

Q3 dealtracker

Providing M&A and PE deal insights

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Deal snapshot



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India's commitment to global cooperation was highlighted during its G20 presidency, emphasising multilateralism and collective global actions. The economy maintained momentum, posting a robust GDP growth of 7.8% in Q1FY24 after a strong 7.2% for FY22-23. However, concerns persist regarding the declining global trade and potential higher US interest rates until 2024, posing risks.

On the back of this, Q3 2023 witnessed stable M&A deal activity, recording 82 deals at USD 7.7 billion, marking the highest quarterly values in 2023. However, the PE sector recorded its lowest figures, impacting the overall deal activity in Q3 2023. During this period, only 302 deals valued at USD 13.4 billion were recorded, marking the lowest quarterly volumes in the last three years. The decline in deal volumes and values was primarily due to dwindling

investor activity. Large deals made a comeback in Q3 2023, with six megadeals valued over USD 1 billion, taking the average deal size to USD 37 million.

Despite this, the near-term economic outlook for 2023-24 remains positive due to India's growth-oriented policies, reduced inflation, and increased infrastructure spending. This strong domestic growth is expected to fuel deal activities.

Buyouts and majority-stake acquisitions have notably increased, primarily in traditional sectors. The ongoing digital transformation in India is set to accelerate e-commerce growth, attracting global technology and e-commerce giants to the Indian market. Key sectors such as e-commerce, IT & ITES, pharmaceuticals and healthcare witnessed significant deal activity, underscoring their importance in the Indian economy.

Highlights

Overall deal activity

302 deals valuing USD 13.37 billion

The quarter witnessed the lowest quarterly volumes since Q2 2020. However, propelled by large deals, the values recorded highest since Q2 2022.

M&A activity

82 deals valuing USD 7.7 billion

While domestic activity continues to dominate the M&A space, inbound activity witnessed highest quarterly volumes and values since the last three years.

PE/VC activity

220 deals valuing USD 5.7 billion

A 17% decline in volumes, whereas a 49% decline in values was witnessed over the previous quarter. (Q2 2023)

IPO

20 IPOs valuing USD 1.8 billion

Q3 recorded the highest number of IPO issues since December 2021, with seven issues raising over USD 100 million totaling USD 1.1 billion.

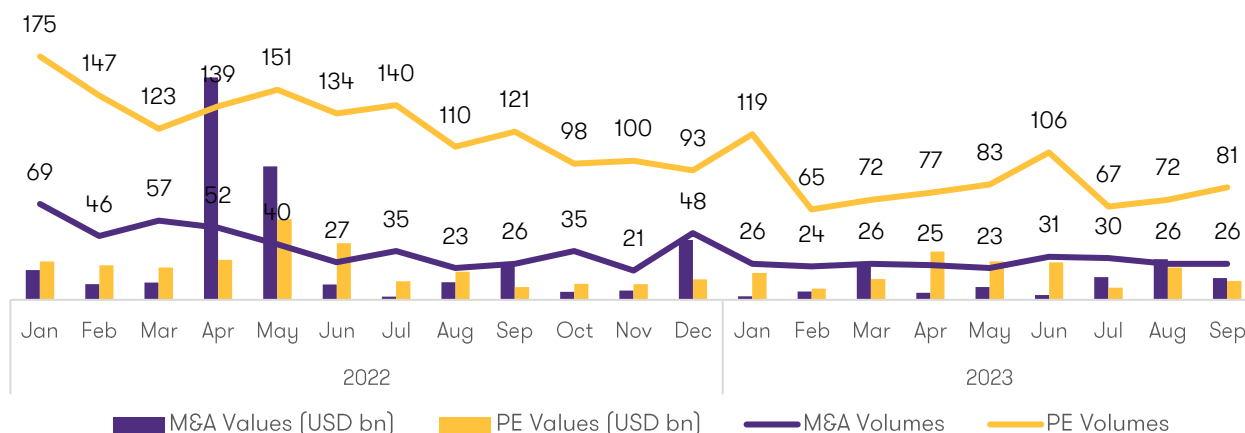
QIP activity

14 QIP's valuing USD 2.2 billion

The quarter recorded the highest number of QIP deals since September 2020, led by the Union Bank of India's USD 610 million fund raise.

Deal snapshot

Monthly deal trend



Deal summary	Volume			Value (USD million)		
	Q1 2023	Q2 2023	Q3 2023	Q1 2023	Q2 2023	Q3 2023
Domestic	52	59	53	3,244	2,034	3,326
Inbound	12	11	20	255	154	3,714
Outbound	12	9	9	948	49	622
Total cross-border	24	20	29	1,203	203	4,336
Total M&A	76	79 ↑ 4%	82	4,447	2,237 ↑ 243%	7,662
PE	256	266 ↓ 17%	220	5,293	11,157 ↓ 49%	5,707
Grand total	332	345 ↓ 12%	302	9,740	13,394	13,369

Notable trends

- In Q3 2023, there were 302 deals amounting to USD 13.4 billion, indicating a 12% decrease in volumes compared to Q2 2023. This decline was mainly influenced by the decrease in private equity transactions. A similar pattern was observed in Q3 2022, with an overall volume decrease of 34%.
- YTD 2023 witnessed a 39% decline in overall volumes and a 68% decline in values over the same period in 2022. M&A values saw a major decline of 83% due to some of the biggest deals in Indian history worth billions of dollars witnessed in YTD 2022. The PE activity recorded a 40% decline in volumes, whereas there was a 28% decline in values over YTD 2022.
- This quarter recorded high M&A activity for this year in terms of both deal volumes (82) and values (USD 7.7 billion).
- The cross-border deal activity witnessed a USD 1 billion inbound transaction, namely Walmart's investment in Flipkart, and four high-value deals. Despite economic uncertainties, there was an uptick in inbound deals compared to the previous quarters, which clearly highlights the domestic market's attractiveness to international investors.
- The PE deal activity registered the lowest deal volumes for the year, recording just 220 deals valuing USD 5.7 billion.
- The start-up sector drove the overall volumes for the quarter, followed by the e-commerce and the IT & ITeS sectors. These three sectors alone accounted for 64% of the deals. The e-commerce sector topped in terms of overall values, followed by the pharma, IT and the retail sectors, with a combined value of USD 8.5 billion, accounting for 64% of the quarter's values.

Dealboard

Top five M&A deals of the quarter constituted 53% of total M&A values

Acquirer	Target	Sector	USD million	Deal type	% stake
Walmart Inc	Flipkart Online Services Pvt Ltd	E-commerce	1,400	Minority stake	4%
Proximus Opal SA	Route Mobile Ltd.	IT & ITES	721	Controlling stake	58%
Nirma Ltd	Glenmark Life Sciences Ltd	Pharma, healthcare and biotech	689	Majority stake	75%
Sumitomo Realty and Development Co	Bombay Dyeing and Manufacturing Co Ltd	Real estate	627	Acquisition	100%
Rapyd Financial Network Ltd	PayU Payments Private Limited	IT & ITeS	610	Minority stake	N.A.

Top five PE deals of the Quarter constituted to 42% of total PE values

Investor	Investee	Sector	USD million	% stake
Qatar Investment Authority	Reliance Retail Ventures Ltd.	Retail and consumer	1,010	1%
BPEA EQT	Indira IVF Hospital Pvt. Ltd	Pharma, healthcare and biotech	657	N.A.
KKR	Reliance Retail Ventures Ltd.	Retail and consumer	252	0.3%
Temasek Holdings, TPG, Prosus, CDPO, Eight Roads, LGT, ADQ, Amansa, OrbiMed and angel investors	API Holdings Private Limited- Axelia Solutions Private Limited- Pharmeasy	Pharma, healthcare and biotech	244	N.A.
Kedaara Capital	Perfios Software Solutions Pvt. Ltd	IT & ITES	229	N.A.



Anirudh Gupta

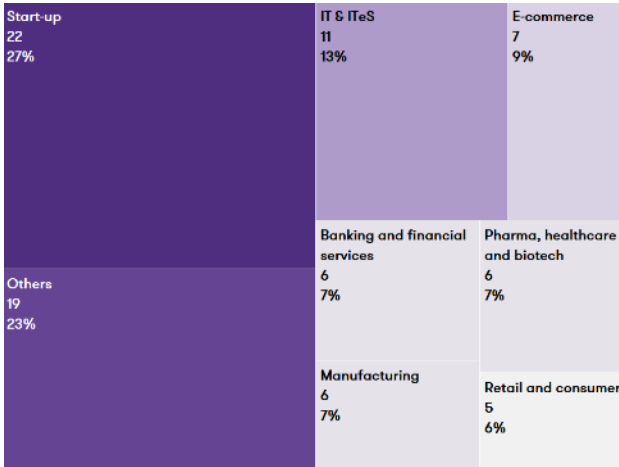
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The sector has seen consistent growth and investments in online retail and digital marketplaces reflecting the resilience of the domestic economy and the importance of the sector. Online marketplaces have made it easier for small and medium sized businesses to reach a large customer base without the need for extensive physical storefronts. Expansion beyond major cities, growth of B2B E-commerce, emergence of new retail formats such as quick commerce and omnichannel retail are the new themes. The evolution and potential of the sector has ensured that large global players and financial investors are part of the story by backing the leading players of the sector.

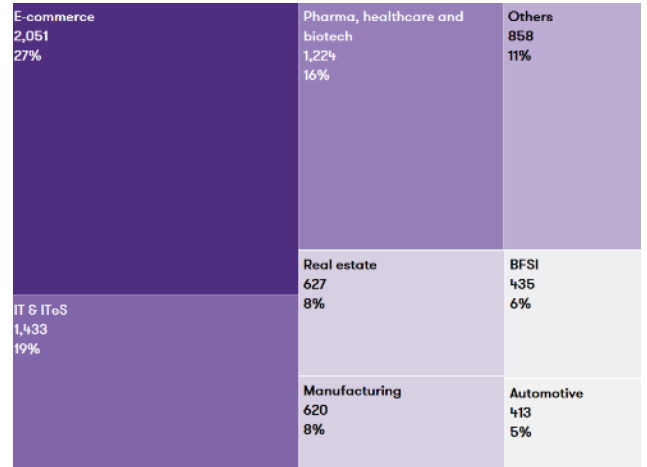
Sector trends

M&A: Start-ups contributed to the volume, while e-commerce took the lead in terms of value

M&A volumes

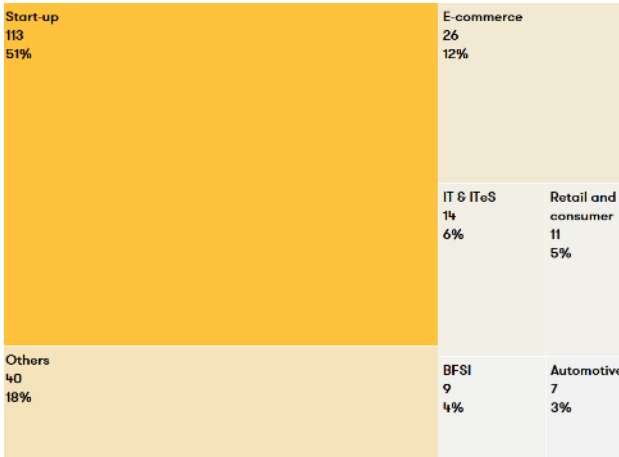


M&A values

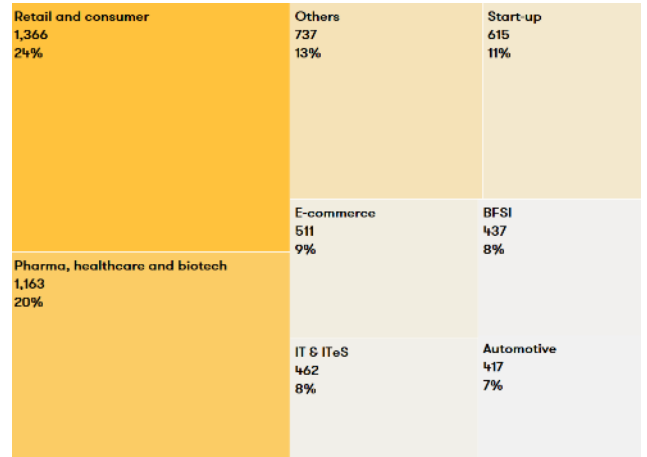


PE: Retail and consumer led the values, while start-ups continued to drive the volumes

PE volumes



PE values



Legend: Sector | No. of deals | % of overall volumes

Legend: Sector | Values USD Million | % of overall volumes

Overall notable sectors	Volumes	Values (USD million)
Start-up	135	907
E-commerce	33	2,562
IT and ITeS	25	1,895
Retail and consumer	16	1,633
Pharma, healthcare and biotech	12	2,387

In Q3 2023, India's deal landscape was vibrant and diverse. The e-commerce sector was pivotal, marked by major investments, such as Walmart's USD 1.4 billion in Flipkart and Titan's USD 564 million in Caratlane. Reliance Retail was a major contributor to values, showcasing promising growth.

Notable unicorns emerged, such as Zepto, which raised USD 200 million. Overall, Q3 2023 demonstrated a dynamic and varied deal environment in India.

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