

India private capital deal value increased 71% to USD53b in 2021, driven by VC and large buyout activity in the consumer, technology and financial services industries

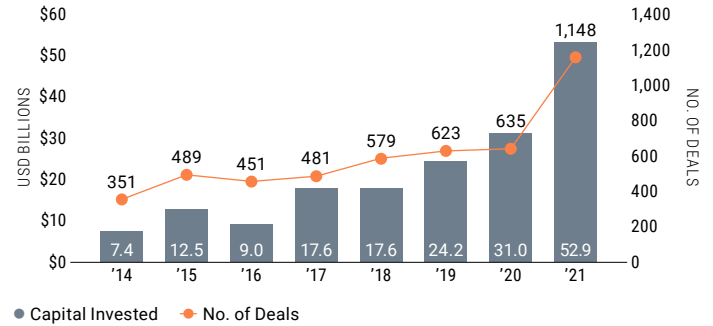
2021 was a record-breaking year for private capital investment in India with fund managers deploying USD53b across 1,148 deals. With the comeback of large private equity (PE) buyouts and a boom in late-stage venture capital (VC) rounds led by crossover funds, an additional USD22b was invested in 2021 versus 2020. Notably, VC investors deployed USD33b, representing a 319% increase year over year.

India's 1.3 billion population is a major driver of growth for the country and an opportunity for companies to target the second-largest consumer market globally. Fund managers doubled down on this thesis in 2021, piling USD23.5b into companies operating in the consumer goods and services industry. This investment total marks a five-fold increase from 2015, a period when Flipkart and Ola were paving the way for the digitization of consumer brands and services. The COVID-19 pandemic accelerated demand for online services, further prompting investors to pursue opportunities in e-commerce, edtech and consumer digital services. Flipkart's USD3.6b late-stage round was the second-largest private capital investment across GPC markets in 2021. In edtech, Byju's continued to attract capital, raising USD1.65b in 2021. On the consumer digital front, investors have pumped capital into food/grocery delivery, gaming, social networking and ride hailing to meet increasing consumer demand. Late-stage startups Swiggy, Dream11, ShareChat and Ola were recipients of USD500m+ rounds to gain further market share and establish themselves as category leaders in their respective verticals.

India-focused fundraising bounced back in 2021, with fund managers raising USD5.7b

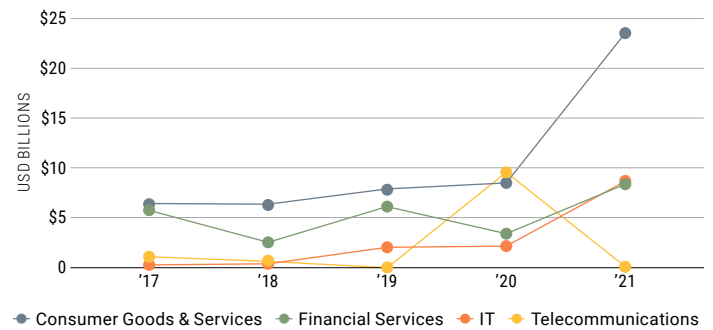
VC funds accounted for more than half of all capital raised in India, raising USD3.2b in commitments from limited partners (LPs). Sequoia Capital India spinout A91 Partners achieved a USD550m final close for its second fund, making it the largest VC fundraising for India in 2021. Chiratae Ventures also closed a USD337m early-stage fund, and US-based Bessemer Venture Partners raised its first India-dedicated fund with USD220m in commitments. PE fundraising also bounced back in 2021, with general partners (GPs) raising USD2.1b. Kedaara Capital closed its third growth vehicle at USD1.1b, the largest PE fund ever raised by a local Indian fund manager. Similarly, Multiples Alternate Asset Management, another homegrown PE manager, achieved a USD680m final close for its third fund, its largest ever. With more capital coming into the Indian ecosystem from international managers, local GPs are raising larger funds to remain competitive. Local family offices, insurance companies and other institutional investors are also warming up to alternatives, providing a richer LP base for fundraising in the coming years.

India Private Capital Investment, 2014-2021

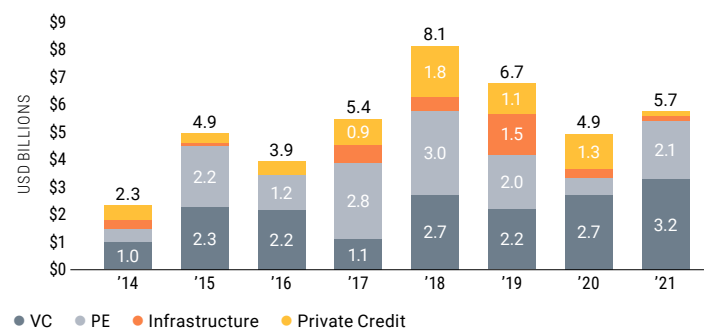


VC deals represented 63% of total private capital deal value in India in 2021.

India Investment by Industry, 2017-2021



India Private Capital Fundraising, 2014-2021



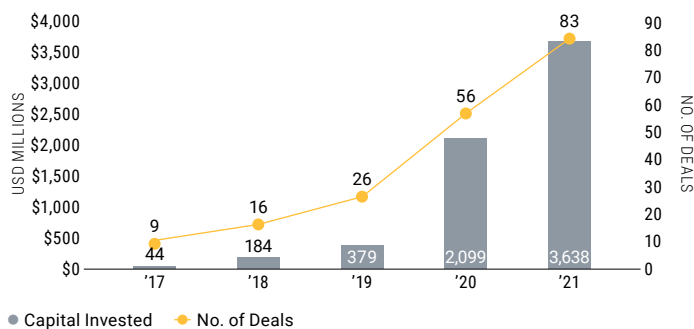
VC investment skyrocketed in 2021, with USD27.1b invested in late-stage rounds led by crossover funds and international GPs

While there was growth across all VC funding stages in India, late-stage deals saw a significant uptick with USD27.1b invested, representing a 4.5x year-over-year increase. Investors completed 83 deals of USD100m or more, of which 75 were late-stage rounds signaling strong appetite for high-growth startups. Crossover funds, which generally target public markets, were more active than ever in the late-stage investment arena in 2021, competing with traditional VC fund managers. Tiger Global was the most active late-stage investor in India, participating in 40 deals, followed by Sequoia Capital (34) and Alpha Wave Global (18). Other notable crossover funds and international investors that increased their allocation to late-stage VC in India include SoftBank, Temasek, RTP Global, Moore Capital Management, Coatue, Insight Partners and Dragoneer Investment Group.

Category leaders within each sector are emerging, using late-stage capital to establish market dominance. In e-commerce, Flipkart and Meesho raised USD3.6b and USD870m, respectively, while used car marketplace Cars24 raised USD653m. Food delivery giant Swiggy received USD1.25b in funding and healthtech platform Pharmeasy raised USD1.1b across three rounds.

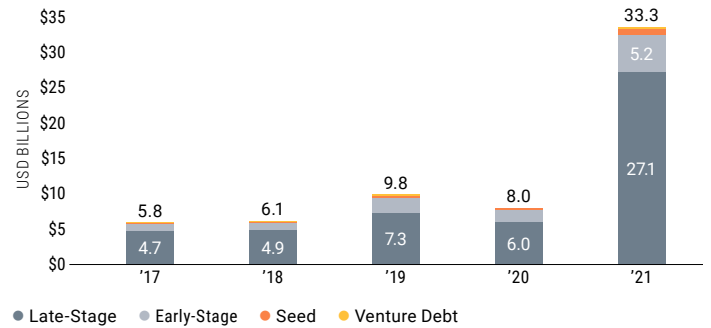
Late-stage rounds saw a 2x year-over-year increase in median value to USD72m in 2021. Larger rounds and the heightened pace of dealmaking led to higher valuations as more startups passed the USD1b valuation mark in 2021. Startups in emerging verticals also hit USD1b+ valuations in record time: e-commerce aggregator Mensa Brands and cryptocurrency exchange CoinSwitch Kuber both reached USD1b+ valuations in less than a year after their first institutional funding round.

India Edtech Investment, 2017-2021

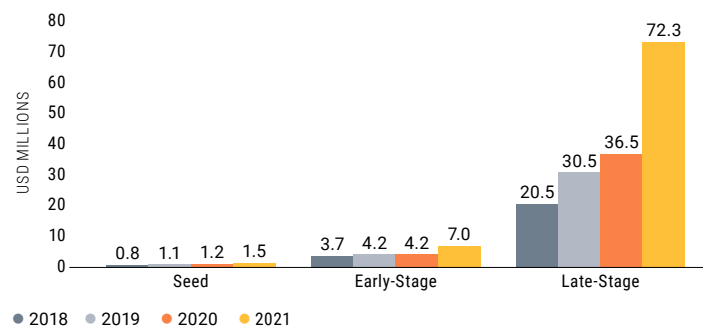


Edtech startups have not only provided new modes of learning, but have also helped to bridge the gap in access to quality education for students in tier-2 and tier-3 cities.

India Venture Capital Investment by Stage, 2017-2021



India Median VC Deal Size by Stage, 2018-2021



India was the leading country for edtech investment across GPC markets in 2021, with startups raising USD3.6b across 83 deals

India has one of the largest youth populations in the world, and lockdowns and other COVID-19 restrictions accelerated the adoption of online learning solutions. Until recently, the edtech sector in India was still in its infancy, receiving only USD44m of private capital funding in 2017. Since then, investment in the segment has increased 81x to USD3.6b in 2021 as edtech startups allowed educators to continue teaching students remotely during the pandemic with digital conferencing tools and online platforms. These companies not only provide new modes of learning but also have played a part in bridging the gap in access to quality education for students in tier-2 and tier-3 cities.

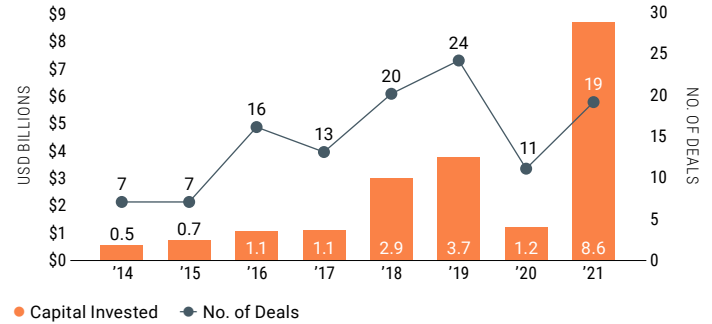
Companies are vying for market dominance within edtech sub-sectors. Test preparation startups Byju's, Unacademy and BrightChamps raked in over USD2b in 2021 from B Capital Group, General Atlantic and Temasek. Online higher education and executive training companies Eruditus and Upgrad also saw large funding rounds from CPP Investments, SoftBank, Temasek and IFC Asset Management Company. Finally, startups providing digital tools and software to bring educators and schools online like Teachmint and Classplus attracted global edtech investors GSV Ventures and Learn Capital. As hybrid learning becomes the norm, edtech in India is poised to grow, aided by deeper mobile penetration and more affordable data and internet.

Global PE investors deployed USD8.6b in India buyouts, positioning the country among the leading buyout destinations in Asia

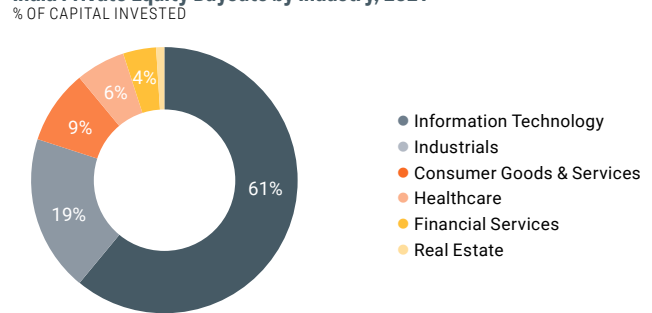
India was the largest market for control transactions in 2021 across all geographies tracked by GPCA Research, with USD8.6b in deal value, compared to China with USD5.7b. Global PE fund managers Carlyle, Blackstone, KKR, PAG, Warburg Pincus, TA Associates and Apax Partners, along with pension funds and sovereign wealth funds like CPP Investments, GIC and Abu Dhabi Investment Authority (ADIA), were all active in the Indian market in 2021. Given China's recent regulatory changes, international PE players have become more cautious deploying capital in the country. Coupled with high levels of dry powder in Asia, India is a natural destination for large control transactions outside developed markets.

The two largest buyout deals in India in 2021 were both in the information technology industry, with Carlyle's USD3b secondary buyout of Hexaware Technologies from Baring Private Equity Asia (BPEA) and Blackstone's USD2.1b secondary buyout of Mphasis from its legacy fund with co-investment from ADIA and GIC. In the containers & packing sector, Blackstone acquired PGP Glass for USD1b, and Warburg Pincus acquired Parksons Packaging. Organic growth and M&A strategies will continue to be used to scale, but investors are also emphasizing digital transformation to unlock value in portfolio companies. Blackstone's PGP Glass implemented data analytics in plant monitoring systems that produce actionable alerts when an anomaly is detected or production efficiency drops. This tool allows PGP Glass to improve production quality and reduce rejection levels, increasing its bottom line through cost savings.

India Private Equity Buyouts, 2014-2021

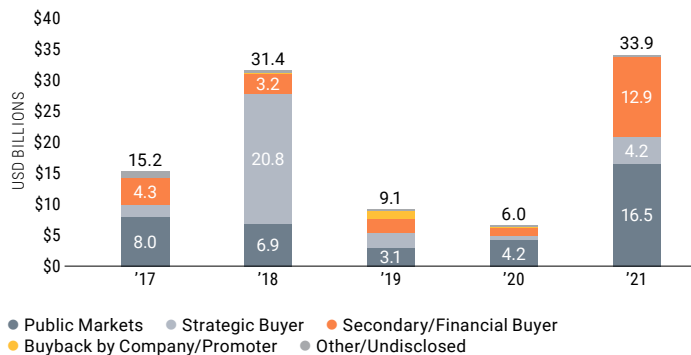


India Private Equity Buyouts by Industry, 2021



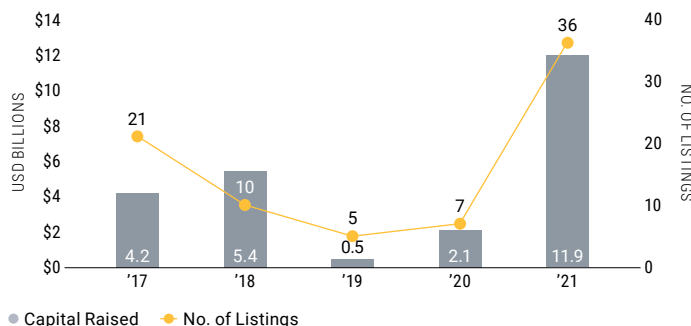
Note: 'India Private Equity Buyouts' includes secondary (sponsor-to-sponsor) buyouts.

India Exits and Private Capital-Backed Listings, 2017-2021



Note: Exit totals include total aggregate deal value and are not limited to disclosed distributions to private capital investors.

India Private Capital-Backed Listings, 2017-2021



A record number of private capital-backed listings and strong secondary activity in India drove exit value to USD33.9b

Companies that went public in 2021 were able to command blockbuster valuations, riding on the low interest rate environment and strong investor demand. However, with creeping inflation and concerns about profitability, valuations have come under scrutiny, resulting in most technology companies trading below their IPO valuations in the last few months. Nonetheless, 2021 was still a breakthrough year for public market listings in India with USD11.9b raised by 36 private capital-backed companies. Highly anticipated listings of Paytm, PolicyBazaar, Nykaa and Cartrade finally came to fruition in 2021 with mega IPOs on the local bourses. India also saw its first private capital-backed SPAC merger on the Nasdaq with renewable energy company ReNew Power merging with RMG Acquisition Corp. II.

Secondary sales emerged as a vital and viable exit strategy in 2021, with deal activity hitting USD12.9b across 51 deals. Both PE and VC investors benefited from the heightened secondary activity with capital from global investors providing additional exit opportunities in a buzzing Indian private capital market. BPEA's sale of Hexaware to Carlyle for USD3b, Chryscapital's exit of Aragen Life Sciences to Goldman Sachs Merchant Banking Division and Kedaara's sale of Parksons Packaging to Warburg Pincus point to strong financial buyer appetite. Early-stage VC investors also had the opportunity to liquidate their investments in prominent startups like Dream11, Lenskart, Pharmeasy, PolicyBazaar and Purple as PE players and crossover funds provided liquidity with secondary share purchases.

Largest India Funds Achieving a Close, 2021

FUND MANAGER(S)	FUND	FUND TYPE	FUND CURRENCY	CAPITAL RAISED TO DATE (USDM)
Kedaara Capital	Kedaara Capital III	Growth	USD	1,100.0
Multiples Alternate Asset Management	Multiples III	Growth	USD	680.0
A91 Partners	A91 Partners Fund II	Multi-Stage/Oppportunistic	USD	550.0
Everstone Capital Asia	Everstone Capital Partners IV*	Growth	USD	500.0
Chiratae Ventures	Chiratae Ventures Fund IV	Early-Stage	USD	337.0
Alteria Capital	Alteria Capital Fund II	Venture Debt	INR	241.4
Kotak Investment Advisors	Kotak Pre IPO Opportunities Fund*	Late-Stage	INR	228.0

* Fundraising as of December 31, 2021.

Most Active PE Dealmakers in India, 2021

ChrysCapital	KKR
IIFL Wealth & Asset Management	Blackstone Group
TPG	Baring Private Equity India

Most Active VC Dealmakers in India, 2021

Sequoia Capital	Accel Partners
Venture Catalysts	Blume Ventures
Tiger Global Management	Matrix Partners

Largest Investments in India, 2021

INVESTOR(S)	COMPANY	SECTOR	INVESTMENT TYPE	DEAL VALUE (USDM)	INVESTMENT DATE
ADQ, Antara Capital Partners, Canada Pension Plan Investment Board, Franklin Templeton Investments, GIC, Khazanah Nasional, Qatar Investment Authority, SoftBank, Tencent Holdings, Tiger Global Management, Walmart, Willoughby Capital Holdings	Flipkart	General & Specialty Retail	Late-Stage	3,600.0	Jul-21
The Carlyle Group	Hexaware Technologies	IT Networks & Services	Secondary Buyout	3,000.0	Nov-21
Abu Dhabi Investment Authority (ADIA), Blackstone Group, GIC	Mphasis	Software	Secondary Buyout	2,089.9	Jun-21
ADQ, B Capital Group, Baron Capital, Blackstone Group, Eric Yuan, IIFL Wealth & Asset Management, Macquarie Group, Maitri Asset Management, Owl Ventures, Silver Lake, T. Rowe Price, UBS Global Asset Management, XN Exponent Advisors	Byju's	Education	Late-Stage	1,500.0	Jun-21
Accel Partners, Amansa Capital, Carmignac, Alpha Wave Global, Goldman Sachs, Naspers, Qatar Investment Authority, SoftBank Group, Think Investments, Wellington Management	Swiggy	Consumer Digital Services	Late-Stage	1,250.0	Jul-21
Blackstone Group	PGP Glass	Containers & Packaging	Buyout	1,000.0	Mar-21
D1 Capital Partners, DST Global, Alpha Wave Global, Footpath Ventures, RedBird Capital Partners, Tiger Global Management, TPG	Dream11 Fantasy	Media & Entertainment	Late-Stage	840.0	Oct-21
Tencent Holdings, Tiger Global Management, Walmart	PhonePe	Payments	Growth	700.0	Aug-21
Citadel Advisors, Fidelity International, Värde Partners	OYO Rooms	Travel, Leisure & Mobility	Senior Loan	660.0	Jul-21
Accel Partners, Canada Pension Plan Investment Board, Naspers, SoftBank Group	Eruditus Learning Solutions	Education	Late-Stage	650.0	Aug-21

Notable Exits and IPOs in India, 2021

COMPANY	SECTOR	INVESTOR(S)	YEAR(S) OF INVESTMENT	CAPITAL INVESTED (USDM)	EXIT DATE	EXIT AND RETURN DETAIL
Hexaware Technologies	IT Networks & Services	Baring Private Equity Asia	2013, 2020	951.9	Nov-21	Secondary sale to Carlyle Group for USD3b
Paytm	Payments	Alibaba Group, Berkshire Hathaway, Discovery Capital, Elevation Capital, RNT Associates, Softbank, Ant Group, T. Rowe Price	2007-2019	2,620.0	Nov-21	IPO on the BSE and NSE raised INR183b (USD2.5b) and returned USD1.3b to investors
PolicyBazaar	Consumer Digital Services	Bay Capital Partners, Cyrus Poonawalla Group, Alpha Wave Global, IIFL Wealth & Asset Management, Ribbit Capital, Softbank, Tencent Holdings, Tiger Global Management, White Oak Capital Management	2014-2021	611.4	Nov-21	IPO on BSE and NSE raised USD769m and returned USD252m to investors
ReNew Power Ventures	Renewable Power	Abu Dhabi Investment Authority, Canada Pension Plan Investment Board, GEF Capital Partners, Goldman Sachs Merchant Banking Division, JERA	2011-2019	955.0	Aug-21	SPAC merger with Nasdaq-listed RMG Acquisition Corp. II raising USD1.2b; investors partially exited
Sona Comstar	Automobiles & Parts	Blackstone Group	2019	176.1	Jun-21	IPO on BSE and NSE raised USD748m and returned USD708m to Blackstone Group



Methodology

GPCA's reporting covers activity by long-term, private direct investment funds that are backed by institutional investors – along with their co-investors – across the following asset classes: private equity, venture capital, private credit, infrastructure and natural resources. For more information on research methodology, please refer to the Data Methodology webpage or contact research@GPCCapital.org.



Subscribe to GPCA's Newsletters

GPCA covers the latest fund, investment and industry news across our markets in two newsletters: NewsWatch is a weekly round-up of key transactions across asset classes; the Global Tech Brief is a bi-weekly review of tech transactions and innovations with cross-border applications. Subscribe at GlobalPrivateCapital.org.

Disclaimer: This information is intended to provide an indication of industry activity based on the best information available from public and proprietary sources. GPCA has taken measures to validate the information presented herein but cannot guarantee the ultimate accuracy or completeness of the data provided. GPCA is not responsible for any decision made or action taken based on information drawn from this report.

Terms of Use: All material and underlying data contained within this workbook are the intellectual property of GPCA. Any reference to the material must be properly cited with notation attributing GPCA as the source.