

# Dealtracker

Providing M&A and PE deal insights

August 2023

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## Disclaimer

This document captures the list of deals closed and announced based on the information available in the public domain. Our analysis in the document is based on appropriate assumptions where necessary. For example, deals have been classified by sectors and by funding stage based on certain assumptions wherever necessary. If different assumptions were to be applied, the outcomes and observations would be different. Hence, the document should not be relied upon as a substitute for relevant and detailed advice. Grant Thornton Bharat LLP does not take any responsibility for the information, any errors or any decision and any loss thereof incurred by the reader as a result of relying on the document.

Please note that the criteria used to define Indian start-ups include: a) the relevant entity should have been incorporated for five years or less than five years as at the end of that particular year and b) the relevant entity is working towards innovation, development, deployment and commercialisation of new products, processes or services driven by technology or intellectual property.

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# Deal snapshot

In August 2023, there were a total of 97 deals with a combined value of USD 6.6 billion, which is more than twice the deal value of USD 3.1 billion seen in July 2023, despite a similar number (95 deals). This surge in values can be attributed to two billion-dollar deals and eleven high-value transactions valued at USD 100 million and over in both the M&A and PE space.

August also witnessed a notable upsurge in cross-border transactions, achieving the highest monthly levels of both volume and value in 2023. Inbound deals surged, with investors placing their bets on the e-commerce, IT and related sectors in India.

The M&A activity in India saw a 17% decline in terms of deal volumes compared to July 2023. However, transaction values witnessed a significant 79% increase, largely driven by Walmart's acquisition of a 4% stake in Flipkart's online services and Rapyd's acquisition of PayU's global payments business unit.

On the other hand, private equity activity saw a slight 9% increase in deal volumes compared to July 2023, while investment values surged by a substantial 167%. The big-ticket transactions indicate that the uptick visible since April 2023 may continue and the decline in July 2023 could be considered a blip.

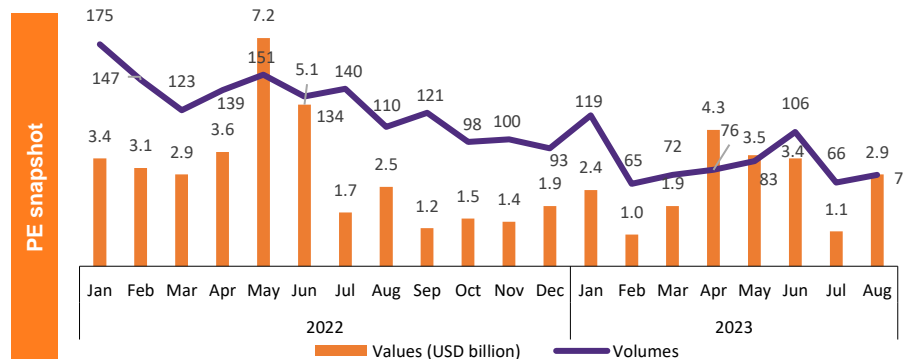
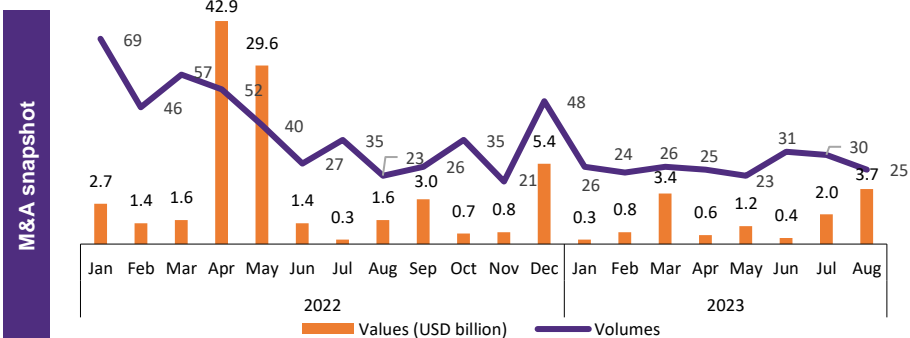
The IPO activity also saw heightened activity in August 2023, witnessing the launch of six IPOs that collectively garnered USD 567 million compared to three IPOs raising USD 187 million in the previous month.

While start-ups remained the driving force behind deal volumes, followed by e-commerce and IT sectors, the e-commerce sector led the deal values for the month, followed by the retail and pharma sectors.

The increase in deal values and the occurrence of notable deals, including the emergence of two unicorns in the last two months, point to an optimistic momentum gaining in the deal market for the remainder of 2023.

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# Deal activity slowly gaining its pace

## Big ticket transactions help keep up the deal values amid overall decline in volumes

- August 2023 witnessed 97 deals valuing USD 6.6 billion with a 27% decline in volumes while a 60% increase in values over August 2022. However, when compared to July 2023, values saw a 110% increase. This surge can be attributed to the presence of two deals in the billion-dollar category and eleven other high-value deals valued over USD 100 million each during August 2023, whereas July 2023 only saw nine high-value deals with no billion-dollar deals.
- In contrast to earlier months, where domestic transactions took the lead in the M&A activity, August 2023 saw a notable upsurge in cross-border transactions, achieving the highest monthly levels of both volume and value in 2023. This trend was particularly evident in the inbound segment, which significantly influenced the month's overall values on back of the largest inbound deal for this year, Walmart's 4% acquisition of Flipkart for USD 1.4 billion, which accounted for 66% of the cross-border values for the month.
- The PE activity witnessed a 35% decline in volumes while there was a marginal 15% increase in values compared to August 2022. However, when compared to July 2023, volumes witnessed a 9% increase while values registered a substantial 2.7-fold surge due to increased multi-million dollar deals this month. This took the average ticket size from USD 17 million in July 2023 to USD 40 million in August 2023.
- Tech driven sectors controlled the overall activity in August 2023, where start-ups drove the overall volumes with 48% of the deals from the sector while e-commerce led the values, contributing to 35% of overall deal values. This month saw the emergence of the second unicorn of 2023 – Zepto – raising USD 200 million.
- Further, the IPO sector saw heightened activity in August 2023, witnessing the launch of six IPOs that collectively garnered USD 567 million compared to three IPOs raising USD 187 million in the previous month. The QIP activity also made its mark with four transactions, amassing a total value of USD 1.2 billion, a 74% increase in values compared to July 2023. This growth was primarily attributed to the Union Bank of India's substantial QIP placement worth USD 610 million.

## YTD 2023: deal-making witnessed a drop over YTD 2022

- YTD 2023 witnessed a 41% decline in deal volumes, with values taking a 70% hit over the same period in 2022 valuing USD 32.8 billion. The PE deal values declined by 31% whereas the M&A values dropped by 85% due to five multi-billion dollar deals in YTD 2022 valuing USD 71 billion alone compared to two billion dollar deals in YTD 2023 valuing just USD 3.9 billion.
- This year, the start-up sector led the volumes, followed by the e-commerce and the IT/ITes sector respectively. Collectively, these three sectors contributed to 68% of the deals in 2023 while values were led by the pharma, e-commerce, energy and real estate sectors contributing to 56% of the values for the year.

Deal summary	Volume			Value (USD million)		
	2021	2022	2023	2021	2022	2023
Domestic	26	16	13	673	1,523	1,524
Cross-border	11	7	12	194	56	2,136
<b>Total M&amp;A</b>	<b>37</b>	<b>23</b>	<b>25</b>	<b>867</b>	<b>1,579</b>	<b>3,660</b>
PE	182	110	72	7,572	2,528	2,911
<b>Grand total</b>	<b>219</b>	<b>133</b>	<b>97</b>	<b>8,439</b>	<b>4,107</b>	<b>6,571</b>
<b>Cross-border includes</b>						
Inbound	4	4	10	122	20	2,130
Outbound	7	3	2	72	36	6

Deal summary	Volume			Value (USD million)		
	2021	2022	2023	2021	2022	2023
Domestic	224	266	144	17,970	65,678	7,420
Cross-border	75	83	66	13,036	15,799	4,969
<b>Total M&amp;A</b>	<b>299</b>	<b>349</b>	<b>210</b>	<b>31,006</b>	<b>81,477</b>	<b>12,389</b>
PE	963	1,119	659	33,515	29,581	20,450
<b>Grand total</b>	<b>1,262</b>	<b>1,468</b>	<b>869</b>	<b>64,521</b>	<b>1,11,058</b>	<b>32,839</b>
<b>Cross-border includes</b>						
Inbound	33	42	37	6,120	1,740	3,405
Outbound	42	41	29	6,916	14,059	1,564

# M&A

The e-commerce sector drove the values while volumes were driven by the banking and IT sector

## Key sectors

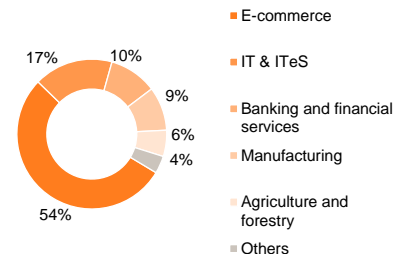
Notable sectors	Volume	USD million
IT & ITeS	4	625
Banking and financial services	4	379
Transport and logistics	3	15
Start-up	3	7
E-commerce	2	1,964

- The e-commerce sector leads monthly values with two significant deals worth USD 1.96 billion. Walmart acquiring a 4% stake in Flipkart became the second largest M&A deal this year, while Titan increasing its stake in Caratlane to 98.28% - providing a complete exit to its founder Mithun Sacheti - became the largest exit in the direct-to-consumer space and the second-largest liquidity event for a founder in India after Flipkart founders Sachin Bansal and Binny Bansal's exit from the e-commerce company. These two deals alone contributed to 54% of the M&A values for the month.
- The banking and financial services sector and the IT/ITeS sector drove the volumes for August 2023, recording four deals each. However, the banking sector demonstrated remarkable growth in values with a substantial 6.8x increase and a 100% growth in volumes over the previous month. Within the banking sector, the NBFC segment took the lead in terms of volumes, while the insurance and TPA's segment drove the values. In the IT sector, software development lead the volumes, while the IT solutions segment led the values on back of one single multi-million-dollar deal worth USD 610 million.
- This month also witnessed one of the biggest deals in the Indian microfinance industry with the Ananya Birla-led Svatantra Microfin's acquisition of Chaitanya India Fin Credit from Navi Finserv for USD 180 million.

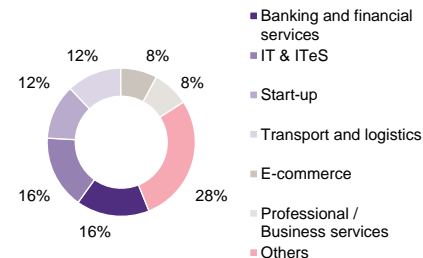
## Top M&A deals of the month

Acquirer	Target	Sector	USD million	Deal type	% stake
Walmart Inc	Flipkart Online Services Pvt Ltd	E-commerce	1,400	Minority stake	4%
Rapyd Financial Network Ltd.	PayU Payments Pvt Ltd- global payments business unit.	IT & ITeS	610	Minority stake	N.A.
Titan Co Ltd	Caratlane Trading Pvt Ltd	E-commerce	564	Increasing stake to 98.28%	27%
Ambuja Cement Ltd and ACC Ltd	Sanghi Industries Ltd	Manufacturing	346	Controlling stake	57%
AM Green Ammonia (India) Pvt Ltd	Nagarjuna Fertilizers and Chemicals Ltd - urea and micro-irrigation business assets	Agriculture and forestry	207	Acquisition	100%

## Top sectors based on deal value



## Top sectors based on deal volume



# PE

While the start-up sector dominated deal activity, the retail and consumer sector led in investment values

## Key sectors

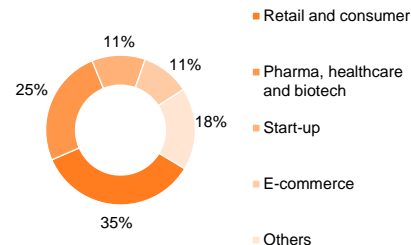
Notable sectors	Volume	USD million
Start-up	44	336
E-commerce	7	307
IT and ITeS	4	39
Retail and consumer	3	1,016
Pharma, healthcare and biotech	2	737
Media and entertainment	2	119

- The start-up sector continues to maintain its dominance in terms of volumes, with a 61% share in August 2023 accounting for 44 deals. In the start-up sector, the retail segment dominated the deal activity, followed by fintech, travel, transport and logistics, and edtech, which collectively contributed to 61% of the sector's volume.
- In a first for this year, the retail and consumer sector took the forefront in terms of PE values. This shift was driven by one big ticket transaction, Qatar Investment Authority's one-billion-dollar investment in Reliance Retail Ventures for a 0.99% stake. This deal alone contributed to 35% of the month's PE values.
- Zepto's recent fundraising of USD 200 million in its Series E round helped the company become the latest to join the growing list of Indian unicorns. This deal significantly influenced the e-commerce sector's values, recording seven deals valued at USD 307 million.
- In contrast to the preceding month, August 2023 observed heightened activity in sectors such as start-ups, IT, manufacturing, pharma, hospitality, transport, and telecom. However, there was a notable decrease in activity within the aerospace and defense, e-commerce, banking, real estate, and auto sectors during the same period.

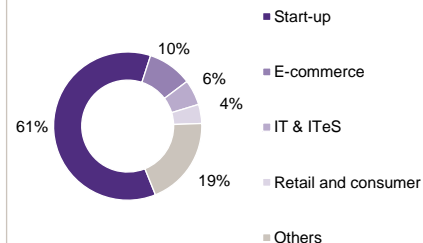
## Top PE deals of the month

Investor	Investee	Sector	USD million	% stake
Qatar Investment Authority	Reliance Retail Ventures Ltd	Retail and consumer	1,010	1%
Temasek, TPG, Prosus, CDPQ, Eight Roads, LGT, ADQ, Amansa, OrbiMed and angel investors	Axelia Solutions Pvt Ltd- Pharameasy	E-commerce	244	N.A.
StepStone Group, Goodwater Capital, Nexus Venture Partners, Glade Brook Capital and angel investors	KiranaKart Technologies Pvt Ltd- Zepto	Start-up	200	N.A.
Temasek	Mahindra Electric Automobile Ltd	Automotive	146	N.A.
ValueQuest	Waaree Energies Pvt Ltd	Energy and natural resources	122	N.A.

## Top sectors based on deal value



## Top sectors based on deal volume



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