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The IVCA-EY monthly PE/VC roundup –
July 2021



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Our thoughts




After the lifetime highs notched up in 1H21, PE/VC investment activity has continued its record setting pace with July 2021 recording US\$9.5 billion in investments, which is the highest ever monthly value for PE/VC investments. This rally is primarily being driven by pure play PE/VC investments, that accounted for 96% of all PE/VC investments in YTD 2021. This is unlike earlier years which had witnessed significant investments in real estate and infrastructure asset classes as well.

The e-commerce sector continues to dominate investor interest, accounting for almost a third of all investments YTD 2021. In July 21, e-commerce accounted for US\$5.8 billion of PE/VC investments, bringing the e-commerce total PE/VC investments in YTD 2021 to US\$10.5 billion, more than 2x the previous annual high. The positive response of the equity markets to the Zomato IPO has acted as a catalyst and almost all the leading e-commerce companies are now shoring up capital from investors (who are keen) and are making bolt-on acquisitions to bulk-up prior to hitting the capital markets. Besides e-commerce, PE/VC interest in pandemic resilient sectors like technology, financial services, pharmaceuticals, education and media and entertainment, continues to remain strong and the deal pipeline looks busy.

PE/VC exit activity is also robust and notwithstanding the dip in July 2021 (US\$965 million), we believe PE/VC exits are also on track to notch up a record setting year. With ~US\$23.4 billion of exits till date and several large deals in the pipeline, 2021 is expected to materially eclipse 2018's high of US\$27 billion. The buoyant capital markets as well strong interest from large strategics are the two main drivers of PE/VC exits. Looking ahead, the pipeline of IPO's, open market sale of listed positions, large secondary deals as well as strategic M&A deals is expected to remain strong for the rest of 2021.

Important enabling reforms like the PLI scheme and scrapping of the retrospective tax law will further strengthen investor sentiment. Downside risks include a possible pandemic resurgence, a potential spike in commodity prices (especially oil), inflation and any hawkish action by the US Federal Reserve to contain it.





How soon after investment should you begin planning the exit?

EY helps clients begin with the end in mind to help them improve returns

Monthly trend analysis:
July 2021



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Building a better
working world

Key trends

Investments

- ▶ PE/VC investments in July 2021 recorded the highest ever monthly value at US\$9.5 billion on the back of large deals in e-commerce sector, more than twice the value recorded in July 2020 (US\$4.1 billion) and 77% higher compared to June 2021 (US\$5.4 billion). July 2021 recorded 19 large deals (deals of value greater than US\$100 million) aggregating US\$8.2 billion compared to 10 large deals worth US\$3.1 billion in July 2020 and 12 large deals worth US\$3.6 billion in June 2021. July 2021 also recorded the highest ever number of deals (131 deals), 70% higher than July 2020 (77 deals) and 19% higher compared to June 2021 (110 deals).
- ▶ Pure play PE/VC investments (i.e., excluding investments in real estate and infrastructure) accounted for 96% of all PE/VC investments in July 2021 at US\$9.1 billion, almost twice the value recorded in July 2020 (US\$3.8 billion) and June 2021 (US\$4.4 billion).
- ▶ By deal type, growth investments were the highest in July 2021 at US\$5.6 billion across 29 deals, which is 4.7 times the value recorded in July 2020 (US\$1.2 billion). Next in line were start-up investments at US\$1.7 billion across 81 deals, more than seven times the value recorded last year (US\$232 million) and the highest ever monthly value of start-up investments. Buyouts recorded US\$1.1 billion across nine deals followed by credit investments worth US\$674 million across four deals.

Key trends

Investments (cont'd.)

- ▶ From a sector point of view, e-commerce was the top sector in July 2021 with US\$5.8 billion in PE/VC investments, accounting for 61% of all investments in the month. This is also the highest monthly value recorded by the sector, taking the full year tally to US\$10.6 billion which is almost twice the previous high of US\$5.1 billion recorded in 2018 (full year). This is primarily on the back of the large US\$3.6 billion investment in Flipkart by a group of investors including Softbank, Tiger Global, CPPIB and others. The next biggest sectors were technology (US\$1.1 billion, 26 deals) and financial services (US\$435 million, 10 deals).

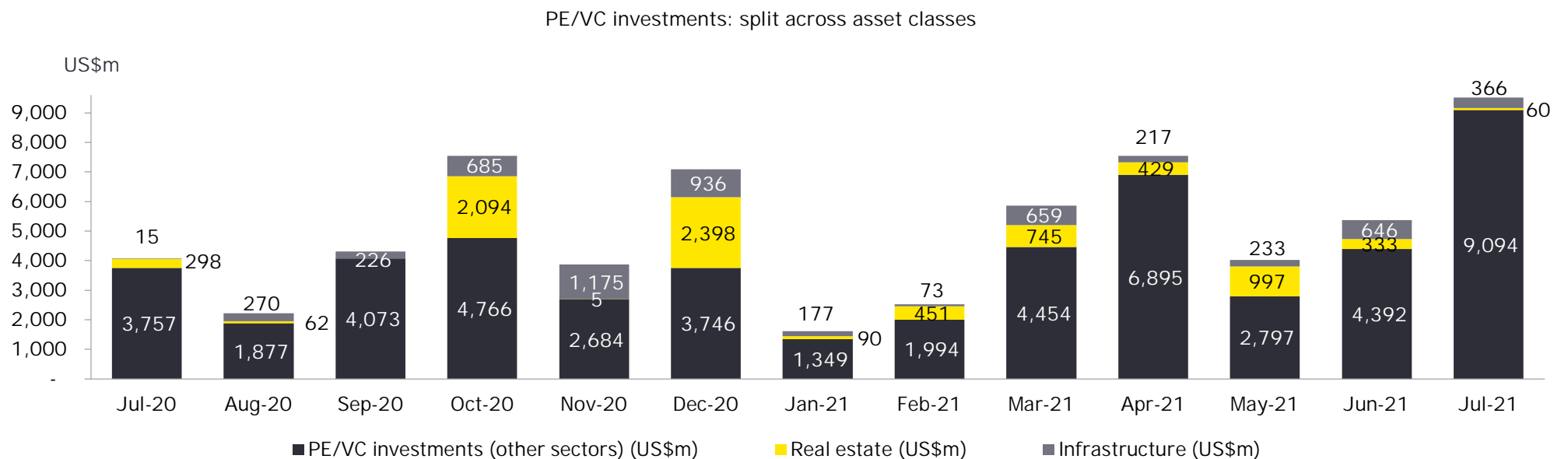
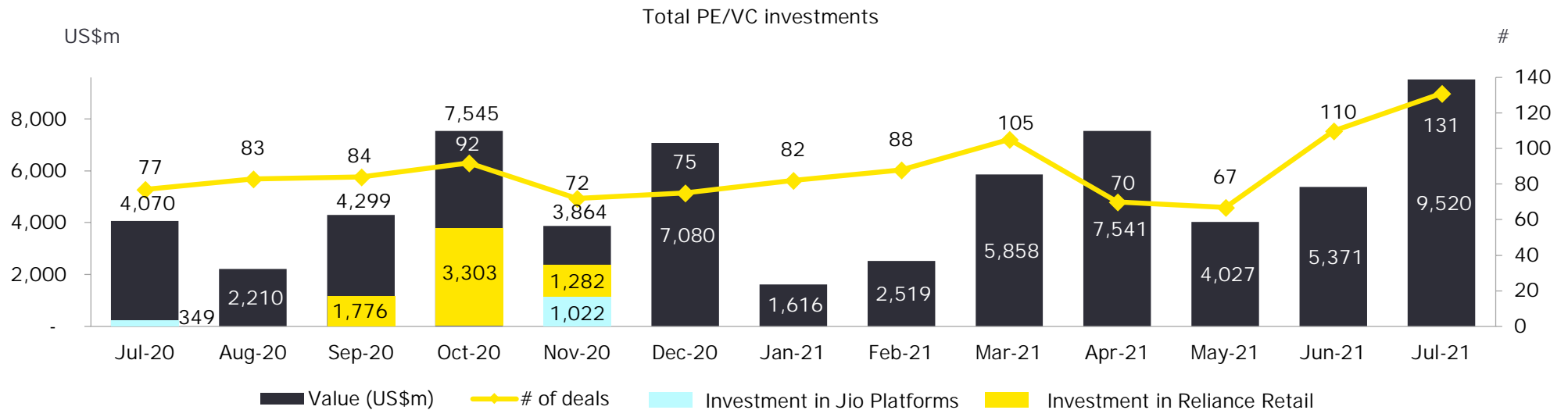
Exits

- ▶ July 2021 recorded 22 exits worth US\$965 million, 7.2 times the value of exits in July 2020 (US\$134 million) but 70% lower compared to June 2021 (US\$3.2 billion). Exits via secondary sale were the highest in July 2021 at US\$714 million across four deals. There were three PE-backed IPOs in July 2021 which saw investors cash out US\$57 million through an offer-for-sale (OFS).
- ▶ The largest exit in July 2021 saw Tiger Global, Matrix Partners and other early investors sell partial stakes in ANI Technologies Private Limited (Ola) to Temasek and Warburg Pincus in a pre-IPO deal for US\$500 million.

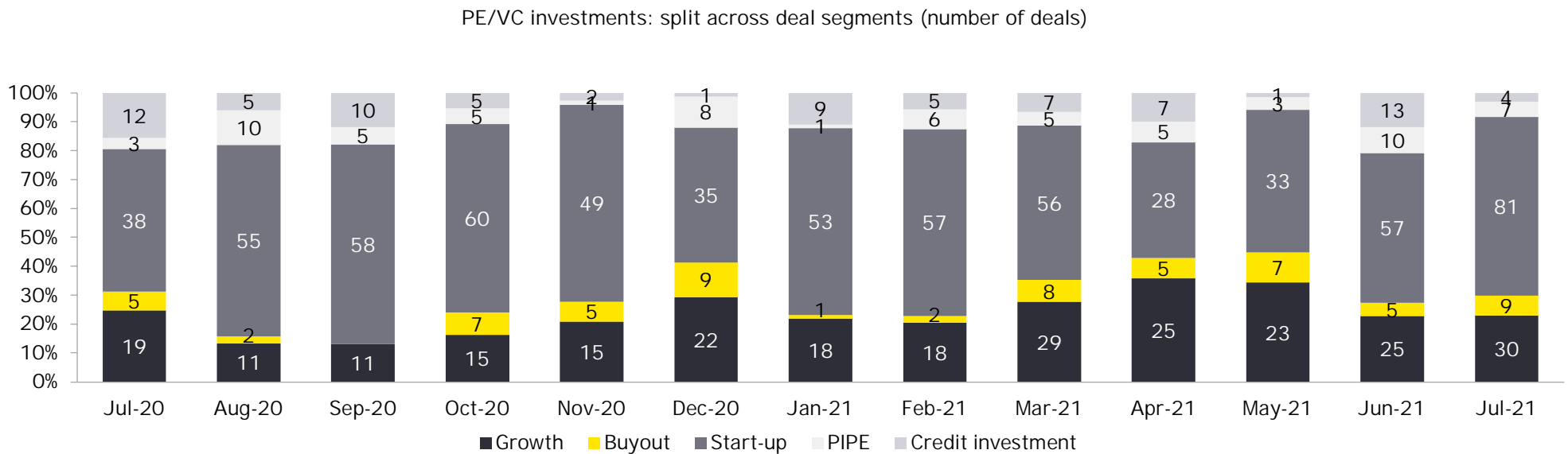
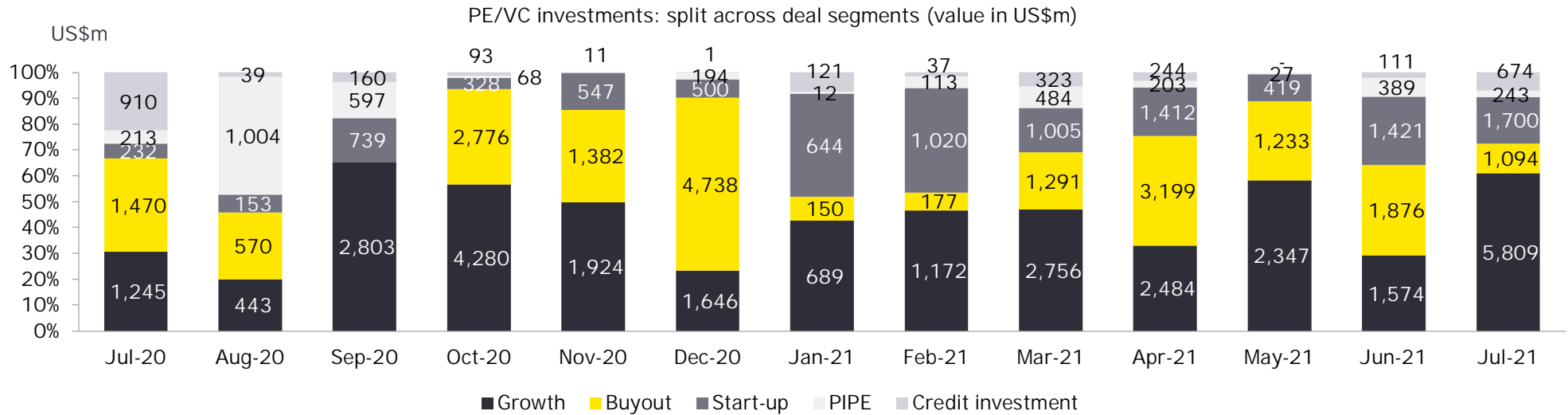
Fundraise

- ▶ July 2021 recorded total fundraises of US\$226 million compared to US\$2.2 billion raised in July 2020.

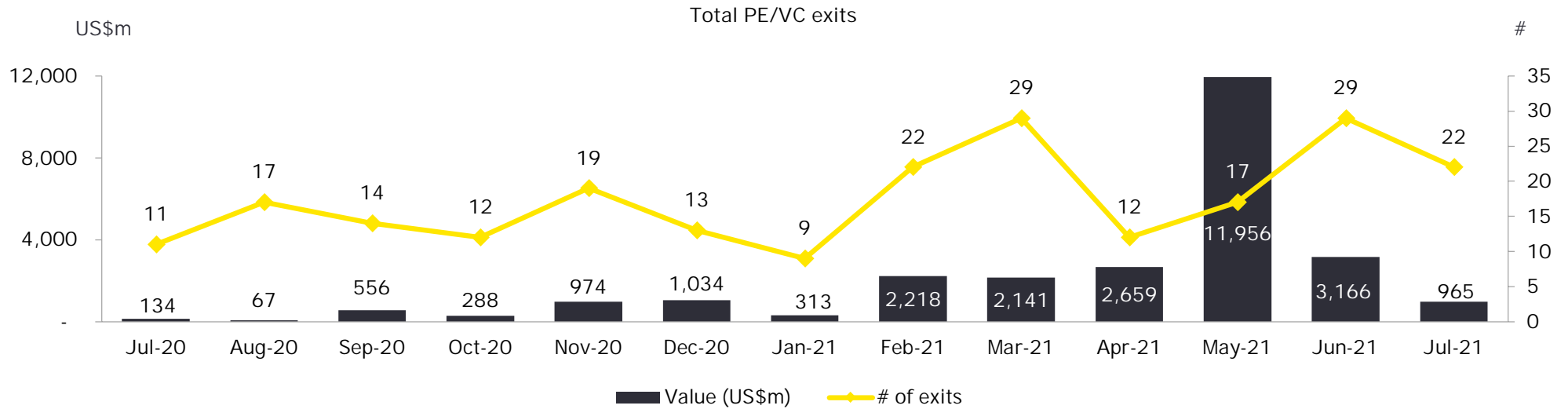
PE/VC monthly headline trends: investments



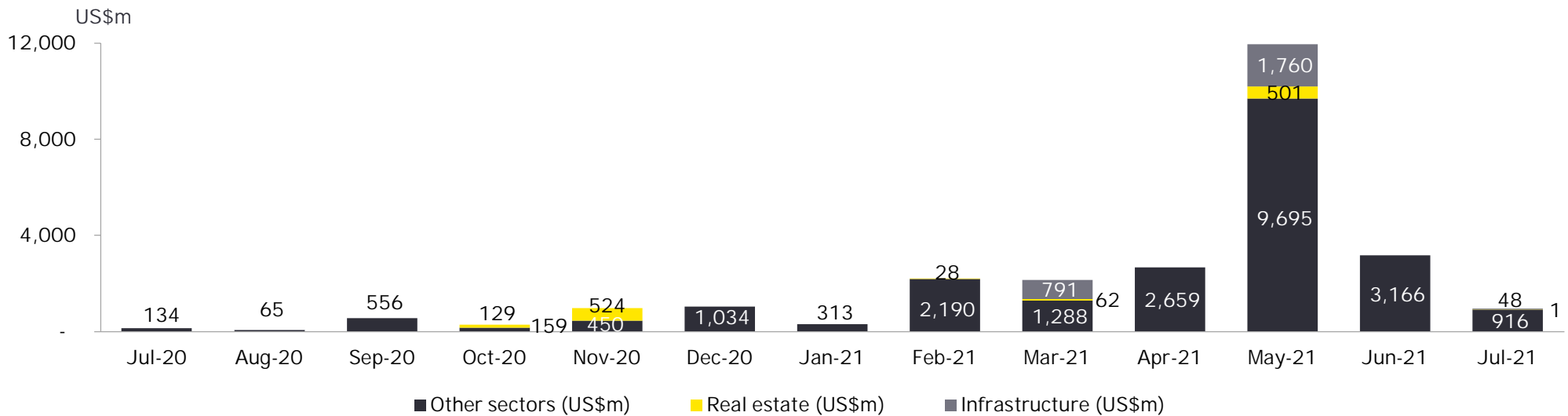
PE/VC monthly headline trends: investments



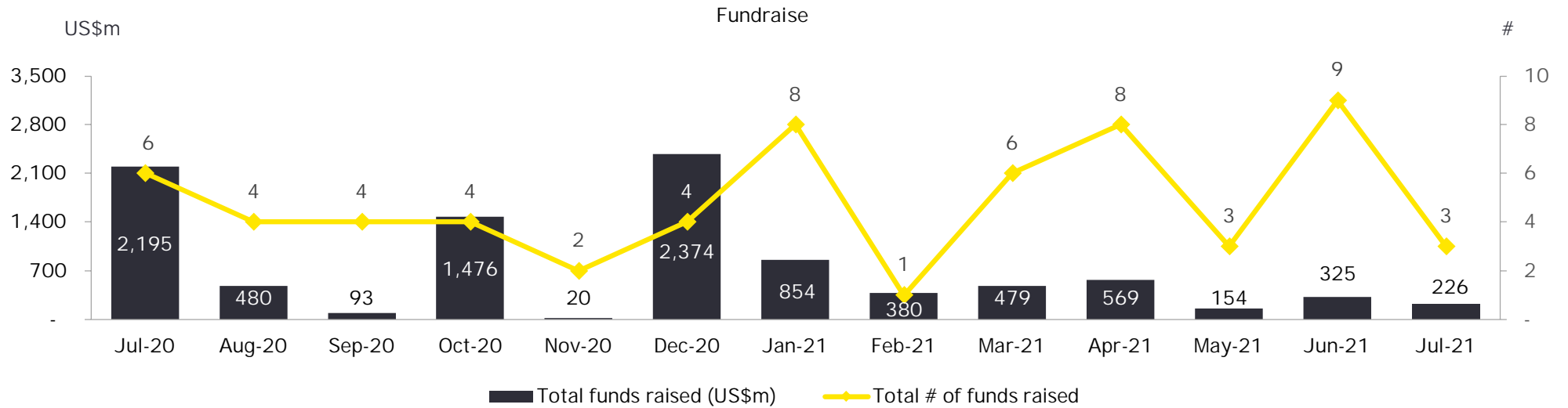
PE/VC monthly headline trends: exits



PE/VC exits: Split across asset classes

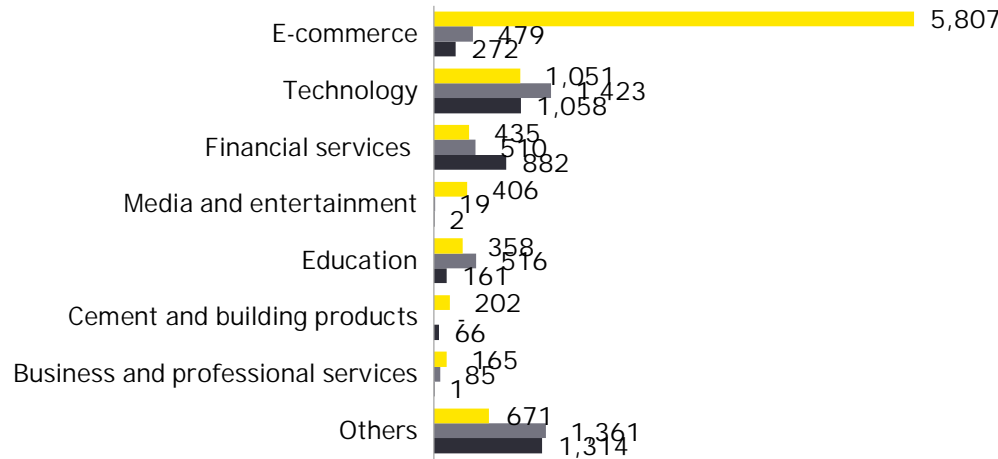


PE/VC monthly headline trends: fundraise

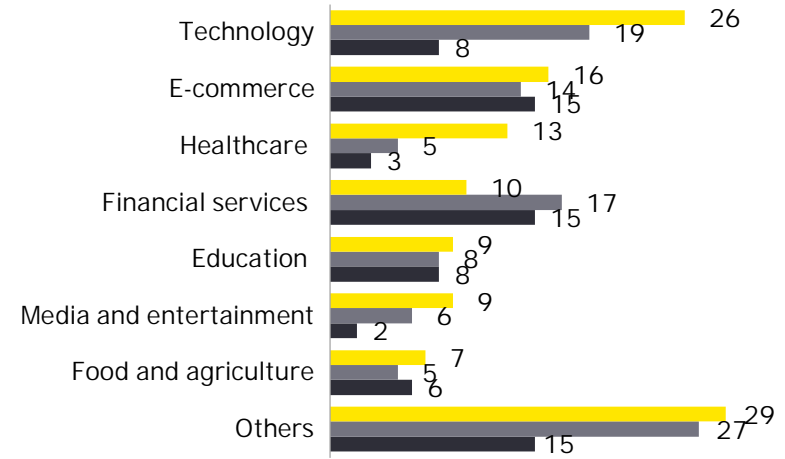


PE/VC investments: US\$9,094 million over 119 deals (excluding infrastructure and real estate investments)

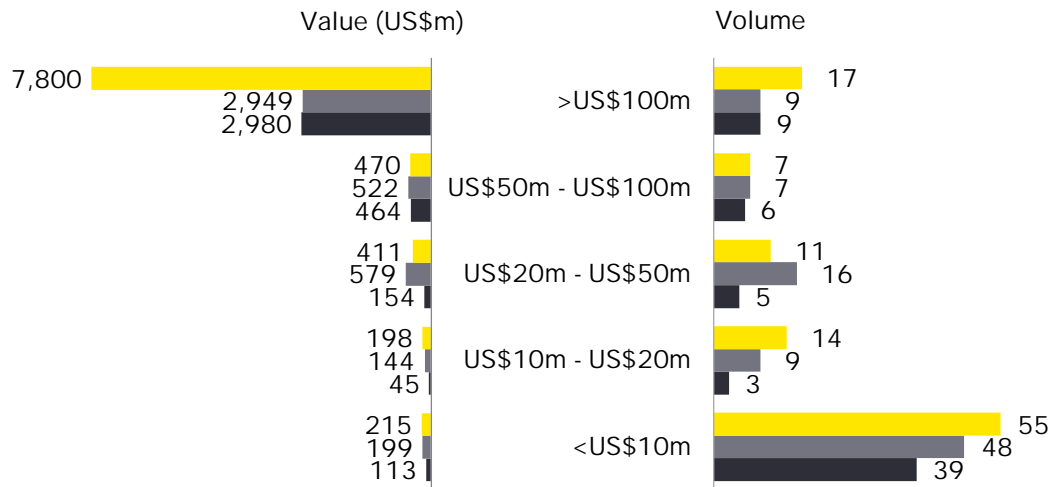
Top sectors by value US\$m



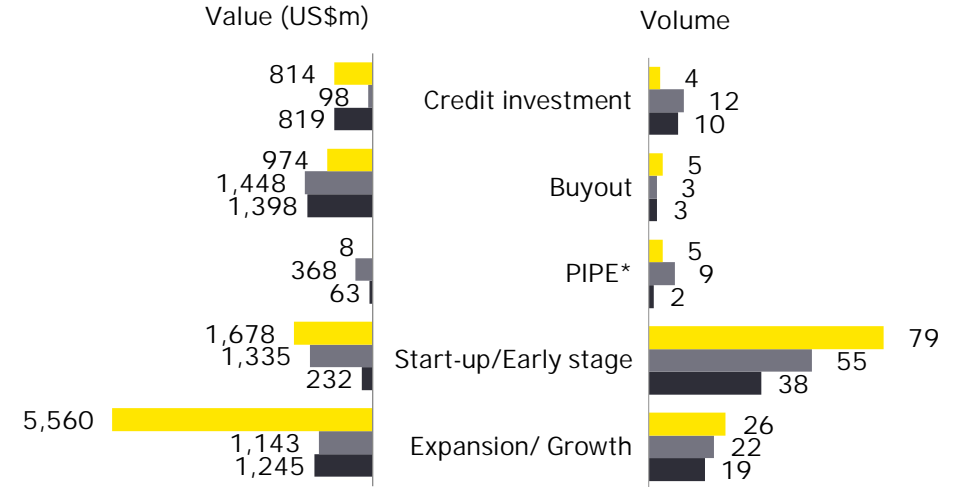
Top sectors by volume



Deal size



Deal Type

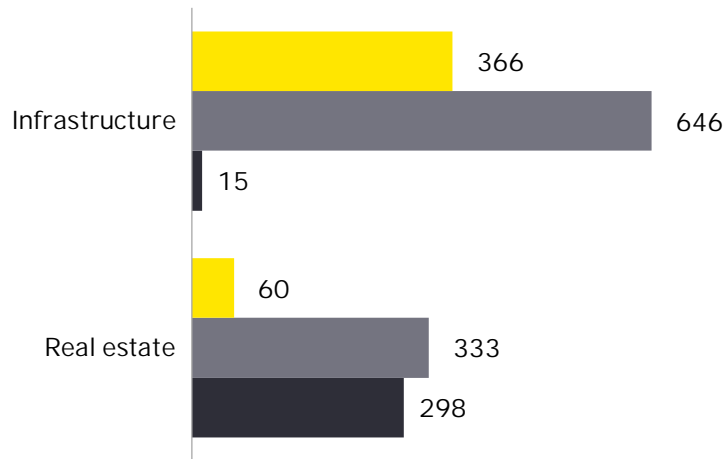


*PIPE: Private investment in public equity

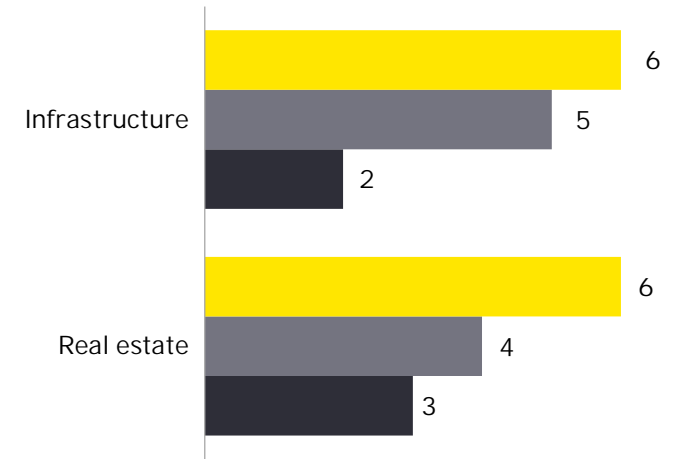
July'21 June'21 July'20

PE/VC investments: US\$426 million over 12 deals (infrastructure and real estate investments)

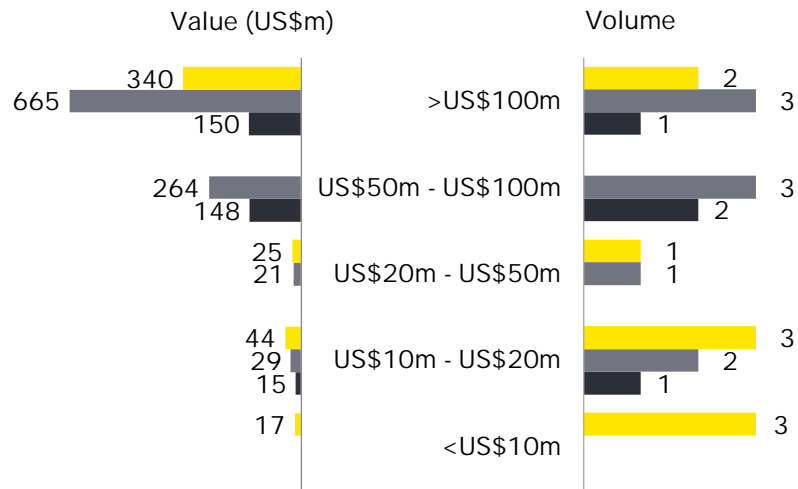
Top sectors by value US\$m



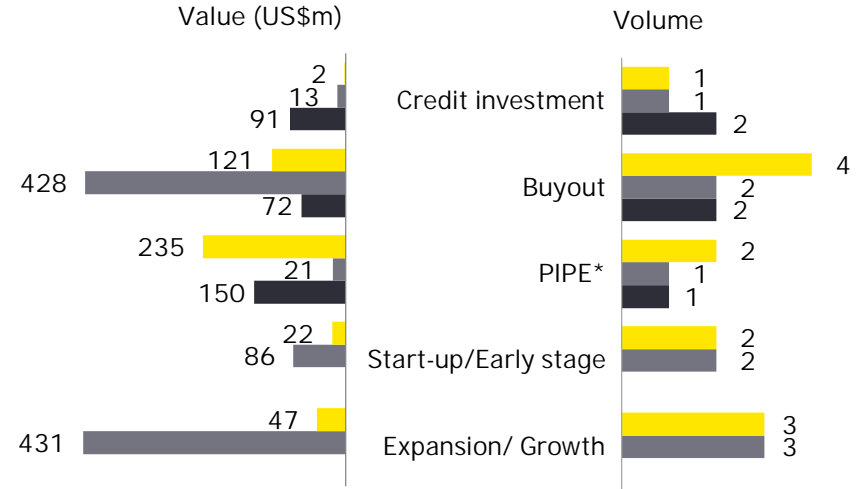
Top sectors by volume



Deal size



Deal Type



*PIPE: Private investment in public equity

July'21 June'21 July'20

Top PE/VC investments

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

Company	PE investors	Sector	Stage	US\$m	Stake (%)
Flipkart Private Limited	The Qatar Investment Authority, SoftBank, Tiger Global, Tencent, GIC, Khazanah CPPIB and others	E-commerce	Growth capital	3,600	10
OYO Hotels and Homes Private Limited	Fidelity, Citadel Capital Management and Varde Partners	E-commerce	Credit investment	660	NA
ANI Technologies Private Limited (Ola)	Temasek, Warburg Pincus, Broad Peak Investment Advisers	E-commerce	Growth capital	500	NA
EverYondr (Data Center Project in Mumbai)	Everstone (JV with Yondr Group)	Technology	Buyout	500	50
Bundl Technologies Private Limited (Swiggy)	Softbank	E-commerce	Growth capital	450	9
Simplilearn Solutions Private Limited	Blackstone	Education	Buyout	250	70
GupShup Technology India Private Limited	Think Investments, Tiger Global, White Oak Capital and others	Technology	Growth capital	240	17
JSW Cement Limited	Apollo Global and others	Cement and building products	Credit investment	202	NA
Droom Technology Private Limited	Seven Train Ventures, Lightbox and others	E-commerce	Growth capital	200	17
Go Digit General Insurance Limited	IIFL Alternate Asset Advisors, Sequoia, Faering Capital	Financial services	Start-up	200	6

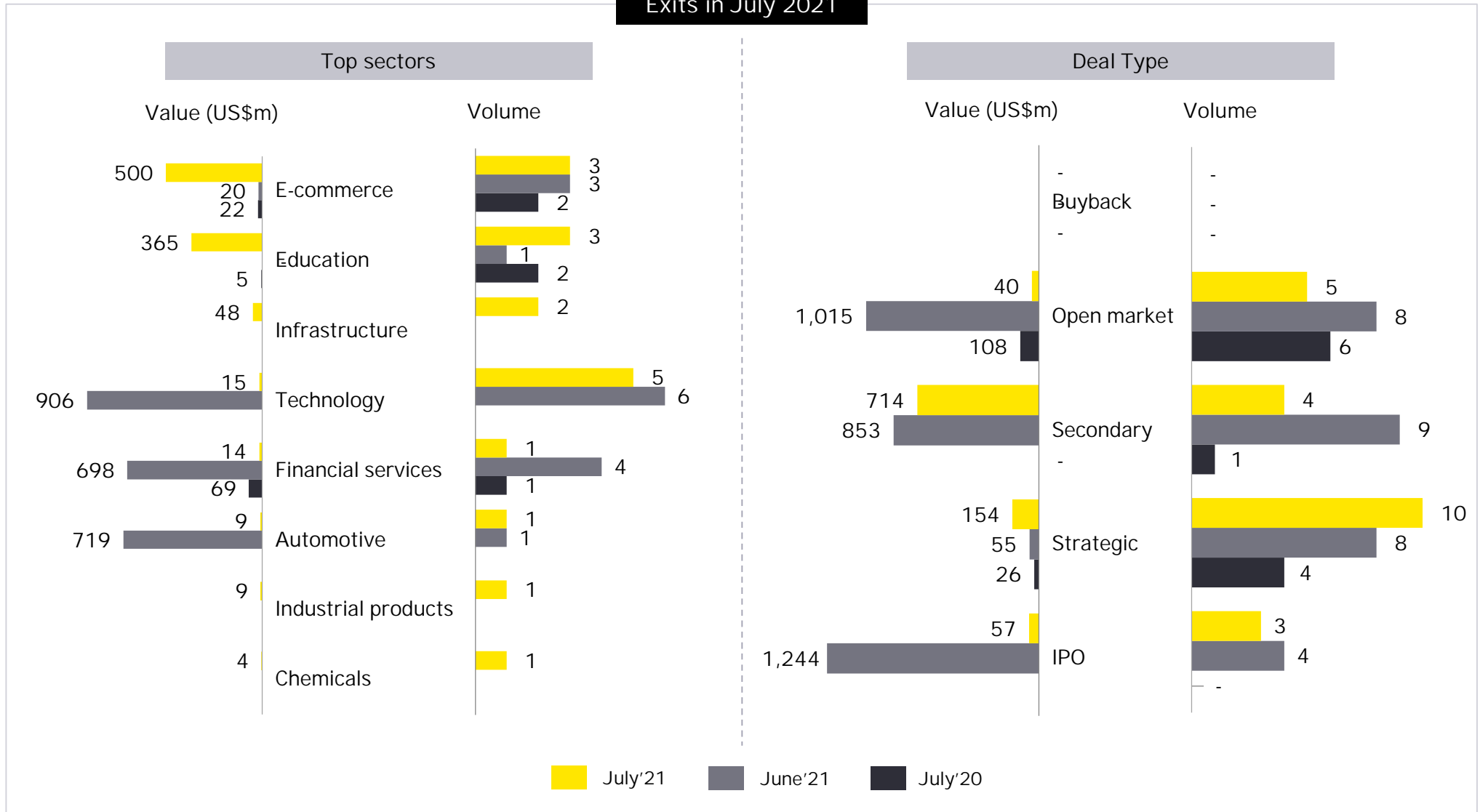
Top infrastructure and real estate investments

Top infrastructure and real estate investments in July 2021

Company	PE investors	Sector	Stage	US\$m	Stake (%)
Azure Power Global Limited	OMERS Infrastructure Management Inc.	Infrastructure	PIPE	219	19
Space Teleinfra Private Limited	Brookfield's Tower InvIT	Infrastructure	Buyout	121	100
Square Yards Consulting Private Limited	ADM Capital	Real estate	Growth capital	25	NA

Exits: US\$965 million across 22 deals in July 2021

Exits in July 2021



Top exits

Top exits in July 2021

Company	Sector	Sellers	Buyer	Exit type	US\$m	Stake (%)
ANI Technologies Private Limited (Ola)	E-commerce	Tiger Global, Matrix Partners and others	Temasek, Warburg Pincus	Secondary	500	NA
Simplilearn Solutions Private Limited	Education	Helion Ventures, Kalaari Capital, Mayfield	Blackstone	Secondary	214	60
Toppr Technologies Private Limited	Education	Eight Roads, Elevation Capital, Helion Ventures	Think and Learn Private Limited (BYJU's)	Strategic	150	100
G R Infraprojects Ltd	Infrastructure	Motilal Oswal Private Equity	NA	IPO	48	4
Equitas Holdings Limited	Financial services	CDC Group	NA	Open market	14	4
Just Dial Limited	Technology	Tree Line Asia Master Fund (Singapore) Pte Ltd	Plutus Wealth Management	Open market	12	1

Fundraise

Top fundraise/announcements in July 2021

Status	Fund	US\$m	Strategy
Raised	Trifecta Leaders Fund-I	130	Late-stage venture growth equity
Raised	Incofin IM (India Progress Fund)	60	Agri food value chain and financial services in rural India
Raised	Samarth Bond Fund	36	MSMEs and low income households
Announced	CapitaLand India Logistics Fund II	534	10-12 companies across preferred sectors of consumer, financial services, life sciences and niche manufacturing
Announced	India Business Excellence Fund IV	302	Development of logistics assets in key warehousing and manufacturing hubs
Announced	ASK Real Estate Special Opportunities Fund-IV	134	Real estate

Spotlight

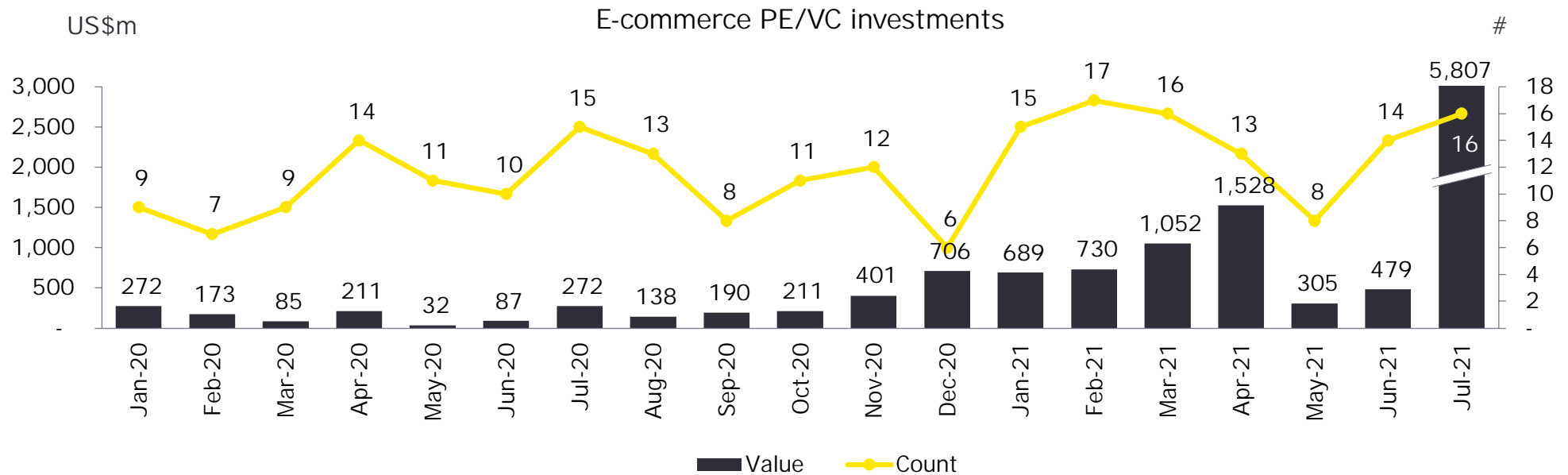
PE/VC investment trends in e-commerce




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Spotlight: key trends in e-commerce investments



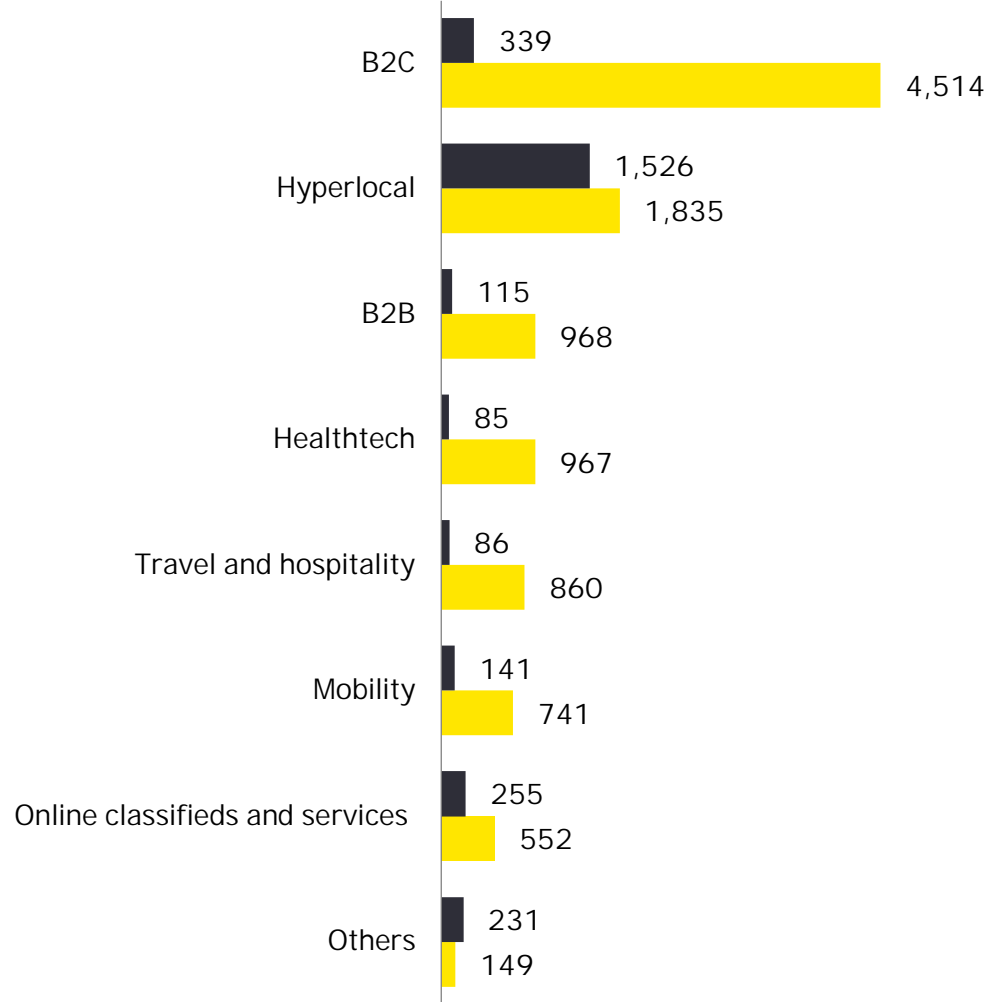
- ▶ 2021 has been a spectacular year for PE/VC investments in e-commerce recording US\$10.6 billion till date, which is an all-time high for the sector, more than twice the previous high of US\$5.1 billion recorded in 2018.
- ▶ E-commerce investments have accounted for almost a third (29%) of all PE/VC investments in 2021. This share would be even higher if we were to include other tech enabled online platform businesses like OTT streaming, e-learning, fintech, Logitech, etc. that have been excluded for this analysis.
- ▶ After the onset of the pandemic, amidst the ensuing uncertainty, PE/VC investments declined to a trickle (US\$32 million in May 2020) as funds became more risk averse and refrained from investing in e-commerce companies that traditionally have high cash burn rates. However, as the pandemic progressed, there was an accelerated adoption of e-commerce globally as well as in India driven by the ease of use and convenience it provided. The pandemic also accelerated the learning curve for technology adoption and online commerce among the less tech savvy and first time users.

Spotlight: key trends in e-commerce investments

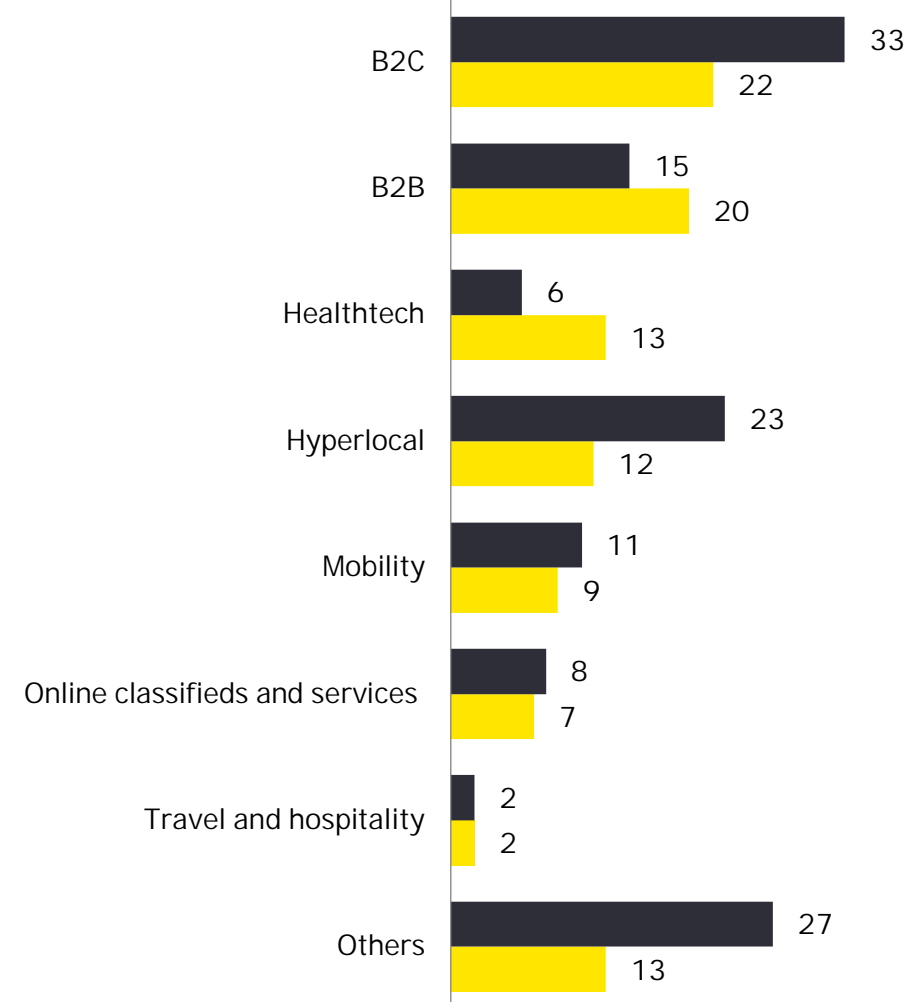
- ▶ Post November 2020, there has been a significant uptick in PE/VC investments in the e-commerce sector reaching a high of US\$5.8 billion in July 2021. Established e-commerce businesses are seeing multiple rounds of investments, within a short span of time, at progressively higher valuations. As a result, many large established players have now amassed a significant war-chest to further accelerate growth both organically and inorganically. This is also driving consolidation in the sector.
- ▶ The interest is high not only amongst private capital investors but also public equity investors as witnessed in the strong response to Zomato's IPO. The success of Zomato's IPO has paved the way for many more e-commerce businesses to take the IPO route. A positive reception by the equity markets is expected to further catalyze both PE/VC investments into the sector as well renewed exit activity, as larger players look to consolidate their positions before launching their IPO's. Investor interest in e-commerce has been so great that past investors have re-entered positions with their erstwhile investees at higher valuations, after having fully exited from them in the past, as seen in the latest US\$3.6 billion funding round in Flipkart by Softbank, Tiger Global and others.
- ▶ In B2C (business-to-consumer) e-commerce, both the traditional horizontal formats like Flipkart, as well as specialized vertical formats like Pepperfry, Urban Ladder, Firstcry and hybrid B2C/B2C models like Mogilix have seen significant PE/VC investments. Further, the emergence of influencer and social media led marketing and brand building has led to the emergence of a new segment of B2C model called D2C (direct-to-consumer) driven by brands like MyGlamm, WoW Skin Science, Mamaearth, etc. that are witnessing significant investor interest.
- ▶ The pandemic has also given a fillip to the demand for hyperlocal food and grocery delivery platforms like Swiggy, Zomato, Grofers, Bigbasket, etc. thus boosting their GMVs and valuations.
- ▶ Another beneficiary of the pandemic has been healthcare delivery which has seen faster adoption of telemedicine as well as increased penetration by e-pharmacy platforms that have really raised their game by ensuring availability of SKU's, competitive pricing and faster delivery to challenge the dominance of local pharmacies.
- ▶ The pandemic has widened the chasm between the stronger players and the mid-tier ones, and has propelled the larger players into another orbit, who are now driving consolidation in each of their respective sub-segments.

Spotlight: e-commerce sub-sector split

Top sectors by value (US\$m)



Top sectors by # of deals



2021 (till date) 2020 (full year)

Spotlight: top PE/VC investments in e-commerce

Top PE/VC investments in e-commerce – 2021

Company	PE investors	Sector	US\$m	Stake (%)
Flipkart Private Limited	The Qatar Investment Authority, SoftBank, Tiger Global, Tencent, GIC, CPPIB and others	B2C	3,600	9.6
Bundl Technologies Private Limited (Swiggy)	Falcon Edge, Prosus Ventures, Accel India, The Qatar Investment Authority, GIC and others	Hyperlocal	800	16.0
OYO Hotels and Homes Private Limited	Fidelity, Citadel Capital Management and Varde Partners	Travel and hospitality	660	NA
ANI Technologies Private Limited (Ola)	Temasek, Warburg Pincus, Broad Peak Investment Advisers	Mobility	500	NA
Bundl Technologies Private Limited (Swiggy)	Softbank	Hyperlocal	450	9.1
91Streets Media Technologies Private Limited (Phareasy)	TPG Capital, Temasek, Naspers	Healthtech	350	7.0
Zomato Private Limited	YV Capital, D1 Capital, Steadview, MVP Fund	Hyperlocal	319	NA
BrainBees Solutions Private Limited (Firstcry)	Chryscapital, TPG, Premjiinvest	B2C	313	NA
Meesho Inc.	Prosus Ventures, Shunwei Capital Partners, SoftBank and others	B2B	300	NA
API Holding Private Limited (Phareasy)	TPG, Temasek, Think Investments, Kotak PE	Healthtech	300	NA
Trustroot Internet Private Limited (Udaan)	Altimeter Capital, DST Global, Lightspeed, Tencent and others	B2B	280	NA
Zomato Private Limited	Tiger Global, Kora Investments, Steadview, Fidelity, Bow Wave, Vy Capital, Dragoneer Group	Hyperlocal	250	NA
Oyo Hotels (Singapore) Pte Limited	Softbank	Travel and hospitality	200	NA
Droom Technology Private Limited	Seven Train Ventures, Beenext, Lightbox and others	Online classifieds and services	200	16.7
Urbanclap Technologies India Private Limited	Tiger Global, Prosus Ventures (Naspers), Wellington Management, Steadview Capital and others	Online classifieds and services	188	NA

An aerial photograph of a city skyline at sunset. The sun is low on the horizon, creating a bright glow and lens flare over the city. In the foreground, a multi-lane highway bridge spans across a body of water. To the right of the highway, there is a baseball field with a green field and a brown infield. The city skyline in the background features various skyscrapers and buildings, including a prominent blue-tinted tower. The sky is a mix of blue and orange from the setting sun.

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About EY's Private Equity Services Practice

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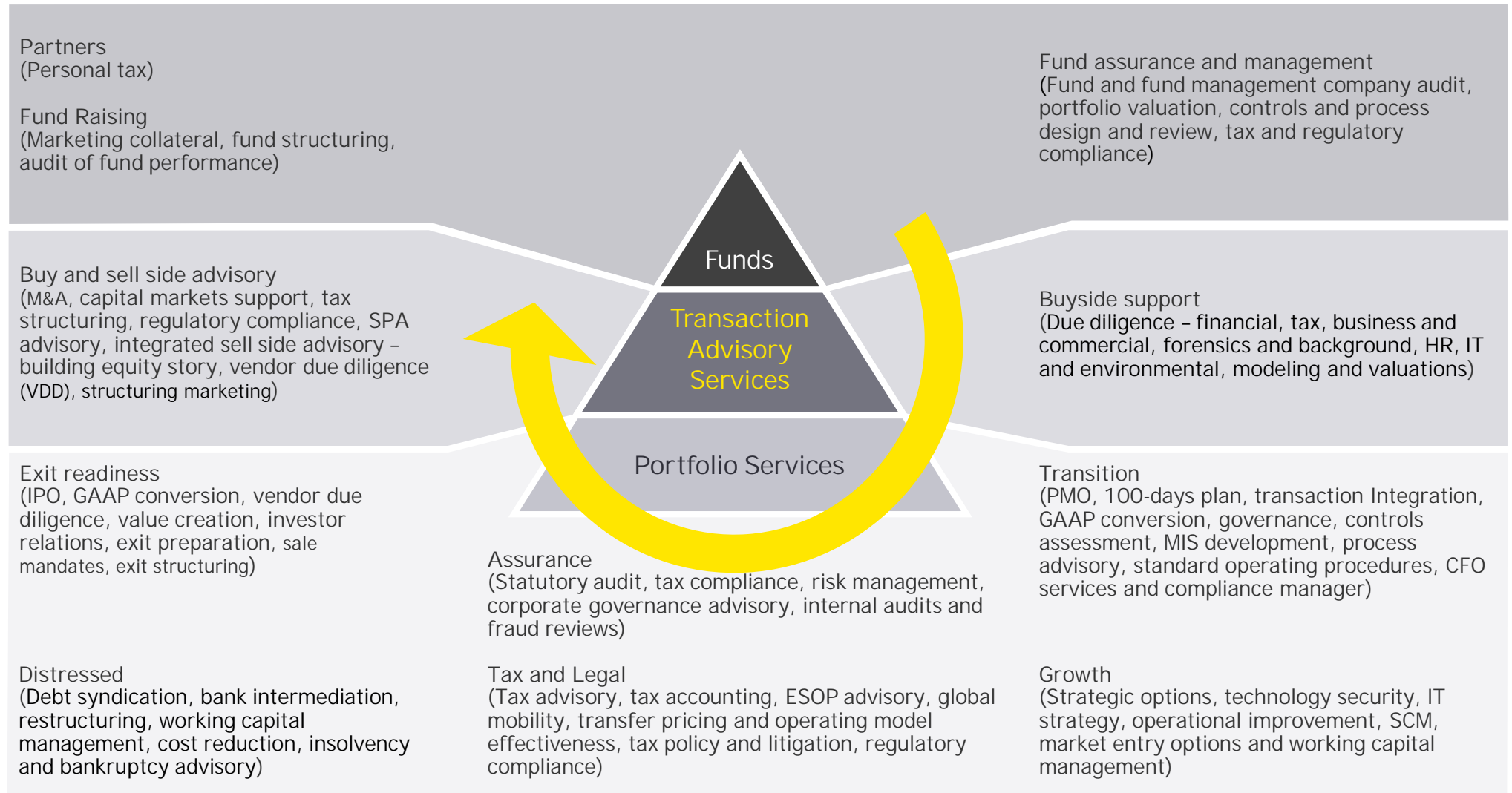
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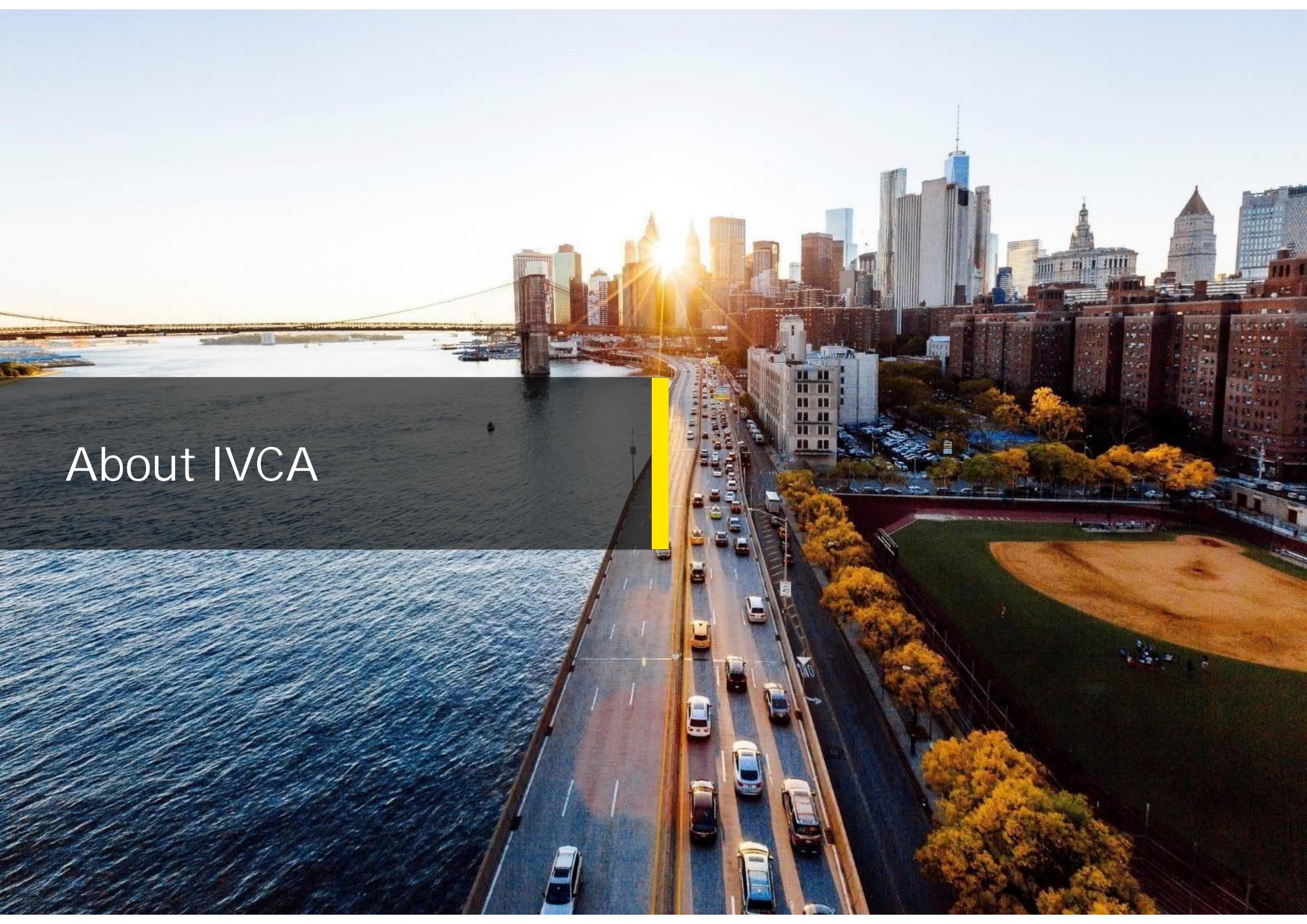
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IVCA

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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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