

Why do uncertain times need a certainty of purpose?

Navigate the transformative age with strategy solutions from better-connected consultants.

The IVCA-EY monthly PE/ VC roundup - February 2022



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



Foreword

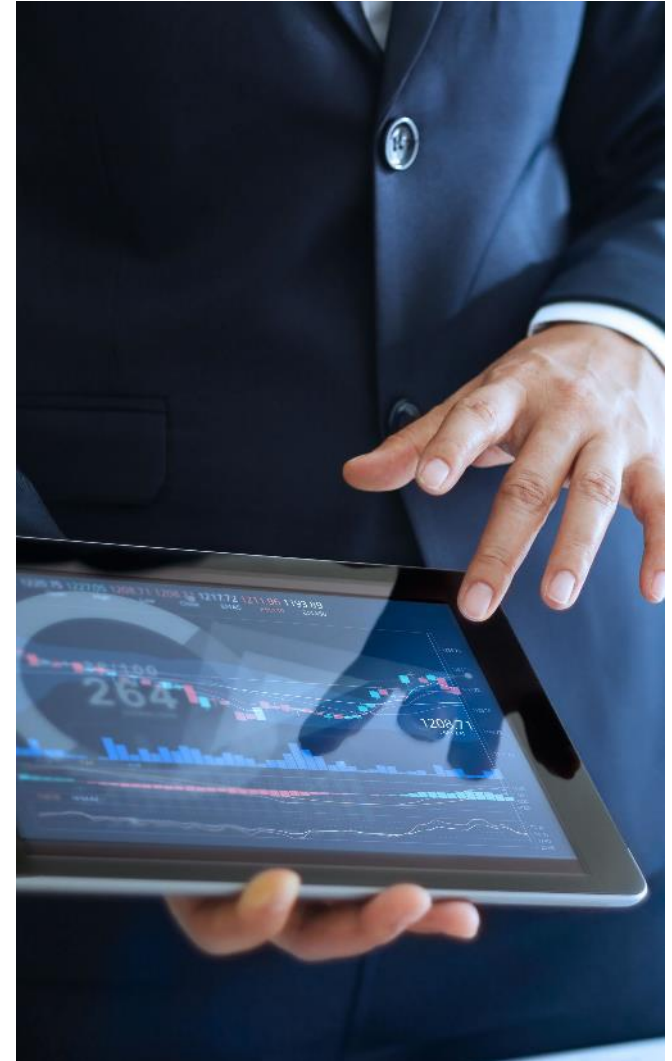


February 2022 recorded US\$5.8 billion in PE/VC investments, more than double the investments in February 2021 and 24% higher than the previous month. Pure-play PE/VC investments (excluding infrastructure and real estate sectors) and start-up investments continued to dominate the investment landscape in February 2022, accounting for 88% and 44% of PE/VC investment value respectively.

PE/VC exits in February 2022 recorded US\$1.4 billion across ten deals, primarily driven by secondary deals which includes the US\$800 million exit from IGT Solutions by AION. As the volatility in the mid-cap and small-cap indices continued in February 2022, there was only one PE-backed IPO and we expect the number of PE-backed IPOs to be lower in 2022 given the volatility in the capital markets, rise in uncertainty and waning investor interest in the primary markets.

While the technology sector continued to receive maximum PE/VC investments in 2022, there has been a significant surge in investments in the fintech segment of the financial services sector that saw large deals in the emerging Decentralised Finance (DeFi) space. Fintech investments have grown at a CAGR of 125% over the past five years, primarily driven by investments in the payments ecosystem with new segments like DeFi and neo-banking being the fastest growing, recording 20x growth in investments. More details on this are available in the spotlight section of this report.

India's position as an attractive destination for PE/VC investments is expected to remain strong in 2022 given its high growth, macroeconomic and policy stability. The recent state election results should underwrite more certainty around continuity of government reforms. With diplomatic talks resuming, there is hope emerging on the possibility of an early end to the geo-political conflict. However, uncertainty remains high and faster than anticipated interest rate tightening by the Fed, rising inflation and commodity prices amidst geo-political tensions, alongside a resurgence in COVID infections continue to remain potential risks to watch out for.



A hand in a grey suit sleeve is shown from the right, holding a single coin between the thumb and index finger. Below the hand are several stacks of coins of varying heights, arranged from left to right in an ascending order. The background is a blurred green outdoor setting.

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

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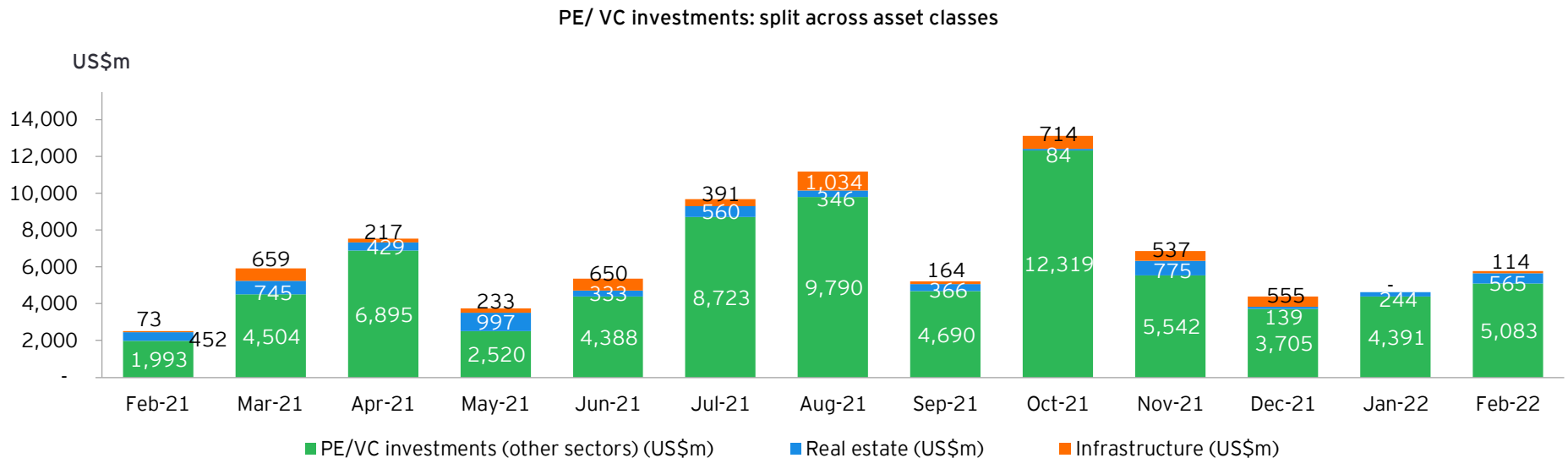
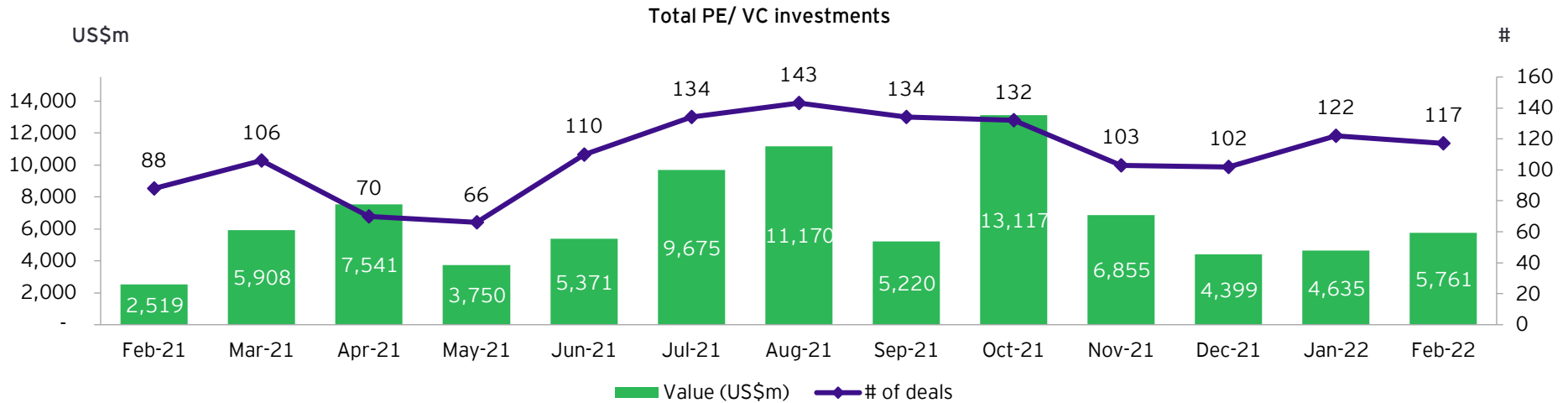
Building a better working world

Key trends

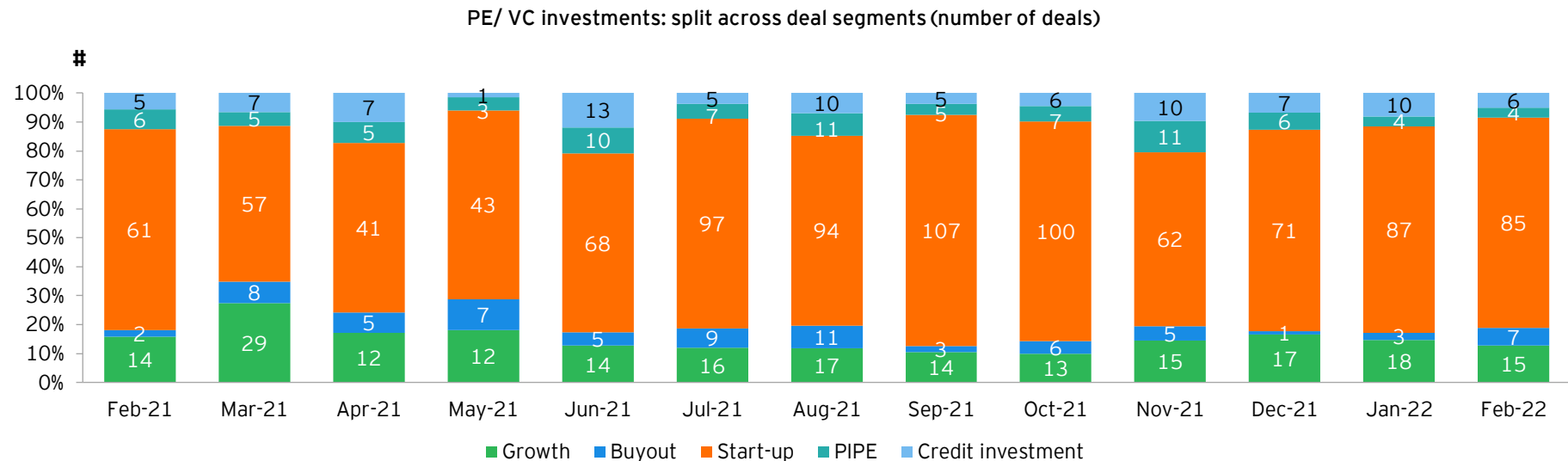
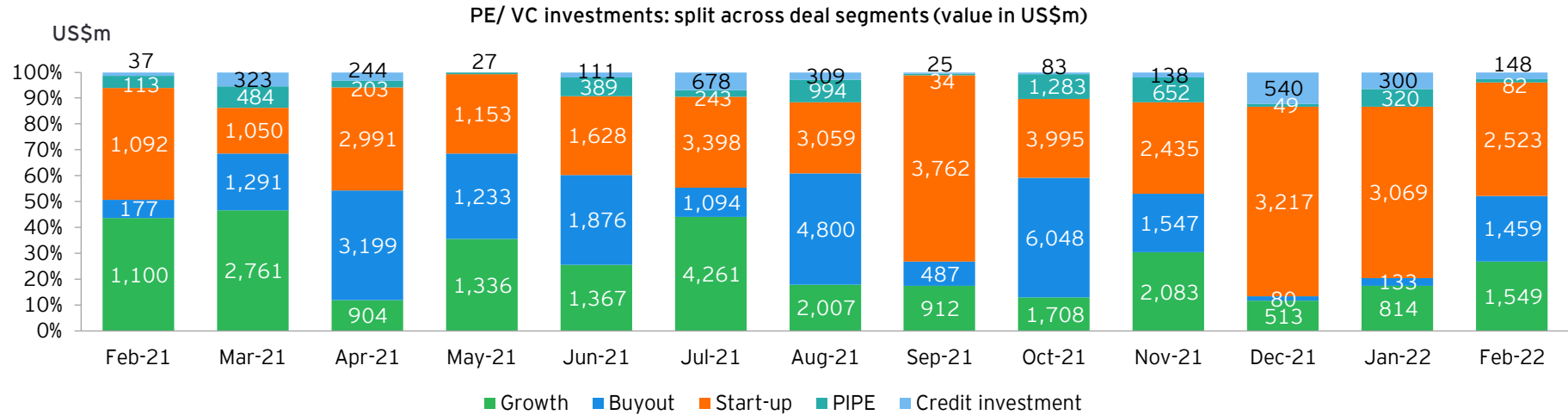
Investments

- ▶ PE/ VC investments in February 2022 were ~US\$5.8 billion, 2.3 times the value recorded in February 2021 (US\$2.5 billion) and 24% higher than investments in January 2022 (US\$4.6 billion). February 2022 recorded 117 deals, 33% higher than February 2021 (88 deals) and 4% lower than January 2022(122 deals). 88% of the total PE/ VC investments in February 2022 were pure play investments (excluding real estate and infrastructure sectors) compared to 79% in February 2021.
- ▶ February 2022 recorded 17 large deals (deals of value greater than or equal to US\$100 million) aggregating US\$4.4 billion, compared to ten large deals worth US\$1.6 billion in February 2021 and 14 deals worth US\$3 billion in January 2022. The largest deal in February 2022 saw Baring PE Asia buyout IGT Solutions Private Limited from AION for over US\$800 million.
- ▶ By deal type, start-up investments continued to receive maximum PE/ VC investments in February 2022 at US\$2.5 billion across 85 deals (US\$1.1 billion in February 2021 across 61 deals) and accounted for 44% of all PE/ VC investments. Growth investments were the second highest with US\$1.5 billion invested across 15 deals (US\$1.1 billion across 14 deals in February 2021). Buyouts have recorded a strong surge in February 2022, recording US\$1.5 billion across seven deals (two deals worth US\$177 million in February 2021). PIPE investments recorded US\$82 million across four deals (six deals worth US\$113 million in February 2021). Credit investments recorded US\$148 million across six deals (US\$37 million across five deals in February 2021).
- ▶ From a sector point of view, technology was the top sector in February 2022 with US\$1.5 billion in PE/ VC investments across 19 deals (US\$48 million across four deals in February 2021), propped up by the large IGT Solutions buyout by Baring PE Asia. The second largest sector was financial services with US\$1.2 billion recorded across 26 deals (US\$245 million across 13 deals in February 2021), driven by investments in fintech which saw four large deals of US\$100 million+ with the crypto platform Polygon receiving largest investment of US\$450 million. Logistics sector that saw US\$723 million invested across six deals was the third largest, with major investments in the logitech space which is an emerging area for PE/ VC investments.

PE/ VC monthly headline trends: investments

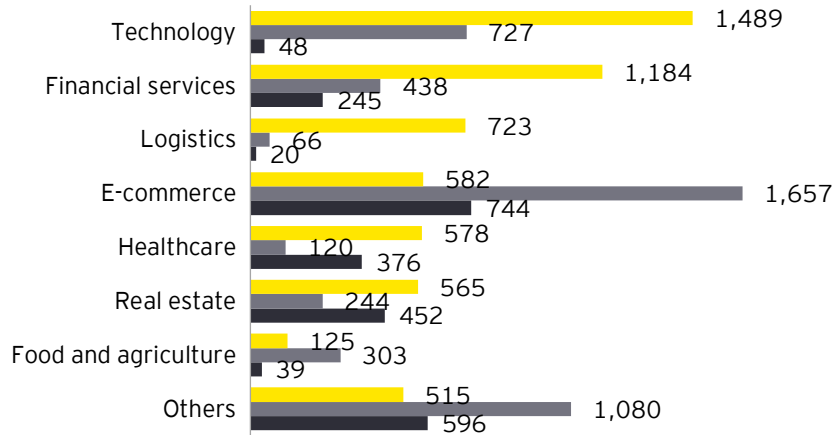


PE/ VC monthly headline trends: investments

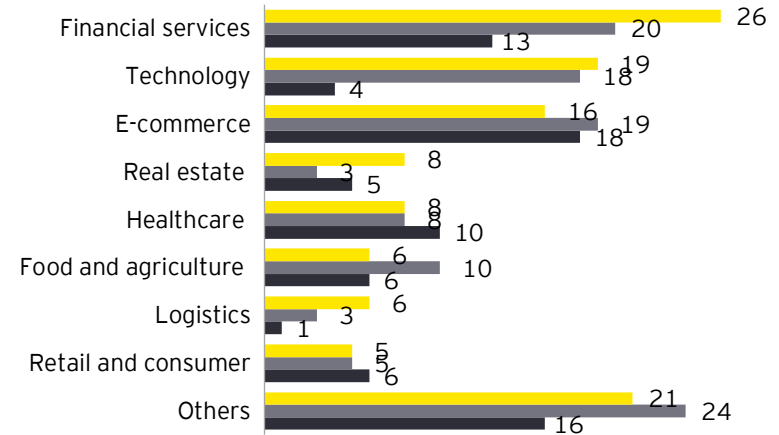


PE/ VC investments: US\$5,083 million over 106 deals (excluding infrastructure and real estate investments)

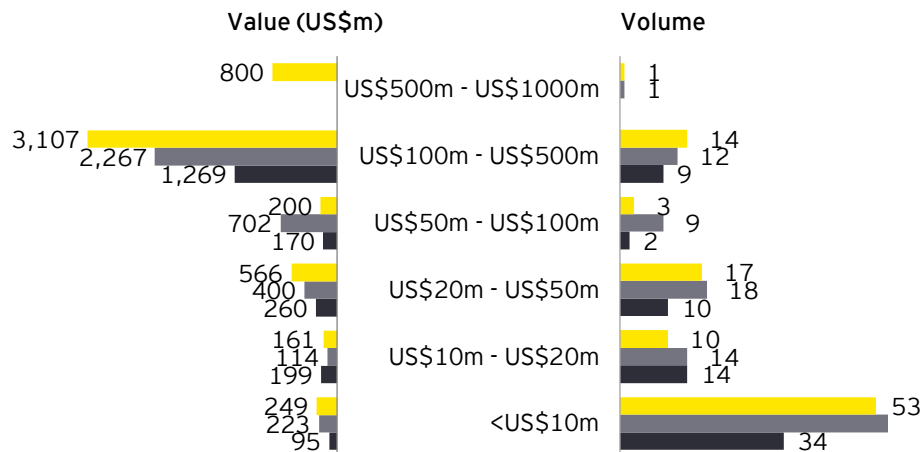
Top sectors by value US\$m



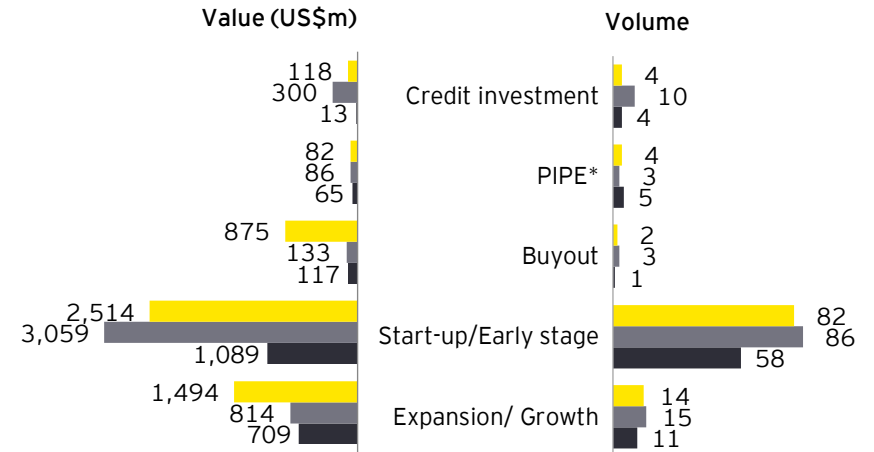
Top sectors by volume



Deal size



Deal type



*PIPE: Private investment in public equity

Feb'22 Jan'22 Feb'21

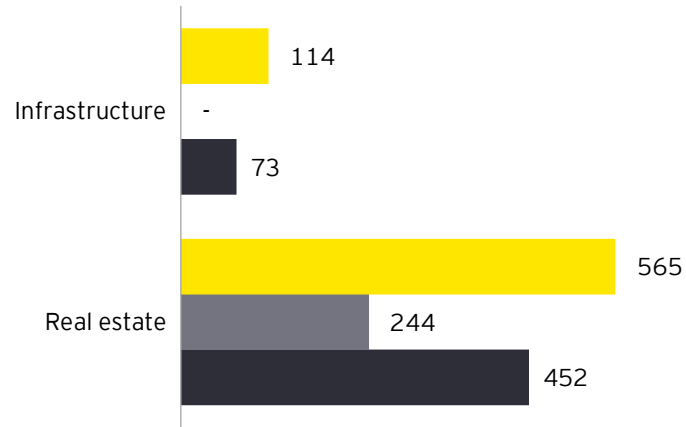
Top PE/ VC investments

Top PE/ VC investments excluding infrastructure and real estate in February 2022

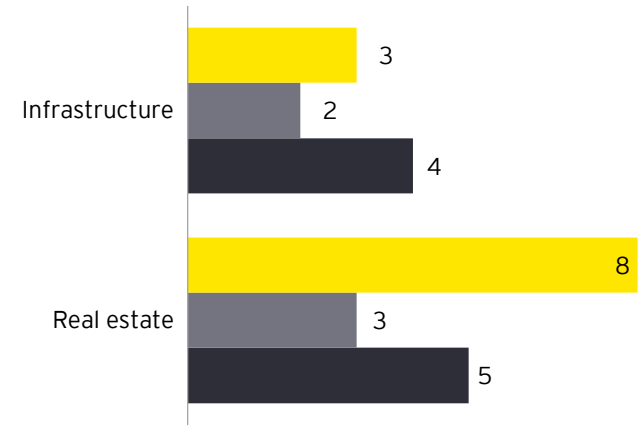
Company	PE investors	Sector	Stage	US\$m	Stake (%)
IGT Solutions Private Limited	Baring PE Asia	Technology	Buyout	800	100
Polygon Technology (MATIC)	Tiger Global Management, Elevation Capital, Sequoia Capital, SoftBank, and others	Financial services	Start-up	450	NA
Uniphore Software Systems Private Limited	March Capital Partners, Sorenson Capital, Sanabil Investments, and New Enterprise Associates	Technology	Growth capital	400	16
NTEX Transportation Services Private Limited	Avataar Holdings, Kalaari Capital, Prosus Ventures, Chimera Investments, and SoftBank	Logistics	Start-up	332	22
Busybees Logistics Solutions Private Limited	ChrysCapital, Investcorp Private Equity, Tarrant Capital, Norwest Venture Partners, Blackstone	Logistics	Start-up	300	25
Chargebee Inc.	Insight Venture Management, Sapphire Ventures, Steadview Capital, Tiger Global, and Sequoia Capital	Financial services	Growth capital	250	7
BrainBees Solutions Private Limited (FlrstCry)	National Investment and Infrastructure Fund II (NIIF), PI Opportunities Fund I	E-commerce	Growth capital	240	12
Micro Life Sciences Private Limited	Warburg Pincus	Healthcare	Growth capital	210	12
Home Interior Designs E-commerce Private Limited (Livspace)	Jungle Ventures, Venturi Partners, KKR	E-commerce	Start-up	180	14
Asia Healthcare Holdings Advisory LLP	GIC	Healthcare	Start-up	170	40

PE/ VC investments: US\$679 million over 11 deals (infrastructure and real estate investments)

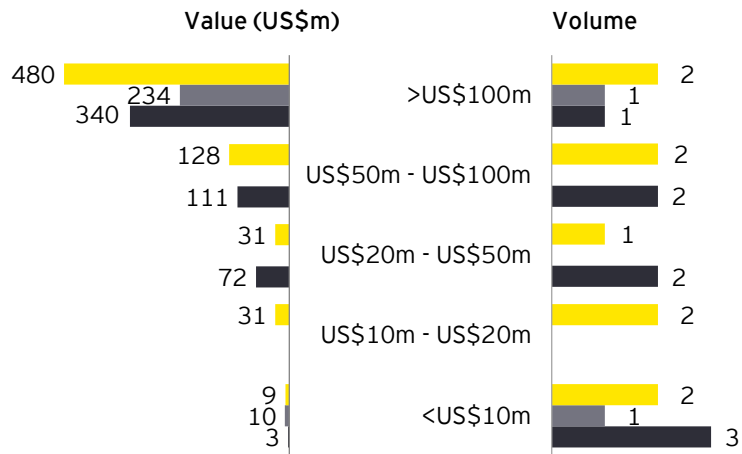
Top sectors by value US\$m



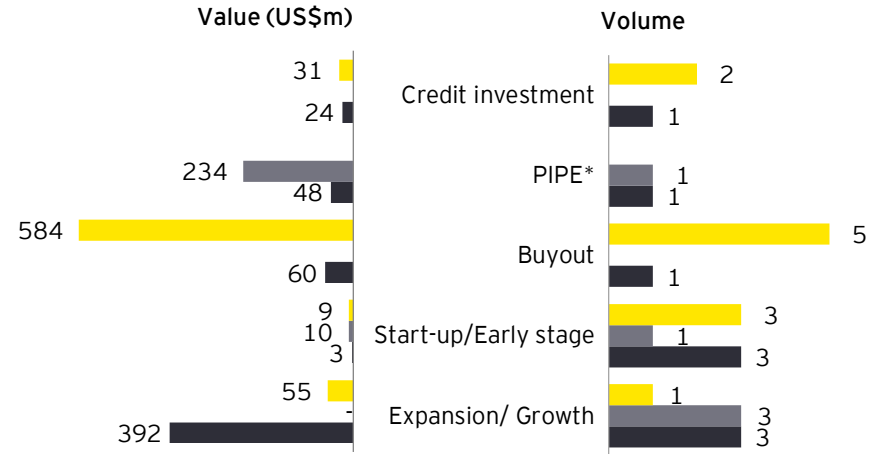
Top sectors by volume



Deal size



Deal type



*PIPE: Private investment in public equity

Feb'22 Jan'22 Feb'21

Top *infrastructure* and *real estate* investments

Top infrastructure and real estate investments in February 2022

Company	PE investors	Sector	Stage	US\$m	Stake (%)
3 m sq ft in Bengaluru's Bharatiya City	GIC	Real estate	Buyout	373	100
Baharampore-Farakka Highways Limited	Cube Highways (IFC & I Squared JV)	Infrastructure	Buyout	107	100
Mount Road 5.5 acres	GIC, and others	Real estate	Buyout	73	100

Key trends

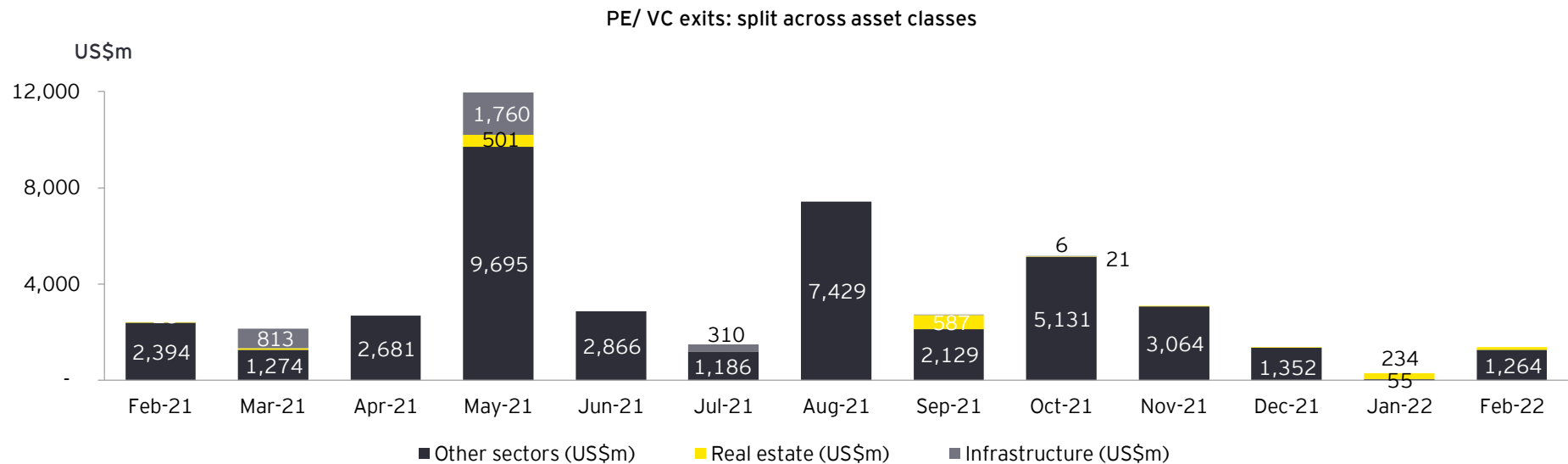
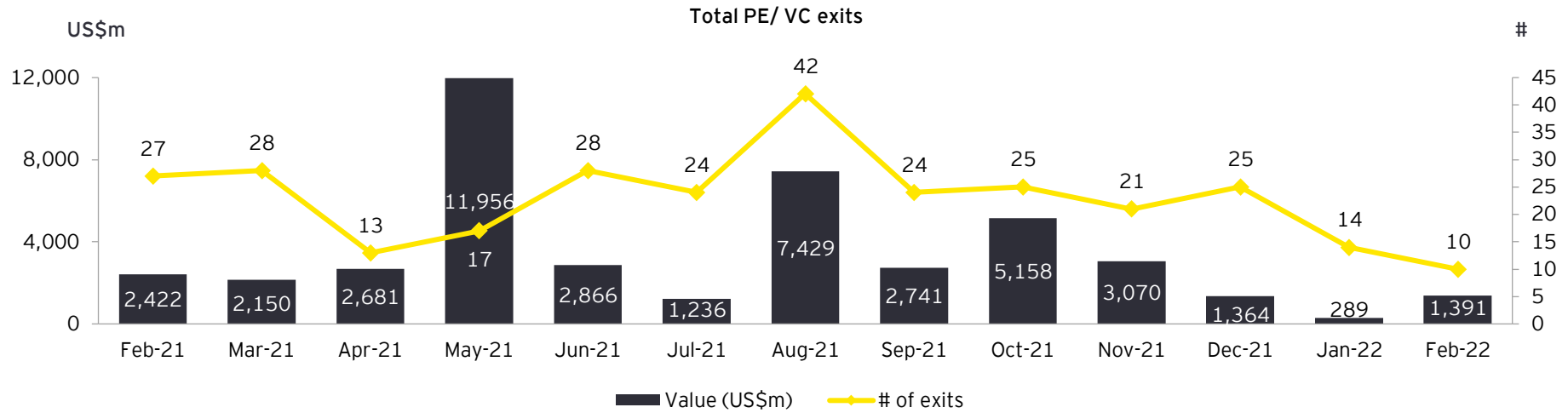
Exits

- ▶ February 2022 recorded 10 exits worth US\$1.4 billion compared to US\$2.4 billion recorded across 27 exits in February 2021 and US\$289 million across 14 exits in January 2022.
- ▶ In February 2022, secondary exits were the highest in terms of value worth US\$1.2 billion across three deals (US\$414 million across four deals in February 2021), mainly on account of the large US\$800 million exit from IGT Solutions by AION. Strategic exits were the highest in terms of numbers with five deals, however the deal values were undisclosed on four deals (five strategic deals worth US\$1 billion in February 2021).

Fundraise

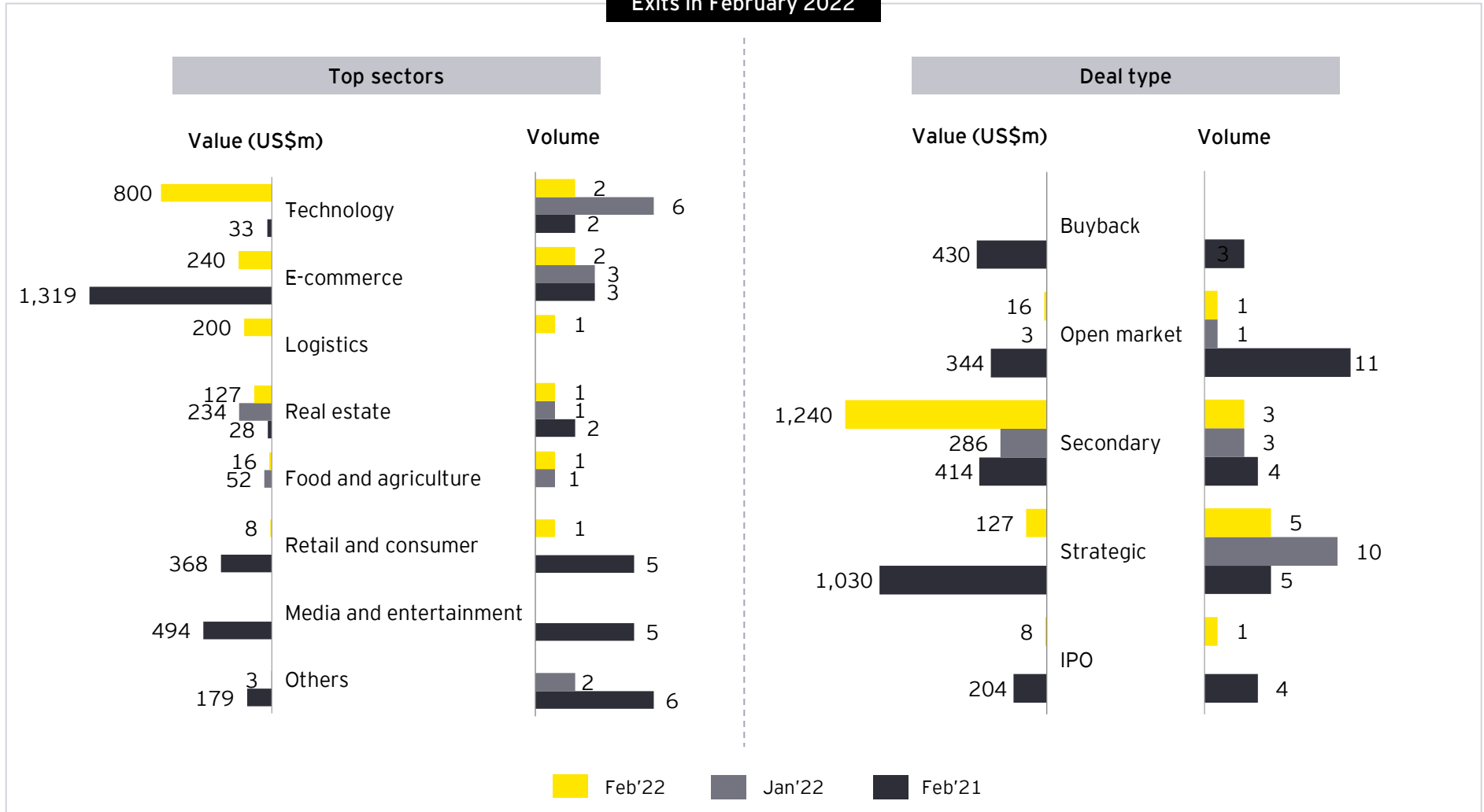
- ▶ February 2022 recorded total fundraising of US\$347 million across four funds compared to US\$380 million raised in February 2021 by one fund. The largest fundraising in February 2022 was by Trifecta that raised its first VC fund worth US\$199 million to invest in IPO ready new age businesses.

PE/ VC monthly headline trends: exits



Exits: US\$1,391 million across 10 deals in February 2022

Exits in February 2022

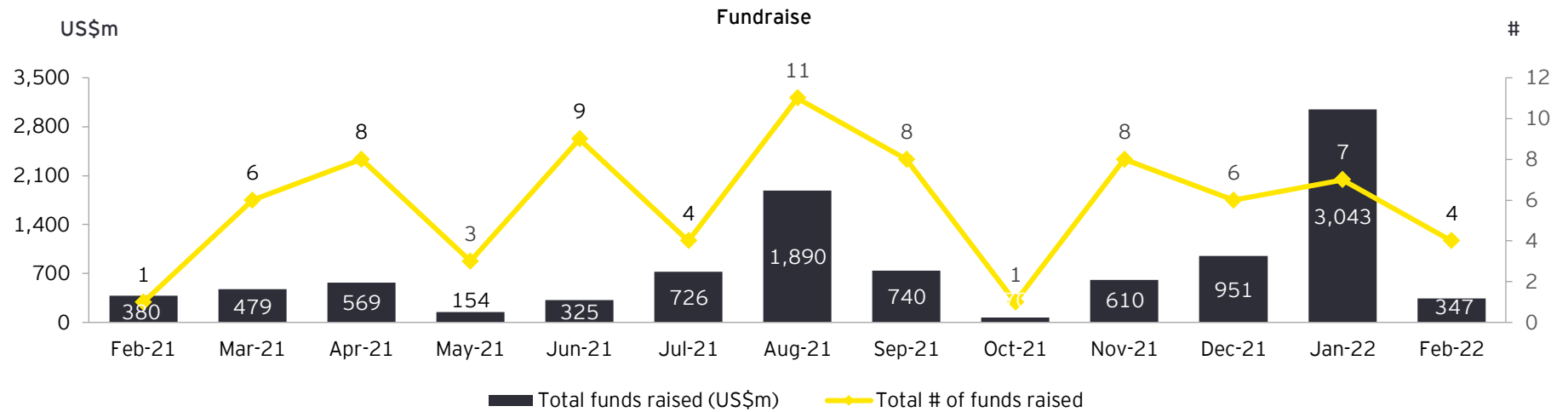


Top exits

Top exits in February 2022

Company	Sector	Sellers	Buyer	Exit type	US\$m	Stake (%)
IGT Solutions Private Limited	Technology	AION	Baring PE Asia	Secondary	800	100
BrainBees Solutions Private Limited	E-commerce	Chiratae Ventures, NewQuest, SoftBank	NIIF, PI Opportunities Fund I	Secondary	240	12
BusyBees Logistics Solutions Private Limited	Logistics	Alibaba Group, CDH Investments	ChrysCapital, Investcorp Private Equity, Tarrant Capital, Norwest Venture Partners, Blackstone Growth	Secondary	200	17
Viviana Mall by Sheth Developers and Realtors India Private Limited	Real estate	GIC	Lake Shore India	Strategic	127	50

PE/ VC monthly headline trends: fundraise



Fundraise

Top fundraises in February 2022

Status	Fund	US\$m	Strategy
Raised	Trifecta Leaders Fund-I	199	Invest in new economy companies that are likely to pursue an IPO
Raised	Prime Venture Partners Fund IV	120	Fintech, edtech, healthtech, consumer internet, and SaaS businesses
Announced	Toro Finserve Healthcare fund	1,000	Strengthen ESG practice of mid-cap businesses while offering them flexible capital to scale to new markets
Announced	Prestige Group AIF	500	Targeted at institutional investors and HNIs. They will look at acquiring stressed residential properties
Announced	Hines India Dedicated Fund	500	Investments in office properties

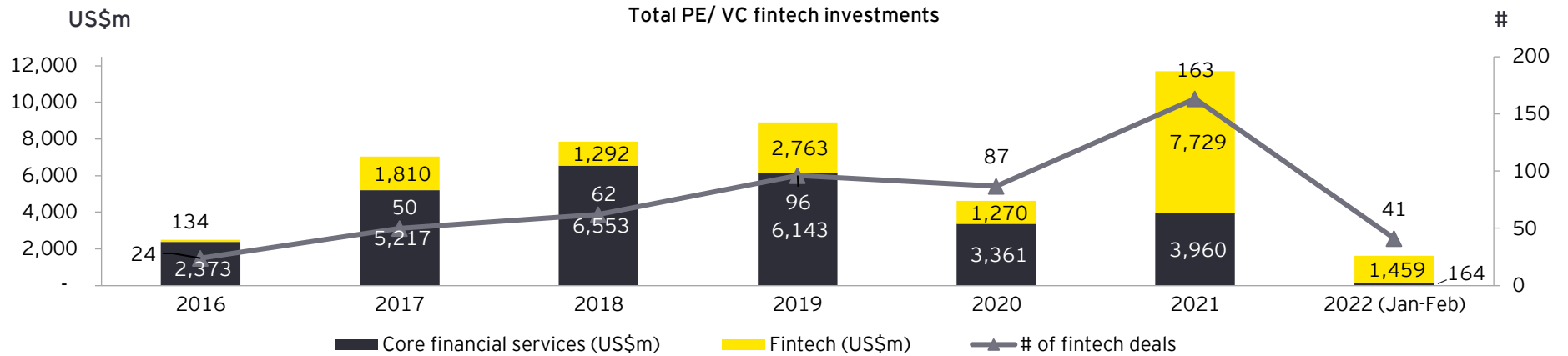
Spotlight

PE/ VC investment trend in fintech

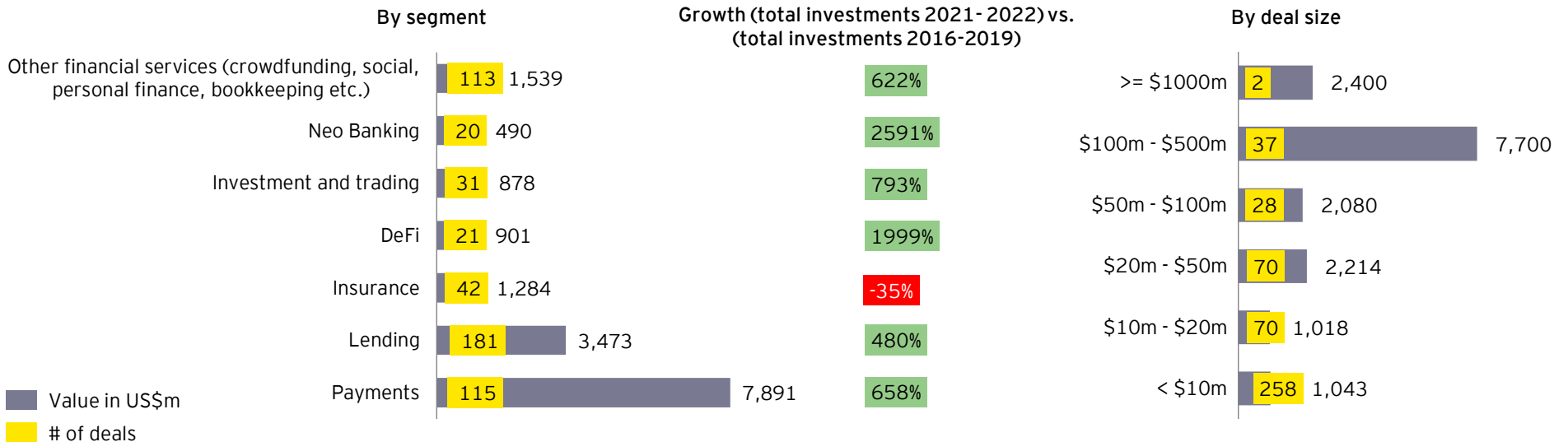
Spotlight: PE/ VC investment trend in fintech

- ▶ PE/ VC investments in fintech have been a rising trend over the past 5-6 years. Fintech investments have growth at a CAGR of 125% since 2016. The recent surge of PE/ VC investments in 2021 and the first two months of 2022 – US\$9.2 billion – is more than the total investments in the sector in the previous five years (2016-2020) combined. As a result, within the financial services sector, the share of PE/ VC investments in fintech has increased from 5% in 2016 to 66% in 2021 and as high as 90% in the first two months of 2022.
- ▶ The pandemic was one of the major drivers of fintech adoption and the consequent surge in investments in the fintech segment. Post the onset of the pandemic, PE/ VC investments in fintech have exceeded investments in the core segments of lending, insurance etc., in the financial services sector.
- ▶ Payments, insurance and lending segments have been the largest in terms of PE/ VC investment value in the fintech sector with the payments space receiving 48% of all PE/ VC fintech investments since 2016.
- ▶ While payments continues to be the largest segment within the fintech sector and amongst the fastest growing, the highest growth was recorded by neo-banking and DeFi (decentralized finance) segments that recorded 20x growth in 2021-2022 compared to total investments received by these segments between 2016-2019. Online insurance, which was one of the earliest segments to receive PE/ VC funding within the fintech sector was the only segment that recorded a decline in PE/ VC investments, probably because of the declining moat and intensifying competition in the online insurance space.
- ▶ While the fintech segment has recorded some large deals in recent years, more than 50% of the deals were lower than US\$20 million in ticket size.

Spotlight: PE/ VC investment trend in fintech



Total PE/ VC investments in fintech 2016-2022 (Jan-Feb) - US\$17.2 billion across 524 deals



Spotlight: PE/ VC investment trend in fintech

Top fintech deals in 2021-2022 (Jan-Feb)

Company	PE investors	Segment	Stage	US\$m	Stake (%)
Polygon Technology	Tiger Global Management, Dragonfly Capital Management, SoftBank, and others	DeFi	Start-up	450	NA
Razorpay Software Private Limited	Y Combinator, Alkeon Capital Management, GIC, Sequoia Capital, Tiger Global Management, and others	Payments	Start-up	375	5.0
Resilient Innovations Private Limited (Bharat Pe)	Ribbit Capital, Amplo, Coatue Management, Insight Venture Management, Sequoia Capital, Tiger Global Management, and others	Payments	Start-up	370	13.0
PhonePe Private Limited	Walmart, Tencent, Tiger Global	Payments	Start-up	350	NA
One 97 Communications Limited (Paytm)	BlackRock, CPPIB and GIC	Payments	PIPE	338	1.8
OFB Tech Private Limited	Matrix Partners, Norwest Venture Partners, SoftBank, Tiger Global Management, and others	Lending	Start-up	325	6.5
Pine Labs Private Limited	Moore Capital, Temasek, Sunley House Capital, and others	Payments	Growth capital	285	NA
Bitcipher Labs LLP	Coinbase Ventures, a16z, Tiger Global, Sequoia Capital India and Paradigm	Crypto	Start-up	260	26
Acko Technology and Services Private Limited	Intact Ventures, General Atlantic, Multiples Private Equity, CPPIB, Lightspeed Venture Partners	Online Insurance	Start-up	255	23.2
Dreamplug Technologies Private Limited	Coatue Management, DST Global, Falcon Edge, Sofina SA, Tiger Global Management and others	Online payment solution provider	Start-up	251	6.3

Spotlight: PE/ VC investment trend in fintech

Top fintech deals in 2016-2020

Company	PE investors	Segment	Stage	US\$m	Stake (%)
One 97 Communications Limited (Paytm)	SoftBank	Payments	Growth capital	1,400	NA
One 97 Communications Limited (Paytm)	Alibaba Group, Softbank	Payments	Growth capital	1,000	NA
Branch International Inc.	B Capital, Trinity Ventures, Victory Park Capital Advisors, and others	Online financial services	Start-up	170	NA
Better Mortgage Corporation	Activant Capital, American Express Ventures, Goldman Sachs, Healthcare of Ontario Pension Plan, and others	Online financial services	Start-up	160	NA
ETechAces Marketing and Consulting Private Limited (Policy Bazaar)	Tencent	Online financial services	Growth capital	150	10
ETechAces Marketing and Consulting Private Limited (Policy Bazaar)	Softbank	Online financial services	Growth capital	130	NA
Dreamplug Technologies Pvt. Ltd.	RTP Global Advisors, Sequoia Capital, Ribbit Capital, Tiger Global Management, Dragoneer Investment Group, General Catalyst Partners, and others	Payment solutions	Start-up	120	NA
ETechAces Marketing and Consulting Private Limited (Policy Bazaar)	SoftBank, Temasek ,Others	Online financial services	Start-up	200	NA
Pine Labs Pvt. Ltd.	Temasek, PayPal	Payment solutions	Growth capital	125	NA
One 97 Communications Limited (Paytm)	Berkshire Hathaway Inc.	Online financial services	Growth capital	300	NA

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 left of the highway is a large body of water. To the right, there are several multi-story brick buildings and a baseball field with a green field and brown infield. The sky is a clear, pale blue.

About EY Private Equity Services

About EY's Private Equity Services Practice

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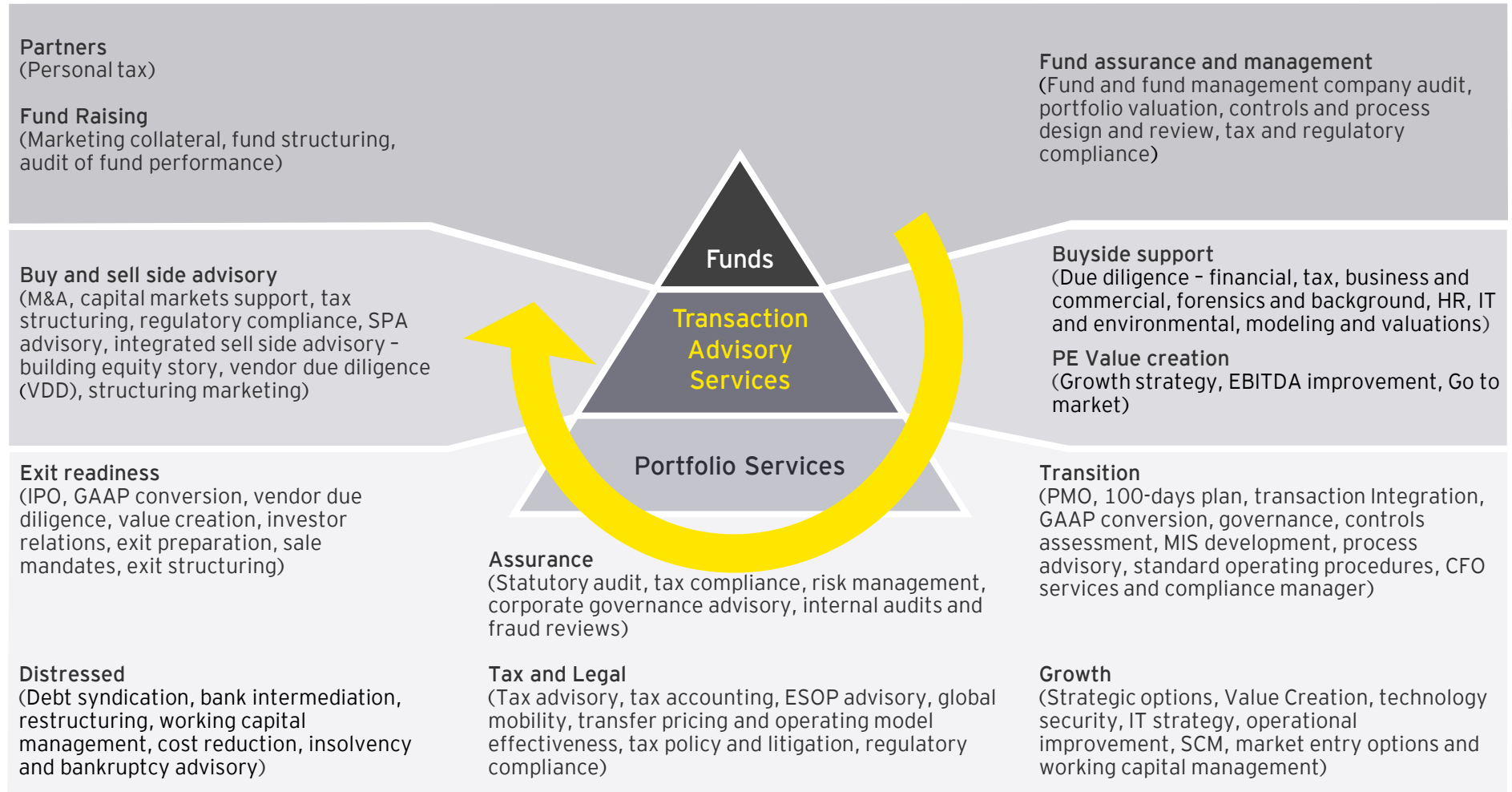
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- ▶ EY's India Private Equity Services Practice has been among the top advisors for private equity deals over the past ten years. EY has been awarded the "Most Active Transaction Advisor" award by Venture Intelligence for 2009-2013 and also the "Investment 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 2021.
- ▶ 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.



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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. The bridge is filled with cars, and a yellow vertical bar highlights a specific lane. To the right of the highway, there is a baseball field with a green field and a brown infield. The background features a dense city skyline with various skyscrapers and buildings. The sky is a mix of blue and orange, indicating the time is either sunrise or sunset.

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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