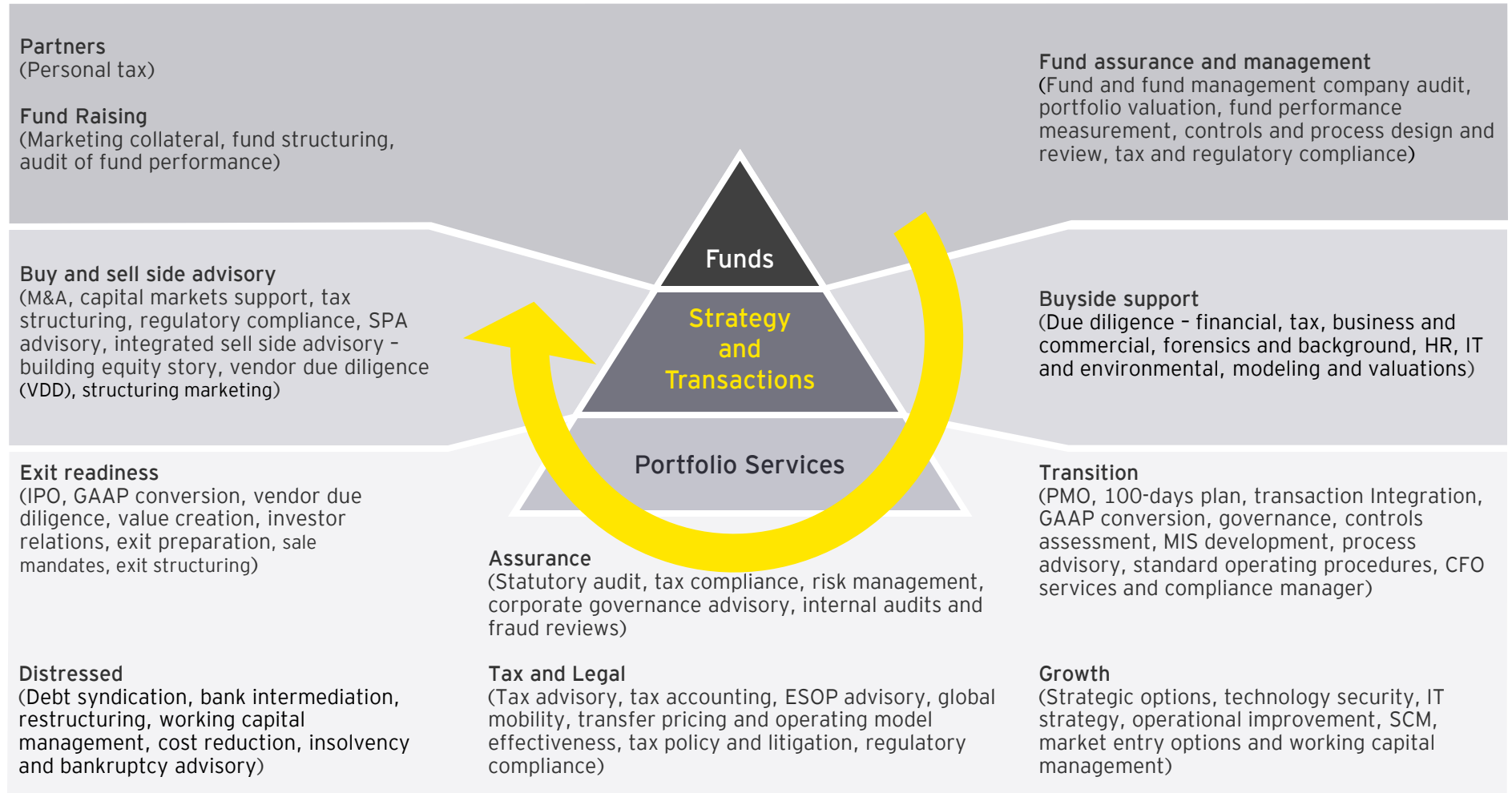
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- ▶ EY's India Private Equity Services Practice has been among the top advisors for private equity deals over the past ten years. EY has been awarded the "Most Active Transaction Advisor" award by Venture Intelligence for 2009-2013 and also the "Investment 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.
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We offer an array of services to Private Equity funds and their portfolio/investee companies through our various service lines.



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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 is positioned on the right side of the bridge. 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 clear, pale blue.

# 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.

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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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