



The Startup IPO Story

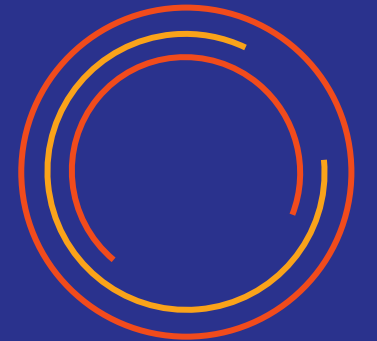
Unstoppable India



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Executive Summary



Indian startups disrupting ways of the industry by seizing opportunities, changing status quo, and focusing on niche segments



Booming Startup Ecosystem

- Over the last 5 years, there has been an exponential increase in the number of startups
- Enterprisetech, followed by e-commerce and Fintech are sector leading the race
- In 2021, India added 44 unicorns, with a total valuation of \$94.37 Bn, making it the third-largest country by number of unicorns
- India also has four decacorns (companies with a valuation of \$10 Bn and above)



Evolving IPO Story

- In 2021, 11 Indian tech startups have ignited the capital market by going public
- These startups raised over \$7.36 Bn through IPOs
- On average, the startups took 14-15 years to launch an IPO
- Primary reasons cited for going public are market expansion, exit route for PE and VC and strengthening brand value

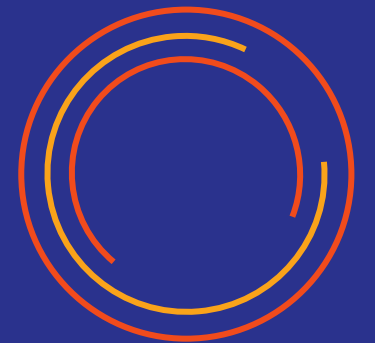


Positive Outlook

- Amid positive stakeholder sentiments, the Indian market is expected to break more records
- The country is expected to add over 20,000 startups in FY2022-23, with a unicorn tally expected to reach over 150
- Following the bandwagon, at least 16 startups are expected to go public in 2022
- With investor demand for high-growth and disruptive-tech stories likely to continue, it is highly likely that the IPO pipeline will remain hot in 2022 and well beyond

With a growing startup ecosystem, significant funding and investors participation, conducive regulatory environment, and ever-growing stakeholders' confidence, the Indian startup landscape presents a unique opportunity and is expected to reach new heights.

Introduction

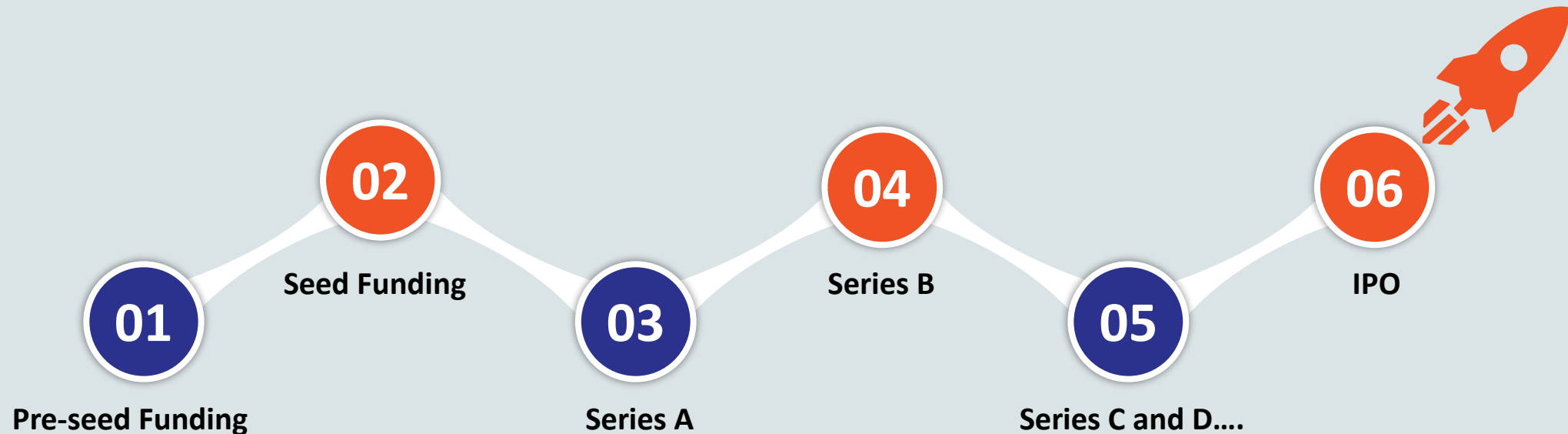


India has the 3rd largest startup ecosystem in the world

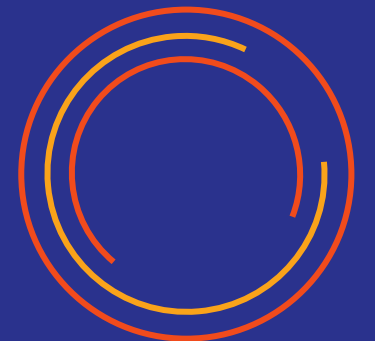
Over the last decade, the startups' ecosystem has flourished at an unprecedented pace in India. According to the Economic Survey 2021-22, **India has over 61,000 DPIIT recognized startups making it the third-largest startup ecosystem in the world after the US and China.**

With significant funding from PE and VC, collaborative corporate culture, and a conducive regulatory environment, startups are scaling to new heights. In 2021, **44 startups have achieved unicorn status (a billion-dollar company) taking the overall tally of startup unicorns to 94 as of 22nd March 2022.**

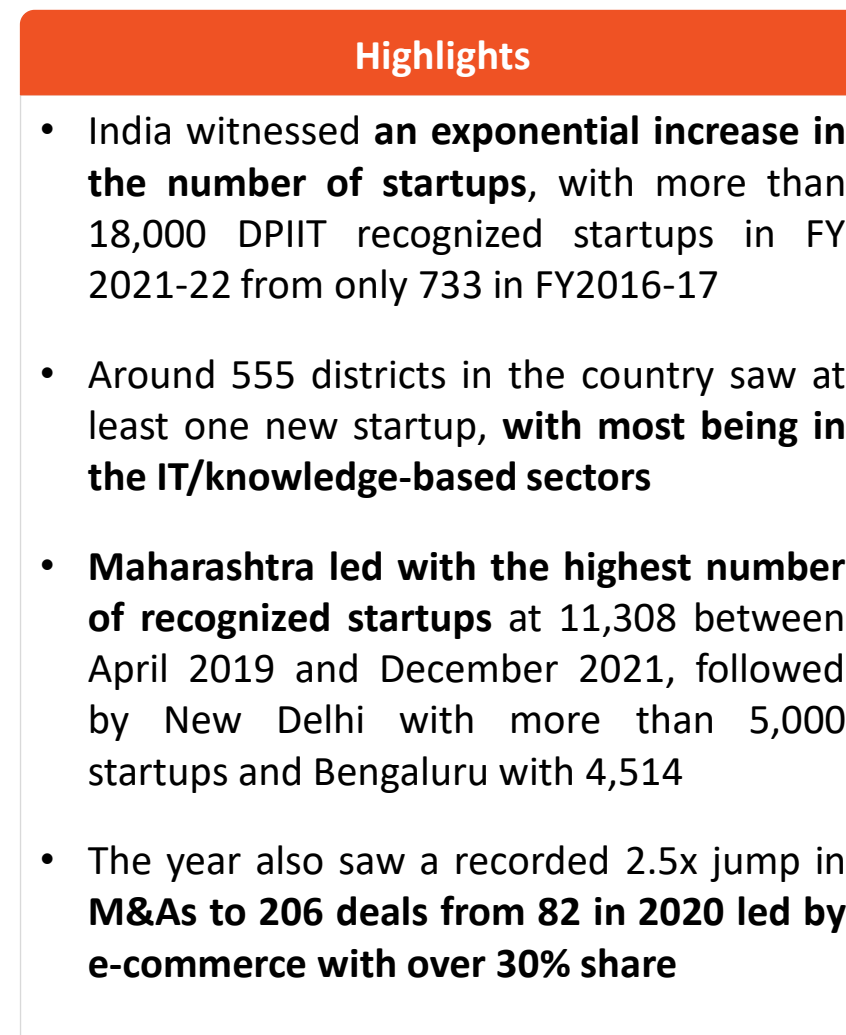
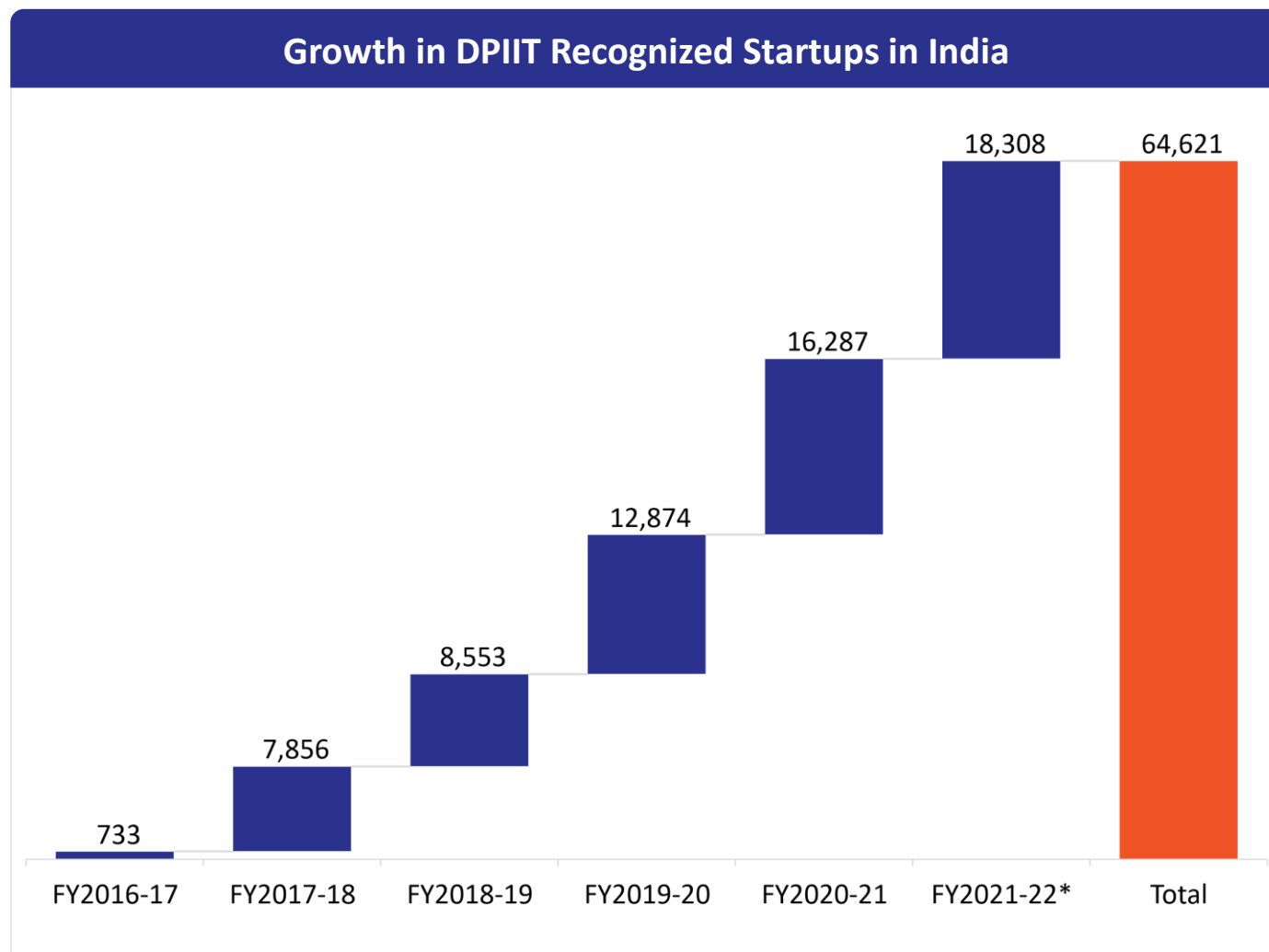
Recently, a new trend has emerged among startups. **Several startups are going public, primarily to raise capital to accelerate growth and increase brand value.** With more and more Indian startups filing for an IPO, this report outlines insight on the startup growth trends to the IPO market and what it meant for the ecosystem.



India's Startup Landscape



India reported 18,308 DPIIT recognized startups in the financial year 2021-22*

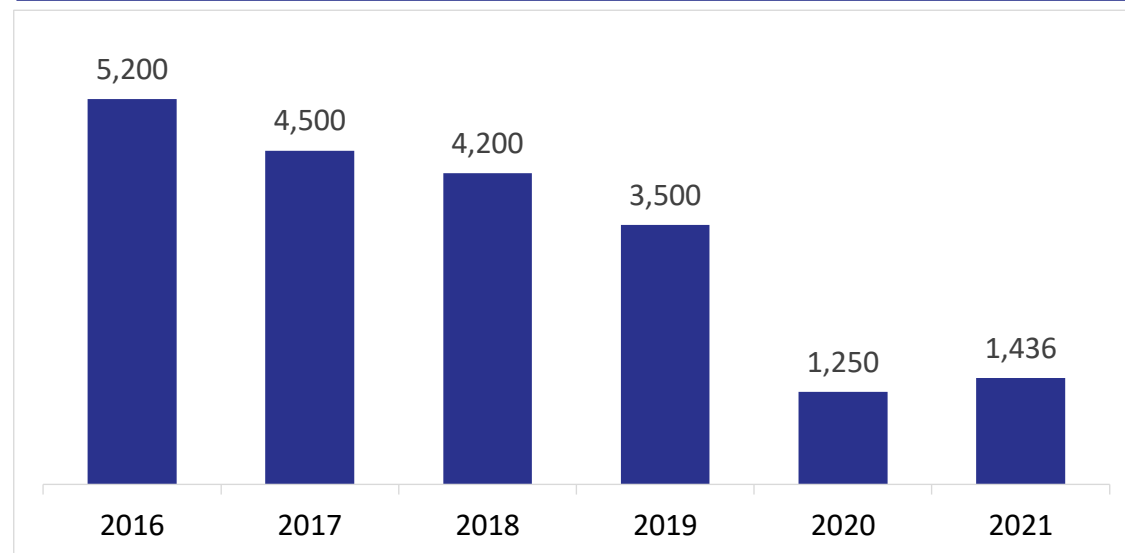


*Data is till March 1, 2022

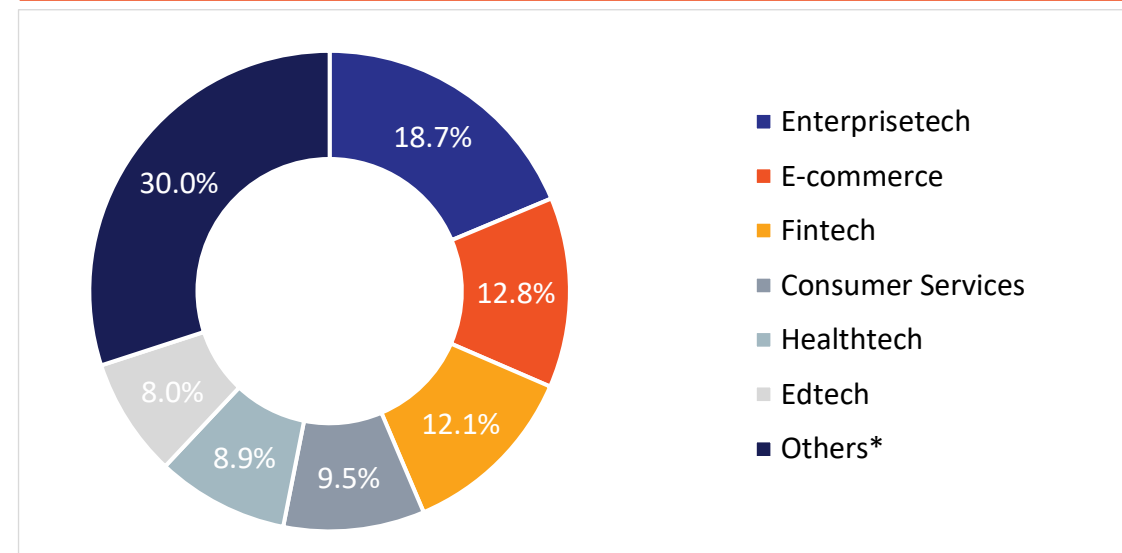
Sources: Transform India, Startup India, Benori Knowledge; Financial Year: April-March; DPIIT - Department for Promotion of Industry and Internal Trade

India saw 15% increase in new startup launches in 2021; Top five sectors comprised of 62% of total active startups

Number of Startups Launched



Sector-wise Distribution of Total Active Startups



Highlights

- In 2021, nearly **1,436 new startups were launched in India**, recording a 15% increase over last year, which saw a massive decline of more than 64%
- **Upsurge in technology adoption, rise in venture capital inflow, and increase in interest among the Indian workforce towards entrepreneurship were primary drivers of growth in 2021**
- By segments, **Enterprisetech (with 18.7% share) reported the highest number of active startups** driven by huge demand for SaaS and HRtech. This was followed by e-commerce with a 12.8% share on the back of a rising number of D2C startups

*Others include tech fields, advertising, media & entertainment, real estate & construction, energy & utilities, professional services, SCM & logistics, cybersecurity, aviation, telecom & govt. tech, travel & hospitality, automotive, agri-tech mobility, fitness & wellness, industrial and manufacturing

Sources: NASSCOM, Economic times

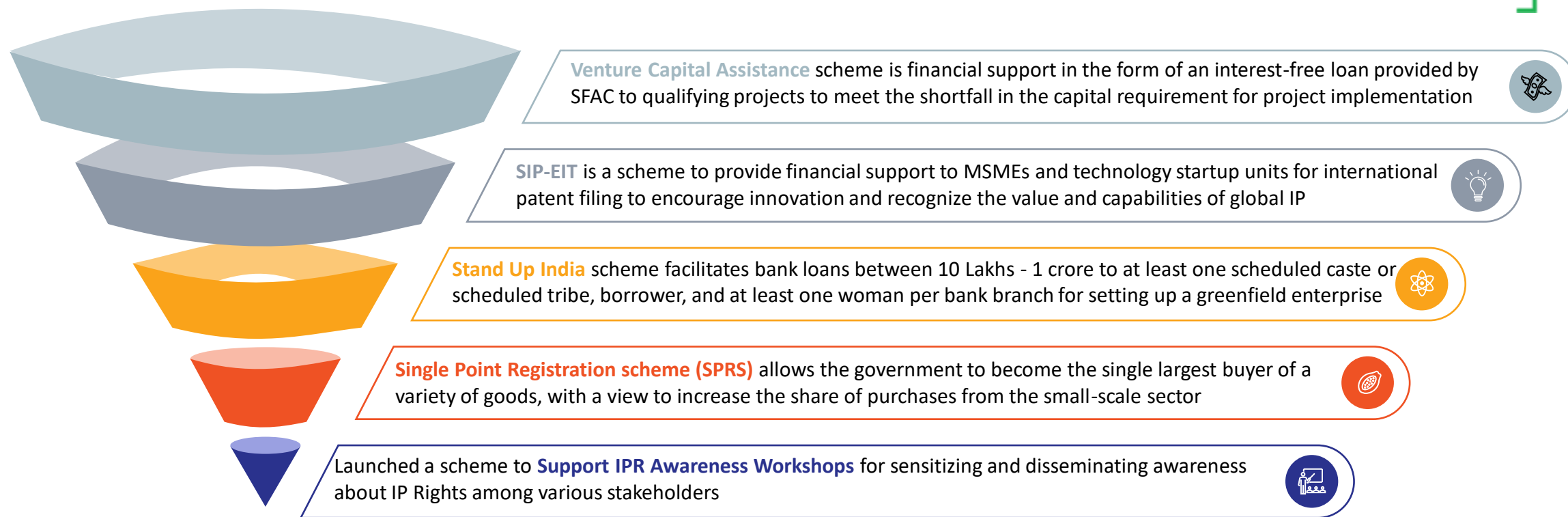
Drivers elevating the growth of startup ecosystem in India

The sharp increase in active and passive investors in India can be attributed to the following reasons:



Under the #startupindia program, numerous schemes are focusing on incubation of startups and businesses

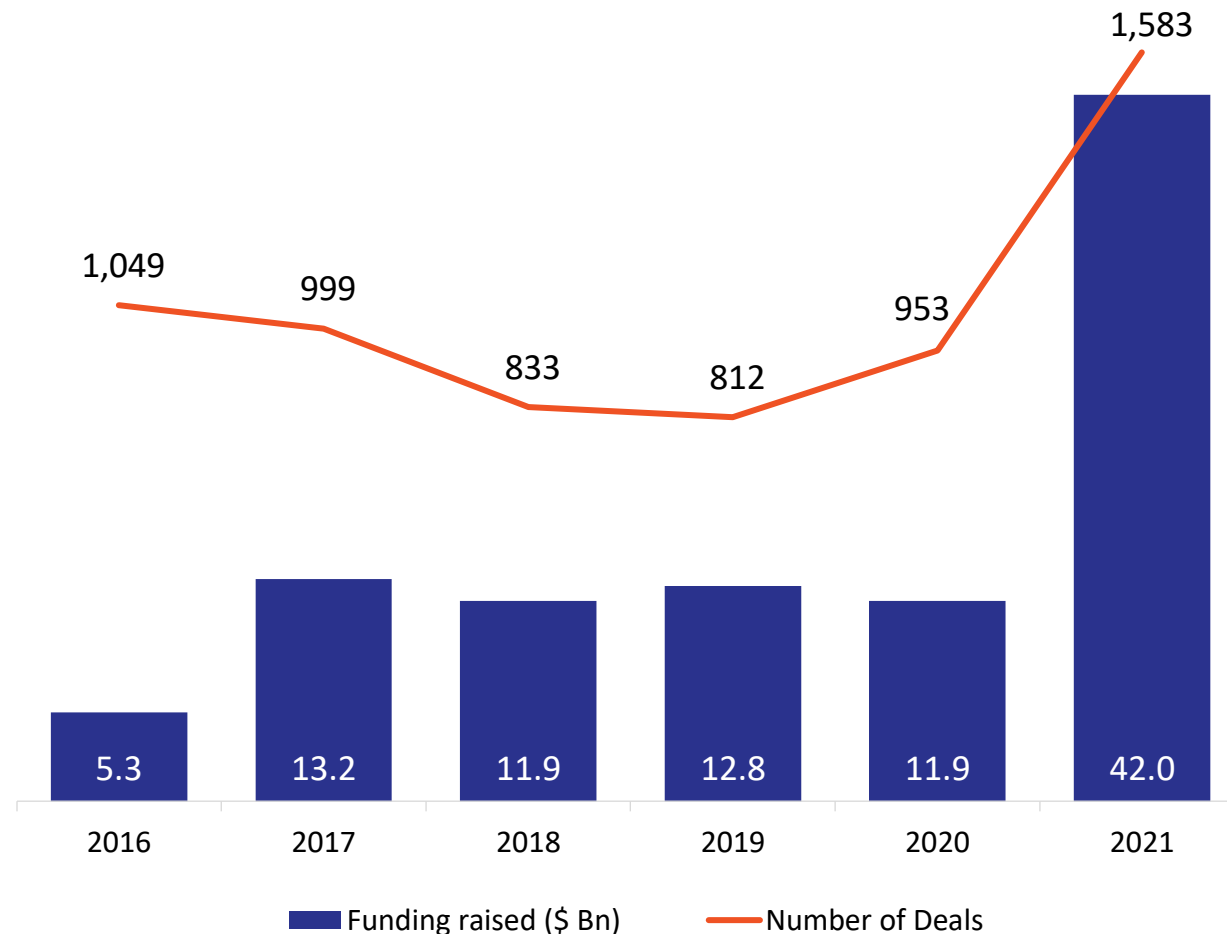
#startupindia



Sources: Startup India

Funding secured by Indian startups in 2021 is higher than the total money raised in the last three years

Growth in deals and funding raised



In 2021, funding surged by **252%** and deal volume grew 66% over last year

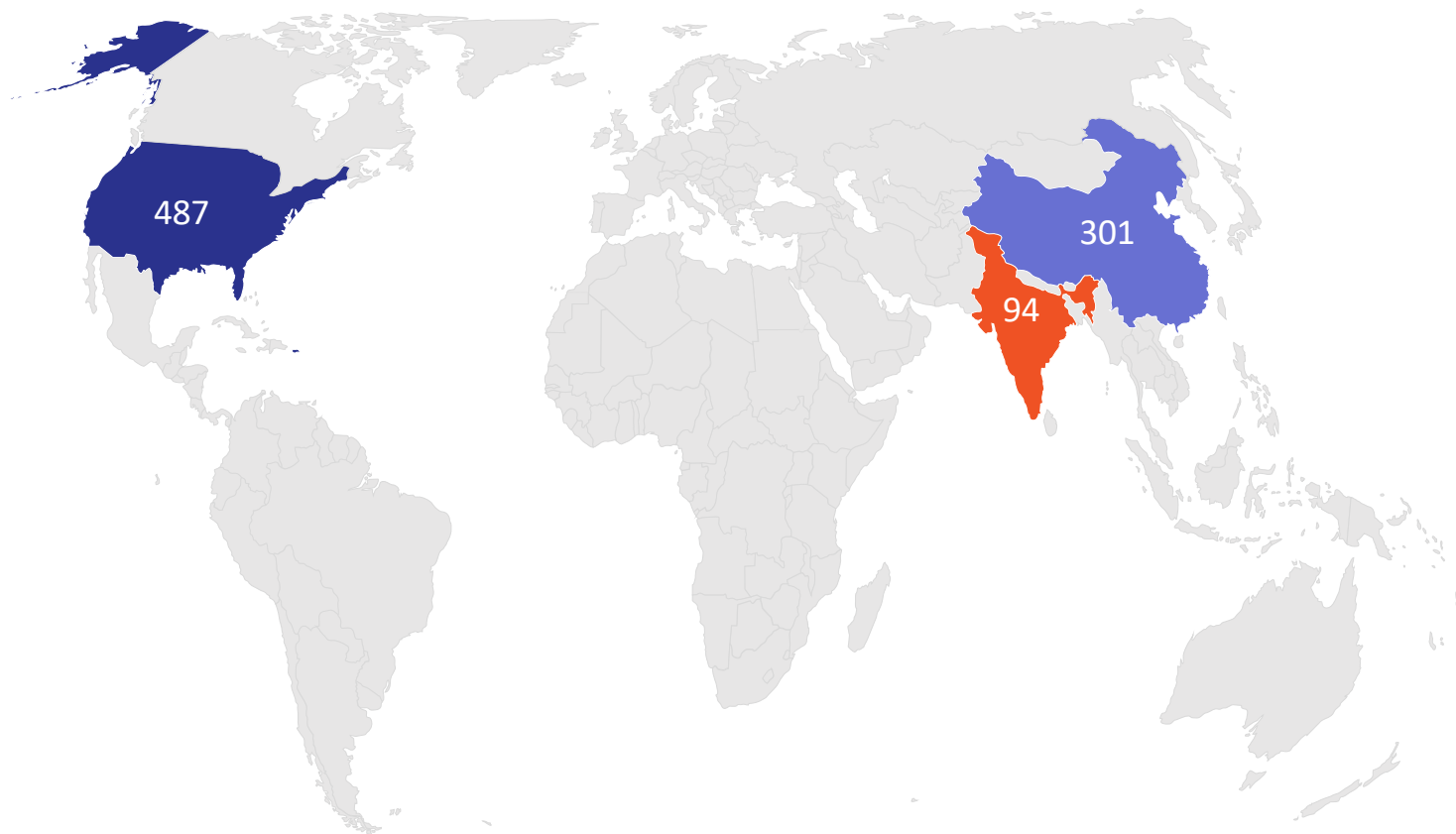
2,487 Investors participated in startup funding

Bengaluru saw maximum number of deals to 116, reflecting a Y-o-Y jump of **163%**

By sector, **Fintech stands at the top** with the highest number of funding at 280, while e-commerce top with the highest funding volume of \$10.6 Bn

India saw a **9x** increase in the number of investors and **7x** increase in the number of incubators during 2015-21

India ranked 3rd in the world with unicorn tally reaching 94 in March 2022

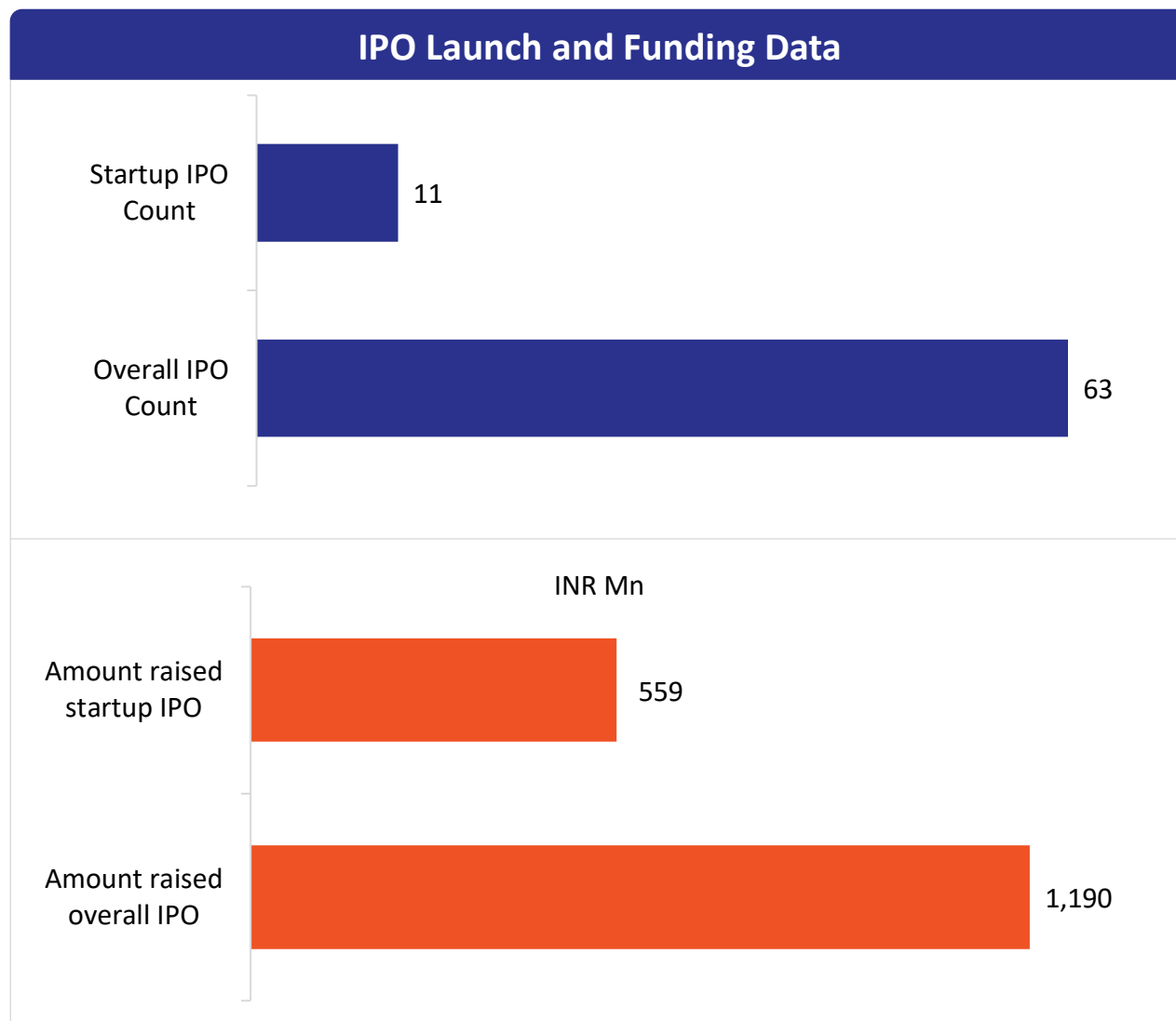


- Globally, the US added 254 unicorns in 2021, followed by China with 74 and **India with 44 unicorns**
- Edtech start-up Byju's led the Indian unicorns list with a valuation of USD21 Bn, followed by Inmobi (USD12 Bn), Oyo (USD9.5 Bn), and Razorpay (USD7.5 Bn)
- **Mensa** reported being the fastest Indian startup to enter the unicorn list, in just 6 months
- India has **four decacorns** (companies with a valuation of USD10 Bn and above) – Flipkart, Paytm, Byju's, and Oyo Rooms

India's IPO Landscape



Startup's IPO accounted for 1/6th of the total IPOs launched in India in 2021



Sources: NASSCOM, Media reports

IPO activity in India increased **156%** and **314%**
Y-o-Y by deal numbers and proceeds

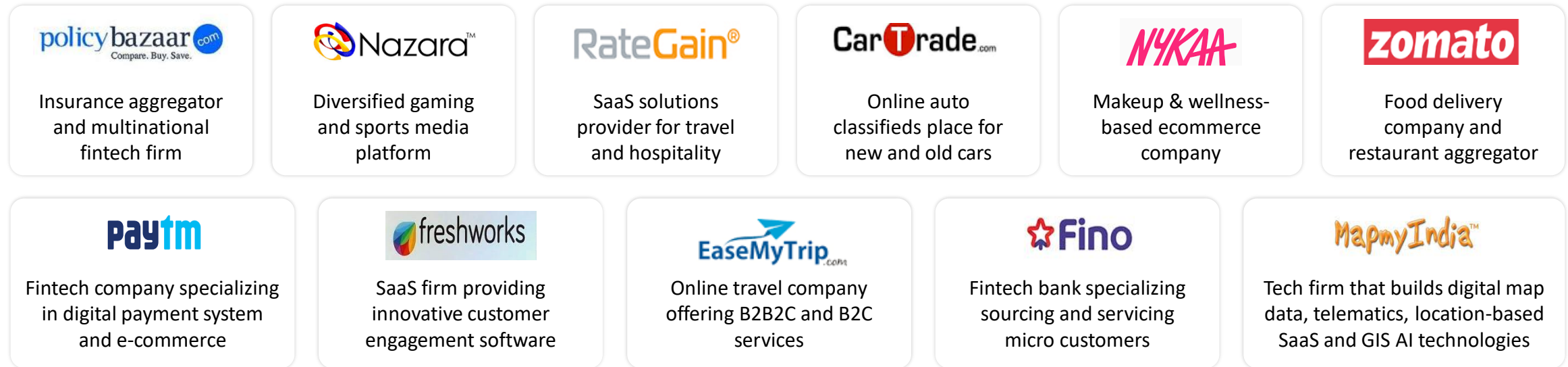
11 startups
went public among 63 IPOs in 2021

Zomato
First unicorn to launch IPO

Paytm
grabbed the light with \$2.4 Bn

\$47.8 Bn
Cumulative market capitalization of startups that went
public in 2021

These 11 startups raised over \$7.36 Bn through IPOs with an average \$669 Mn raised through stock market listings



Startup IPO Launch Highlights

- The 11 Indian startups that went public raised over \$7.36 Bn through the public markets, with an average of \$669 Mn raised through stock market listings
- Most IPOs were focused on the offer for sale (OFS) component, wherein existing investors sell shares rather than raising public money for future growth. Few players sought to raise capital for expansion of market and production capacity, general corporate purpose, as well as to achieve the benefits of listing and exit route for PE and VC
- The market saw mixed results for listings with Paytm's IPO subscribed 1.89 times, whereas that of FSN E-Commerce Ventures (the company behind Nykaa) was subscribed ~82 times at the end of final day of bidding

IPOs provide a financial cushion that helps the company grow, innovate, expand, and take risks



“Recent filings and public offerings reflect the maturity of our market to accept the business models of new-age tech companies, which aren’t amenable to valuation through conventional metrics of profitability,”

Ajay Tyagi, Ex-Chairman, Securities Exchange Board of India

“In the wake of strong global IPO market activity over the past few months, Indian markets continue to reach new highs. The strong momentum seems to continue with several companies planning for an IPO later this year. Detailed regulations for direct overseas listing are much awaited as they are expected to provide further impetus and opportunities for Indian companies. They may also facilitate better benchmarking between peers, promote best practices and increase cross-border collaboration”

Prashant Singhal, Technology, Media, Telecom (TMT) Leader, Emerging Markets, EY

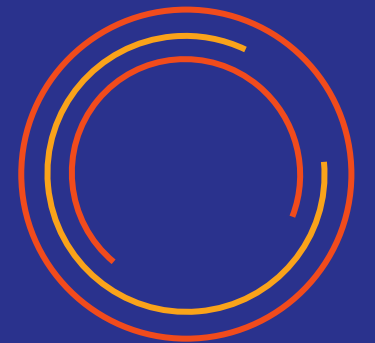
These 11 startups sought over \$55.14 Bn through IPOs

Startup	Years to Unicorn	Years to IPO	IPO Month (2021)	Valuation Sought in IPO	Total IPO Subscription (Times)	Total Money Raised through IPO
 policybazaar.com Compare. Buy. Save.	10	13	November	\$6 Bn	16.59	\$766 Mn
 Nazara™	NA	22	March	\$460 Mn	175.46	\$79 Mn
 EaseMyTrip.com	NA	13	March	\$275 Mn	159.33	\$69 Mn
 paytm	15	21	November	\$19 Bn	1.89	\$2,493 Mn
 NYKAA	8	9	Oct-Nov	\$7 Bn	81.18	\$729 Mn
 zomato	7	13	July	\$10 Bn	38.25	\$1,277 Mn

On average, startup took 14-15 years to launch an IPO

Startup	Years to Unicorn	Years to IPO	IPO Month (2021)	Valuation Sought in IPO	Total IPO Subscription (Times)	Total Money Raised through IPO
	NA	17	December	\$600 Mn	16.17	\$176 Mn
	NA	12	August	\$1 Bn	20.29	\$409 Mn
	NA	4	Oct-Nov	\$500 Mn	20.03	NA
	8	11	September	\$9 Bn	57.66	NA
	NA	26	December	\$800 Mn	1.55	NA

Outlook

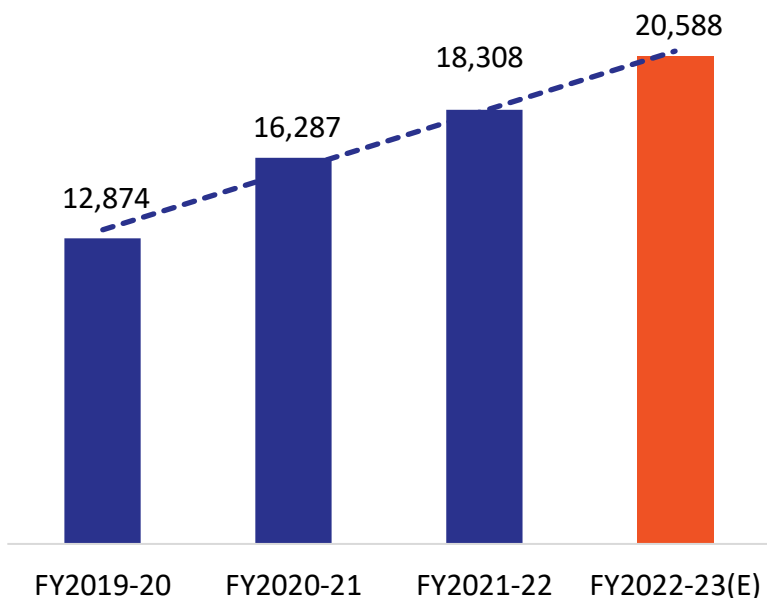


India expected to have 20,500+ DPIIT registered startups and 75+ unicorns in 2022

Startups

The number of DPIIT registered startups is expected to increase by 20,000+ reporting a CAGR of 19% for the past 3 years

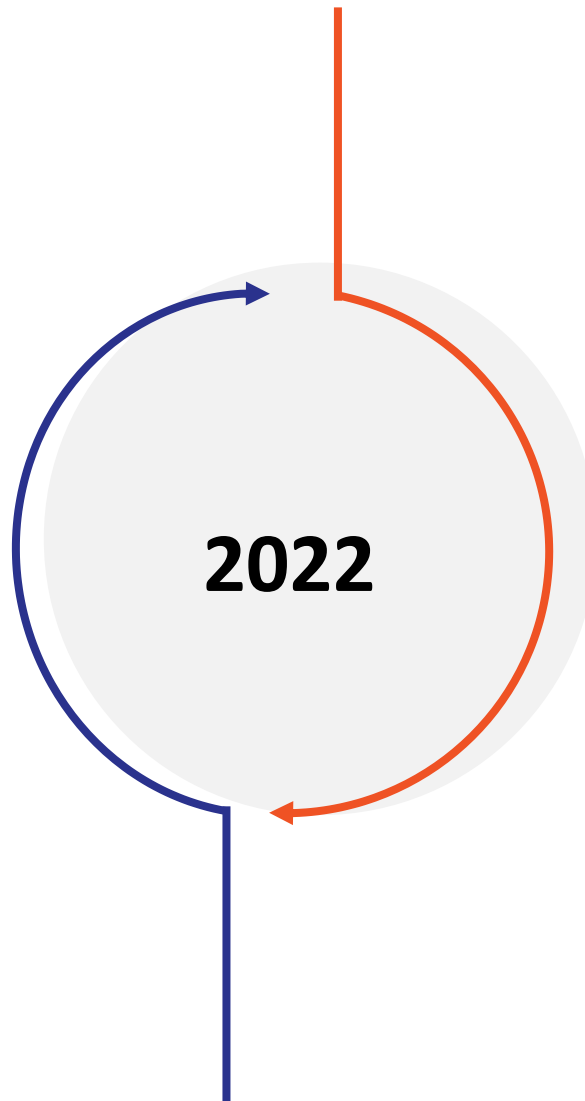
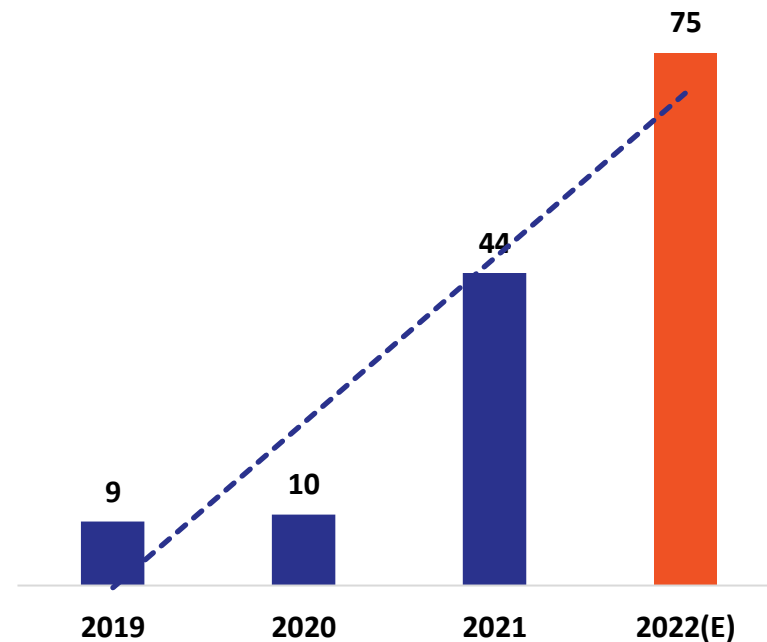
Expected Startups



Unicorns

Number of companies expected to turn unicorns is ~75 with a CAGR of 66% recorded during 2019-2021

Expected Unicorns



Sources: Transform India, Startup India, Benori Knowledge

2022 is expected to have over 80 IPO listings, near 1/4th of them will be startups

Market Highlights

- India is expected to see over 80 IPO listings in 2022 of which nearly 16 will be startups as analysts and investors are bullish on the IPO potential of tech startups and new-age companies
 - MobiKwik and Tracxn have received SEBI approval for IPO while five are waiting
- The startups are expected to continue to attract capital in 2022 but at a slower growth rate. IPOs are likely to hit a rough patch due to a global decline in tech stocks and sub-par quarterly results from publicly listed Indian startups
- Some of the driving factors are as follows:
 - **Accelerated tech adoption due to pandemic, which resulted in a rise of many startups**
 - **Increasing interest of international investors in Indian tech startups with promising and unique ideas**
 - **Growing number of unicorns in the ecosystem**
 - **Favorable government norms** where SEBI reduced the time for early-stage investors to hold 25% of the pre-issue capital from two years to one year. Also, now startups can allocate up to 60% of the issued IPO to an eligible investor basis a 30-day lock-in period

Sources: Media reports

Startups Expected to Go Public in 2022 & 2023









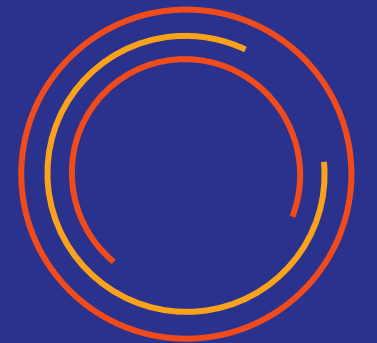









Recent IPOs



CarTrade Tech provides automobile trading ecosystem

Business Description

- A multi-channel auto platform, facilitating trading in new and used cars
- Operates under five brands: CarWale, BikeWale, CarTrade, Shriram Automall, and Adroit Auto
- Supports automobile customers, vehicle OEMs, vehicle dealers, insurance companies, banks, and other stakeholders involved in new and used vehicles

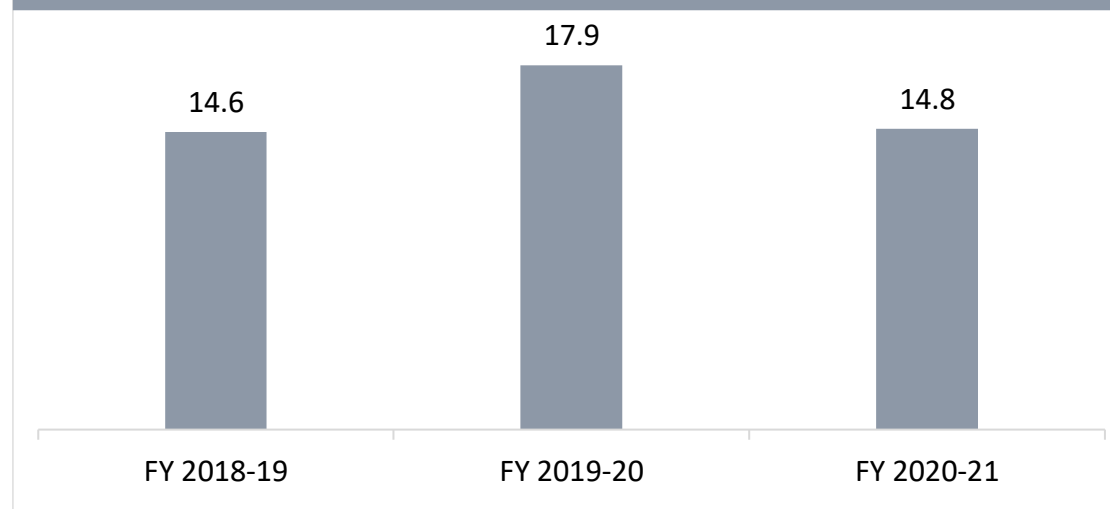
Key Facts

Website	www.cartradetech.com
Headquarters	Navi Mumbai, Maharashtra
Founded	2009
Stock exchange	NSE, BSE as 'CarTrade Tech'
Number of employees	1,994

Business Segmentation

<p>Connecting buyers and sellers to facilitate trade of cars</p>	<p>Connecting buyers and sellers to facilitate trade of cars</p>	<p>Connecting buyers and sellers to facilitate exchange of bikes</p>
<p>Connecting large corporations to sell vehicles at scale</p>		<p>Provides on-site inspections and valuations</p>

Financials (Revenues, \$ Mn)



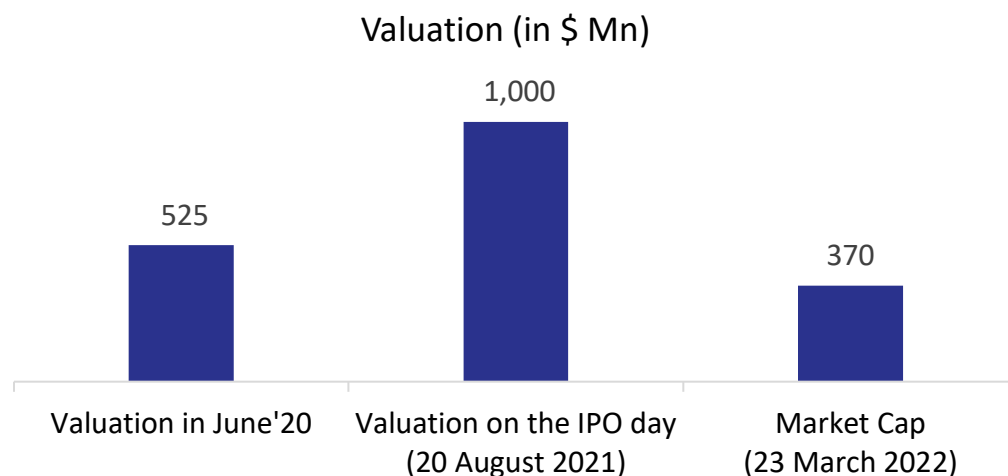
IPO listed at a discounted rate of 1.12%

IPO & Funding Analysis

No fresh issue of equity

18.5 Mn equity shares as offer for sale

Large investors are selling large amounts of shares to recoup their investment, which also act as a warning bell for investors



Sources: Company website, Media reports

Key People (Founders & CEO)



Founder, Chairman, MD and CEO: Vinay Sanghi

Key Developments

- **Jan 2022:** Plans to launch 200+ stores of CarWale abSure in India in the next two years. Currently, the company has 22 outlets in 18 cities
- **Dec 2021:** Deployed \$100 Mn to invest in companies that offer innovation in the automobile space to completely digitize the trading process of the cars
- **Sept 2021:** Launched a one-stop service CarWale abSure at both offline and online retail platforms for hassle-free trade of pre-owned cars across 9 cities



Nazara tech simplifies gaming, esports and game-based learning

Business Description

- An 'Interactive Gaming and new age Sports Media' company headquartered in Mumbai
- Has operations in 60 countries spread across India, Asia, Africa and Middle East
- Diversified business models comprising Subscription, Freemium, eSports, Skill Based Gaming in India and Chance based Gaming business in Kenya, Africa

Business Segmentation

Gamified Early Learnings

Gamified App for 2–7-year-old kids

Esports

Premium exclusive content & brands sponsorships (ads)

Freemium

Ads & virtual items purchased within the games

Telco Subscription

Players subscribing to curated game packs

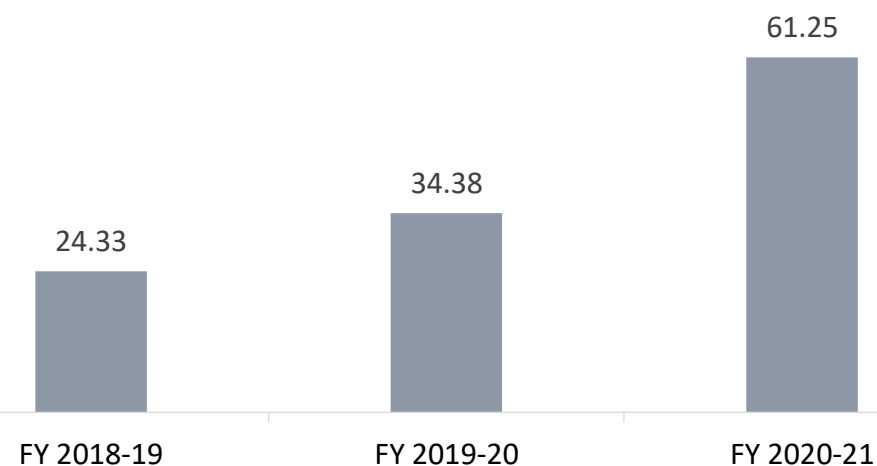
Real Money Gaming

Skill based gaming platform

Key Facts

Website	https://corp.nazara.com/
Headquarters	Mumbai, Maharashtra
Founded	1999
Stock exchange	NSE, BSE as 'NAZARA Technologies'
Number of employees	130

Financials (Revenues, \$ Mn)



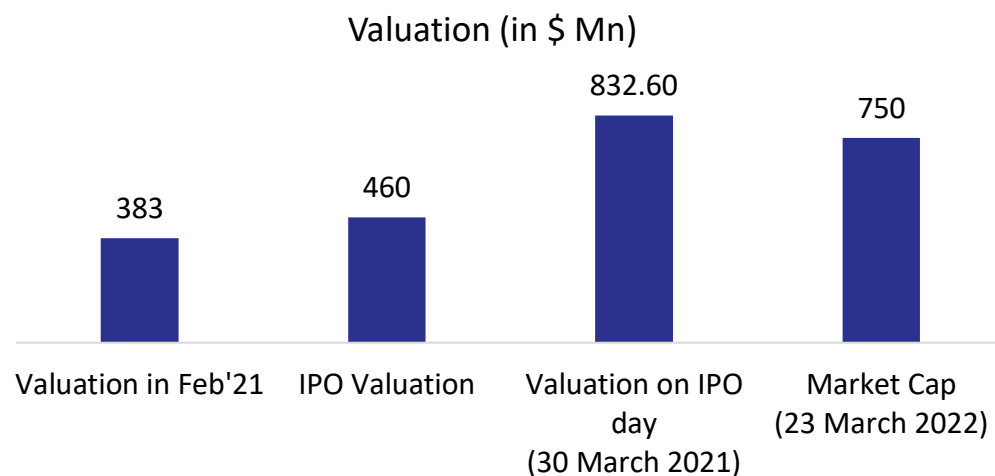
Raised \$42 Mn to acquire companies to provide add-on services

IPO & Funding Analysis

5.5 Mn shares, entirely offer for sale

10.8% of company is owned by Rakesh Jhunjunwala

Share listed at 80.74% premium, becoming one of the biggest wealth creator for investors for 2021



Sources: Company website, Media reports

Key People (Founders & CEO)



Founder and Joint MD: Nitish Mittersain



CEO: Manish Agarwal



Chairman & MD: Vikas Mittersain

Key Developments

- Jan 2022: Acquired 55% stake for INR2.25Bn in Datawrkz, an ad-tech startup that focuses on programming advertising and monetization, to build strong gaming ad-tech offerings
- Jan 2022: Nodwin Gaming, Nazara's subsidiary, acquired D2C retailer Planet Superheroes for a suspected amount of INR49 Mn to offer iconic global merchandise
- Nov 2021: Acquired OpenPlay Technologies Pvt Ltd
- Oct 2021: Raised over INR3.23 Bn (\$42 Mn) to diversify offerings in free-to-play games, esports, and gamified learning through company acquisition



Nykaa is an e-tailer based direct-to-consumer brand

Business Description

- India-based brand that specializes in multi-beauty and personal care products for all genders
- Started its operation as a direct-to-consumer e-commerce beauty product medium until it lately began setting up offline outlets across the nation
- The platform facilitates suitably prepared and priced branded products; claims to receive more than 1.5 Mn orders per month across India

Business Segmentation



Online Store

Sell products through its mobile application under different categories: NykaaFashion, NykaaMan, NykaaLuxe, Nykaa-makeup



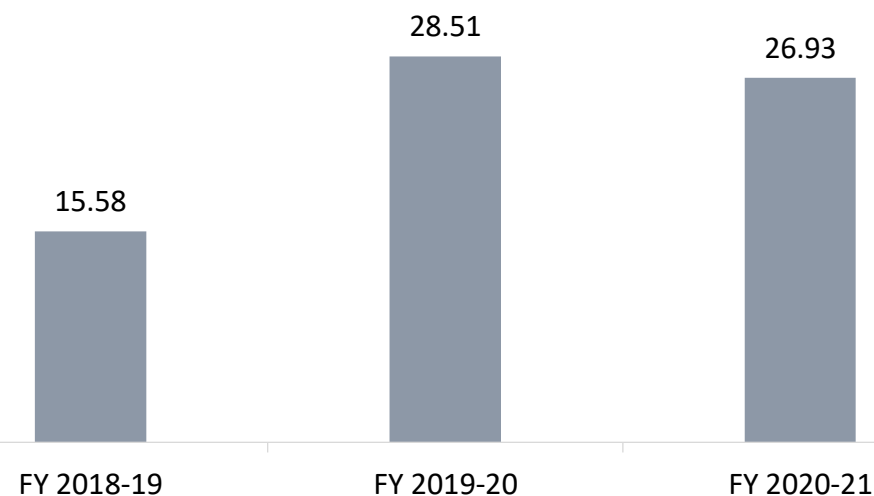
Offline Stores

Set up physical stores across the country to increase sales by promoting touch and feel marketing strategy

Key Facts

Website	https://nykaa.com
Headquarters	Mumbai, Maharashtra
Founded	2012
Stock exchange	NSE, BSE as 'FSN E Commerce Ventures [NYKAA]'
Number of employees	2,365

Financials (Revenues, \$ Mn)



One of the hottest IPO of 2021

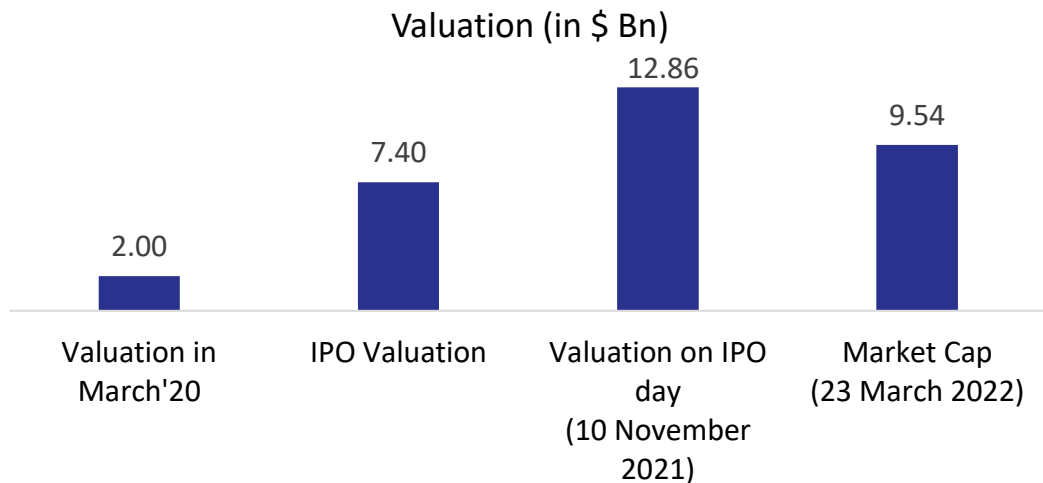


IPO & Funding Analysis

Total issue of **122.5 Mn** shares

41.9 Mn shares sold by existing investors

Listing gains of **79.8%** on listing day to every investor



Sources: Company website, Media reports

Key People (Founders & CEO)



Founder and
CEO: Falguni Nayyar



Co-Founder: Sanjay
Nayyar

Key Developments

- **Feb 2022:** Company to be a part of the Nifty Next50 index from 31 March 2022
- **Dec 2021:** Plans to increase its brick-and-mortar stores to 300 in 100 cities to cater to those customers who want to buy products through touch-and-feel
- **Dec 2021:** Launched AI-powered virtual try-on tech 'ModiFace' to enhance the shopping experience for makeup enthusiasts
- **Oct 2021:** Acquired Dot & Key, a Kolkata-based skincare brand, to sell their products under brand name Nykaa



Paytm is India's leading P2P payment platform

Business Description

- A payment, commerce and e-wallet enterprise
- A brand of parent company One97 communications that initially launched as an online mobile recharge website and later transformed its business model to a virtual and marketplace bank model
- Controlled more than 14% of the market through 53.8 crore transactions worth INR600,940Mn in September'21

Key Facts

Website	https://paytm.com/
Headquarters	Gurugram, Haryana
Founded	2010
Stock exchange	NSE, BSE as 'One 97 COMMUNICATIONS (Paytm)'
Number of employees	13,740

Business Segmentation

Payments



Commission charged on every bill payment

Commerce and Financial Services



Provides credit care, insurance, Paytm Mall, and more

Paytm for Business



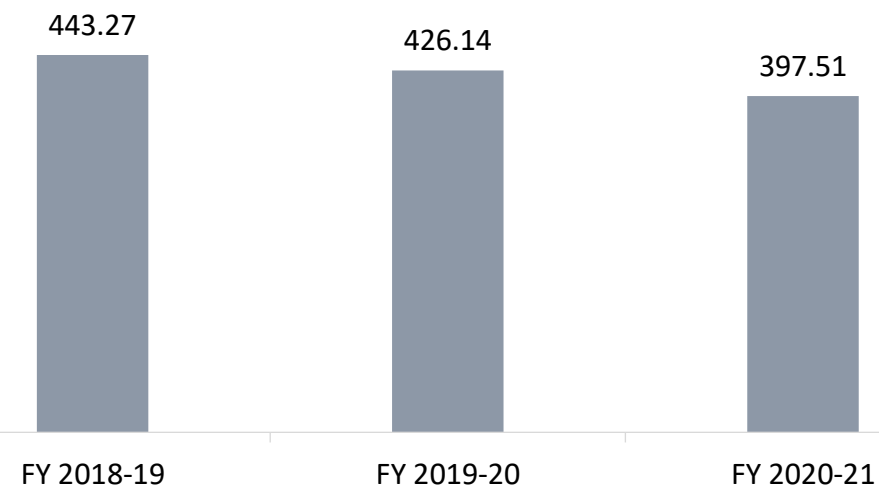
Provides financial services and business payments and software

Developer Services



Provides API for exchange and Paytm AI for fraud management system

Financials (Revenues, \$ Mn)



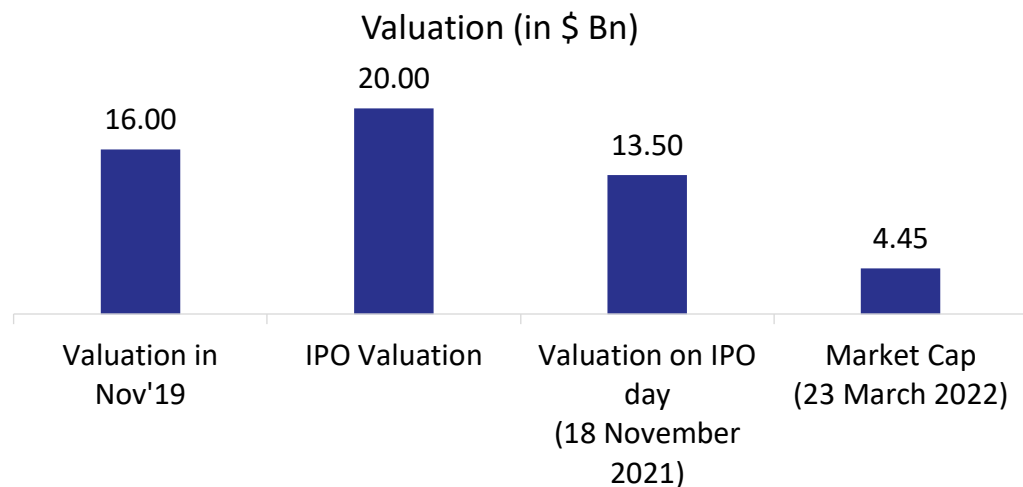
India's biggest IPO till date

IPO & Funding Analysis

India's largest IPO, valued at \$20 Bn

48.3 Mn shares for sale through fresh issue and offer for sale

Shares tanked 27% on the listing day, eroding \$6.5 Bn of wealth



Sources: Company website, Media reports

Key People (Founders & CEO)



Founder, MD & CEO: Vijay Shekhar Sharma

Key Developments

- **Jan 2022:** Partnered with Fullerton India to provide lending products to merchant partners and consumers leveraging Paytm's distribution and technology
- **Jan 2022:** Shut down its operations of the B2C app in Canada to focus on capturing the mass Indian market
- **Dec 2021:** Launched Portfolio Management Service marketplace under its subsidiary Paytm Money for high net-worth individuals with a minimum investment of INR500 Mn
- **Sept 2021:** Paytm Money partnered with WealthDesk launched a wealth and advisory marketplace, WealthBaskets, to offer customized advisory products and services to retail investors

Policy Bazaar is a market leader with 93.4% market share

Business Description

- An aggregator and marketplace of insurance products
- The company initially compared the prices of insurance policies and provided insurance-related information; later expanded to many areas such as healthcare, loans, and more due to rapid growth
- Along with being an insurance marketplace, the company further extends assistance for the cancellation/renewal of policies and settling claims now

Business Segmentation



Online Insurance aggregator to compare various insurance prices



A marketplace for loans and cards, EMIs, mutual funds



Provide healthcare services in real time by connecting patients and doctors

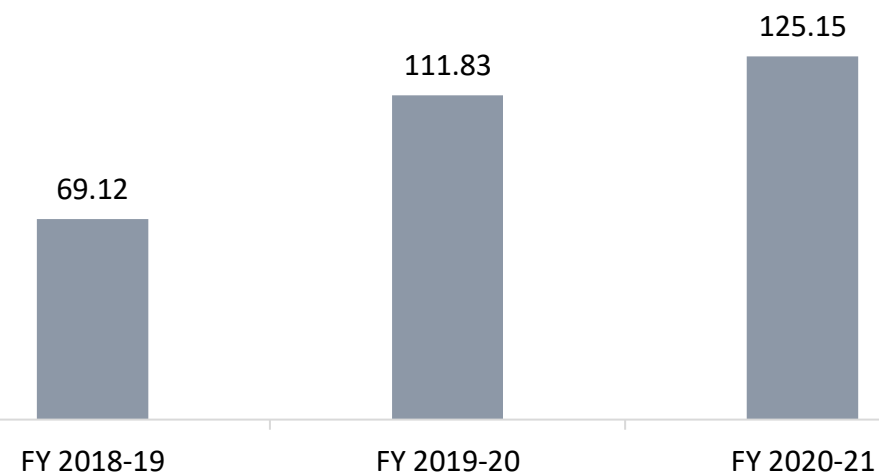


One stop shop for all car needs at affordable prices

Key Facts

Website	https://www.policybazaar.com/
Headquarters	Gurugram, Haryana
Founded	2008
Stock exchange	NSE, BSE as 'PB Fintech'
Number of employees	13,000

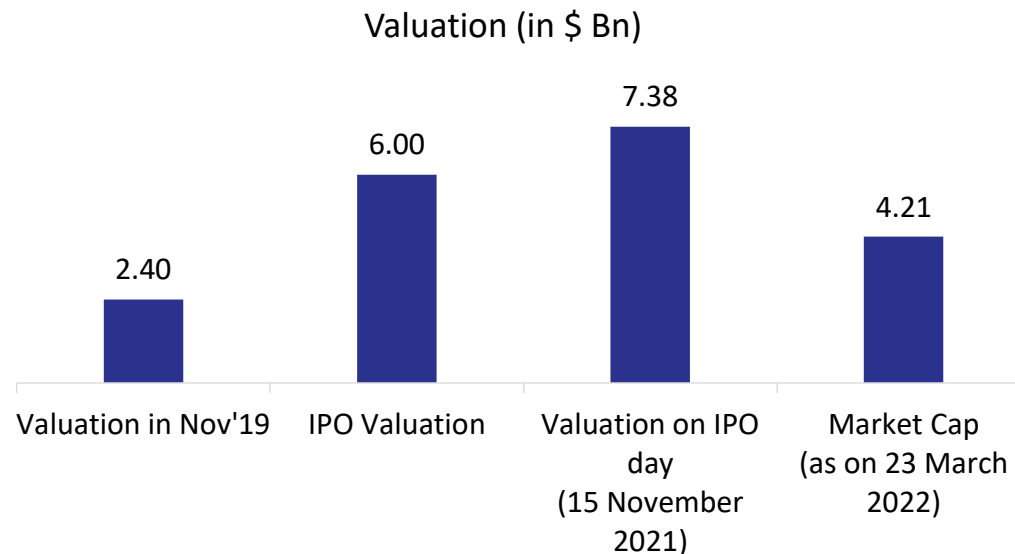
Financials (Revenues, \$ Mn)



IPO & Funding Analysis

58 Mn equity shares for sale

The stock listed at a premium of **17.35%** on the BSE



Sources: Company website, Media reports

Key People (Founders & CEO)



Founder & CEO:
Yashish Dahiya



Co-founder & COO:
Avaneesh Nirjar



Co-founder &
Group CFO: Alok
Bansal



Co-founder &
Director Finance:
Manoj Sharma



Co-founder & CBO:
Tarun Mathur

Key Developments

- **Feb 2022:** Launched AI-enabled WhatsApp chatbot to provide smooth claim settlement process for all its corporate clients
- **Feb 2022:** Partnered with LIC to offer various term and investment products along with digital distribution of life insurance products to its customers
- **Jan 2022:** Collaborated with Max Life Insurance to provide homemakers to opt for term insurance, independent of their spouse's term insurance policy
- **July 2021:** Launched a marketplace by unveiling its new Group Health Insurance program to cater to SMEs, MSMEs, and large corporates

Zomato is India's leading food delivery application







Business Description

- A food delivery platform that brings numerous restaurants under one umbrella and cater to customers via its mobile application
- Currently operates in more than 19 countries and has 6 revenue streams such as food delivery, subscription programs, live events, app development for restaurants, and infrastructure service to restaurant owners as well

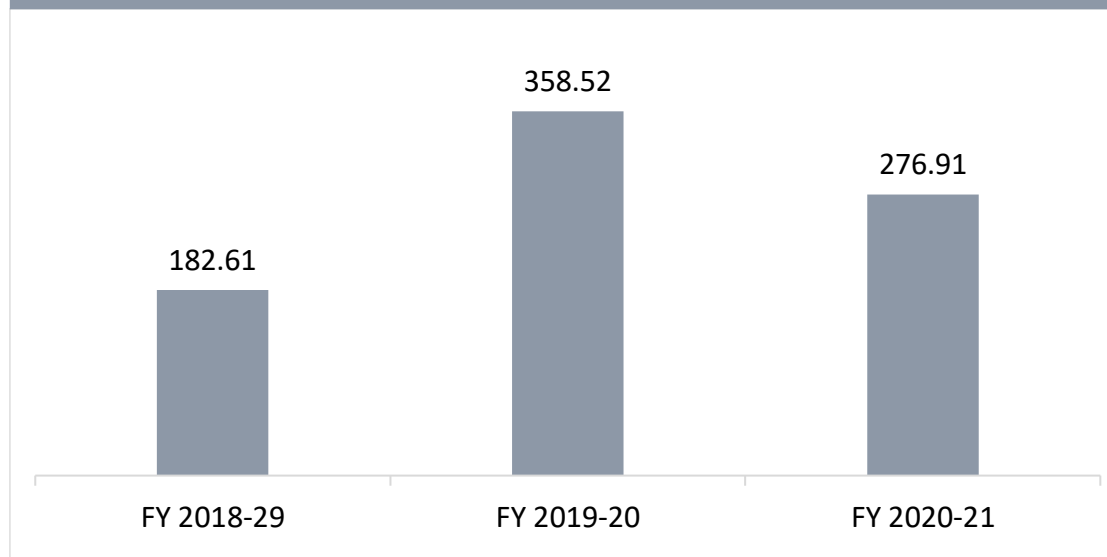
Key Facts

Website	www.Zomato.com
Headquarters	Gurugram, Haryana
Founded	2008
Stock exchange	NSE, BSE as 'ZOMATO'
Number of employees	14,878

Business Segmentation

<p>Food Delivery </p> <p>SaaS-based food delivery model charging a commission fee</p>	<p>Restaurant advertising </p> <p>Restaurants promote its banner on Zomato app</p>	<p>Subscription programs </p> <p>Subscription fees paid by restaurants and consumers</p>
<p>Zomato Kitchens </p> <p>Provide kitchen infrastructure services to restaurants</p>	<p>White label access </p> <p>Offers restaurants to develop a customized food delivery app</p>	<p>Live Events </p> <p>Zomato conducts events and charges users an entry fee to attend these events</p>

Financials (Revenues, \$ Mn)



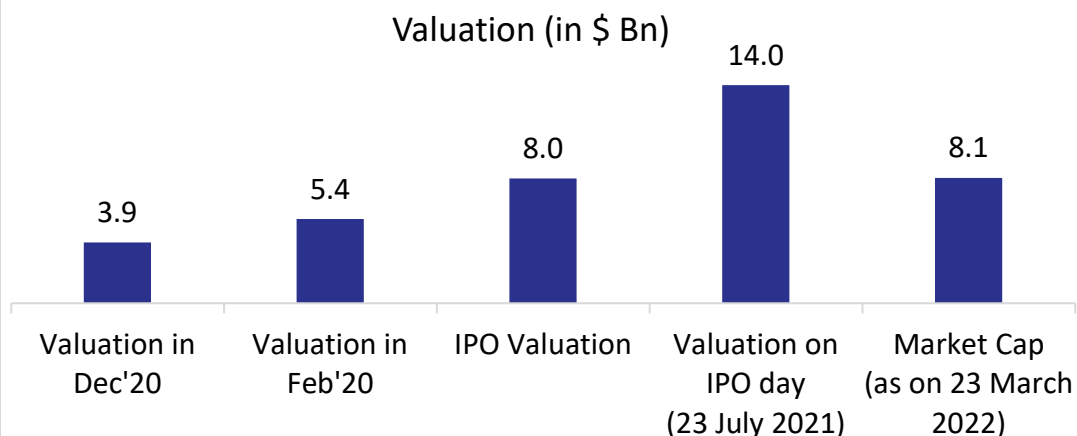
No prospect to turn profitable in near future as of now

IPO & Funding Analysis

\$1 Bn worth of fresh issue

\$1 Mn to sold by existing investors InfoEdge

The net proceeds will be used for organic and inorganic growth initiatives, and general corporate purposes



Sources: Company website, Media reports

Key People (Founders & CEO)



Founder & CEO: Deepinder Goyal

Key Developments

- **Feb 2022:** Plans to set up an NBFC to offer short-term credit to its delivery partners and restaurants. Till NBFC sets up, will tie up with other NBFCs to provide BNPL services to customers
- **Jan 2022:** Plan to invest in two tech companies: Adonmo Private Limited for 19.48% stake and UrbanPiper Technology Private Limited for 5% equity
- **Jan 2022:** Shut down its operations in its South Africa subsidiary as a part of a 'clean-up exercise'
- **Dec 2021:** Acquired a 6.1% stake for \$100 Mn in Curefit Healthcare Ltd
- **Sept 2021:** Zomato co-founder Gaurav Gupta decided to part ways with the company after six years



THANK YOU
