

How does the right edge redefine private equity's boundaries?

Learn how our proprietary deal insights help private equity deal teams thrive in the Transformative Age.

The IVCA-EY monthly PE/VC roundup – October 2019



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



Our thoughts

“

“PE/VC investments in 2019 have maintained a consistent monthly run rate of over US\$3 billion and October was no different. We are already at US\$43.7 billion on a year-to-date basis and well on track to hit the US\$50 billion mark for the year.

Like in previous months, the infrastructure sector has contributed a significant share to the deal value in October 2019 with over US\$1.4 billion in PE/VC investments. Global buyout, pension and sovereign funds continue to take large bets in the Indian infrastructure sector and this trend is expected to remain strong in the near future. With global interest rates once again on a downward trend, steady yield-generating assets in India present a good opportunity for large global pools of capital hungry for yield.

Exits have been fairly muted for most of 2019 due to the subdued sentiment in the capital markets. In 2019, year-to-date exits aggregated US\$9.1 billion compared to US\$26 billion over the same period last year. However, if we adjust for the large US\$16 billion Walmart-Flipkart deal, the underperformance in PE/VC exits is not significant.

2019 is expected to be one of the better investment vintages for the Indian PE/VC industry. However, uncertainties around US-China trade talks and global as well as domestic growth could dampen the sentiment in the short-term. Nonetheless, LP and GP interest in India's long-term growth prospects remains intact.”

LP: Limited Partner, GP: General partner



Can you protect the data
you don't know you have?

Monthly trend analysis – October 2019



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Key trends: monthly

Investments

- ▶ PE/VC investments in October 2019 (US\$3.3 billion) were at par with October 2018 (US\$3.3 billion), however were 11.5% lower compared to September 2019 (US\$3.7 billion). The total PE/VC investments in India, year-to-date, now stand at US\$43.7 billion, which is 16.5% higher than the previous high of US\$37.5 billion recorded in entire 2018. In terms of number of deals, October 2019 recorded 42% higher deals compared to October 2018 but 7% lower compared to September 2019 (91 deals in October 2019 vs. 64 deals in October 2018 and 98 deals in September 2019).
- ▶ From a sector point of view, infrastructure (US\$1.4 billion), financial services (US\$832 million) and technology (US\$278 million) were the top three sectors in terms of PE/VC investments in October 2019. Investments in infrastructure accounted for 43% of the total PE/VC investments in October 2019 compared to 6% in October 2018.
- ▶ October 2019 recorded five large deals (value greater than US\$100 million) aggregating US\$2.2 billion compared to seven large deals worth US\$2.7 billion in October 2018 and 11 large deals worth US\$2.6 billion in September 2019. The largest deals in October 2019 was in the infrastructure sector – Abu Dhabi Investment Authority (AIDA), Public Sector Pension Investment Board (PSP Investments), and National Investment and Infrastructure Fund's (NIIF) US\$1.1 billion* investment in GVK Airport Holdings Limited.
- ▶ In terms of deal type, growth deals recorded the highest value of investments in October 2019 at US\$1.7 billion across 16 deals, compared to 15 deals worth US\$1.9 billion in October 2018 followed by start-up investments worth US\$717 million across 64 deals (US\$281 million across 33 deals in October 2018) and buyouts at US\$500 million across five deals (US\$941 million across five deals in October 2018).

* Announced

Key trends: monthly

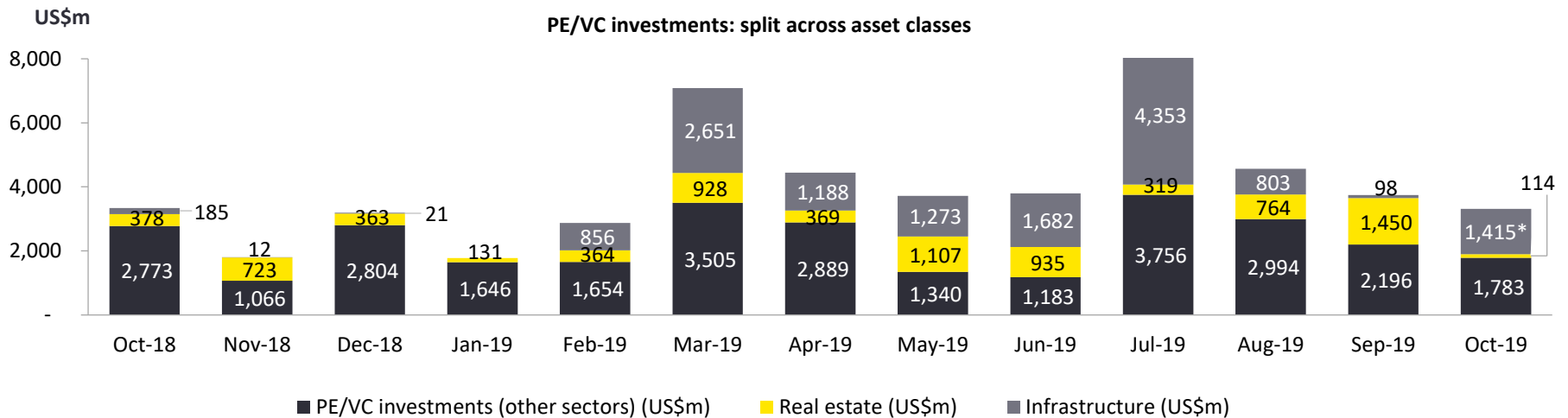
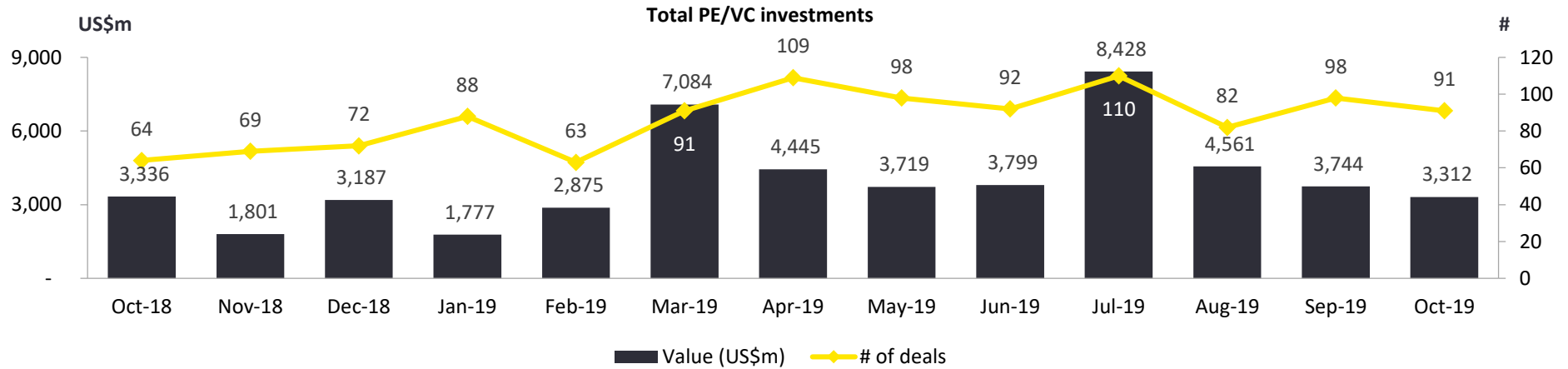
Exits

- ▶ October 2019 recorded 14 exits worth US\$960 million, 30% lower than the value of exits recorded in October 2018 (US\$1.4 billion) and 64% lower than September 2019 (US\$2.6 billion) which had recorded the large US\$1.5 billion partial buyback by Oyo's founder.
- ▶ In October 2019, open market exits were highest at US\$878 million across eight deals, accounting for 91% of total exits by value. October 2019 recorded the highest monthly value of open market exits in two years. There was no PE-backed Initial Public Offering (IPO) in October 2019.
- ▶ The largest exit in October 2019 saw Fairfax sell its 9.9% stake in ICICI Lombard General Insurance Company Limited in the open market for US\$732 million.
- ▶ Financial services (US\$875 million across six deals) was the top sector in October 2019, accounting for 91% of all exits by value.

Fund raise

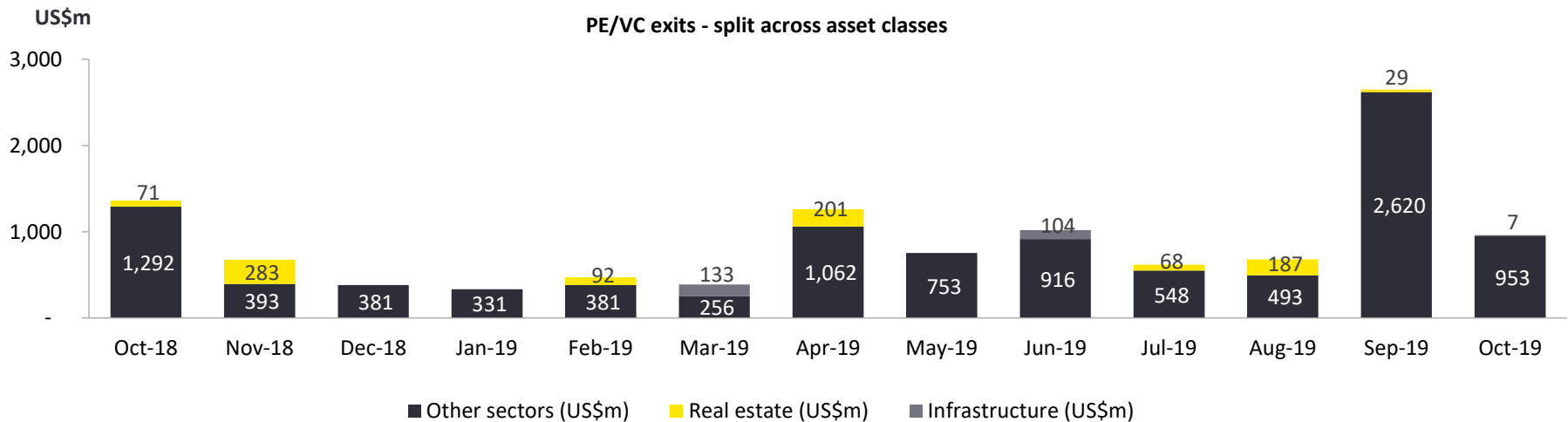
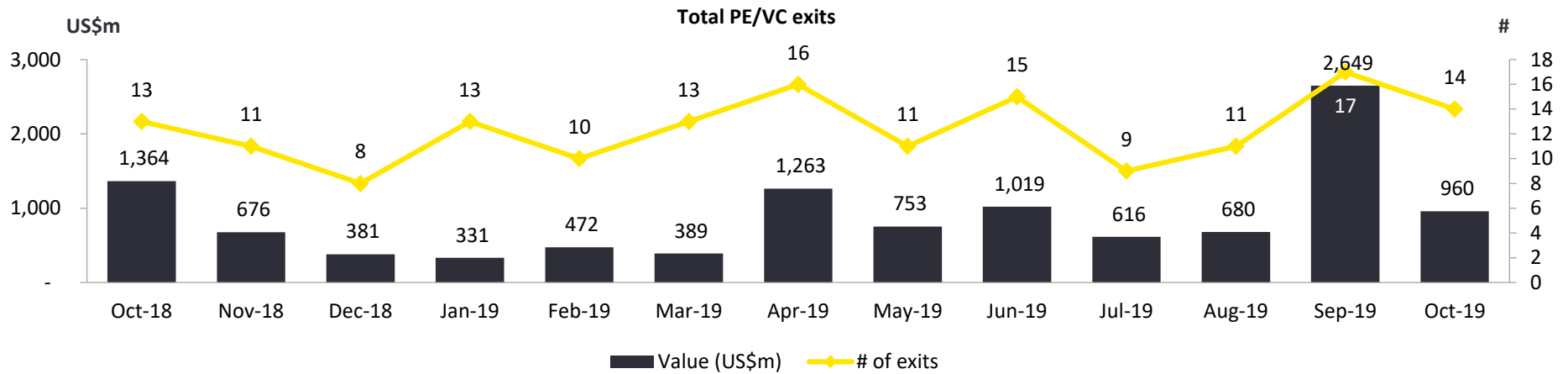
- ▶ October 2019 recorded total fund raises of US\$403 million compared to US\$641 million raised in October 2018. Xander's US\$250 million platform for investments in the industrial realty (logistics and e-commerce) sector was the largest fund raise in October 2019.

PE/VC monthly headline trends: investments



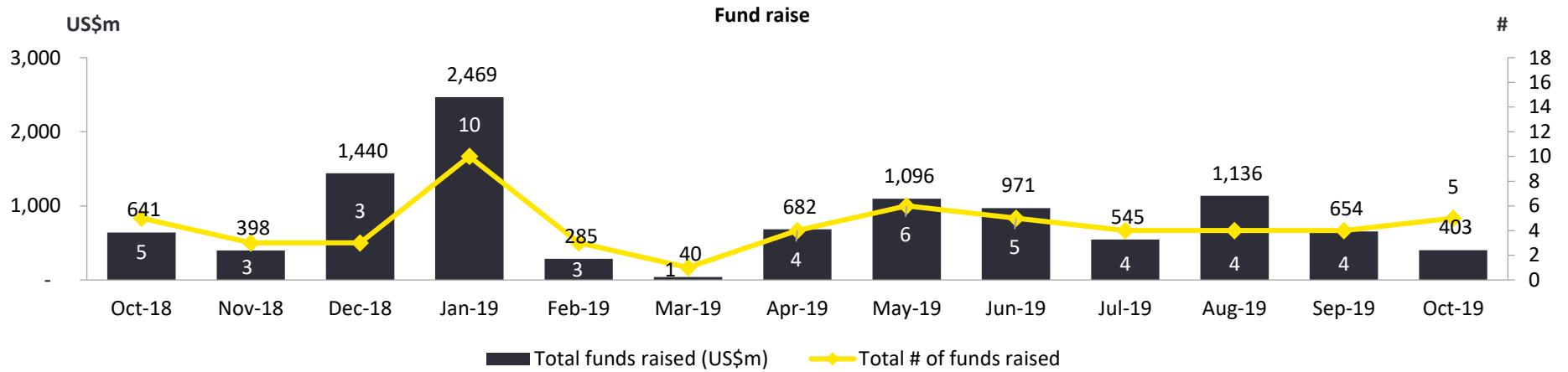
* Includes US\$1.1b investment announced in GVK Airport Holdings Limited by ADIA, PSP and NIIF
 Real estate includes deals across real estate (residential and commercial), hospitality and construction
 Infrastructure includes deals across roads, ports, railways, power and utilities, renewables and telecom infrastructure

PE/VC monthly headline trends: exits



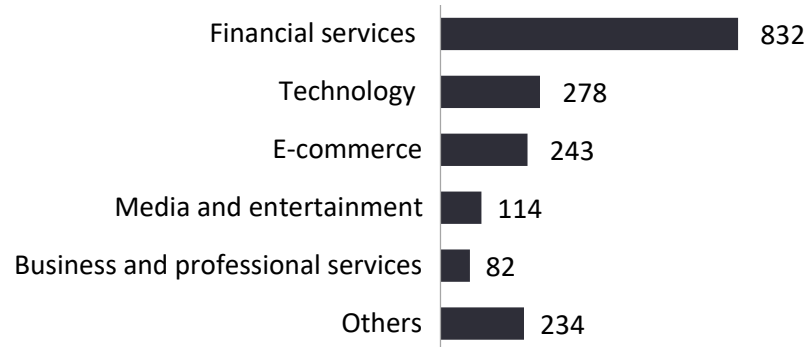
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PE/VC monthly headline trends: fund raise

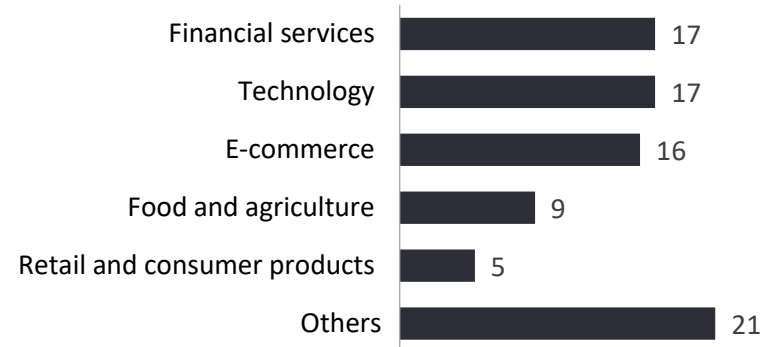


PE/VC investments: US\$1,783 million over 85 deals (excluding infrastructure and real estate investments)

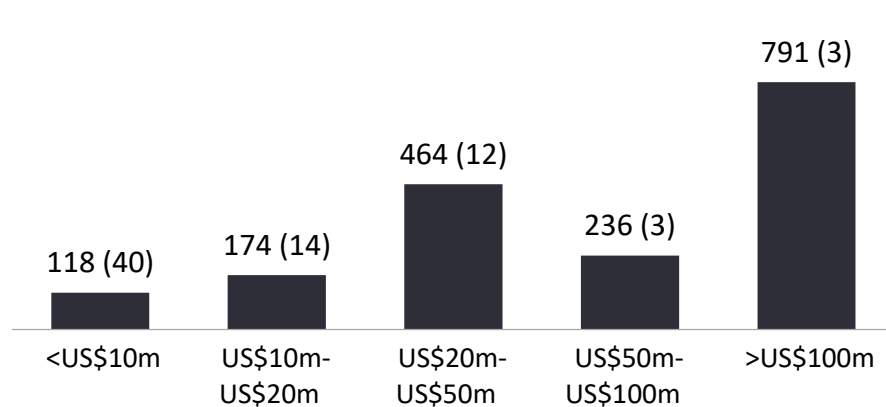
Top sectors by value US\$m



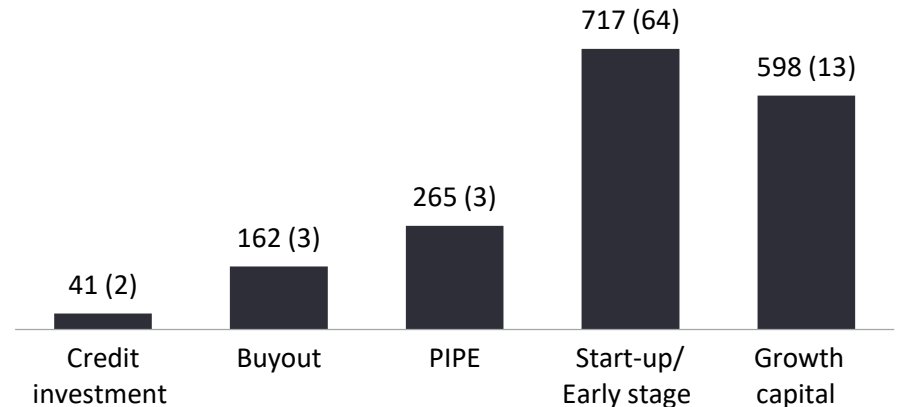
Top sectors by volume



Deal value US\$m (volume)



Deal type US\$m (volume)

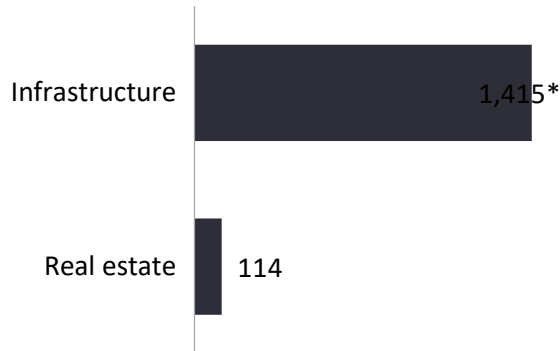


Note: Deal value was not disclosed on 13 out of 84 deals in October 2019

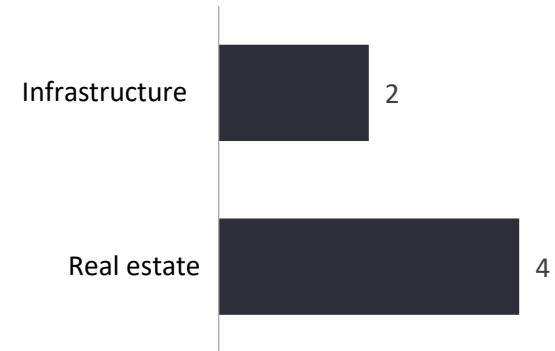
PIPE: Private investment in Public Equity

Infrastructure and real estate investments: US\$1,529 million over 6 deals

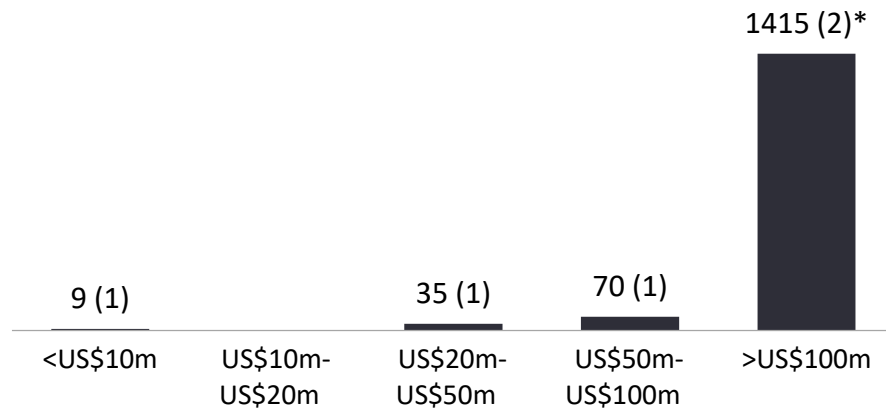
By value US\$m



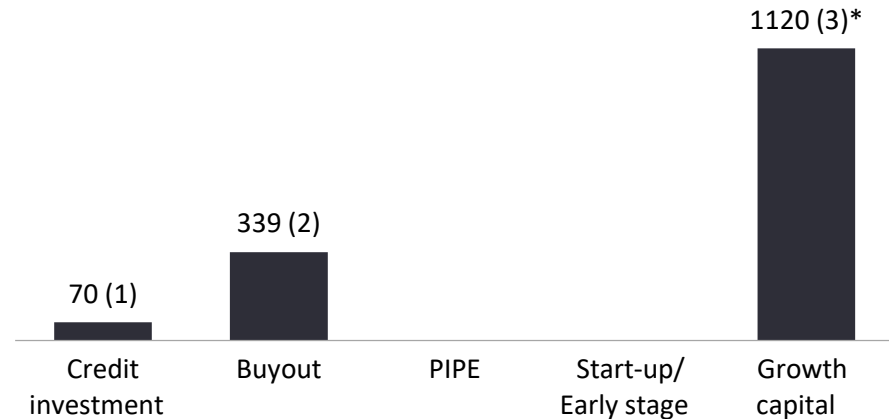
By volume



Deal value US\$m (volume)



Deal type US\$m (volume)



Note: Deal value was not disclosed on one out of seven deals in October 2019
 PIPE: Private investment in Public Equity

Real estate includes deals across real estate (residential and commercial), hospitality and construction
 Infrastructure includes deals across roads, ports, railways, power and utilities, renewables and telecom infrastructure

* Includes US\$1.1b investment announced in GVK Airport Holdings Limited by ADIA, PSP and NIIF

Top PE/VC investments

Top PE/VC investments excluding infrastructure and real estate in October 2019

Company/project	PE investors	Sector	Stage	US\$m	Stake (%)
SBI General Insurance Co. Limited	PI Opportunities, Warburg Pincus	Financial services	Growth capital	433	26
Piramal Enterprises Limited	Quebec Deposit and Investment Fund (CDPQ)	Financial services	PIPE	247	2
J2 Interactive Co. Limited	Tencent, Times Internet	Media and entertainment	Early stage	110	NA
Hangzhou Jiayun Data Technology Co. Limited	Qiming Venture Partners, Bertelsmann Asia Investments AG, Chiratae Ventures, Shanghai Ziyou Investment Management	E-commerce	Early stage	100	NA
Aspiring Minds Assessment Private Limited	SHL Global Management Limited (backed by Exponent Private Equity)	Business and professional services	Buyout	80	100
Vivish Technologies Private Limited	Prime Venture Partners, Tencent, Tiger Global, JS Capital	Technology	Early stage	56	NA
NoBroker Technologies Solutions Private Limited	General Atlantic, Tiger Global	E-commerce	Early stage	50	NA

Top infrastructure and real estate investments

Top infrastructure and real estate investments in October 2019

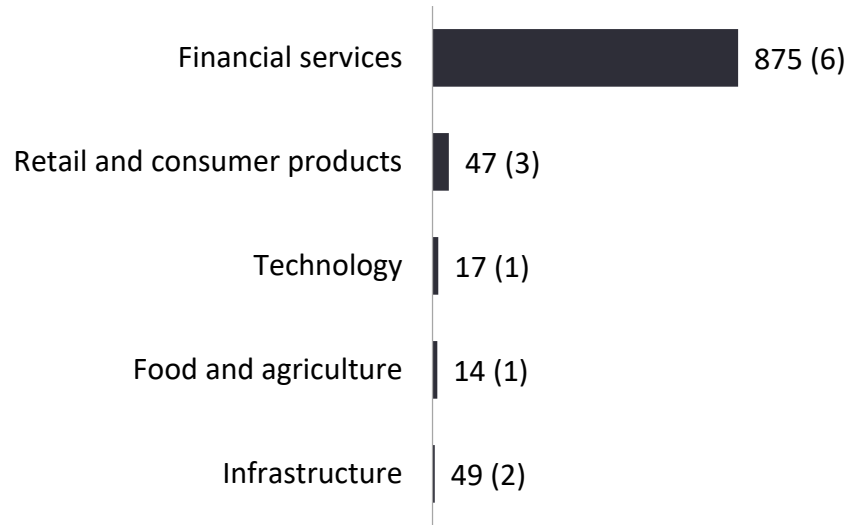
Company/project	PE investors	Sector	Stage	US\$m	Stake (%)
GVK Airport Holdings Limited	ADIA, PSP, NIIF	Infrastructure	Growth capital	1,076	79
Seven road assets (Ulundurpet Expressways in Tamil Nadu, Nirmal BOT in Telangana, Dewas Bhopal Corridor in Madhya Pradesh, Bangalore Elevated Tollway in Karnataka, Godhra Expressway in Gujarat, Jodhpur Pali Expressway in Rajasthan and Shillong Expressway in Meghalaya)	CDPQ	Infrastructure	Buyout	339	100
Chennai's Ozone Techno Park	Goldman Sachs	Real estate	Credit investment	70	NA
Arvind Smartspaces-HDFC JV	HDFC Capital Affordable Real Estate Fund 1	Real estate	Growth capital	35	50

Real estate includes deals across real estate (residential and commercial), hospitality and construction
 Infrastructure includes deals across roads, ports, railways, power and utilities, renewables and telecom infrastructure

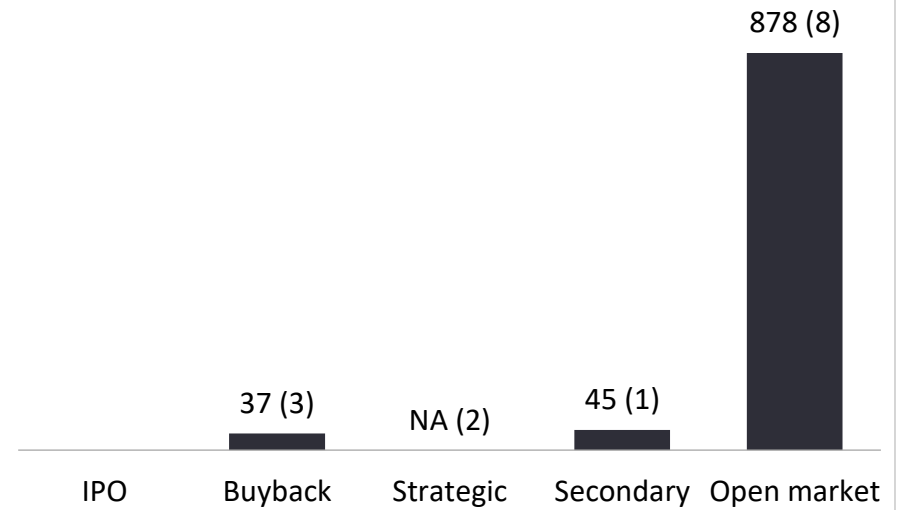
Exits: US\$960 million across 14 deals in October 2019

Exits in October 2019

Deal value US\$m (volume)



Deal Type US\$m (volume)



Top exits

Top exits in October 2019

Company/Project	Sector	Sellers	Buyer	Exit type	US\$m	Stake (%)
ICICI Lombard General Insurance Company Limited	Financial services	Fairfax		Open market	732	9.9
SBI Life Insurance Company Limited	Financial services	KKR		Open market	75	1
Gokaldas Intimatewear Private Limited	Retail and consumer products	Faering Capital India Evolving Fund, India Alternatives Fund, Hinduja Investments and others	Advent	Secondary	45	100
AU Small Finance Bank Limited	Financial services	Kedaara Capital Fund		Open market	30	1
HDFC AMC	Financial services	KKR		Open market	24	0.3

Real estate includes deals across real estate (residential and commercial), hospitality and construction

Fund raise

Top fund raises/announcements in October 2019

Status	Fund	US\$m	Strategy
Raised	Xander Investment Management	250	Industrial realty (logistics and e-commerce)
Raised	Inventus India	52	Consumer internet, cloud and industry-specific software
Raised	Tanglin Venture	51	Early stage
Announced	The Department for Promotion of Industry and Internal Trade (DPIIT)	1,410	Setting up of 500 new incubators and accelerators by 2024 and 100 innovation zones in urban local bodies
Announced	Accel	700	Sixth India fund
Announced	Edelweiss Special Opportunities Fund (ESOF) III	700	Structured credit

A close-up photograph of a person's hand touching a tablet. The tablet screen displays a colorful data visualization with green and purple lines and bars. The background is dark with blue and purple bokeh lights. A semi-transparent dark blue banner is overlaid on the left side of the image, containing white text. A vertical yellow bar is positioned between the text and the tablet.

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About EY

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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 with traffic flows from the bottom towards the city. To the right of the highway is a baseball field with a green field and a brown infield. The city skyline in the background features numerous skyscrapers, including the Freedom Tower. A body of water is visible on the left side of the image. A dark horizontal bar is overlaid on the left side of the image, containing the text 'About IVCA'.

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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