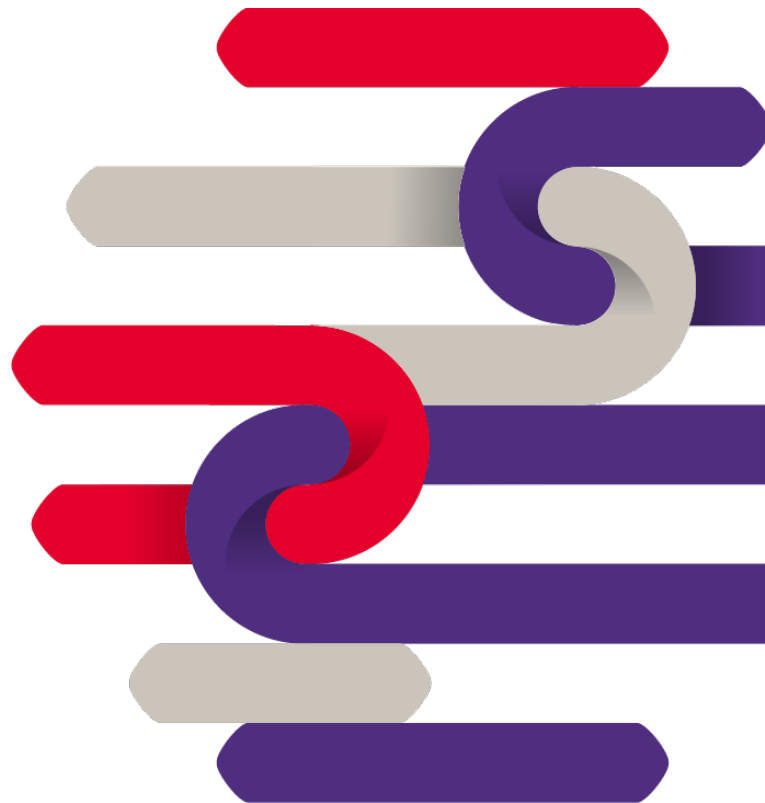


Dealtracker

Providing M&A and PE deal insights

September 2022

Volume 18.9



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 basis appropriate assumptions where necessary. For example, deals have been classified by sectors and by funding stage based on certain assumptions. 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 company should have been incorporated for five years or less than five years as at the end of that particular year and b) The company is working towards innovation, development, deployment and commercialisation of new products, processes or services driven by technology or intellectual property. Deals have been classified by sectors and by funding stages based on certain assumptions, wherever necessary.

Authors

Monica Kothari, Shreya Kelkar

Key highlights



Shanthi Vijetha

Partner
Grant Thornton Bharat LLP

Two black swan events – the pandemic and the Russia-Ukraine geopolitical conflict have sparked inflationary conditions and significantly weighed on growth. Additionally, potential energy concerns loom in the euro region post the indefinite shutdown of the Nord Stream 1 pipeline by Russia, and fears of global recession and COVID lockdowns in China are impacting demand and retaining market volatility. Domestically, the Indian economy experienced the impact of a global demand slowdown and is likely to witness the next few quarters driven by weakness in exports and a rub-off effect on other sectors.

Amidst all this, India managed to become the world's fifth-largest economy. When ranked by GDP, the country leapfrogged France and the UK. Since the August 05 Monetary Policy Statement, the macroeconomic conditions have improved on several fronts. India's inflation rate was reported to be lower than its trading partners suggesting money is entering the Indian markets as the currency rates improve. The domestic macroeconomic strength is also reflected by the Indian equities which have been substantially outperforming the emerging market equities and have shown relatively better resilience to global market shocks.

The year so far has recorded 1,599 deals valued over USD 114.5 billion, which is a 10% increase in deal volumes and a 57% increase in deal values over YTD 2021, marking record YTD volumes and values. Q3 2022, on the other hand, witnessed a contrasting trend recording only 450 deals worth USD 10.2 billion – the second lowest quarterly values witnessed in the last five years. Deal values were driven by three large deals aggregating USD 4.8 billion. The lower deal values in Q3 2022 need to be viewed in light of the non-disclosure of deal values.

While the M&A deal space continued to be dominated by domestic consolidation, we still witnessed a 25% decline in domestic deals from 82 deals in Q3 2021 and Q2 2022 to 60 deals in Q3 2022. Cross-border deals also declined, recording 19 deals valued at USD 596 million – the lowest quarterly volumes and values recorded since 2011. Nonetheless, M&A activity witnessed marquee deals with ArcelorMittal's acquisition of select assets from Essar Group for USD 2.4 billion helping the latter to

conclude its planned asset-monetisation program and Mytrah Energy's 1.75 GW of renewable portfolio acquisition by JSW Energy for USD 1.3 billion which marks JSW Energy's largest acquisition and will also advance the current operational generation capacity by over 35%.

A similar pattern was seen in the PE deal activity. There was a 24% decline in the number of deals this quarter when compared to Q3 2021 and a sudden 68% decline in the deal values owing to the absence of high-value investments as PE investors tightened their purse strings and adopted a cautious approach.

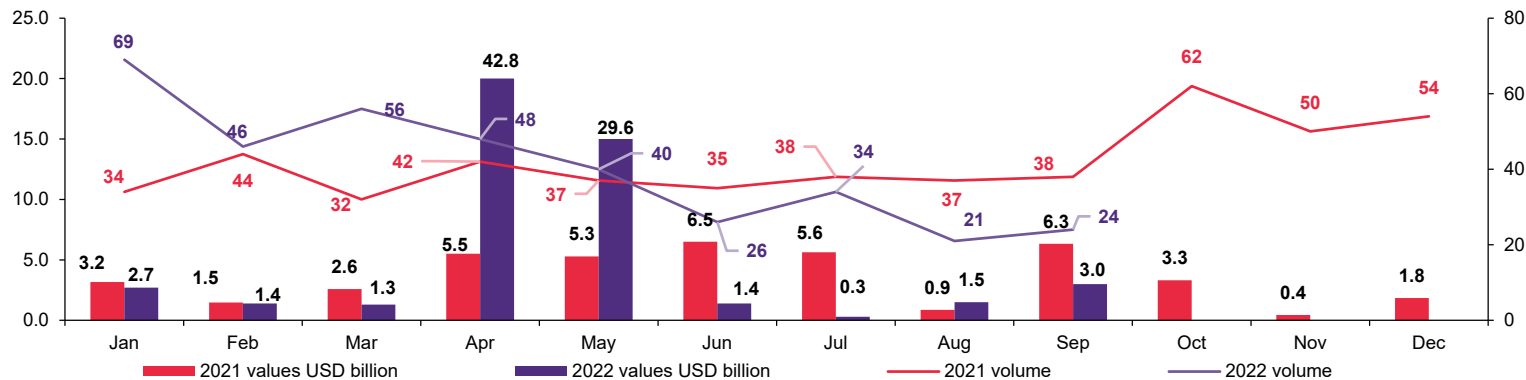
Continuous technological advancements and wider acceptance of online space led the start-up, e-commerce and IT sectors to drive deal volumes during the third quarter. The retail sector remained active recording 58 deals valued at USD 1.3 billion. Core sectors including ports and logistics, warehousing, energy and power generation, banking and infrastructure witnessed high-value deals, together contributing 48% of the total deal values.

Q3 2022 witnessed a 78% decrease in the initial public offering (IPO) activity in the country and a 92% decline in issue size compared to Q3 2021. This quarter witnessed only four IPOs closed in the month of August and September. Similarly, qualified institutional placement (QIP) fundraising witnessed four issues raising USD 326 million. While this was a 43% and 68% decline in volumes and issue size compared to Q3 2021, it saw a 33% and 139% increase in volumes and issue size compared to Q2 2022.

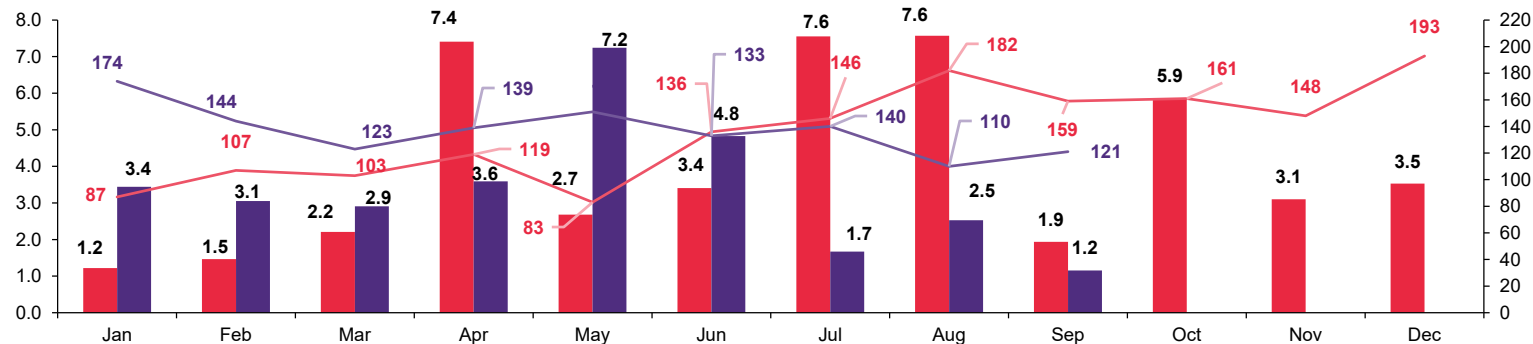
Even as the outlook for global growth remains clouded by uncertainties and exacerbated by geopolitical tensions, domestic growth is expected to hold up in the coming months. As the monetary policy measures will be aimed at anchoring inflation expectations, the macroeconomic situation is expected to improve on the back of high-frequency consumption and better industrial indicators. A shift in policy focus towards infrastructure, manufacturing, land, labour reforms and the financial services sector could cumulatively contribute to an upswing in the private sector.

USD 114.5 billion worth of 1,599 deals in YTD 2022

M&A snapshot



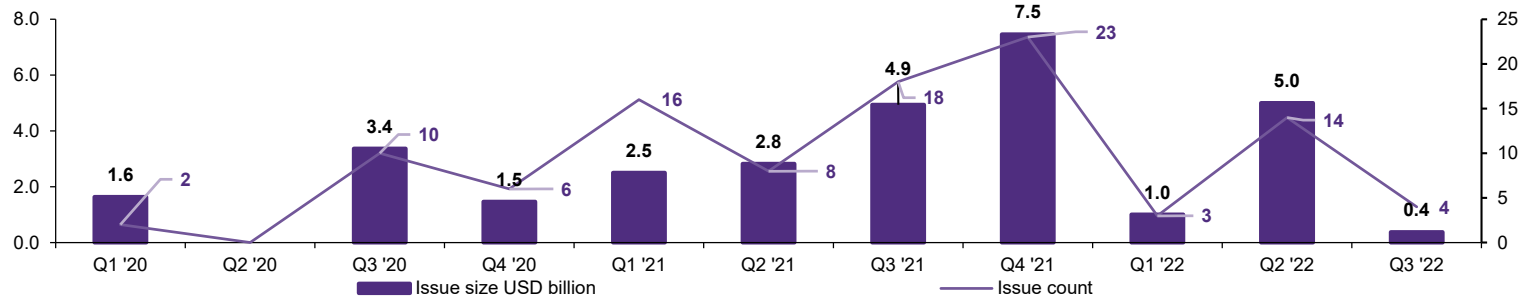
PE snapshot



Both IPO and QIP witnessed a decline in YTD 2022

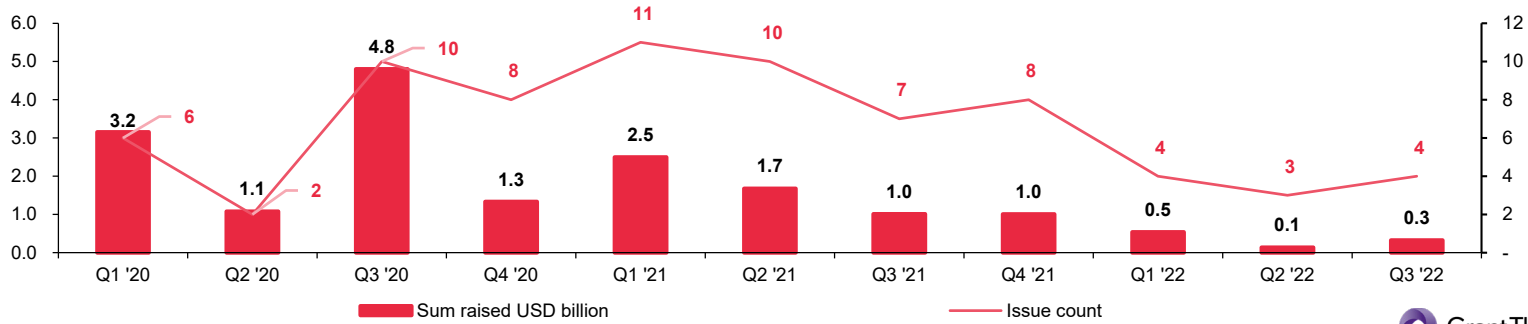
YTD 2021 witnessed 21 IPOs, which is a 50% decline when compared to YTD 2021 deal volumes, raising around USD 6.4 billion

IPO snapshot



2022 witnessed 11 QIP issues, a 61% decline over YTD 2021, raising USD 1 billion marking the lowest fundraise since 2016 for the YTD period

QIP snapshot



Q3 2022 witnessed a drop in deal activity

	Deal summary			Volume			Value (USD million)			
	2020	2021	2022	2020	2021	2022	2020	2021	2022	
Q3	Domestic	56	82	60	1,523	3,559	4,268			
	Cross-border	37	31	19	9,427	9,268	596			
	Total M&A	93	113	79	10,950	12,827	4,864	↓ 90%	↓ 62%	
	Private equity	224	487	371	8,197	17,061	5,356	↓ 24%	↓ 69%	
	Grand total	317	600	450	19,147	29,888	10,220	↓ 25%	↓ 66%	
	Cross-border includes									
	Inbound	17	16	11	7,460	7,852	454			
Outbound	20	15	8	1,965	1,416	142				

	Deal summary			Volume			Value (USD million)			
	2020	2021	2022	2020	2021	2022	2020	2021	2022	
YTD	Domestic	151	254	277	9,378	19,209	67,872			
	Cross-border	104	83	87	19,522	18,130	16,220			
	Total M&A	255	337	364	28,900	37,339	84,092	↑ 8%	↑ 125%	
	Private equity	661	1,122	1,235	25,610	35,453	30,414	↑ 10%	↓ 14%	
	Grand total	916	1,459	1,599	54,510	72,792	1,14,506	↑ 10%	↑ 57%	
	Cross-border includes									
	Inbound	47	37	46	16,962	10,880	2,159			
Outbound	57	46	41	2,560	7,250	14,061				

India Inc. witnessed a decline in deal volumes as well as values

- Q3 2022 witnessed a 25% decline in deal volumes and a steep 66% decline in deal values compared to the same period last year due to the absence of big-ticket transactions owing to a cautionary approach by strategic and financial investors driven by macro-economic factors, including inflationary pressures and interest rate hike.
- Compared to the previous quarter (Q2 2022), Q3 2022 recorded a 16% decrease in the deal volumes, while values witnessed a significant 89% drop as Q2 2022 saw the HDFC merger valued at USD 40 billion, along with two other deals valued over USD 10 billion each. However, excluding these three top deals, the deal values still witnessed a 52% decline.
- M&A deals saw a 30% decline in volumes and a 62% decline in values compared to Q3 2021. The fall in the deal activity was mainly due to the lowest cross-border activity recorded for the Q3 period since 2011, valued at USD 596 million, marking the lowest deal values for the period mentioned above. Non-disclosure of deal values also added to lower deal values.
- Like the M&A trend, PE investments also witnessed declined activity in terms of investment volumes (24%) and investment values by 69%. The significant fall in the values was on account of sharp decline in the number of high-value investments. While Q3 2022 witnessed only nine deals valued at and over USD 100 million each, Q3 2021 saw two deals valued over USD 1 billion and 34 deals valued at and over USD 100 million.

YTD 2022 witnessed 10% growth in deal volume and a substantial 57% increase in deal values

- Overall deal activity witnessed a substantial 10% increase in volumes while values rose more than 1.5 times over YTD 2021, marking record volumes and values. This also represents a 10% increase in deal volumes and a 24% increase in deal values compared to the previous YTD record. While big-ticket M&A transactions contributed to overall values, PE investments dominated the deal volumes.
- The year so far recorded 10 deals valued over USD 1 billion, 81 deals valued between USD 100 and USD 999 million and 79 deals valued between USD 50 and USD 99 million.
- YTD sector focus: The start-up sector accounted for 57% of total deal volumes for 2022, valued at USD 7.5 billion. E-commerce followed second with 188 deals valuing about USD 7.3 billion. Owing to the biggest deal witnessed to date, the merger between HDFC and HDFC bank worth USD 40 billion put the banking and financial services sector in the lead, followed by IT and manufacturing.

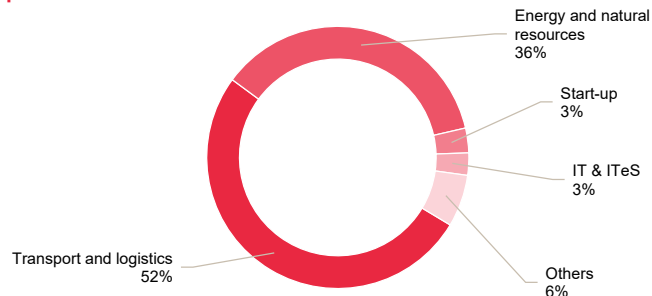
M&A dealboard: Q3 2022

Top deals accounted for 92% of M&A deal values, constituting 13% of volumes

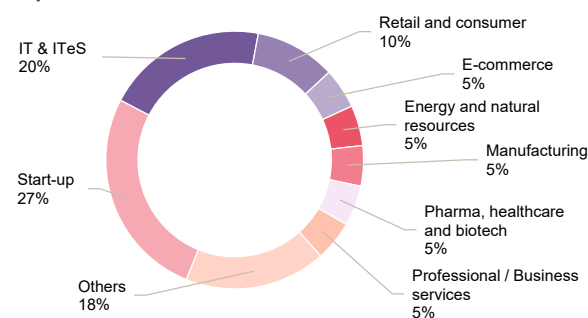
Top M&A deals of the quarter						
Acquirer	Target	Sector	USD million	Deal type	% stake	Domestic/ cross-border
ArcelorMittal Nippon Steel Ltd	Essar Group - ports, power and transmission assets	Transport and Logistics	2,400	Acquisition	100%	Domestic
JSW Energy Ltd - JSW Neo Energy	Mytrah Energy (India) Pvt. Ltd. - 1.75 GW of renewable portfolio	Energy and natural resources	1,316	Acquisition	100%	Domestic
Resurgent Power Ventures Pte Ltd	South East U.P. Power Transmission Company Ltd.	Energy and natural resources	408	Acquisition	100%	Inbound
Adani Logistics Ltd	Navkar Corporation Ltd. - inland container depot	Transport and logistics	104	Acquisition	100%	Domestic
KPIT Technologies Ltd	Technica Group - Technica Engineering GmbH, Technica Electronics Barcelona S.L., Technica Engineering Spain S.L. and Technica Engineering Inc	Automotive	79	Acquisition	100%	Outbound
upGrad Education Pvt Ltd	Harappa Education Pvt. Ltd	Start-up	38	Acquisition	100%	Domestic
Reliance Industries Ltd	SenseHawk, Inc.	IT & ITES	32	Majority stake	N.A.	Outbound
Tube Investments of India Limited- TI Clean Mobility	Infraprime Logistics Technologies Pvt Ltd	Start-up	32	Controlling stake	65%	Domestic
India Grid Trust	Raichur Sholapur Transmission Company Private Limited	Energy and natural resources	31	Acquisition	100%	Domestic
BigFoot Retail Solutions Pvt Ltd- Shiprocket	Arvind Internet Ltd- Omuni	IT & ITeS	26	Acquisition	100%	Domestic

M&A: Transport and logistics drove the values, whereas start-up and IT led volumes

Top sectors based on deal value



Top sectors based on deal volume



Notable sector trends

- In line with the past trend, the start-up sector led the deal volumes, accounting for 27% of M&A volumes for the quarter. Deal volumes stood at 21, which is a 36% decline compared to Q2 2022 and a 30% decline compared to Q3 2021. Retail-tech led the sector volumes followed by edtech, fintech and travel, transport and logistics segments.
- IT and retail sectors remained active, executing deals after the start-up sector together accounting for 30% of total volumes for the quarter. Software development and consumer retail segments led the deal volumes in their respective sectors.
- Driven by ArcelorMittal Nippon Steel's acquisition of Essar Group's ports, power and transmission assets for USD 2.4 billion, making it the largest acquisition for the quarter, the transport and logistics sector topped the M&A charts in terms of deal values. This deal alone was responsible for about 50% of the M&A deal values for the given quarter.
- Energy and natural resources sector was put on the map by JSW Neo Energy's acquisition of Mytrah Energy for USD 1.3 billion and Resurgent Power Ventures' acquisition of South East U.P. Power Transmission Company for USD 0.4 billion. Both these deals were among the top five deals executed this year for this sector.
- Aerospace and defence, hospitality, infra, media and entertainment, telecom and real estate witnessed muted activity in Q3 2022.
- Q3 2022 witnessed Upgrad execute four deals, two each in the start-up and professional services sector followed by Zetwerk sealing three deals in the aerospace and manufacturing sectors.

Key sectors

Notable sectors	Volume	USD million
Start-up	21	148
IT & ITeS	16	134
Retail and consumer	8	46
Energy and natural resources	4	1,765
Pharma, healthcare and biotech	4	66
Automotive	3	94
Transport and logistics	2	2,504

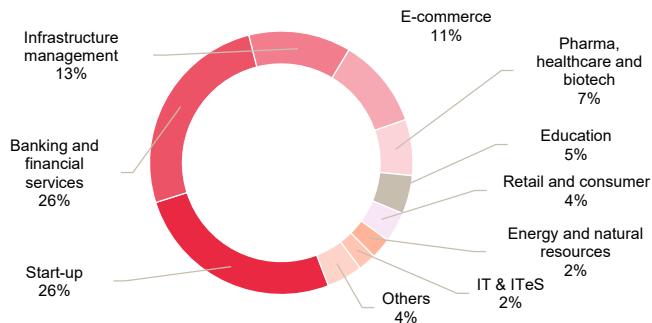
PE dealboard: Q3 2022

Top deals accounted for 50% of PE deal values, constituting only 3% of volumes

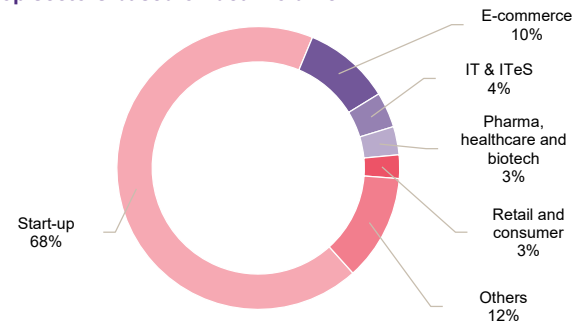
Top PE deals of the quarter				
Investor	Investee	Sector	USD million	% stake
Carlyle Group Inc and Advent International	Yes Bank Ltd	Banking and financial services	1,100	20%
National Investment and Infrastructure Fund	Navayuga Quazigund Expressway Pvt. Ltd.	Infrastructure management	380	N.A.
National Investment and Infrastructure Fund - NIIF Master Fund	SP Jammu Udhampur Highway Ltd.	Infrastructure management	290	100%
ETS Global, Bodhi Tree, Kaizen Management Advisors, Artian Investments, Bharti Airtel's family office, Narotam Sekhsaria Family Office, The Founder Group, Temasek, IFC and IIFL	upGrad Education Private Limited	Education	210	N.A.
General Atlantic, Kedaara Capital and Foundation Holdings	ASG Hospital Pvt. Ltd.	Pharma, healthcare and biotech	188	N.A.
Varde Partners	Reliance Power Ltd.	Energy and natural resources	117	15%
British International Investment, LeapFrog Investments, the Asian Development Bank, and Premji Invest.	Shubham Housing Development Finance Company Pvt. Ltd.	Banking and financial services	112	N.A.
TPG's The Rise Fund, Norwest Venture Partners, Piramal Capital and Housing Finance Limited.	Social Worth Technologies Pvt. Ltd. - EarlySalary	E-commerce	110	N.A.
Temasek, Matrix Partners, QED Investors, Hummingbird Ventures, Sequoia Capital, and Sarv Investments	Fpl Technologies Private Limited - OneCard	Start-up	100	N.A.
Temasek	Molbio Diagnostics Pvt. Ltd.	Pharma, healthcare and biotech	85	N.A.

PE: Start-up and e-commerce led the volumes, banking sector topped the value chart

Top sectors based on deal value



Top sectors based on deal volume



Notable sector trends

- The start-up sector continued to occupy the larger share of volumes with 68%, dominated by investments in retail-tech companies followed by fintech and enterprise applications and infrastructure segments.
- Driven by Yes Bank Ltd's USD 1.1 billion fundraising from Carlyle Group Inc and Advent International, the banking and financial services sector topped the PE value charts. Q3 2022 recorded the third highest quarterly deal values since 2011 in the banking sector, after USD 1.9 billion in Q4 2017 and USD 1.8 billion in Q1 2019.
- Following the start-up sector, e-commerce and IT and ITeS sectors were in the lead accounting for 14% of total PE deal volumes witnessed in Q3 2022. Aerospace, media and entertainment, real estate, telecom and transport and logistics sectors recorded one deal each during the quarter.
- The quarter witnessed top deals across diversified sectors ranging from start-up, banking, energy, infrastructure, education, pharma and e-commerce which together accounted for about 90% of the PE deal values.
- The quarter witnessed ASG Hospital's fundraising of USD 118 million, marking the largest private equity funding in India's eye care industry after USD 138 million was raised by Dr Agarwal's Health Care Ltd. earlier in May. Further, global venture capital (VC) fund MSA Novo forayed into the Indian market with five bets across Fireside Ventures, marking its entry into the D2C baking and confectionery market with investment in The Baker's Dozen
- This quarter saw the birth of four unicorns - Onecard, Molbio Diagnostics, Tata 1mg and Shiprocket.

Key sectors

Notable sectors	Volume	USD million
Start-up	252	1,390
E-commerce	37	704
IT and ITeS	15	118
Pharma, healthcare and biotech	12	368
Retail and consumer	10	199
Education	8	254
Banking and financial services	6	1,388

Deal of the quarter: M&A

Arcelor Mittal acquires select port, power and transmission assets from Essar Group

Sector: Transport and logistics

Acquirer

ArcelorMittal Nippon Steel Ltd. is an integrated flat carbon steel manufacturer – from iron ore to ready-to-market products – with an achievable crude steel capacity of 9.0 million tonnes per annum (MTPA). Their manufacturing facilities comprise iron-making, steelmaking and downstream facilities spread across India.

Target

Essar Group is India's leading corporate delivering world class services in sectors of energy, infrastructure, metals and mining and in verticals of technology.

Rationale

Arcelor Mittal acquires select port, power and transmission from Essar Group for USD 2.4 billion, a deal that will strengthen its steel-making business in the country. The purchase of steel-making business assets, including power, ports and other logistics and infrastructure operations, will be funded by the Indian unit of the joint venture between ArcelorMittal and Nippon Steel Corp.

This deal involves the acquisition of power assets namely Essar Power Hazira Ltd and Gandhar Hazira Transmission Ltd., port assets like Hazira Cargo Terminals Ltd, Ibrox Aviation & Trading Private Ltd., Essar Bulk Terminal Ltd., Essar Bulk Terminal Paradip Ltd. and Essar Vizag Terminals Ltd. Other assets include Snow White Agencies Private Ltd. and Bhagwat Steel Ltd.

The assets being acquired are cash-accruing and will generate operational synergies immediately upon completion of the transaction. With this deal, Essar Ports and Terminals has unlocked value for all stakeholders and will continue to focus on building new and modern core infrastructure assets in India and overseas. The group would conclude its planned asset monetisation programme and complete the debt repayment plan of USD 25 billion with the Indian banking sector.

Deal of the quarter: PE

Yes Bank raises USD 1.1 billion from Carlyle and Advent International

Sector: Banking and financial services

Investor

Carlyle Group Inc is a global investment firm with USD 376 billion of assets under management across three business segments and 520 investment vehicles.

Advent International is one of the largest global private equity investors. The firm has invested in over 395 private equity investments across 41 countries and as of March 31, 2022, had USD 75.9 billion in assets under management.

Investee

Yes Bank Ltd is a full-service commercial bank providing a complete range of products, services and technology-driven digital offerings, catering to retail, MSME as well as corporate clients. It has a pan-India presence including an international banking unit (IBU) at GIFT City and a representative office in Abu Dhabi.

Rationale

Yes Bank sells a 10% stake each to private equity funds Carlyle and Advent International for a consideration of USD 1.1 billion (around Rs 8,900 crore) investment. Funds affiliated with Carlyle and Advent, CA Basque and Verventa Holdings respectively, will acquire a 10% stake in the bank. The lender has raised USD 640 million or INR 5,100 crore via share issue and USD 475 million or INR 3,800 crore through share warrants.

This is the second largest capital raise by a private lender in India. Yes Bank will issue 370 crore shares on a preferential basis at INR 13.78 apiece and 257 crore warrants convertible into shares at INR 14.82 per warrant.

"The capital raise will further bolster the capital adequacy of Yes Bank and aid the bank's medium to long-term sustainable growth objectives. Once approved, this would be one of the largest private capital raises by an Indian private sector bank," the bank said in a statement.

About Grant Thornton Bharat

62,000+

People globally

140+

countries

750+

offices globally

USD 6.60 billion

Total global revenues (2021)



Fully integrated

One of the largest fully integrated Assurance, Tax & Advisory firms in India

15

Offices

Grant Thornton Bharat

Member firm within Grant Thornton International

6,500+

people

Presence in 13 major cities of India: Ahmedabad, Bengaluru, Chandigarh, Chennai, Dehradun, Delhi, Gurgaon, Hyderabad, Kochi, Kolkata, Mumbai, Noida and Pune

For more information, write to us at: GTBharat@in.gt.com

Contact us

NEW DELHI

National Office,
Outer Circle, L 41,
Connaught Circus,
New Delhi - 110001
T +91 11 4278 7070

NEW DELHI

6th Floor, Worldmark 2,
Aerocity,
New Delhi - 110037
T +91 11 4952 7400

AHMEDABAD

Unit No - 603 B, 6th Floor,
Brigade International Financial Center,
GIFT City Gandhinagar,
Ahmedabad - 382355
T +91 79 6900 2600

BENGALURU

5th Floor, 65/2, Block A,
Bagmane Tridib, Bagmane Tech Park,
CV Raman Nagar,
Bengaluru - 560093
T +91 80 4243 0700

CHANDIGARH

B-406A, 4th Floor,
L&T Elante Office Building,
Industrial Area Phase I,
Chandigarh - 160002
T +91 172 4338 000

CHENNAI

9th Floor, A Wing, Prestige Polygon,
471 Anna Salai, Mylapore Division,
Teynampet,
Chennai - 600035
T +91 44 4294 0000

DEHRADUN

Suite No 2211, 2nd Floor,
Building 2000, Michigan Avenue,
Doon Express Business Park,
Subhash Nagar,
Dehradun - 248002
T +91 135 2646 500

GURGAON

21st Floor, DLF Square,
Jacaranda Marg, DLF Phase II,
Gurgaon - 122002
T +91 124 462 8000

HYDERABAD

Unit No - 1, 10th Floor,
My Home Twitza, APIIC,
Hyderabad Knowledge City,
Hyderabad - 500081
T +91 40 6630 8200

KOCHI

6th Floor, Modayil Centre Point,
Warriam Road Junction, MG Road,
Kochi - 682016
T +91 484 406 4541

KOLKATA

Unit 1603 & 1604, EcoCentre,
Plot No 4, Street No 13,
EM Block, Sector V, Bidhannagar,
Kolkata - 700091
T +91 33 4444 9300

MUMBAI

11th Floor, Tower II,
One International Center,
SB Marg Prabhadevi (W),
Mumbai - 400013
T +91 22 6626 2600

MUMBAI

Kaledonia, 1st Floor, C Wing,
(Opposite J&J Office),
Sahar Road, Andheri East,
Mumbai - 400069
T +91 22 6176 7800

NOIDA

Plot No 19A, 2nd Floor,
Sector - 16A,
Noida - 201301
T +91 120 485 5900

PUNE

3rd Floor, Unit No 310-312, West
Wing, Nyati Unitree, Nagar Road,
Yervada
Pune - 411006
T +91 20 6744 8800

For more information or for any queries, write to us at GTBharat@in.gt.com



Follow us @GrantThorntonIN

©2022 Grant Thornton Bharat LLP. All rights reserved.

“Grant Thornton Bharat” means Grant Thornton Advisory Private Limited, the sole member firm of Grant Thornton International Limited (UK) in India, and those legal entities which are its related parties as defined by the Companies Act, 2013, including Grant Thornton Bharat LLP.

Grant Thornton Bharat LLP, formerly Grant Thornton India LLP, is registered with limited liability with identity number AAA-7677 and has its registered office at L-41 Connaught Circus, New Delhi, 110001.

References to Grant Thornton are to Grant Thornton International Ltd. (Grant Thornton International) or its member firms. Grant Thornton International and the member firms are not a worldwide partnership. Services are delivered independently by the member firms.