

TechDealtracker

Private Equity and Venture Capital investments in technology

2015



About this publication



Methodology

The deal data for this report has been sourced from Grant Thornton's Dealtracker report. This report includes views from experts across leading Private Equity (PE) / Venture Capital (VC) funds and entrepreneurs. Please note that the views of the investors are personal and may not necessarily reflect the views of the organisation. The reference to PE in the report includes VC unless mentioned otherwise. Deals have been classified by sectors based on certain assumptions, wherever necessary. If different assumptions were to be adopted, the classification would be different.

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Foreword by IVCA



It has always been our endeavour at IVCA to provide timely insights for the Indian VC and PE industry. Thus, it is with great pleasure that we, along with our member and knowledge partner, Grant Thornton in India, present the PE report titled “TechDealtracker.”

VC/ PE is swiftly becoming the avenue of choice for dynamic companies seeking finance to fund their growth plans. At such a time, this report will be very useful for understanding the role of VC/ PE funding in India’s growth story.

The report contains significant data on investments by VC/ PE’s and tracks the growth of the industry across sectors and companies with varying sizes. It draws upon the Grant Thornton Dealtracker, which has been a pioneer in tracking deals and activities in the VC/ PE industry over the past decade.

The present time is clearly one which holds promising growth opportunities for India Inc. With a stabilising capital market and hopes of new reforms, we expect heightened interest from global investors in the Indian economy in the coming year.

This report provides insights on the current opportunities and challenges in the industry, as well as a detailed analysis of investment trends.

We look forward to your feedback and continued support as we undertake similar initiatives for the VC/ PE industry in the near future.



Arvind Mathur
President,
Indian Private Equity &
Venture Capital
Association (IVCA)

Foreword by Grant Thornton



We are pleased to present our report "TechDealtracker" that aims at summarising Private Equity (PE) and Venture Capital (VC) deals in the technology sector. We have been actively tracking PE Investment and M&A deal activities for over a decade now through our flagship publication, Dealtracker, and we continue to emphasise that both these activities will increase as the Indian economy gears up to regain its high growth trajectory. Further, we believe that for the Indian economy to grow and far exceed its projected growth rate, India Inc. needs to increase its focus on both these activities. PE including VC, has always been one of the main sources of funding for the launch and expansion of several start-ups across sectors, technology in particular.

India, from being merely an adaptor or importer of technology, is now becoming a creator for technology-enabled disruptive solutions. There is a growing confidence that Indians can create unique solutions for the local market and also compete actively in the global market. The presence of a variety of investment avenues from angel, to seed to VC to PE to public, has no doubt contributed to this trend and we can safely say that the ecosystem for growth of a start-up is in place. Further, combined with entrepreneurship, these investment avenues have resulted in an explosive growth of start-ups and deal activity in the sector.

The technology sector has been witnessing a strong deal environment and a consistent increase in investment activity. It recorded one of the highest ever deal values of US\$ 11.5 billion from close to 400 deals in both the M&A and PE segments in 2014. This growth is driven largely by the big ticket e-commerce PE investments, along with large cross-border acquisitions by leading IT majors. The trend has continued in 2015, with large IT and BPO players looking at cross-border acquisitions to consolidate their service offerings and expand geographical coverage.

The PE/ VC investments in the e-commerce sector are growing by leaps and bounds. What started as an inflow of investments into e-commerce shopping portals like Snapdeal, Flipkart, etc in 2014, transformed into a full-fledged focused strategy with aggregators like Ola, Quickr, Foodpanda, etc which secured multimillion dollar investments at billion dollar valuations. This trend is not limited to the Indian technology sector alone - world class technology companies like Inmobi, Quickheal, etc are also witnessing an increase in PE/ VC investments.

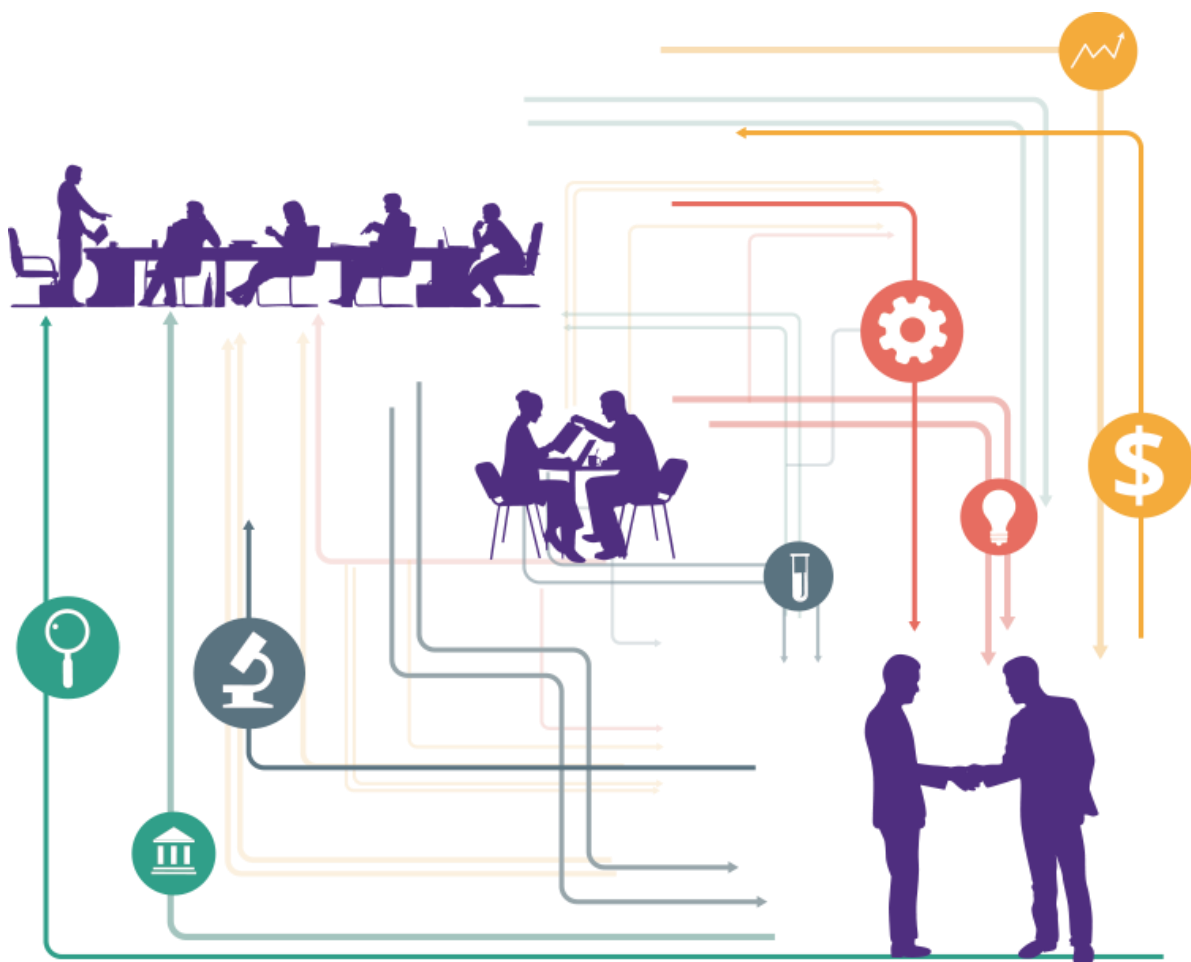
While the examples mentioned above cover largely the big ticket investments, it is important to highlight that a bulk – nearly 80% of PE investment volumes - falls into the sub US\$ 10 million deals category. Here again, the fundamental driver is revolutionising concepts and ideas to enable businesses to reach a wider Indian audience, be it to transform the way payments are made or products are delivered, or to improve the aggregation of various service providers through the use of technology.

India is geared up for an active tech dealscape in future and if we get things right, the Silicon Plateau in India will compete and may even replace the Valley. That is the dream...

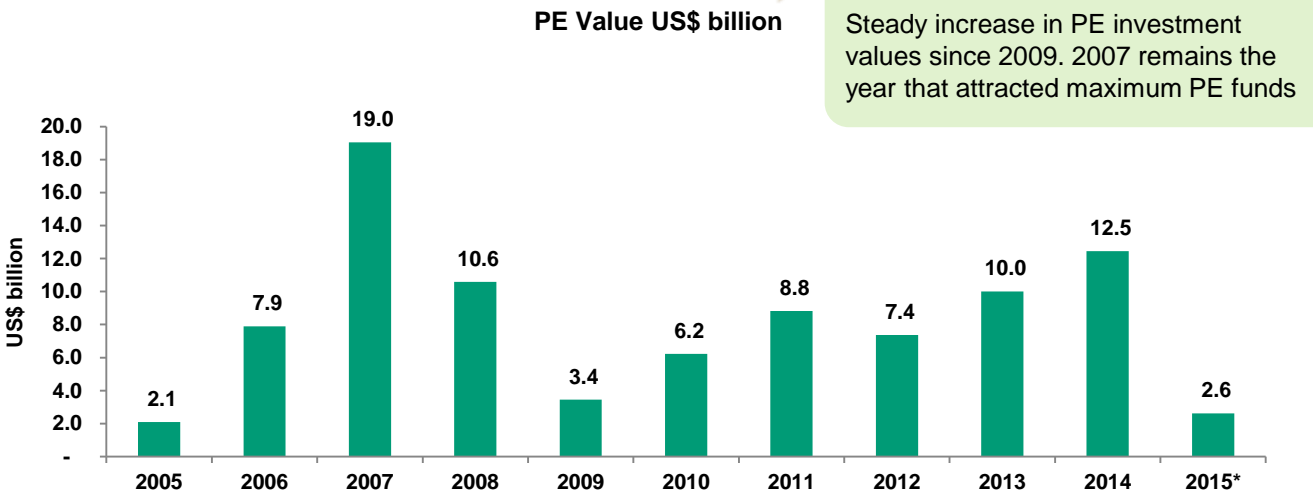


Harish HV
Partner
Grant Thornton India LLP

Deals snapshot



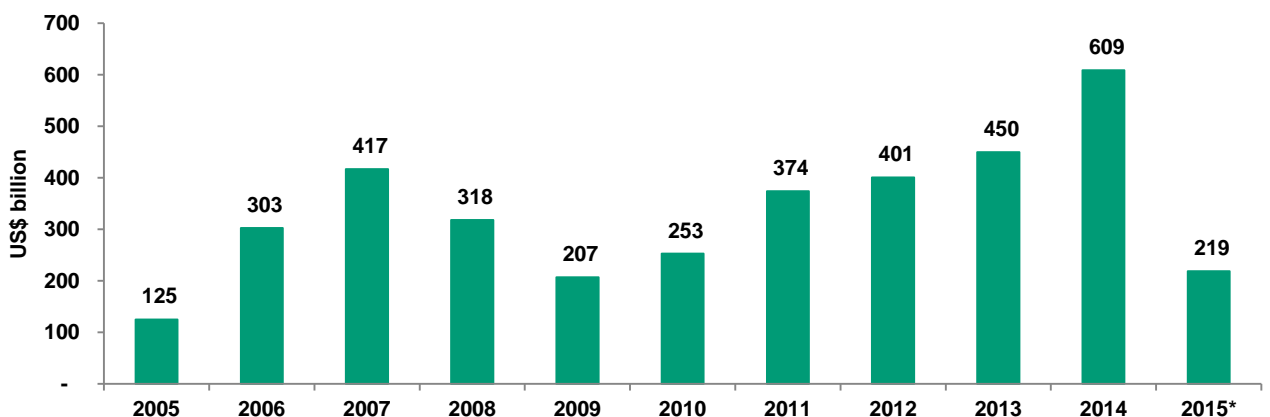
10-year PE investment trend



"Many of the VC backed companies have attained significant scale, attention and maturity. There is increased investor interest in these companies to help scale them further. This success has attracted global attention and hence an interest to invest in Indian funds. These funds will continue to look to invest in India and it should be a good year for companies to raise capital for growth"

Kumar Shiralagi
Managing Director
Kalaari Capital

PE Volume



* Jan – Mar

Volumes in 2014 touched an all time high in a decade, with close to 609 deals. This was largely due to the several small ticket investments in the technology-enabled consumer space including e-commerce.

Source : Grant Thornton Dealtracker

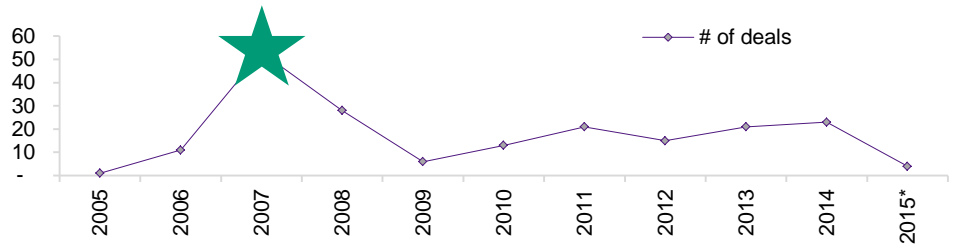
10-year PE investment trend



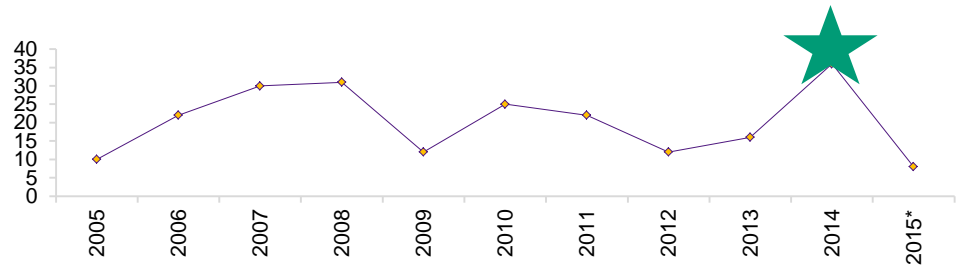
2014 recorded maximum sub US\$ 100 million deals while 2007 continued to lead the big ticket (>US\$ 100 million) deal pack.

Value range analysis

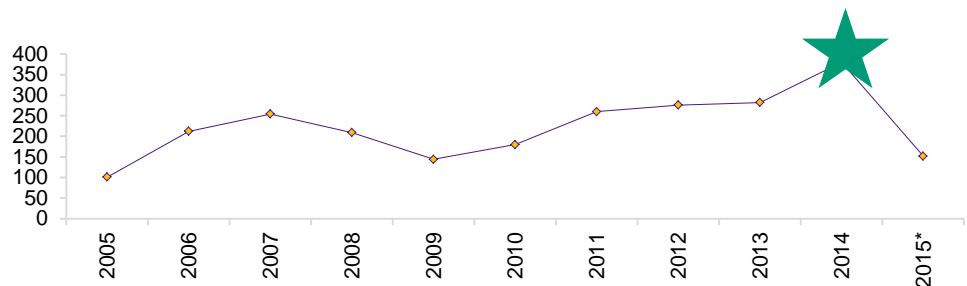
>US\$ 100 million



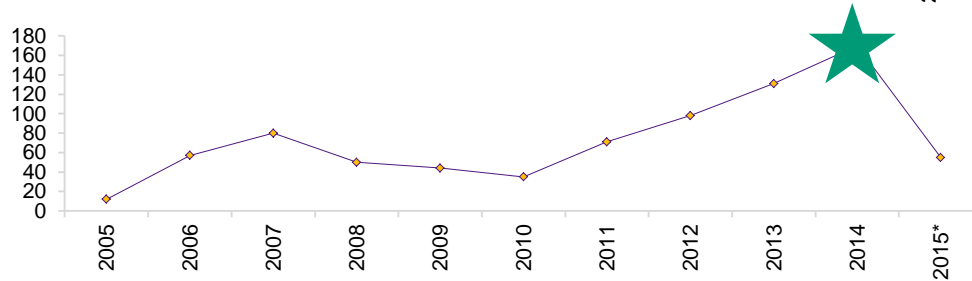
US\$ 50 million – US\$ 100 million



<US\$ 50 million

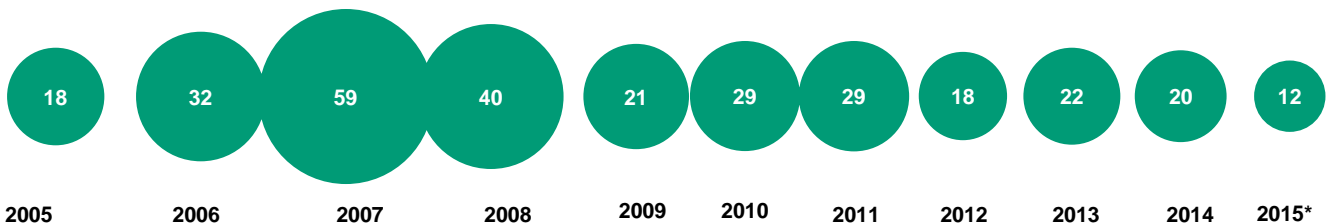


Value undisclosed



Average deal size US\$ million

* Jan – Mar



Source : Grant Thornton Dealtracker

Chart toppers over the 10-year period

Four out of the top ten largest PE deals during 2005-14 were from 2007, while 2 of them were from 2014.

Top 10 deals 2005-2014					
Year	Investor	Investee	Sector	US\$ mn	Stake
2007	Temasek Holdings	Bharti Airtel Ltd	Telecom	1,907	5%
2013	Qatar Foundation Endowment	Bharti Airtel Ltd	Telecom	1,260	5%
2006	Kohlberg Kravis Roberts & Co	Flextronics Software Systems	IT & ITeS	1,035	85%
2007	Temasek Holdings, The Investment Corporation of Dubai, Goldman Sachs, Macquarie, AIF Capital, Citigroup and India Equity Partners	Bharti Infratel	Telecom	1,000	10%
2014	Morgan Stanley Investment Management, GIC, Accel Partners, DST Global, Iconiq Capital and Sofina	Flipkart Online Services Pvt Ltd	IT & ITES	1,000	N.A.
2012	Bain Capital	Genpact Ltd	IT & ITES	1,000	30%
2011	Bain Capital, Government of Singapore	Hero Investment Private Ltd	Automotive	848	30%
2007	ICICI Venture Funds Management Company	Jaypee Infratech	Real Estate & Infrastructure Management	800	N.A.
2007	George Soros hedge fund, Eton Park Capital, Deutsche Asset Management, Capital International, Citigroup, T Rowe Price, Credit Agricole, UBS and Kotak Mahindra	GMR Infrastructure	Real Estate & Infrastructure Management	767	N.A.
2014	Baillie Gifford, Greenoaks Capital, Steadview Capital, T Rowe Price Associates, and Qatar Investment Authority and existing investors	Flipkart Online Services Pvt Ltd	IT & ITES	700	N.A.

Source : Grant Thornton Dealtracker

Technology sector insights



In the year 2014 that was considered by many as a period of sluggish economic growth and investments, the deal activity in the Indian IT & ITeS sector has been nothing short of spectacular. The deal value across both M&A and PE investments in the sector has been more than the combined level witnessed in 2013 and 2012. While, M&A activity was dominated by the IT Solutions and BPO/ KPO segments, e-commerce businesses drove the PE activity. The buzz around consumer internet businesses has been truly amazing and has been equally driven by investors willing to support the creation/ expansion of these businesses and consumers.

The ecosystem for nurturing entrepreneurship has grown and strengthened over the years. Entrepreneurs, especially the first generation, with “new business” ideas around ITeS have benefitted the most from this ecosystem. Combined with access to capital and business relationships, this ecosystem has been conducive to entrepreneurs. There seems to be an explosion of investors wanting to back entrepreneurship in this sector.

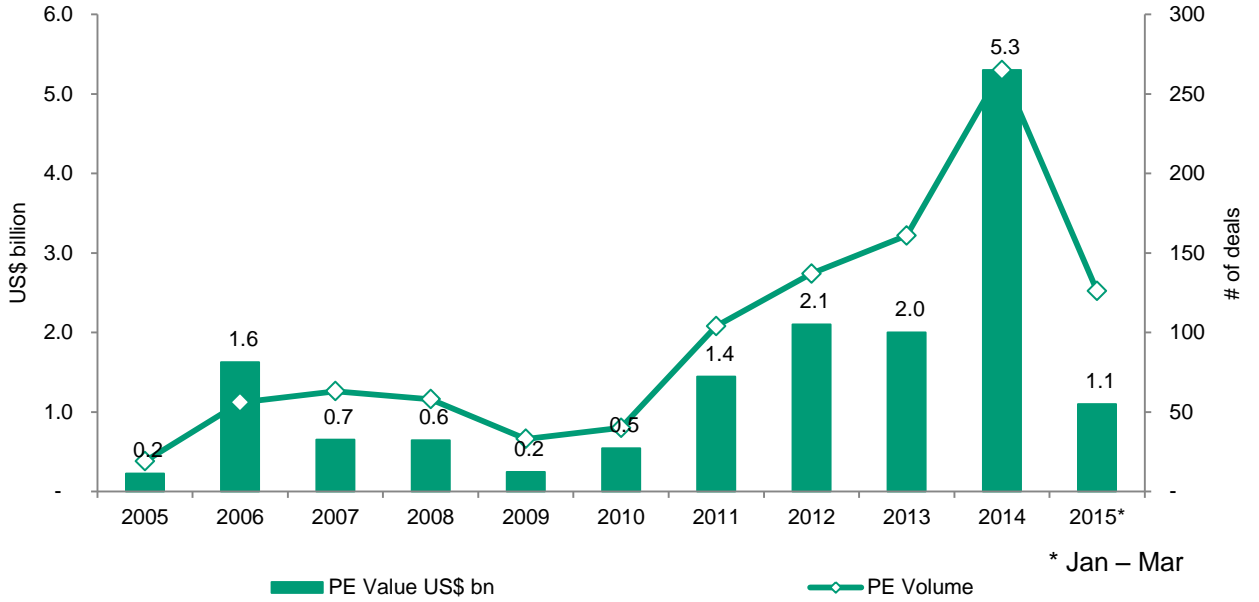
2015 promises to be a year of higher deal activity in this sector. Businesses which raised capital in 2013 and 2014 will require next round of funding as they grow. Segments of several ventures competing to deliver similar services and products to consumers, would be forced to look at consolidation. And the appetite of investors with risk capital to chase and support new business ideas would continue unabated. The challenge for consumer internet businesses, which lies in managing the cost of being discovered by consumers, gaining their loyalty and managing cost of delivery of product/ service while chasing growth, would intensify further. On the positive side, the overall market is expected to grow exponentially as the number of smartphone and tablet users grow and internet accessibility improves. All in all, 2015 holds great promise for everyone associated with this sector - be it the entrepreneurs, investors, consumers, the associated service providers and/ or the advisors.



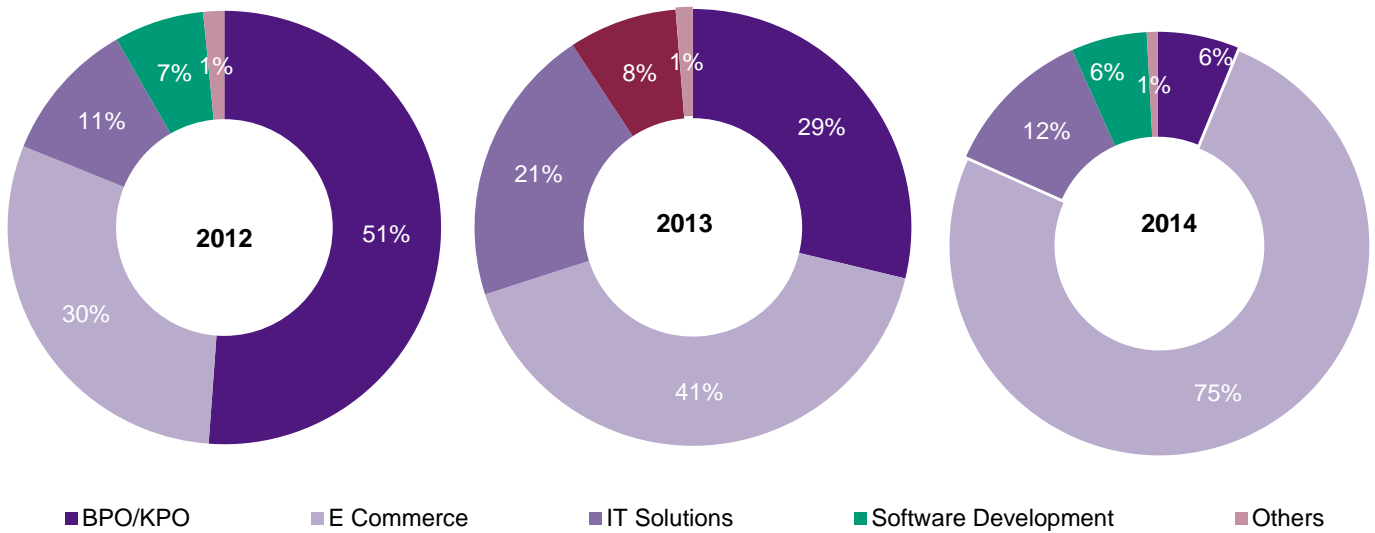
David Panna
Partner
Grant Thornton India LLP

Technology sector deals snapshot

10 year technology PE/ VC deal trend



Key sub sector trends: E-commerce grabs the limelight



The above chart is based on investment values.

Source : Grant Thornton Dealtracker

Technology sector deals snapshot

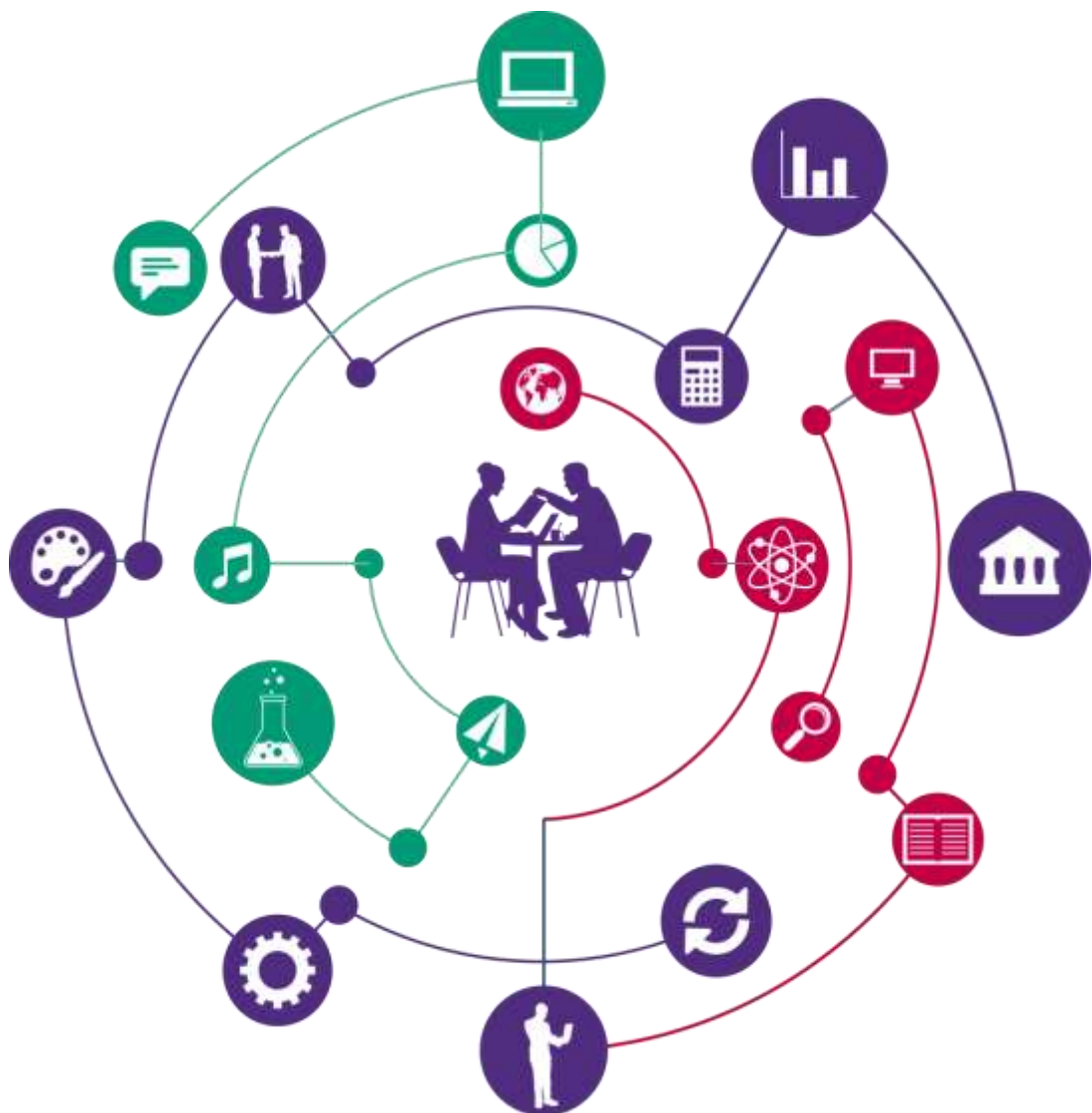


Large investments (2011-2014)

2014	<p>Morgan Stanley Investment Management, GIC, Accel Partners, DST Global, Iconiq Capital and Sofina – Flipkart</p> <p>US\$ 1000 million</p>	<p>Baillie Gifford, Greenoaks Capital, Steadview Capital, T Rowe Price Associates, and Qatar Investment Authority and existing investors - Flipkart</p> <p>US\$ 700 million</p>	<p>Softbank Corp - Snapdeal</p> <p>US\$ 627 million</p>
2013	<p>Baring Private Equity Asia - Hexaware Technologies</p> <p>US\$ 400 million</p>	<p>Partners Group - CSS Corp</p> <p>US\$ 270 million</p>	<p>Naspers, Tiger Global, Accel Partners, ICONIQ Capital- Flipkart</p> <p>US\$ 200 million</p>
2012	<p>Bain Capital - Genpact Ltd</p> <p>US\$ 1000 million</p>	<p>Accel Partners and Tiger Global - Flipkart</p> <p>US\$ 150 million</p>	<p>Naspers and Tiger Global - Flipkart</p> <p>US\$ 150 million</p>
2011	<p>Apax Partners - iGate Corporation</p> <p>US\$ 480 million</p>	<p>Cerberus Capital Management, L.P - Regulus Group and J&B Software</p> <p>US\$ 137 million</p>	<p>General Atlantic - Mu Sigma</p> <p>US\$ 93 million</p>

Source : Grant Thornton Dealtracker

Role of PE / VC in the technology sector



Top PE/ VC deals



Top PE deals Q1 2015

Investor	Investee	% Stake	US\$ mn
Rocket Internet AG and Other investor	Foodpanda	N.A.	110
Tiger Global, Helion Venture Partners and Nexus Venture Partners.	Clues Network Pvt Ltd-ShopClues	N.A.	100
Tybourne Capital, Valiant Capital Sequoia Capital, Sofina and ru-Net	Accelyst Solutions Pvt Ltd- Freecharge.in	N.A.	80
SAIF partners	One97 Communications Ltd	3%	60
Temasek and Norwest Venture Partners	Manthan Software Services Pvt Ltd	N.A.	60
Hillhouse Capital, Tybourne Capital and Sequoia Capital	GirnarSoft Automobiles Pvt. Ltd- Cardekho.com	N.A.	50
India Value Fund Advisors (IVFA)	Meru Cabs	N.A.	50
Falcon Edge Capital, Matrix Partners India, Sequoia Capital India and Omidyar Network	Ver Se Innovation Pvt Ltd - Newshunt	N.A.	40
Tiger Global	Caratlane.com -Carat Lane Trading Pvt. Ltd.	N.A.	31

Top PE deals 2014

Investor	Investee	% Stake	US\$ mn
Morgan Stanley Investment Management, GIC, Accel Partners, DST Global, Iconiq Capital and Sofina	Flipkart Online Services Pvt Ltd	N.A.	1,000
Baillie Gifford, Greenoaks Capital, Steadview Capital, T Rowe Price Associates, and Qatar Investment Authority and existing investors	Flipkart Online Services Pvt Ltd	N.A.	700
Softbank Corp	Jasper Infotech Pvt Ltd- Snapdeal	N.A.	627
Capital Square Partners, CX Partners and others	Aditya Birla Minacs Worldwide	100%	260
Naspers Ltd.; Tiger Global Management; DST Global; ICONIQ Capital	Flipkart Online Services Pvt Ltd	N.A.	210
Softbank Corp	Olacabs	N.A.	210
Premji Invest, Temasek Holdings, BlackRock, Myriad and Tybourne	Jasper Infotech Pvt Ltd- Snapdeal	10%	100
Kinnevik	Quikr India Pvt. Ltd.	N.A.	90
SoftBank Corp	Housing.com	30%	90
Everstone Capital and Solmark	Servion Global Solutions	N.A.	65

Source : Grant Thornton Dealtracker

Top PE/ VC deals



Top PE deals 2013

Investor	Investee	% Stake	US\$ mn
Baring Private Equity Asia	Hexaware Technologies Ltd	42%	400
Partners Group	CSS Corp	80%	270
Naspers, Tiger Global, Accel Partners, ICONIQ Capital.	Flipkart Online Services Pvt Ltd	N.A.	200
Sofina, Morgan Stanley, Dragoneer Investment, Vulcan Capital, Tiger Global	Flipkart Online Services Pvt Ltd	N.A.	160
Baring Private Equity	Hexaware Technologies Ltd	20%	132
Softbank	Jasper Infotech Pvt Ltd- Snapdeal.com	N.A.	75
Recruit Holdings, Intel Capital, Russian venture fund ru-Net and Saama Capital	Jasper Infotech Pvt Ltd- Snapdeal.com	N.A.	50
Silver Lake Kraftwerk, Nexus Venture Partners	Eka Software Solutions Pvt Ltd	N.A.	41
Sequoia Capital, Info Edge	Zomato Media Pvt Ltd	N.A.	37
TA Associates	Fractal Analytics Ltd	N.A.	25

Top PE deals 2012

Investor	Investee	% Stake	US\$ mn
Bain Capital	Genpact Ltd	30%	1,000
Accel Partners and Tiger Global Management Llc	Flipkart Online Services Pvt Ltd	N.A.	150
Naspers and Tiger Global	Flipkart Online Services Pvt Ltd	N.A.	150
Sequoia Capital Global Equities	Just Dial Pvt Ltd	N.A.	61
Actis	AGS Transact Technologies Ltd	N.A.	40
eBay Inc., Norwest Venture Partners, Matrix India Fund, Warburg Pincus India Pvt. Ltd.	Quikr India Pvt. Ltd.	N.A.	32
Tiger Global and Accel Partners	Myntra.com	N.A.	25
CX Partners	Transaction Solutions International (India) Pvt Ltd -India ATM business	75%	23
Fidelity Growth Partners	AbsolutData Technologies Inc	N.A.	20
Fidelity Growth Partners, Qualcomm Ventures, Nexus Venture Partners and Catamaran Ventures	Bigshoebazaar India Pvt Ltd	N.A.	20

Source : Grant Thornton Dealtracker

Insights



The ten commandments of raising venture capital

Providing insights to entrepreneurs to raise venture capital



Sumeet Abrol
Partner
Grant Thornton India LLP

Entrepreneurs are now increasingly looking at venture investors as 'partners in growth', with the 'providers of capital' approach making way for the 'Ten Commandments'

If one were to single out one biggest factor that has propelled the growth of private businesses in India over the last decade-and-a-half, entrepreneurship is likely to be the obvious choice. And few would disagree that with over US\$ 90 billion firmly behind Indian entrepreneurs since 2000, PE has been the catalyst in transforming private Indian businesses from 'earnings generating' to 'value creating' platforms.

As India Inc. takes the next leap in anticipation of decisive policy following restoration of political stability, there appears to be consensus on two broad issues relevant to the investment environment – (i) venture investments are likely to further gain momentum as entrepreneurship accelerates in the new age of 'smart phone regime' led by innovation and technology and (ii) such investments will reflect a far more mature ecosystem where entrepreneurs and venture investors team up to create value as partners instead of coming together simply to create an event.

- 1. Need for 'smart' risk capital wherein intellectual capital comes for free!:**
VC investments seek to enhance the risk taking abilities of entrepreneurs, while bringing in global experiences in calibrating growth. Entrepreneurs recognise that relationships with VCs can be maximised beyond capital to create great success stories – most such success stories emerging out of first generation start-ups can be traced to VCs globally.
- 2. Privately-held businesses can be endorsed as tangible value creators too!:**
VC investments have emerged as the most credible maker of value creation for privately held companies. A key consideration for an entrepreneur while raising capital is to see every dollar of earnings getting credibly re-rated to 10x-20x in value despite being privately-held.
- 3. Vision is not enough, businesses need objective goals for value unlock!:**
A natural consequence of a VC investment requires exit planning, resulting in objective goal setting for the business with the eventual end game of value accretion and unlocking the potential for growth. Entrepreneur alignment early on in the relationship creates a win-win over the investment lifecycle as the residual equity of the promoter stands to get significantly re-rated at the exit event.

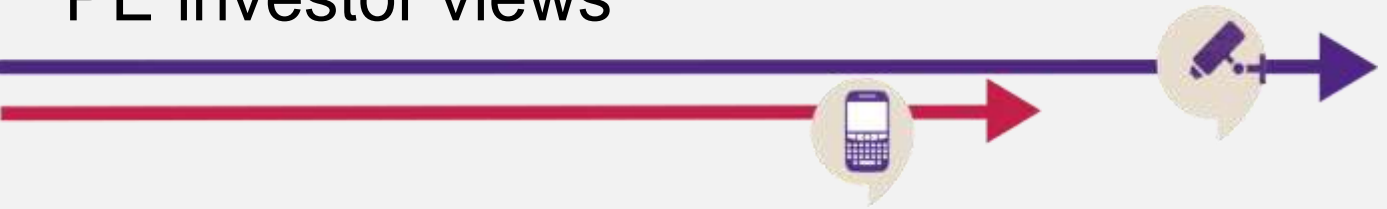
The ten commandments of raising venture capital



Providing insights to entrepreneurs to raise venture capital

- 4. Navigators have an equally important role to play in unlocking the potential for growth:**
Entrepreneurs are increasingly looking upon VC investors as partners in growth. Such investors are well positioned to navigate the business by driving financial market initiatives, while the business itself focuses on strengthening the foundation.
- 5. International experience and network can raise operational benchmarks!:**
Global experience and network access are generally strong collaterals for any investment. This can typically be a significant value driver for a promoter as it enhances the competitive strengths of the business.
- 6. Governance can be a differentiator!**
Historically perceived as distractive, entrepreneurs are increasingly looking to leverage the best practices and governance standards both as a differentiator and a pivot for value creation and ultimate unlock.
- 7. Agility in the organisation is welcome!:**
It is well understood that induction of a financial investor keeps an organisation agile by creating accountability and focus, which are again essential ingredients for value creation over the investment lifecycle.
- 8. Recruitment proposition can be further sharpened to attract talent!:**
VC relationships with senior executives can potentially be an effective funnel for top-level recruitments, something which promoters consider useful in investment partnerships.
- 9. Warchest can be the cutting edge for inorganic growth!:**
Success of an acquisition can significantly depend on access to capital within desired time-frames. The ability to reinforce capital, when required, is often a key criteria for fundraising by entrepreneurs.
- 10. Raising profile doesn't hurt!:**
Having a credible VC investor as partner tends to enhance the brand in the marketplace, which can be a soft yet important consideration for an entrepreneur while raising capital.

PE investor views



Views on the PE and VC investment outlook for technology start-ups in 2015-16

Many of the VC backed companies have attained significant scale, attention and maturity. There is increased investor interest in these companies too help scale it further.

This success has attracted global attention and hence an interest to invest into Indian funds. These funds will continue to look to invest in India and it should be a good year for companies to raise capital for growth. We see good activity in technology start-ups and will look forward to support them.



Kumar Shiralagi,
Managing Director,
Kalaari Capital

Top three opportunities and challenges for technology start-up entrepreneurs

Depending on the intensity of IP, technology-based start-ups have some barriers for entry. Further, it is not easy for others to replicate the technology deployed by one player quickly. If technology is protectable, it gives them further advantage, lead and attention. On the flip side, development of technology requires certain time and money and comes associated with several risks, some of which are common to non-technology based companies.

Views on role of PEs and VCs in the Indian technology start-up industry and their role post investment

Willingness and capability to understand and evaluate technologies and bet on them needs some conviction. Some networks can help the company but beyond that, investors have little role to play in influencing the technology and it is mostly left to the team to be competent at leveraging technology.

PE investor views



Views on the PE and VC investment outlook for technology start-ups in 2015-16

We do expect 2015-16 to be a good year for the VC industry. There are VC funds that have either raised or are in the process of raising technology-focused funds. We expect to see the same kind of activity in venture investing as last year.

Top three opportunities and challenges for technology start-up entrepreneurs

Opportunities

1. Growing mobile and broadband penetration
2. Ability to raise capital from angels / VC funds
3. Growing spending ability by the customer base

Challenges

1. Ability to attract and retain talent, mainly engineers and others with technical know-how
2. Broken logistics / payment options in India
3. Regulatory frameworks which may impede growth of marketplace / aggregator models

Views on role of PEs and VCs in the Indian technology start-up industry and their role post investment

The role of PE and VCs is that of a catalyst to make the ecosystem conducive for start-ups by funding and increasing the entrepreneur base. Post investment, the VCs help in hiring, bench-marking of metrics to competition, broad strategy direction, key introductions to customers and providing additional funding.

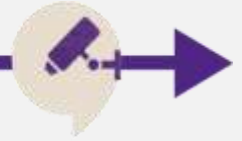
Views on valuations and exit opportunities

Valuations are stretched in our opinion today. The market is factoring exponential growth in valuations. These valuations should be more realistic one year down, once the company shows strong performance.



Sasha Mirchandani,
Managing Director, Founder
Kae Capital

Entrepreneur's perspective



Top three opportunities and challenges for technology start-up entrepreneurs

Opportunities:

1. Providing a business-friendly environment by the new government
2. Increased confidence / interest from domestic and international investors in India
3. Growing consumer population which is ready to adapt to new technology / processes in its daily life

Challenges:

1. Hiring and retaining technology and talent
2. High expectations of the investor community
3. Limited borrowing / debt options for the start-up community. If this increases, it will open an altogether new avenue for growth for start-ups.



Shripal Gandhi
CEO
Swipe Telecom

Views on role of VCs and current fund-raising environment

VCs play a very vital role in the first few years of the company's growth. They help transform the company from a personal enterprise to a professional enterprise. Having a VC on board validates the business model of the company and also helps in strengthening the brand of the company before the investor community. Currently with many success stories emerging from the Indian market, VCs as well as entrepreneurs are very confident of fund investment and fund raising respectively. Innovations in tech, consumer and services are fast emerging, and the end consumer and businesses are adapting to the changes very quickly. This is giving confidence to both the investor and the entrepreneur. The environment is, hence, indeed very conducive for entrepreneurs, though sometimes, the expectations of the VC become too high because of some companies that posted faster growth rate in the past.

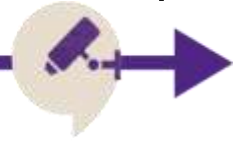
Views on mobile handset market opportunity

Mobile handset market is seeing a revolution now. In India, every month approximately 18 million mobile phone are sold, out of which only 6 million are smartphones. Over next 2-3 years, I think 80-90% of mobile phone market in India will be driven by smartphones enabling a whole new wave of opportunities in the mobile space in terms of hardware as well as software innovation.

Any other areas / matters that you would like to cover

Start early on an idea and always have a plan B and C in place for all the stages of your business.

Building growth and value through innovation and capital for early stage organisations



The VC industry in India has grown rapidly over the last decade. However, the last three years has possibly been one of the best runs for the sector in the decade. With PE/ VC investments of over US\$ 5 billion in 2014, we expect the investment outlook to be positive this year with potential to pick up further momentum in the coming years.

Clearly, the disruption in technology around buying and selling (commerce), along with the fast-growing young Indian population is possibly the single most important trigger for the adoption of newer platforms and marketplaces by consumers.

The growth of the technology services and e-commerce segments, and scale of the companies clearly demonstrates the potential of the Indian market as well as the rapid changes in the consumer behaviour to adopt computing and mobile devices to transact.

VC has played a critical role in providing much-needed funding for the technology sector and more importantly, in realising the dreams of many entrepreneurs. The stage is now set for larger funding opportunities as the scale of some of the companies gets larger.

We have also seen growing interest from global players like Microsoft, Google, Naspers and Twitter, as well as from overseas investors from Japan, etc for M&A in the Indian technology sector. As the M&A transactions grow along with potential overseas and Indian listings of the VC portfolio companies, the investment outlook looks robust.

As the entrepreneurship ecosystem develops further, it would be important to highlight some perspectives:

Innovation: Given the changing consumer behaviour patterns, the way technology would be used to provide a simple yet differentiated solution would be key. Transportation has seen a rapid change with the adoption of technology. E-retail has offered consumers with a differentiated marketplace model. With the growing internet and smartphone handset adoption, the market share is expected to rise further.

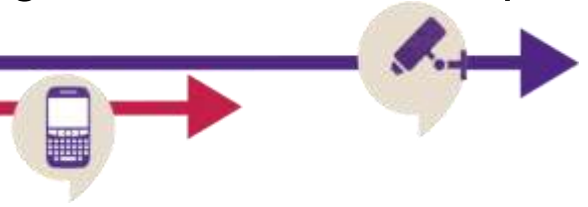
Think global: The market is large and thinking and acting global is clearly one of the drivers that needs to be considered by entrepreneurs. Looking at the big picture and adopting best practices from the beginning, whether in terms of people, systems and processes or product quality, will always be the decisive factors for ensuring a win-win situation in the long run.

Dynamism and recognising changing patterns: The fast changing technology as well as consumer behaviour makes business models susceptible to risks. Hence, recognising the changes and patterns, and having the culture of agility and dynamism is critical for sustainable growth of early stage businesses.



Raja Lahiri
Partner
Grant Thornton India LLP

Building growth and value through innovation and capital for early stage organisations



Valuations and choice of angel investors and venture capital: Raising capital at the right time is critical. One is always better off in raising capital early, while not waiting for distress situations. Therefore, agility and planning is important. Further, having the right financial partners in the form of angel investors and VC funds would always help to build a sustainable business.

Build value through people and teams: Choice of the right team with the spirit of dynamism will always attract better talent, customers and strategic partners.

As a marquee successful investor once said - if he had the choice to invest in Team A which has brilliant individuals but average team spirit and collaboration compared to Team B, which has average individuals and brilliant team spirit, it is Team B where he will always invest.

Customer centricity and solutions focus: Finally, businesses are built on a solid foundation of trust provided by satisfied customers. Building an organisation that is focused on customer needs and preferences would always go a long way. Today's demanding customers have choices but are very quick to recognise the organisations which listen to them and provide them with solutions rather than just products.

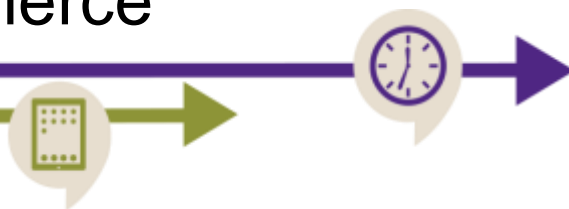
Cash flow is key to sustainability: Cash flows remain the underlying drivers of building sustainable business. The strategy to gain market share and beat competition through pricing could be adopted as a short-term investment strategy but achieving cash flows and profitability in medium-term is key.

With the growth in terms of mentors, angel investors and VC funds, Indian entrepreneurs today have a terrific landscape and opportunity to realise their business aspirations. Rising young Indian population and high growth of entrepreneurship culture, early stage organisations in India are well poised to achieve their global ambitions.

Deals in e-commerce



Key investors in e-commerce



Key investors - 2014

Investors	Key investments
Accel Partners	Commonfloor.com, Bluestone.com, QwikSilver Solutions Private Ltd
Helion Ventures	BigBasket.com, TaxiForSure, IndiaHomes
Tiger Global	Flipkart Online Services Pvt Ltd, Hike Technologies Pvt Ltd, Quikr India Pvt. Ltd
Blume Ventures	Greytip Software Pvt Ltd, WeAreHolidays, Snaplion
Kalaari Capital	Urban Ladder Home Decor Solutions Pvt Ltd, Bluestone.com, Triphobo.com
Sequoia Capital	Zomato Media Pvt Ltd, Olacabs.com, Freecharge.in
Matrix Partners	Ver Se Innovation Pvt Ltd, GrownOut Solutions, Quikr India Pvt. Ltd
IDG Ventures	Newgen Software Technologies, Firstcry, E-Shakti
Norwest Venture	Quikr India Pvt. Ltd, Yatra Online Pvt Ltd, Pepperfry.com
Saif Partners	TravelTriangle.com, BookMyShow, Urban Ladder Home Decor Solutions Pvt Ltd

Key investors - 2013

Investors	Key investments
Blume Ventures	TaxiForSure.com, 21 Trends Pvt Ltd-VoxPopClothing, Purpille.com
Accel Partners	Flipkart Online Services Pvt Ltd, ScaleArc Inc, Babyoye.com and Hoopos.com
Tiger Global	Commonfloor.com, FreshDesk Technologies, Flipkart Online Services Pvt Ltd
Intel Capital	Snapdeal.com, HealthKart, iKure Techsoft Pvt Ltd
India Quotient	Vellvette Lifestyle Pvt Ltd, Wishberg.com, DogSpot.in
Helion Venture	ShopClues.com, Seclore Technology Pvt Ltd, TaxiForSure.com
IDG Ventures	Unbxid Software Pvt Ltd, Zivame.com, Valyoo Technologies Pvt Ltd
Inventus Capital	Power2SME, eDreams Edusoft Pvt Ltd, PolicyBazaar
Nexus Venture Partners	Eka Software Solutions Pvt Ltd, Druva Software Pvt Ltd, Housing.co.in
Unilazer Ventures	Zivame.com, Actoserba Active Retail Private Limited, Valyoo Technologies Pvt Ltd

Source : Grant Thornton Dealtracker

Top PE/VC deals in e-commerce



Top PE/ VC deals (2012 – 2015*)

Year	Month	Investor	Investee	% Stake	US\$ mn
2014	July	Morgan Stanley Investment Management, GIC, Accel Partners, DST Global, Iconiq Capital and Sofina	Flipkart Online Services Pvt Ltd	N.A.	1,000
2014	December	Baillie Gifford, Greenoaks Capital, Steadview Capital, T Rowe Price Associates, Qatar Investment Authority , DST Global, GIC, Iconiq Capital, and Tiger Global	Flipkart Online Services Pvt Ltd	N.A.	700
2014	October	Softbank Corp	Jasper Infotech Pvt Ltd-Snapdeal	N.A.	627
2014	May	Naspers Ltd.; Tiger Global Management; DST Global; ICONIQ Capital	Flipkart Online Services Pvt Ltd	N.A.	210
2014	October	Softbank Corp	Olacabs	N.A.	210
2013	July	Naspers, Tiger Global, Accel Partners, ICONIQ Capital.	Flipkart Online Services Pvt Ltd	N.A.	200
2013	October	Sofina, Morgan Stanley, Dragoneer Investment, Vulcan Capital, Tiger Global	Flipkart Online Services Pvt Ltd	N.A.	160
2012	February	Accel Partners and Tiger Global Management Llc	Flipkart Online Services Pvt Ltd	N.A.	150
2012	August	Naspers and Tiger Global	Flipkart Online Services Pvt Ltd	N.A.	150
2015	March	Rocket Internet AG and other investor	Foodpanda	N.A.	110

* Jan – Mar

Source : Grant Thornton Dealtracker

Consolidation activity in e-commerce

M&A deals in e-commerce in India – 2012-2015*

Year	Acquirer	Target	% Stake	US\$ mn	Deal type	Domestic/ Cross-border
2014	Flipkart	Myntra	100%	340	Acquisition	Domestic
2015	ANI Technologies Pvt Ltd-Olacabs.com	Serendipity Infolabs Pvt Ltd-TaxiForSure	100%	200	Acquisition	Domestic
2012	Ybrant Digital Ltd	PriceGrabber, LowerMyBills , ClassesU.S.Acom	N.A.	175	Acquisition	Outbound
2014	eBay	Jasper Infotech Pvt Ltd-Snapdeal.com	N.A.	133	Increasing Stake	Inbound
2013	Naspers	Pilani Soft Labs Pvt Ltd-redBus	N.A.	100	Acquisition	Inbound
2011	Concur Technologies Inc	Cleartrip Travel Services Private Limited	N.A..	40	Minority Stake	Inbound
2012	FashionandYou.com	UrbanTouch	N.A..	30	Acquisition	Domestic
2014	News Corporation	Elara Technologies Pte Ltd-PropTiger.com	25%.	30	Strategic Stake	Inbound
2012	MakeMyTrip India Pvt Ltd	Hotel Travel Group	N.A..	25	Acquisition	Outbound
2013	Info Edge (India) Ltd	Zomato Media Pvt Ltd	N.A..	10	Strategic Stake	Domestic

* Jan – Mar

Source : Grant Thornton Dealtracker

Key sub-sectors within e-commerce



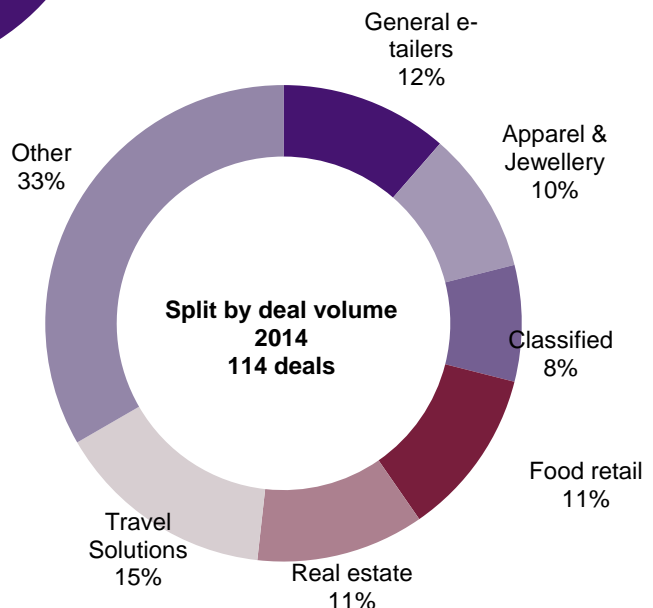
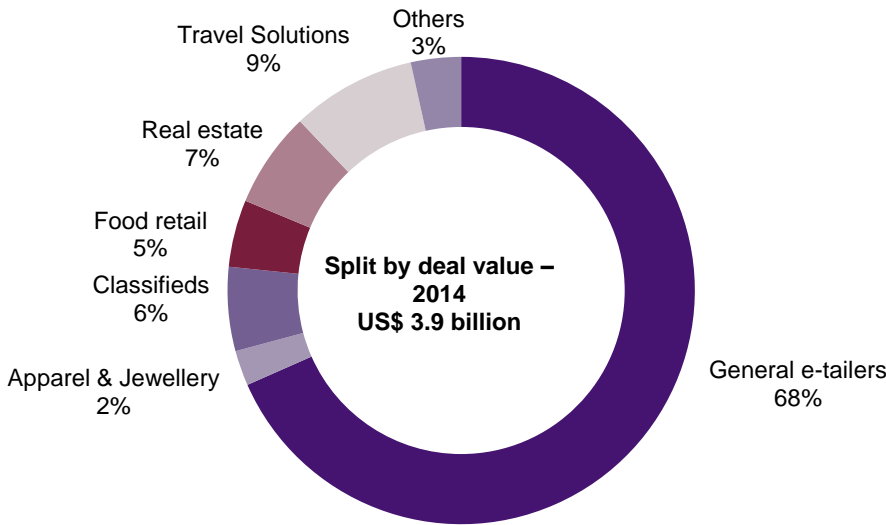
Online food retailing

"Online food retailing offers a direct link between the farmer and end consumers, by cutting through the layers in the supply chain. It also helps to reduce food inflation, wastage and supply chain inefficiencies, by providing farmers direct access to consumers. Further, consumers get fresh produce from farms. It also serves to eliminate middle-men who can inflate prices during shortages. As this gives scope for building brands and also for setting up back-end infrastructure, it has potential for employment generation."



Sudhakar V S
Director
Bigbasket.com

While all sub segments within the e-commerce sector have garnered investor interest in terms of number of deals, general e-tailers such as Flipkart and Snapdeal, with their multiple products and brands, have driven big ticket investments.



Source : Grant Thornton Dealtracker

Key deals in e-commerce sub-sectors



2014 deals

General e-tailers

- Flipkart Online Services Pvt Ltd raised US\$ 1.9 billion
- Jasper Infotech Pvt Ltd-Snapdeal.com raised US\$ 726 million



Apparel & Jewelry

- Jabong.com raised US\$ 28 million
- A.M. Marketplaces Pvt Ltd-LimeRoad.com raised US\$ 15 million
- BrainBees Solutions Pvt Ltd-Firstcry raised US\$ 15 million
- FashionAndYou-Smile Group raised US\$ 10 million
- Bluestone.com raised US\$ 10 million



Online portal

- PolicyBazaar-eTechAces Marketing and Consulting Pvt Ltd raised US\$ 20 million
- BankBazaar.com raised US\$ 13 million
- Healthkart.com raised US\$ 19.40 million



Classifieds

- Quikr India Pvt. Ltd raised US\$ 150 million
- Zomato Media Pvt Ltd raised US\$ 60 million
- EZMove-Orane Labs Private Limited raised US\$ 10 million



Food retail

- Foodpanda raised US\$ 80 million
- BigBasket.com raised US\$ 33 million
- Pepperfry.com raised US\$ 15 million
- Delhivery-SSN Logistics Pvt. Ltd raised US\$ 35 million



Travel solutions

- ANI Technologies Pvt Ltd-Olacabs.com raised US\$ 251 million
- Serendipity Infolabs Pvt Ltd-TaxiForSure raised US\$ 40 million
- Yatra Online Pvt Ltd raised US\$ 22 million
- Triphobo.com-JoGuru Inc raised US\$ 3.3 million



Real estate

- Housing.com-Locon Solutions Private Limited raised US\$ 109 million
- IndiaHomes.com raised US\$ 74 million
- Commonfloor.com-Maxheap Technologies raised US\$ 40 million



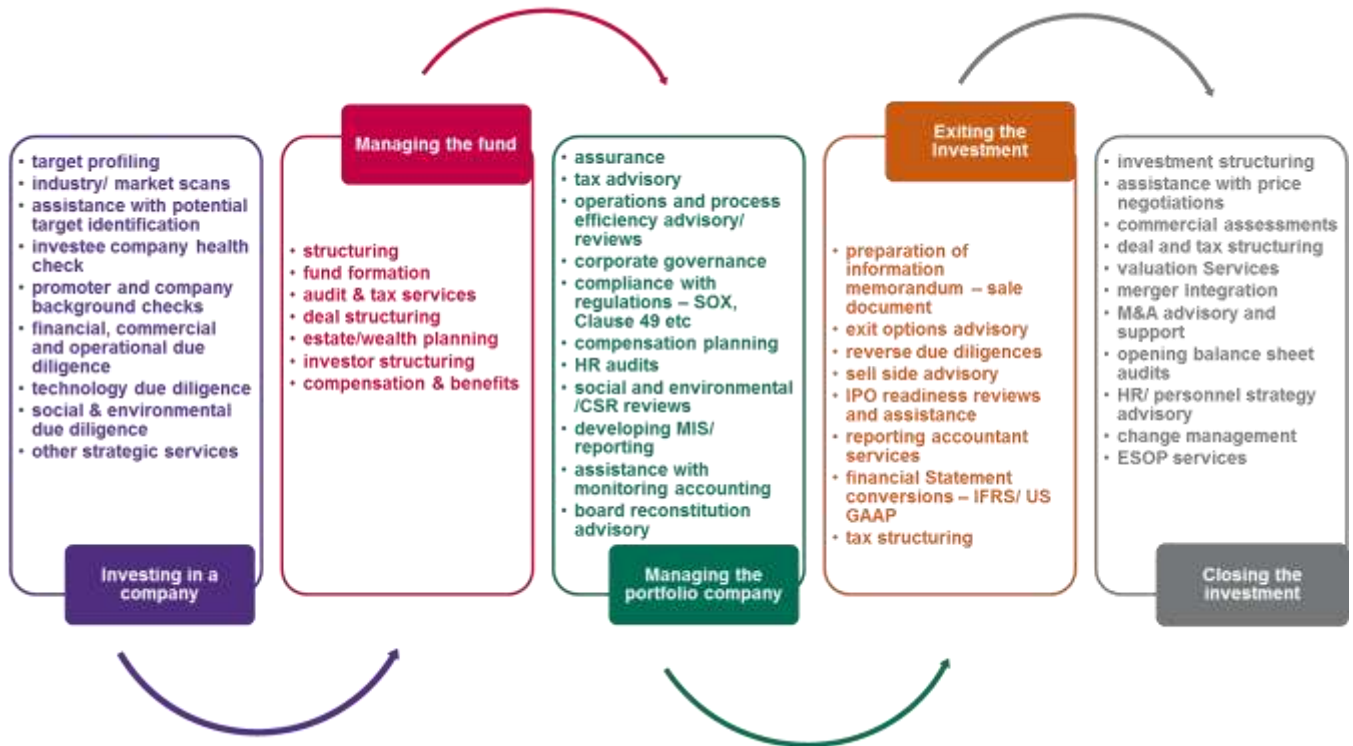
Source : Grant Thornton Dealtracker

About Grant Thornton in India



Grant Thornton PE and VC advisory services

Technical excellence and distinctive client service



About Grant Thornton in India

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Pankaj Chopda



Akshay Deshraj



Shanthi Vijetha



Anirudh Gupta

From identifying the right strategic fit to structuring and closing the deal, we can support you in all aspects of your transaction to maximise value.

 acquired  USD 40mn Sole financial advisor to Inox	 acquired  Undisclosed Sole financial advisor to RC&M	 acquired  Undisclosed Sole financial advisor to Rollatiners	 acquired TRANSPOLE Undisclosed Sole financial advisor to Transpole	 Invested in  USD 150mn Financial, Tax & IT due diligence advisor	 acquired  USD 750 mn Financial Due Diligence advisor
 acquired  USD 310mn Sole financial advisor	 acquired  Acquisition of Nilgiri Dairy Farm Pvt. Ltd. INR 3,000 Mn Deal Financial and Tax Due Diligence advisor	 acquired  USD 75mn Financial and Tax Due Diligence advisor	 Valuation for merger of Siemens VAI Metals Technologies with Siemens Ltd	 Valuation of the branded nutrition business of Wockhardt for a transaction	 acquired  USD 105 mn Financial Due Diligence advisor
 Valuation for demerger of regional channels business into Zee Entertainment Enterprises Ltd.	 acquired  USD 22 mn Sole Financial Advisor	 invested in  USD 43mn Sole Financial Advisor	 US\$55 mn Buy Side Advisors	 acquired stake in  USD 30mn Due Diligence advisors	 acquired  USD 230 mn Financial Due Diligence advisor
 in  USD 15 mn Financial Due Diligence Advisors	 Invested in  US\$6 mn Sole Financial Advisor	 acquired  USD 250 mn Financial & Tax Due Diligence	 Invested in  USD 23 mn Sole Strategic & Financial Advisors	 Invested in  USD 150 mn Vendor Due Diligence Advisors	 Your Transformation Partner  Making Your Complex Journey Easier Acquisition of Professional Access Inc. Undisclosed
 acquired "PROJECT ACTIVATE" Undisclosed Exclusive sell side advisory	  INR 3,000 mn Financial Due Diligence	 invested in  USD 38mn Sole Financial Advisor	 in  Undisclosed Financial Due Diligence Advisors	 acquired  USD 150 mn Financial Due Diligence advisor	

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