

Automotive Dealtracker

Providing M&A and PE deal insights

April 2024 | Volume 20.03



Deal snapshot



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As the Indian automotive industry continues its path to sustained recovery against the backdrop of global macroeconomic challenges and a broader market slowdown, the sector has witnessed a trend of selective investments, characterised by sustained deal volumes, while there was almost a 49% decline in deal values over the last quarter. This suggests targeted, bolt-on acquisitions and early-stage investments are influenced by the industry's focus on electric vehicles (EVs), mobility services and technological integration.

Despite an overall decline in deal values, an interest in specific

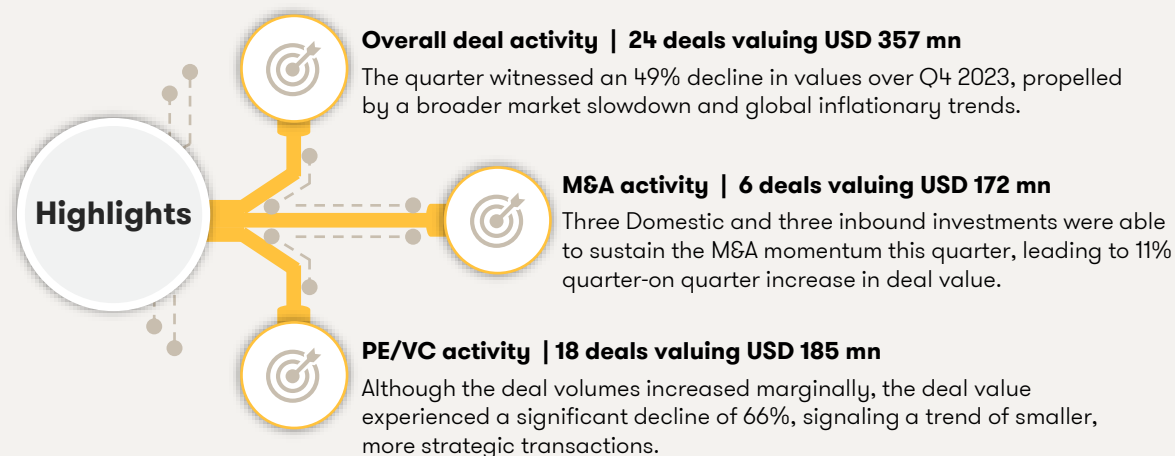
sub-sectors, such as EVs and mobility-as-a-service (MaaS), remains high. These areas are pivotal in the industry's transition towards a more sustainable future.

Moreover, partnerships and strategic alliances, such as the collaboration between TVS Mobility and Mitsubishi Corporation or the investment by Mitsui & Co. in Pinnacle Mobility, exemplify how companies are leveraging global networks and expertise to bolster their market positions and innovation capabilities. Such moves are not only about capital infusion but also about accessing new technologies, markets, and

competencies. Similarly, the PE trends signal the industry's focus towards electrification, digital transformation and sustainability. The strategic stake acquisitions, such as Creator's investment in Hinduja Tech, underscores a focused approach toward enhancing R&D and expanding global footprints in sustainable mobility.

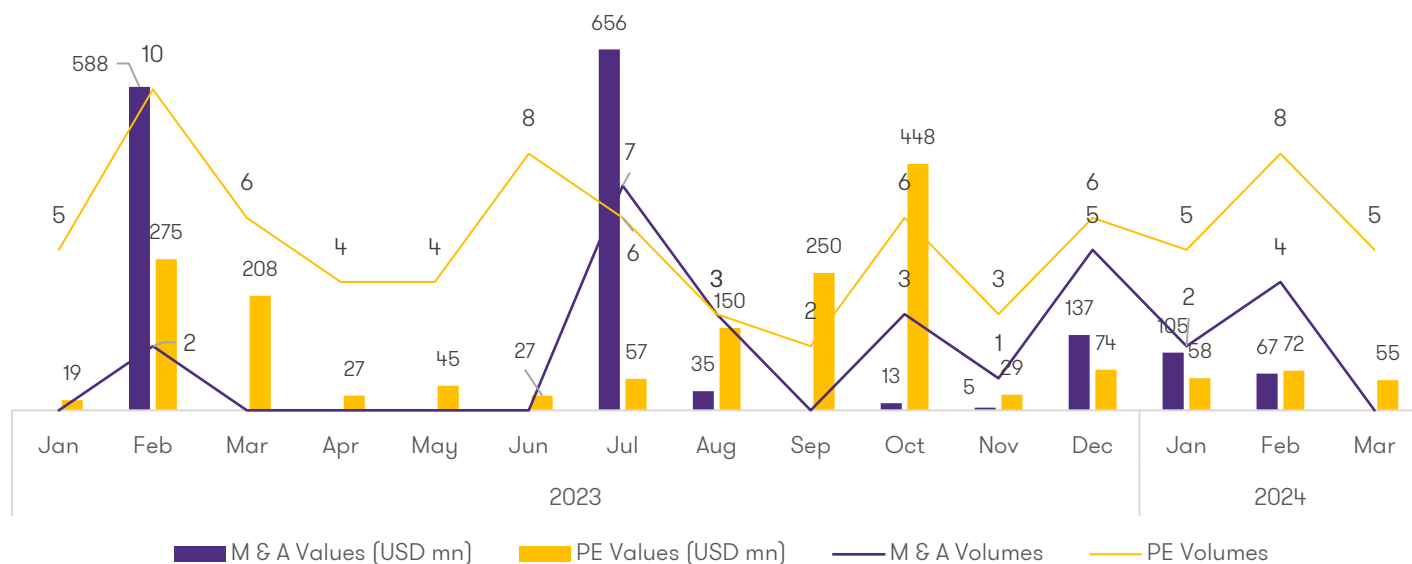
The industry's engagement with both M&A and PE investments points to a strategic recalibration, aiming to leverage global partnerships, technological advancements, and market opportunities to navigate the evolving automotive landscape.

Mobility as a service and EV sub-sectors led both deal volumes as well as values with 19 deals valuing USD 259 mn, with a focus on R&D and the development of sustainable mobility solutions.



Deal snapshot

Monthly deal trend



Deal summary	Volume			Value (USD million)		
	Q3 2023	Q4 2023	Q1 2024	Q3 2023	Q4 2023	Q1 2024
Domestic	7	8	3	151	152	22
Inbound	-	1	3	-	3	150
Outbound	3	-	-	540	-	-
Total M&A	10	↓ 10% 9	↓ 33% 6	691	↓ 78% 155	↑ 11% 172
PE	11	↑ 36% 15	↑ 20% 18	457	↑ 20% 550	↓ 66% 185
Grand total	21	↑ 14% 24	24	1,148	↓ 39% 705	↓ 49% 357

Notable Trends

- The automotive industry witnessed 24 deals valuing USD 357 million, translating to a 49% decline in overall values, and reflecting no change in deal volumes compared to Q4 2023. While the M&A activity witnessed an 11% increase in values and a 33% decrease in volumes this quarter, the PE activity saw a decline of almost 66% in terms of values despite a 20% increase in deal volumes.
- Except for two deals with values over USD 50 million, the market is dominated by a larger number of smaller value transactions. The smaller deal size indicates a strategic shift in more, but smaller bolt-on-acquisitions in early-stage investments, as opposed to few large-scale transactions. Additionally, the broader market slowdown in February 2024 contributed to lower deal values. Traditional auto-component companies are expected to engage in acquisitions to enhance their EV capabilities.
- Overall, a 49% decline in deal values in Q1 2024, largely attributed to subdued global macroeconomic outlook, fueled by high global inflation. The general slowdown aligns with the global economic trends, where investors might exercise caution in response to economic policy shifts, inflation trends and changing monetary landscape. In such an environment, deal activity may continue but with more attention to sustainable investment and growth strategies.
- Both IPO and QIP activity witnessed increased activity compared to Q3 2024. IPO witnessed two issues totaling USD 124 million, while QIP witnessed only one, JK Tyre & Industries's USD 60 million fund raise via this route.

Newsmakers

Top M&A deals of the quarter

Acquirer	Target	Sub-sector	USD million	Deal type	% stake	Domestic/ Cross-border
Mitsui & Co Ltd and VDL Groep	Pinnacle Mobility Solutions Pvt Ltd - Eka Mobility	Electric vehicles	100	Minority stake	N.A	Inbound
Mitsubishi Corp	TVS Mobility Pvt Ltd	Automobiles	36	Strategic stake	32%	Inbound
Magna International Inc	Yulu Bikes Pvt Ltd	Mobility as a service	14	Minority stake	N.A	Inbound
Mahanagar Gas Limited	3ev Industries Pvt Ltd	Electric vehicles	12	Minority stake	N.A	Domestic
Bajaj Auto Ltd	Yulu Bikes Pvt Ltd	Mobility as a Service	6	Increasing stake to 18.8%	1%	Domestic

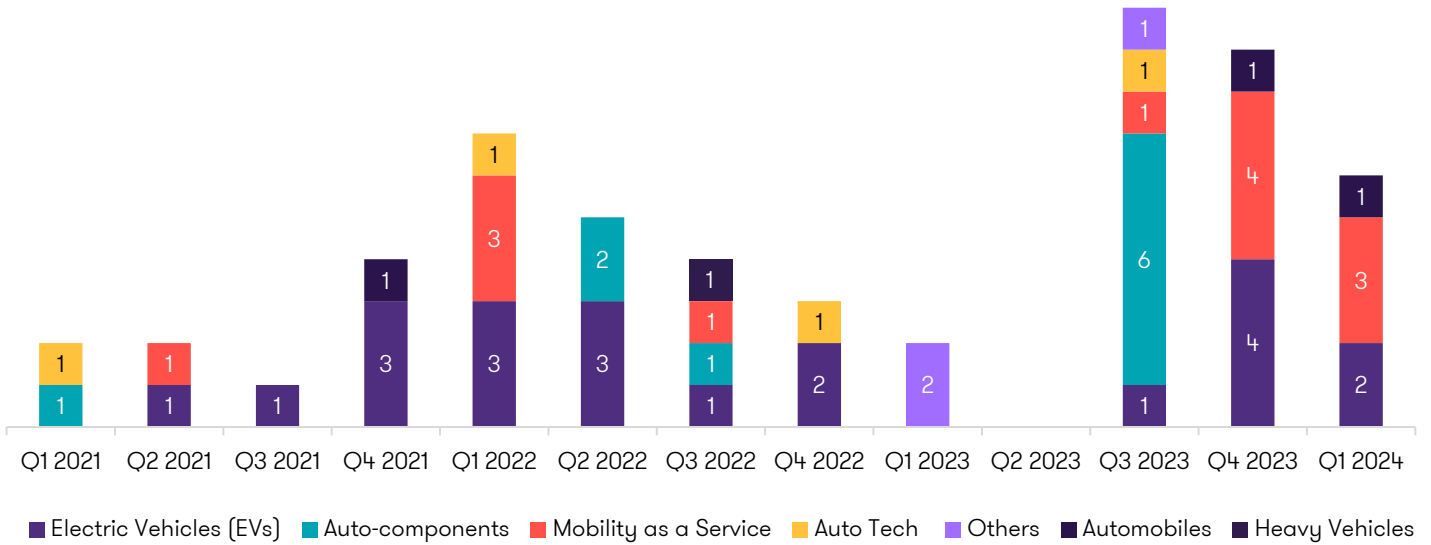
Top PE deals of the quarter

Investor	Investee	Sub-sector	USD million	% stake
Creador	Hinduja Tech Limited	Automobiles	50	N.A.
National Infrastructure and Investment Fund - India-Japan Fund	Mahindra Last Mile Mobility Ltd	Electric vehicles (EVs)	48	N.A.
Yamaha motor co, Al-Futtam Automotive, Lowercarbon capital, Toyota ventures and Maniv mobility	World of River Pvt. Ltd- River	Electric vehicles (EVs)	40	N.A
3one4 Capital, Saison Capital, Zephyr Peacock India, Force Ventures, Alteria Capital and angel investor	Vidyuttech Services Private Ltd - Vidyut	Auto tech	10	N.A.
Bennett Coleman and Co. Ltd, Hindustan Times Media Ventures, Ushodaya Enterprises Pvt Ltd and angel investors	PuR Energy Pvt Ltd - Pure EV	Electric Vehicles (EVs)	8	N.A.

- EVs and MaaS lead:** Both sub-sectors are commanding significant investor interest, with seven PE deals in each category. This interest aligns with the global shift towards sustainable transportation and an increase in service-centric automotive models. To adapt to the shift towards sustainable and connected vehicles, the industry is investing in R&D and new technologies, leading to the consolidation for synergies and value generation. Simultaneously, as the EV value chain becomes more efficient and customer adoption increases, these sub-sectors are attracting significant investor interest as well.
- Focus on R&D and development of sustainable solutions:** The automotive industry is vigorously pursuing R&D and technological integration. Hinduja Tech's recent USD 50 million partnership with Creador, which bought a significant stake in the firm, showcases a push for developing advanced, sustainable mobility engineering solutions. Similarly, Mahindra Last Mile Mobility's funding from the India-Japan Fund bolsters innovation in electric three-wheelers, signalling the sector's investment in sustainable, efficient transportation. Additionally, Mitsui & Co and VDL's alliance to invest in Pinnacle Mobility underlines a shared commitment to innovative R&D, with the goal of advancing India's EV manufacturing capabilities. These actions underline the industry's dedication to evolving through technology and research to meet the future demands.

Sector trends

M&A trend by sub-sectors



The M&A activity within the automotive industry has remained subdued since 2023, in line with the cautious outlook on global M&A activity, an outcome of expected global inflation and geopolitical risks. This quarter witnessed six M&A deals, out of which three were domestic consolidations and the other three were inbound consolidations. The inbound M&A deals made up for ~USD 150 million of foreign investment from the automotive industry. Key sub-sectors, which consistently attracted investor interest, include electric vehicles, mobility as a service and auto-components.

Mitsui & Co Ltd and VDL

Groep: Mitsui & Co., in alliance with VDL, a Dutch EV-maker, has invested in India's Pinnacle Mobility, producer of the EKA brand of electric buses and commercial vehicles. The collaboration aims to establish India as an EV manufacturing leader, backed by Mitsui's global network and VDL's technology, thus endorsing the 'Make in India' initiative. The investment also underpins Mitsui's commitment to sustainability and its long-term goal of achieving net-zero emissions by 2050.

Mitsubishi Corporation

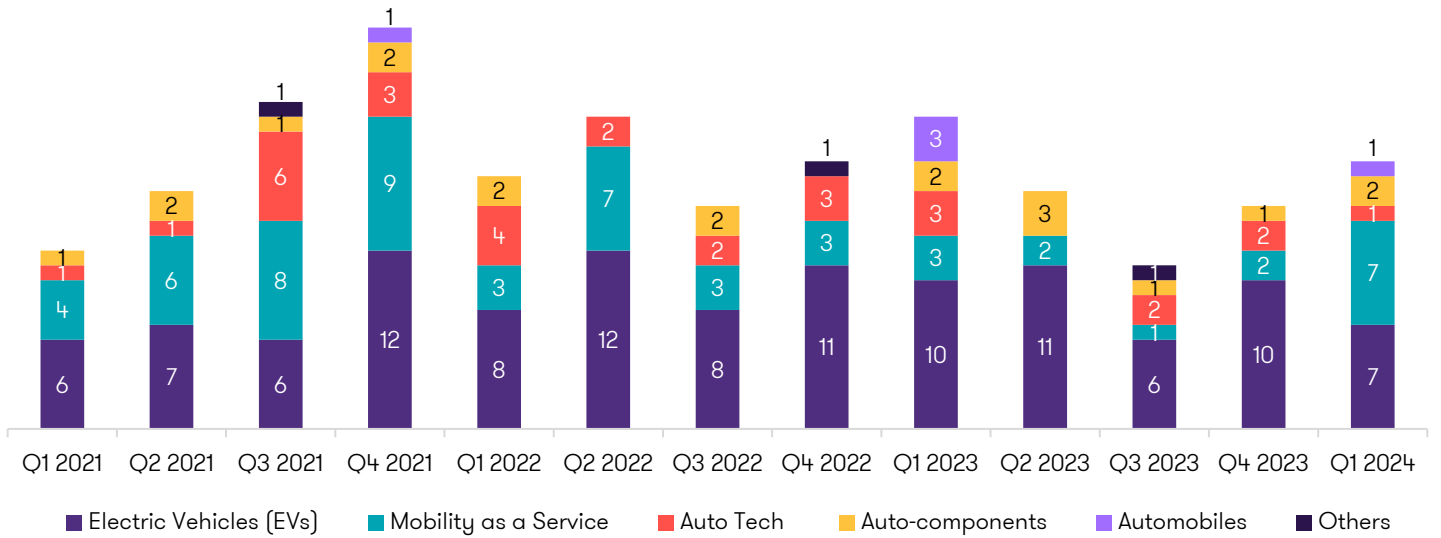
acquired around 32% stake in TVS Mobility's new subsidiary, TVS Vehicle Mobility Solution (TVS VMS), with an investment of USD 36 million, indicating confidence in the growth potential of TVS's dealership business in India. The partnership is set to transform TVS Mobility's dealership business, enhancing service offerings across its automotive solutions, reflecting a shift towards digital and comprehensive vehicle mobility services.

Magna International Inc & Bajaj Auto Ltd:

Shared mobility startup Yulu secured an investment of USD 19 million from Magna International and Bajaj Auto, followed by the company's substantial growth. Yulu aims to utilise this fresh funding for product innovation and network expansion, with an aim to sell over three million EVs in the next three years.

Sector trends

PE trend by sub-sectors



The PE/VC activity has witnessed majority investments within the electric vehicles and mobility-as-a-service (MaaS) segments. Notable investments include:

Hinduja Tech Limited, a mobility-focused global engineering R&D services company, has entered into a strategic partnership with the private equity firm Creador. This partnership includes a significant investment of USD 50 million by Creador for a stake in Hinduja Tech. This injection of funds is anticipated to enhance the company’s research and development operations, both organically and through acquisitions, to enhance its engineering solutions. The company aims to leverage this investment to expand its reach in the global market and accelerate its progress in sustainable mobility engineering services.

Mahindra Last Mile Mobility Ltd: The India-Japan Fund (IJF), a fund managed by National Investment and Infrastructure Fund Limited (NIIF), is investing USD 48 million in Mahindra Last Mile Mobility (electric three-wheeler maker), with the IJF’s stake ranging between 6%-8%. This substantial investment will likely fuel advancements in the last mile mobility offerings, potentially accelerating the launch of new products or the expansion of the existing ones to meet the growing demand for sustainable transport solutions.

River, an EV start-up, has raised USD 40 million in Series B funding, led by Yamaha Motor Co. Ltd. The round also witnessed participation from a consortium of existing investors, such as Al-Futtaim Automotive, Lowercarbon Capital, Toyota Ventures and Maniv Mobility. The company aims to deploy the funds to scale the distribution and service network across the country and to further invest in R&D.

These investments were pivotal in addressing the challenges associated with EV manufacturing and meeting evolving consumer demands. By fortifying the EV value chain, companies aim to streamline production, optimise supply chains, and reduce costs, ultimately making EVs more accessible to a broader market. Simultaneously, the focus on sales and distribution networks seeks to improve accessibility and awareness of EVs, making them a more viable choice for consumers.

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Vishesh C. Chandio
Chief Executive Officer
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