

## ● ACROSS 43 DEALS

# PE secondary sales rise to ₹60,302 cr in FY22

RAJESH KURUP  
Mumbai, April 14

**SECONDARY SALES BY** private equity (PE) firms touched a whopping ₹60,302 crore across 43 deals in the financial year 2022 as early-stage investors exited with big gains.

This was also buoyant on the availability of dry powder (cash reserves), digitalisation gaining ground and the start-up ecosystem moving towards a consolidation phase.

The PE secondary sales (where a PE firm sells its stake to another PE firm) in FY22 were the highest in the past three years, and the rising trend is likely to continue in this fiscal too. In FY21, the PE secondary sales were at ₹15,509 crore across 29 deals and that in the previous year (FY20) was at ₹8,060 crore across 21 deals.

“The PE investors have increasingly focused on control opportunities and the outlook was evident in the increasing buyout deals in FY22. High-level of dry powder along with returns made on such exits have set the stage for sizeable deals across the space,” Atul Mehra, joint managing director and co-head of Investment Banking at JM Financial said.

“Given the moderation of valuations in the tech and digital space, which contributed 75% of the value and 40% of the secondary deal volumes in FY22, we continue to remain excited about this sector. The pipeline for large prospective buyout opportunities in FY23 continues to remain robust,” Mehra added.

Baring Private Equity Asia selling its stake in Hexaware Technologies to US-based PE firm Carlyle Group for ₹21,375 crore topped the charts in FY22, while global PE major Blackstone transferring its stake in Mphasis to its two new funds came in second. Blackstone transferred the stake worth ₹15,217 crore from an existing fund, according to data sourced from JM Financial.

Swiss PE firm Partners Group acquired a stake on behalf of its client in Bengaluru-based broadband service provider Atria Convergence Technologies for ₹6,809 crore, Apex Partners bought a



### TOP 5 EXITS IN FY22

| Company                        | Sale amt (₹ crore) | Seller  | Buyer   |
|--------------------------------|--------------------|---|---|
| Hexaware                       | 21,375             | Baring Pvt Equity Asia                                | Carlyle   |
| Mphasis                        | 15,217             | Blackstone Capital Partners VI                        | Blackstone Capital Partners VIII, Blackstone Capital Partners Asia and BCP Topco IX |
| Atria Convergence Technologies | 6,809              | Argan (True North, CPPIB, GIC, others), TA Associates | Partners Group  |
| Infogain                       | 2,792              | ChrysCapital  | Apax Partners   |
| Azure Power                    | 1,627              | IFC   | OMERS   |

Source: JM Financial

stake in Infogain from ChrysCapital for ₹2,792 crore and Canadian public pension fund Omers acquired a stake in Azure Power Global from International Finance Corporation for ₹1,627 crore was among the other large deals.

“PE deals witnessed growth in FY22 with more and more companies accelerating digital transformation and adopting disruptive business models. As the start-up ecosystem is in the phase of consolidation and PE investors are looking for more control transactions, PE deals will continue to gain momentum and the PE investment outlook will continue to remain bullish in FY23,” Mahesh Singhi, founder and managing director at investment banking firm Singhi Advisors said.

“The IPO market is likely to witness a minor slowdown with a large number of IPOs lined up. This sets things up for the PE funds to either tap into pre-IPOs or substitutes IPOs with PE funds. The government should maintain a positive investment climate to boost deal-making activities,” he added.

In FY22, Indian companies raised more than ₹1.11 trillion through 52 mainboard initial public offerings (IPOs), which was the highest ever. The largest IPO in FY22 was from One97 Communications (₹18,300 crore), followed by Zomato (₹9,375 crore), Star Health (₹6,019 crore) and Policybazaar (₹5,710 crore) among others.

Secondary transactions generally occur during the pre-IPO fundraising, such as from anchor investors. Out of the 52 IPOs, 22 had prior PE and VC investments, which were sold through the IPO.

“The financial year 2022 has been exceptional for PE exits with the opening up of various avenues including IPOs and increasing secondary sales. Significant growth in secondary sales to PE indicates the growing maturity of the Indian PE and venture capital industry where the sector has evolved with a dedicated set of investors focussing on investments in specific stages of growth of companies,” Samir Sheth, partner & head (Deal Advisory Services) at BDO India said.