

# How do you see the opportunity in your obstacles?

To reach operational excellence, private equity firms need the right insights to learn as they go – discovering new ways to overcome obstacles and seize opportunities.

**The IVCA-EY monthly PE/VC roundup - July 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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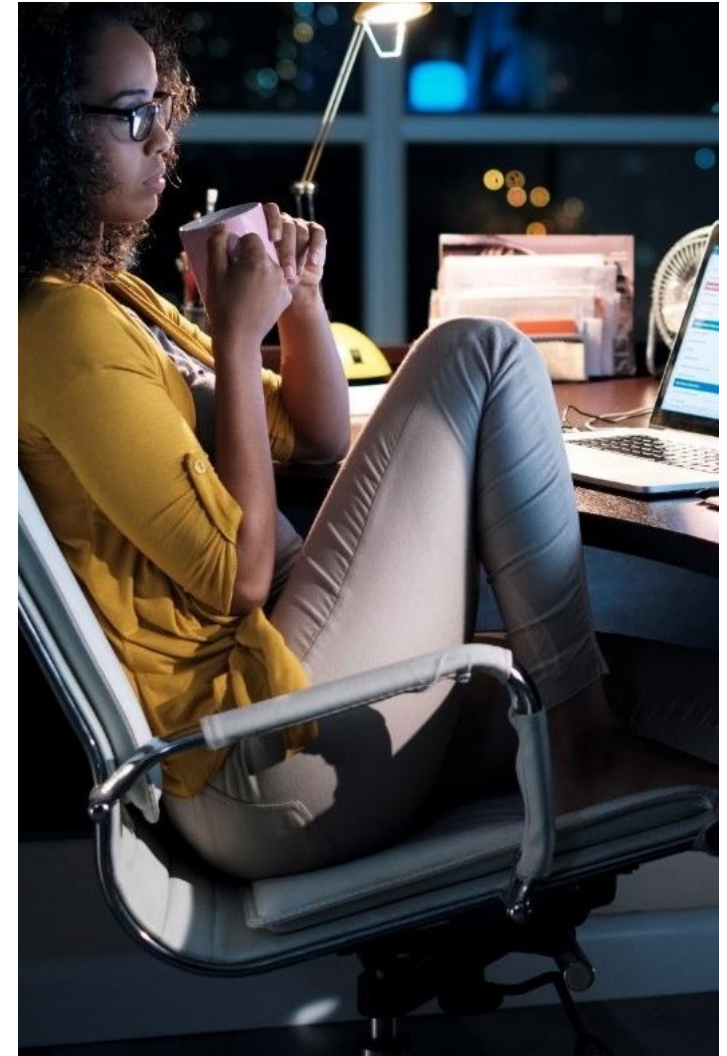
*July 2020 recorded a rebound in PE/VC investment activity and fund raising. While on a y-o-y basis, deal activity is still muted, in July 2020 at US\$3.7 billion, it saw an uptick into what has been the best month for PE/VC investments in 2020 (excluding the investments in Jio Platforms). Likewise, PE/VC fundraising also recorded a sharp rebound in July 2020 with fundraises worth US\$2.2 billion, 38% higher than the total funds raised in 1H2020.*

*This uptick in PE/VC investments was supported by a pickup in buyout deals which recorded US\$1.7 billion in PE/VC investments with marquee funds buying controlling stakes in quality businesses at attractive valuations. From a sector perspective, the technology sector led the pack, recording PE/VC investment deals worth US\$963 million.*

*Exit activity continued to remain subdued, with US\$134 million in exits, primarily comprising of open market exits. There were no pe-backed IPOs and secondary exits in July 2020.*

*While the global and domestic economy is still not out of the woods yet, many sectors have started showing an uptick in activity under changed circumstances and altered modes of doing business. PE/VC fund managers also seem to be adjusting to constantly evolving paradigm. However, there continues to be a considerable overhang over economic activity, which is expected to remain below par and susceptible to head winds like trade wars, geopolitical tensions, health of Indian banks and NBFC's, regional lockdowns and the curve of the virus case load in India*

*Investment vintages immediately post a crisis have historically proven to be the most rewarding and we are **cautiously optimistic** of an uptick in PE/VC investment activity over the next 2-3 months.*



# How fluent is your advisor in making global investments?

EY can mobilize a world-class team to navigate complex challenges on a global basis

Monthly trend analysis - July 2020



The better the question. The better the answer.  
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# Key trends

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## Investments

- ▶ PE/VC investments in July 2020 were 51% lower compared to July 2019 and 41% lower compared to June 2020 (US\$4.1 billion in July 2020 vs. US\$8.4 billion in July 2019 and US\$6.8 billion in June 2020). The decline was due to fewer large deals across deal segments. Nonetheless, if we exclude the investments in Jio Platforms, July 2020 has been the best month so far in 2020, recording investments worth US\$3.7 billion.
- ▶ July recorded 10 large deals (value greater than US\$100 million) worth US\$3.1 billion compared to 13 large deals worth US\$7.1 billion in July 2019. The largest deals in July 2020 include Thoma Bravo's buyout of the US subsidiary of Majesco Limited for US\$594 million followed by KKR's buyout of J.B Chemicals and Pharmaceuticals Limited for US\$496 million.
- ▶ From the point of view of deal type, buyout deals recorded the highest value of investments at US\$1.7 billion across six deals (64% decline y-o-y). July 2020 recorded the highest value and number of buyouts in 11 months, which is in line with our earlier forecast of funds using the current opportunity to undertake control transactions at attractive valuations in quality businesses. Growth investments were the second highest at US\$988 million across 16 deals (26% decline y-o-y) followed by credit investments at US\$910 million across 12 deals (2.2 times growth y-o-y). Start-ups recorded US\$272 million in investments across 40 deals (80% decline y-o-y).
- ▶ From a sector point of view, technology was the top sector in July with US\$963 million invested across 10 deals followed by financial services with US\$882 million invested across 15 deals and pharmaceuticals with US\$699 million invested across three deals. Infrastructure sector that was the top sector in July 2019 with US\$4.4 billion in investments recorded just two deals worth US\$15 million in July 2020.

# Key trends

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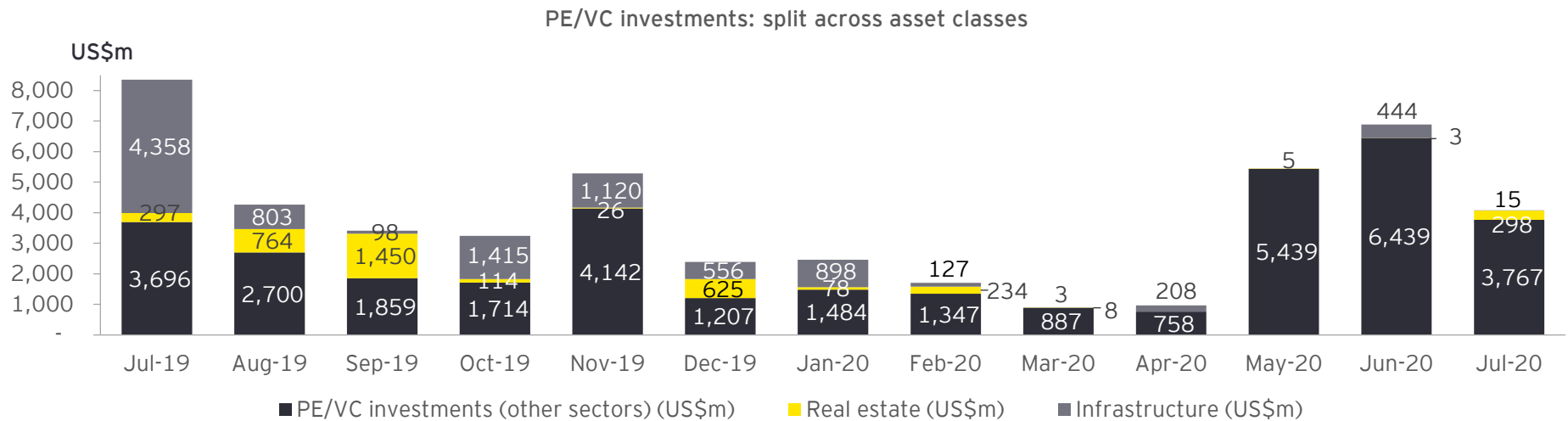
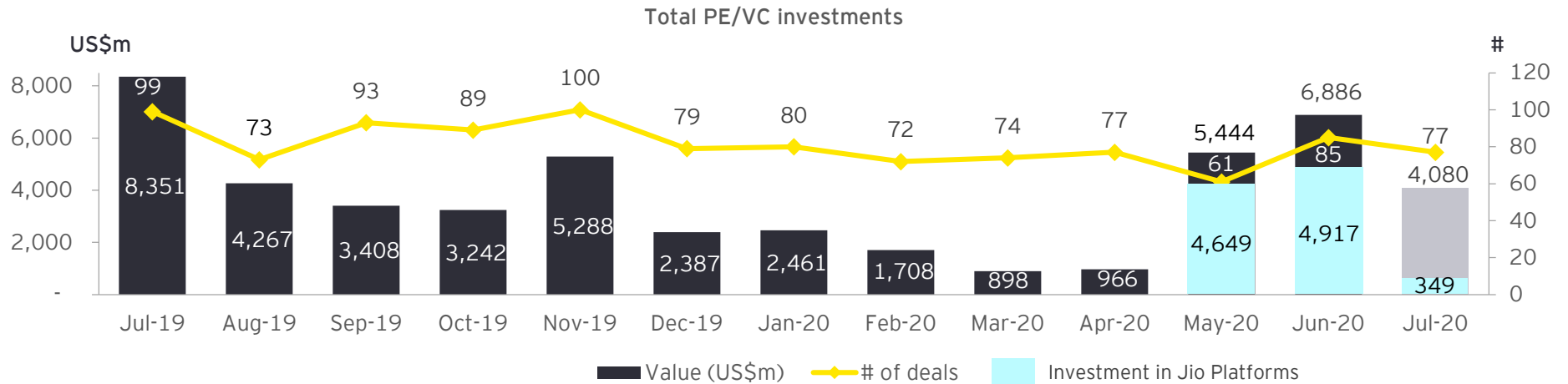
## Exits

- ▶ July 2020 recorded nine exits worth US\$134 million, 78% lower than the value of exits in July 2019 (US\$616 million) and 76% lower than the value recorded in June 2020 (US\$564 million). Open market exits in July 2020 were highest at US\$108 million across five deals followed by strategic exits with four small deals worth US\$26 million. There were no PE-backed IPOs and secondary exits in July 2020.
- ▶ The largest exit in July 2020 saw Warburg Pincus sell its 2.3% stake in Au Small Finance Bank Limited for US\$69 million.

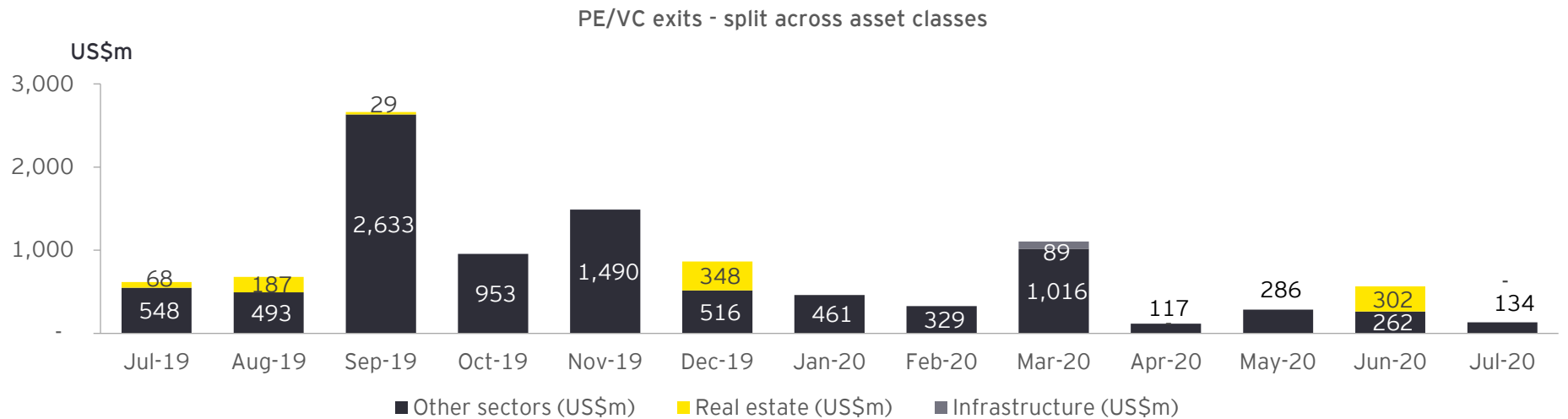
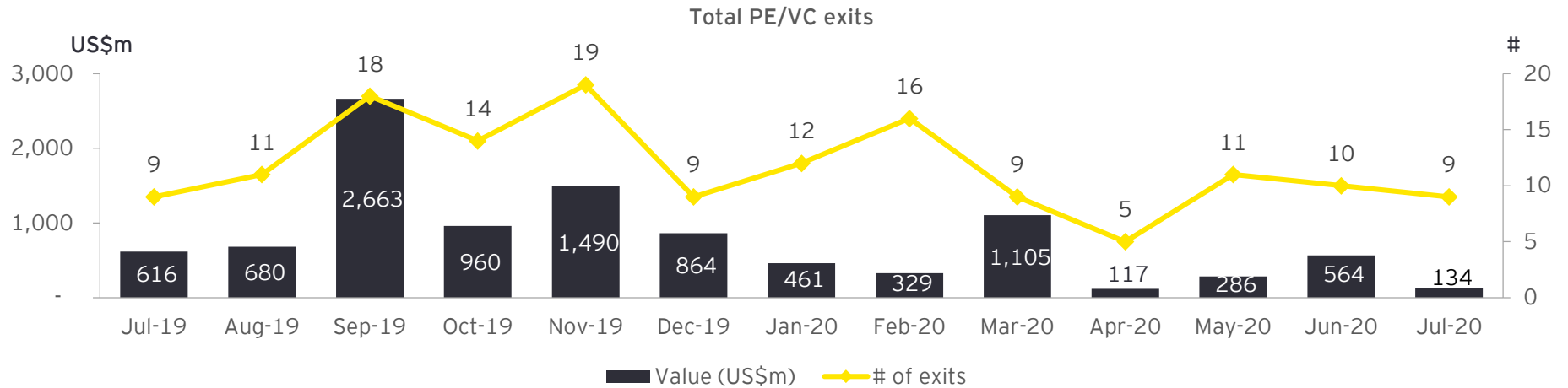
## Fundraise

- ▶ July 2020 recorded total fundraises of US\$2.2 billion compared to US\$545 million raised in July 2019. Fundraising in July 2020 was 38% higher than total funds raised in the first half of 2020. The largest fundraising in July 2020 saw Sequoia Capital raise US\$1.4 billion for venture and growth capital investments in India and the region.

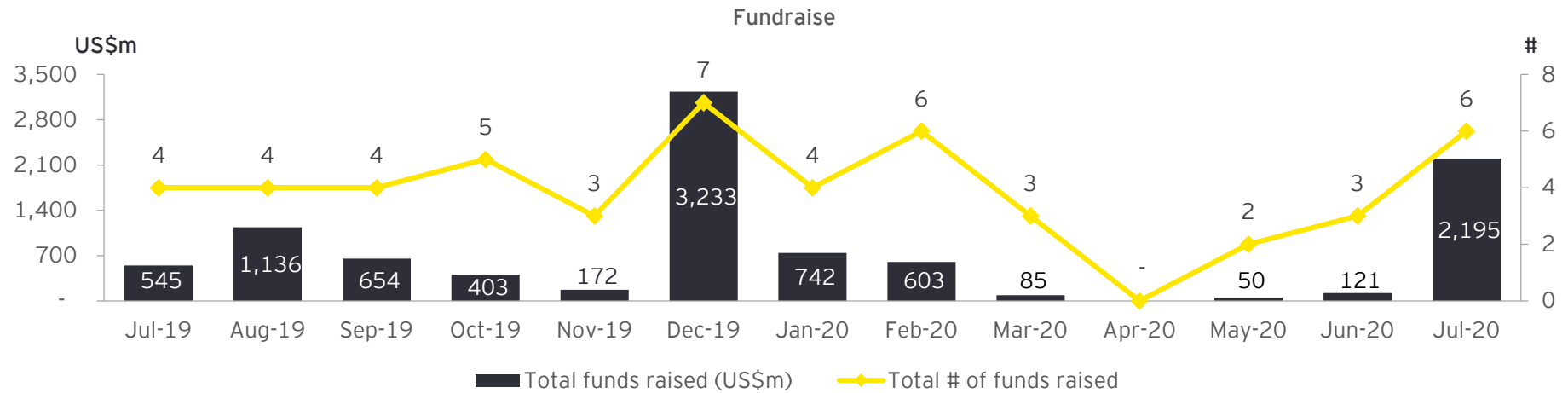
# PE/VC monthly headline trends: investments



# PE/VC monthly headline trends: exits



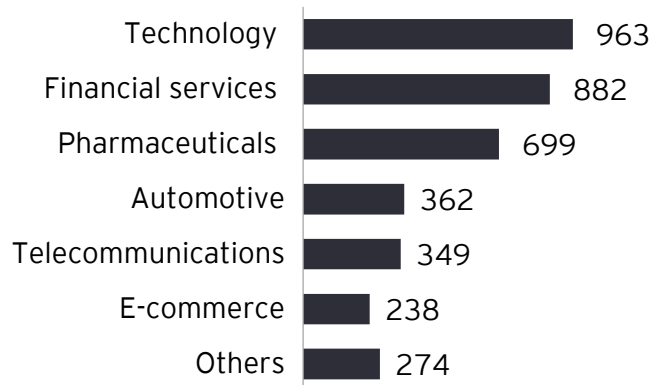
# PE/VC monthly headline trends: fundraise



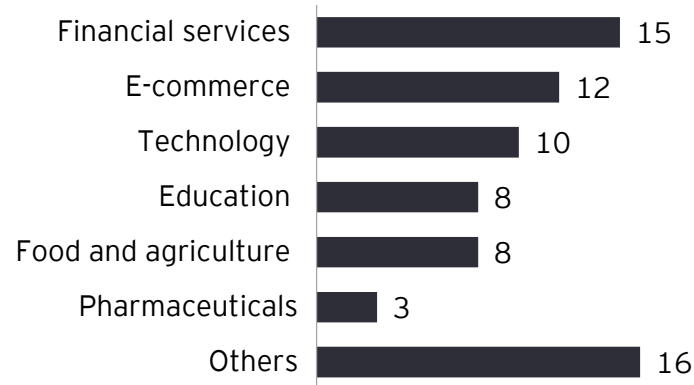


# PE/VC investments: US\$3,767 million over 72 deals (excluding infrastructure and real estate investments)

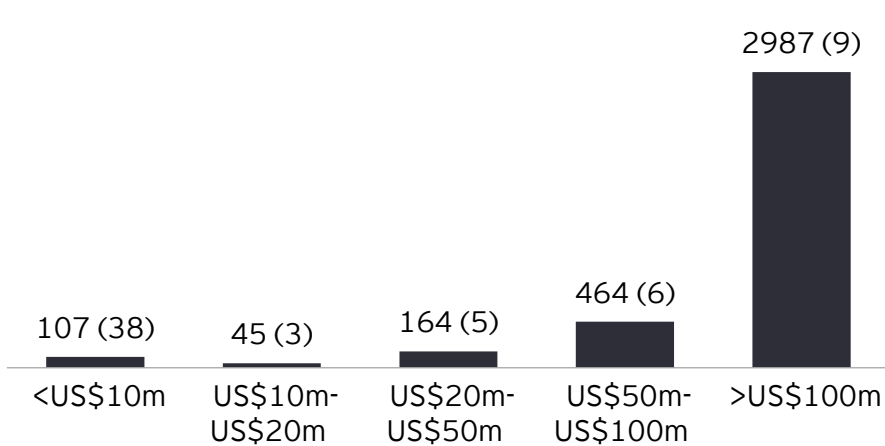
Top sectors by value US\$m



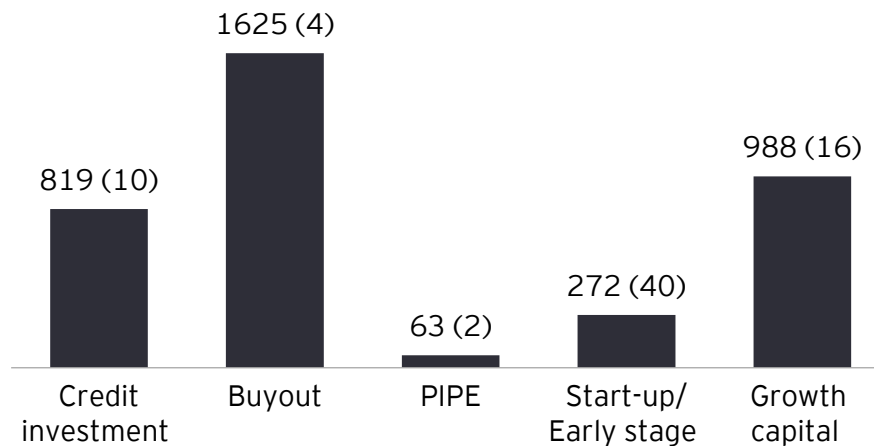
Top sectors by volume



Deal value US\$m (volume)

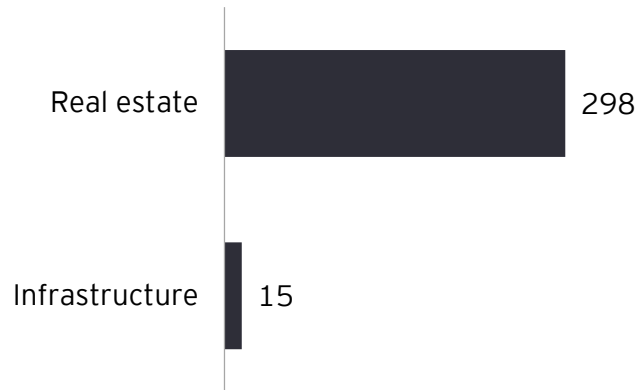


Deal type US\$m (volume)

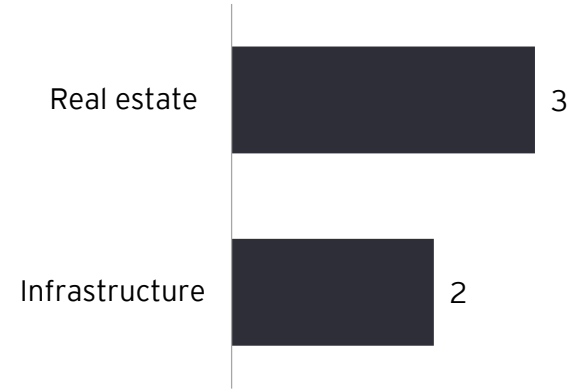


# Infrastructure and real estate investments: US\$ 313 million over five deals

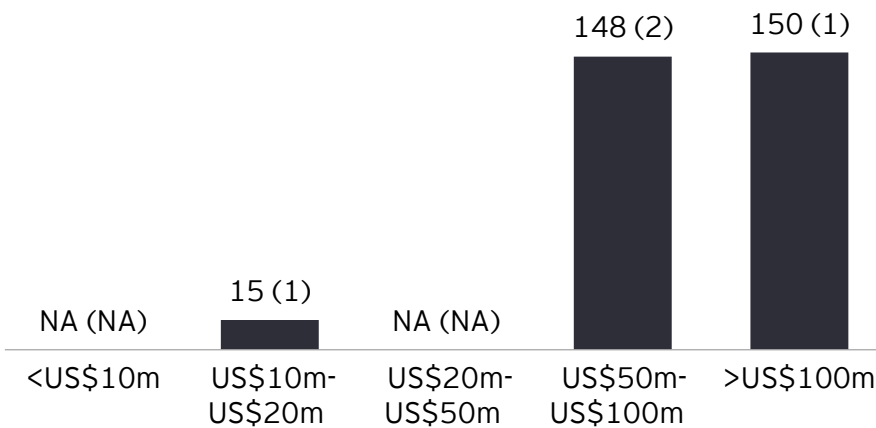
By value US\$m



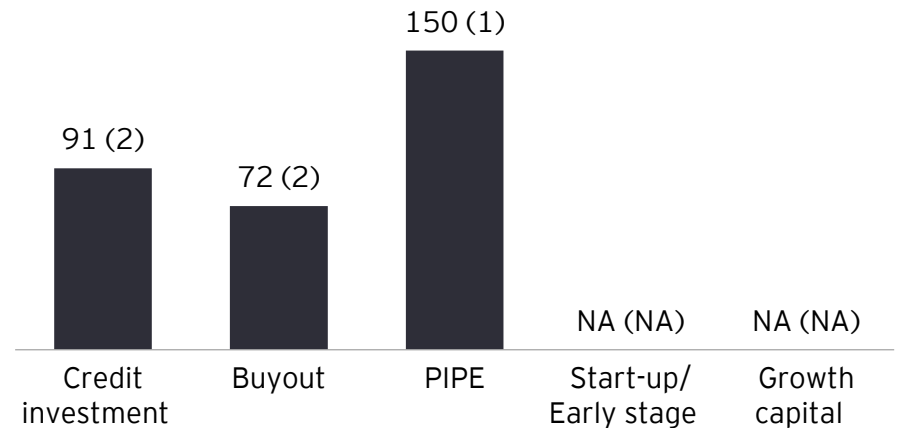
By volume



Deal value US\$m (volume)



Deal type US\$m (volume)



# Top PE/VC investments

## PE/VC investments in Jio Platforms - July 2020

PE investors	Stage	US\$m	Stake (%)
Intel Capital	Growth capital	251	0.40
Qualcomm Ventures	Growth capital	97	0.15

# Top PE/VC investments

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

Company	PE Investors	Sector	Stage	US\$m	Stake (%)
Majesco Limited#	Thoma Bravo LP	Financial services	Buyout	594	100
J.B. Chemicals and Pharmaceuticals Limited	KKR	Pharmaceuticals	Buyout	496	65
ECL Finance Limited	Farallon Capital and SSG Capital	Financial services	Credit investment	400	NA
Amtek Auto Limited	Deccan Value Investors	Automotive	Buyout	362	100
Piramal Enterprises Limited	Farallon Capital	Financial services	Credit investment	346	NA
Nxtra Data Limited	Carlyle	Technology	Growth capital	235	25
RA Chem Pharma Limited	Advent International	Pharmaceuticals	Buyout	173	74
ETechAces Marketing and Consulting Private Limited (Policy Bazaar)	Softbank	E-Commerce	Growth capital	130	NA
Vedantu Innovations Private Limited	Coatue, Tiger Global, Omidyar, Westbridge and others	Education	Growth capital	100	NA

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

\* PE/VC deals excluding investments in Jio Platforms in July 2020

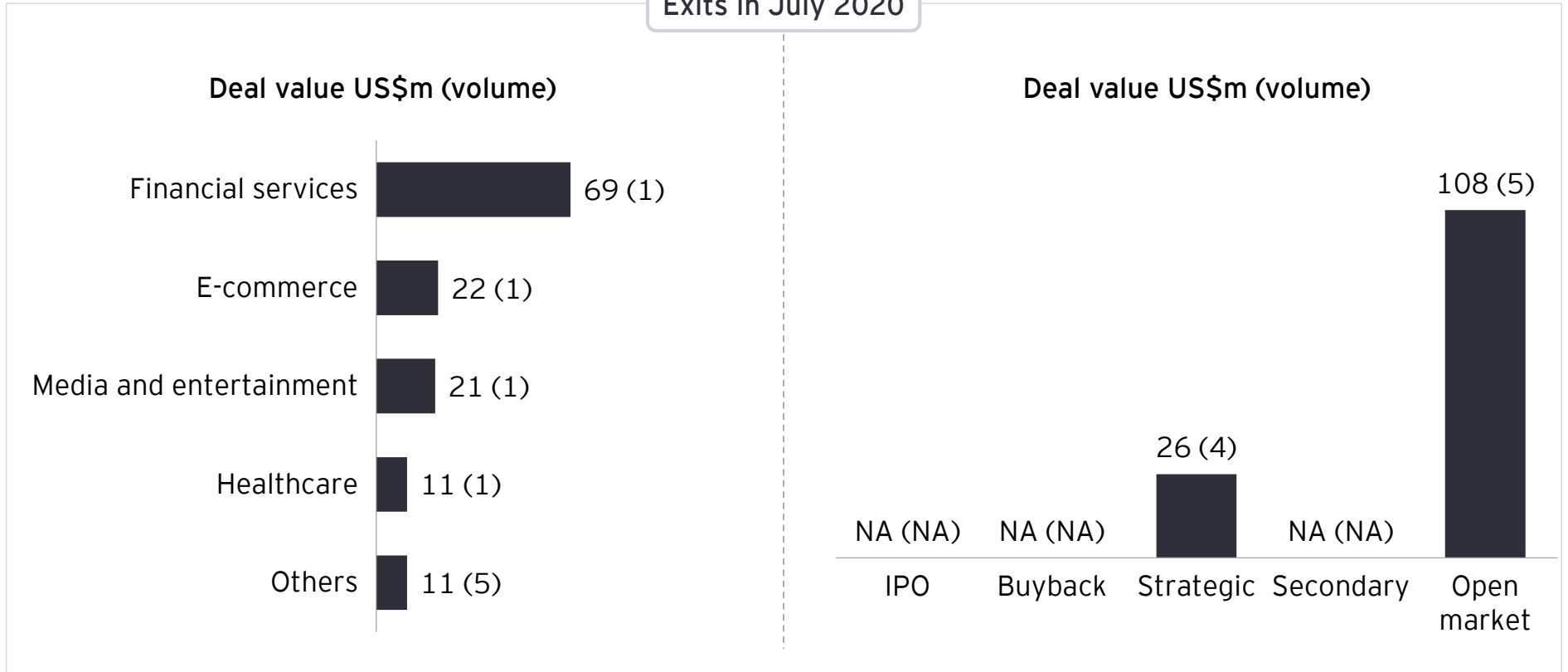
# Top *infrastructure* and *real estate* investments

## Top infrastructure and real estate investments in July 2020

Company	PE Investors	Sector	Stage	US\$m	Stake (%)
Mindspace Business Parks REIT	GIC, FMR LLC, Fullerton Financial Holdings Pte Ltd and others	Real estate	PIPE	150	NA
M3M India Private Limited	Oaktree Capital	Real estate	Credit investment	76	NA
Peninsula Land's residential project in Mumbai's Byculla	Brookfield	Real estate	Buyout	72	>50

# Exits: US\$ 134 million across nine deals in July 2020

Exits in July 2020



# Top exits

## Top exits in July 2020

Company	Sector	Sellers	Buyer	Exit type	US\$m	Stake (%)
AU Small Finance Bank Limited	Open Market	Warburg Pincus	NA	Open market	69	2
Webdunia.Com India Private Limited	Strategic	Passion Fund and International Finance Corp	RWS Holdings Plc	Strategic	21	100

# Fundraise

## Top fundraise/announcements in July 2020

Status	Fund	US\$m	Strategy
Raised	Sequoia Capital India Fund (2 Funds)	1,350	Sector agnostic venture and growth fund
Raised	Nalanda Capital	728	Sector agnostic
Announced	Blue Ashva Capital - First Close	60	Sector agnostic - SME



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 several tall skyscrapers and older brick buildings. The sky is a clear, pale blue, and the water is dark blue with some ripples.

# 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.

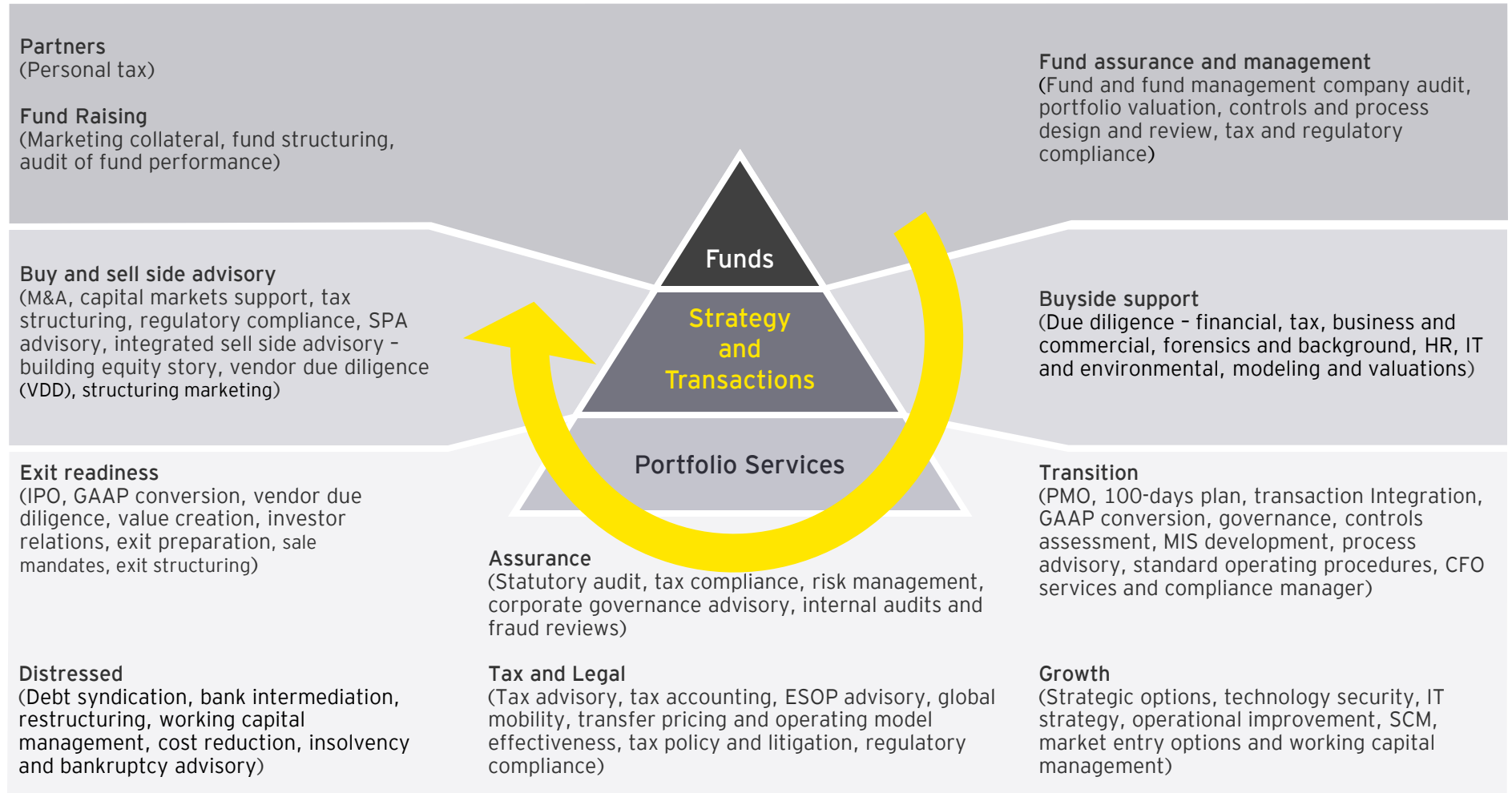
In India, EY is among the leading providers of advisory, tax, transactions and assurance services. The organization is also the number one professional services brand\* in India, which is a testimony to our relentless commitment to deliver exceptional client service and create a better working world. 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.



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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, 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 of various skyscrapers and buildings. A yellow vertical bar is positioned on the bridge, and a semi-transparent dark grey box with white text is overlaid on the left side of the image.

# 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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