

# Dealtracker

Providing M&A and PE deal insights

May 2022

Volume 18.5



# Disclaimer

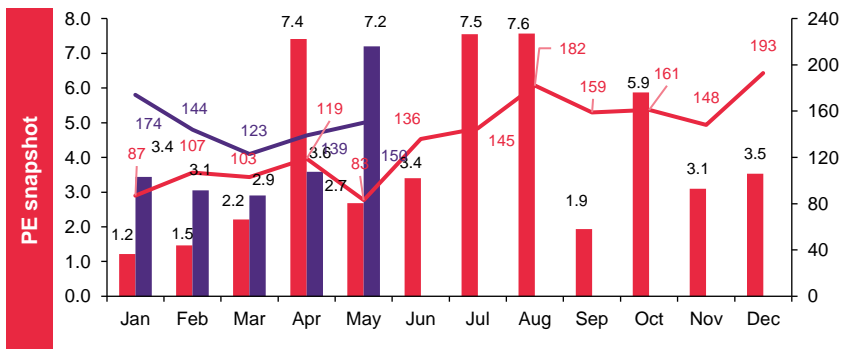
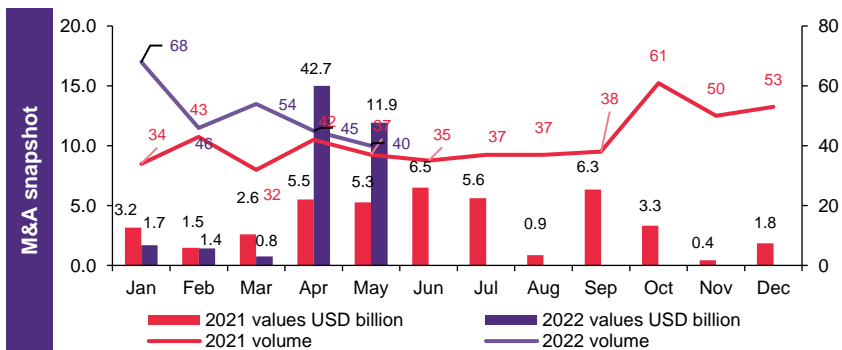
This document captures the list of deals closed and announced based on the information available in the public domain. Our analysis in the document is basis appropriate assumptions where necessary. For example, deals have been classified by sectors and by funding stage based on certain assumptions. If 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.

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# Deal snapshot



As the world started putting COVID-19 pandemic behind it, the Russia-Ukraine conflict has created uncertainty. The effects of these coupled with China's slowdown are being felt throughout the world causing imbalance in demand and supply sides of the economy, resulting in inflation pressures. Regardless of whether it is a capital-intensive industry or not, including energy and industrials, the market seems to be poised for delayed growth. Despite this, India Inc was busy making deals in May 2022 and witnessed 190 deals aggregating to USD 19.1 billion.

The month witnessed India's largest-ever acquisition in the infrastructure and materials space - Adani Group's acquisition of Holcim's Indian Assets (Ambuja Cement and ACC Limited) for USD 10.5 billion. The month also witnessed Larsen & Toubro Infotech and MindTree Limited's merger.

Although the count of M&A deals declined, the deal values have been on the rise (on the back of marquee deals), resulting in USD 11.9 billion in deal value, the second highest monthly value witnessed in the last four years. Owing to the Adani-Holcim (\$10.5bn) deal, cross-border deal value, specifically outbound, witnessed the highest monthly value.

PE transactions continued to account for a lion share of deal activity (79% of deal volumes), including a significant volume of the big-ticket deals – two of the three multi-billion-dollar deals and 10 of the 12 high valued deals (valued at and over USD 100 million). These high-value deals and heightened focus on start-ups helped the Indian venture investing ecosystem post a 58% increase in the overall activity in May with PE deals recording 150 deals aggregating to USD 7.2 billion – the highest monthly values recorded for the month of May.

Start-up, e-commerce and IT led the deal volumes for the month, while manufacturing, media and entertainment and energy topped the overall value. Automobile, retail, education, pharma and agriculture also witnessed high-value deals apart from the aforesaid sectors.

The year so far saw five multi-billion-dollar deals and 58 deals estimated and valued at and above USD 100 million. These together accounted for 89% of the total deal values with only 6% of deal volumes in 2022.

## Shanthi Vijetha

Partner, Growth  
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# Month witnessed significant y-o-y growth both in volumes and values

	Volume			Value (USD million)		
	2020	2021	2022	2020	2021	2022
Domestic	10	26	29	45	1,469	585
Cross-border	7	11	11	32	3,816	11,347
<b>Total M&amp;A</b>	<b>17</b>	<b>37</b>	<b>40</b>	<b>77</b>	<b>5,285</b>	<b>11,932</b>
PE	82	83	150	5,544	2,680	7,196
<b>Grand total</b>	<b>99</b>	<b>120</b>	<b>190</b>	<b>5,621</b>	<b>7,965</b>	<b>19,128</b>
<b>Cross-border includes</b>						
Inbound	1	4	4	5	25	691
Outbound	6	7	7	27	3,791	10,656

	Volume			Value (USD million)		
	2019	2020	2021	2019	2020	2021
Domestic	73	140	190	7,319	9,159	42,965
Cross-border	56	48	63	9,754	8,844	15,562
<b>Total M&amp;A</b>	<b>129</b>	<b>188</b>	<b>253</b>	<b>17,072</b>	<b>18,004</b>	<b>58,527</b>
PE	363	499	730	11,755	14,987	20,186
<b>Grand total</b>	<b>492</b>	<b>687</b>	<b>983</b>	<b>28,827</b>	<b>32,991</b>	<b>78,713</b>
<b>Cross-border includes</b>						
Inbound	25	20	31	9,256	3,023	1,685
Outbound	31	28	32	498	5,821	13,878

While overall deal volumes grew by more than 50%, values jumped more than double, recording second highest monthly values in the last four years

- Amid the global uncertainty, India Inc. has been actively recording 190 deals worth USD 19.1 billion in May 2022. This showcased 58% growth in deal volumes and a significant 140% increase in deal values. Deal values in May 2022 were driven by Adani Group's acquisition of Holcim's Indian Assets (Ambuja Cement and ACC Limited) for USD 10.5 billion followed by Reliance's and Bodhi Tree's strategic investment in Viacom18 of USD 2 billion. Apart from the two deals, the month also witnessed 13 other high-value deals over USD 100 million aggregating to USD 5.1 billion.
- Compared with April 2022, the overall deal volumes witnessed 3% growth while values decreased by 59% owing to the USD 40 billion deal (HDFC merger) witnessed in April 2022. However, barring the merger deal, values in May 2022 jumped three times. May 2022 saw three multi-billion-dollar deals and 12 deals estimated and valued at and over USD 100 million each, together aggregating to USD 17.4 billion.
- M&A deal volumes witnessed an 8% increase compared to May 2021, while values jumped by over two times driven by Adani Group and Holcim's USD 10.5 billion deal. Barring this deal, the values declined by 73% in May 2021. May 2022 recorded 40 M&A deals, which is an eight-month low, aggregating to USD 11.9 billion. Cross-border deal values totaling USD 11.3 billion recorded the highest monthly values in the last four years.
- PE investment witnessed record values and volumes for the month of May at USD 7.2 billion across 150 deals. This showcases 169% increase in deal values driven by two multi-billion-dollar deals and a significant 81% increase in deal volumes driven by small ticket deals (<USD 49 million) equaling 72% of total PE deal volumes.

YTD 2022: Record deal values with a strong 43% increase in deal volumes

- YTD 2022 recorded 17 initial public offerings (IPO) with an issue size of USD 6 billion, compared to 19 IPO issues, raising USD 4 billion in YTD 2021. Qualified institutional placement (QIP), on the other hand, saw six issues raising USD 671 million compared to 17 issues raising USD 3.6 billion in the same period last year.
- YTD 2022 witnessed a 43% increase in deal volumes with over 1.4 times the surge in deal values. While PE deal volumes contributed to the overall increase in the deal volumes, deal values were driven by billion-dollar M&A deals. YTD M&A volumes witnessed the highest volumes since 2013 and second highest YTD values. YTD PE investments witnessed record activity both in terms of volumes and values with 46% and 35% from the previous record, respectively.

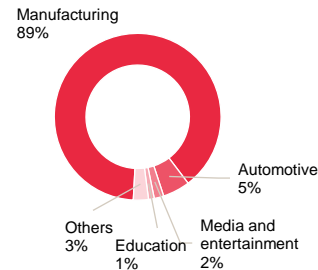
# M&A: Start-up sector dominated volumes, whereas the manufacturing sector captured values

Key sectors		
Notable sectors	Volume	USD million
Start-up	11	70
IT and ITeS	5	20
Manufacturing	5	10,600
E-commerce	3	60
Professional/Business services	3	48
Media and entertainment	2	221

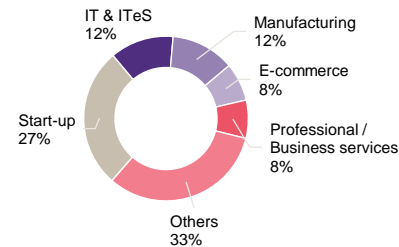
- With 27% of M&A deal volumes, the start-up sector continued to dominate the M&A deal activity with 11 deals valued at USD 70 million. The retail tech led the sector volumes with 27% each, followed by edtech and auto-tech with two deals each.
- Driven by India's largest-ever acquisition in the infrastructure and materials space, Adani Group's acquisition of Holcim's Indian Assets (Ambuja Cement and ACC Limited) for USD 10.5 billion, also marking Adani Group's a largest ever acquisition, the manufacturing sector dominated 89% of overall M&A deal values during the month. Adani Group executed three deals during the month across industrial material, FMCG and aerospace segments. The sector also witnessed US based Southco, Inc.'s first investment in India with acquisition of Darshan Industries.
- IT sector constituted for 12% of deal volumes during the month. The sector also witnessed one of the marquee transaction of Larsen & Toubro Infotech and MindTree Limited's merger being executed. On completion, LTI Mindtree will be India's fifth largest IT services company by market cap surpassing Tech Mahindra Limited.
- Apart from above mentioned deals, other high-value acquisitions of over USD 100 million were witnessed in the automotive (auto ancillary) and media and entertainment (entertainment) sectors. These high-value deals helped drive sector values for the month.

Top M&A deals of the month						
Acquirer	Target	Sector	USD million	Deal type	% stake	
Adani Group	Ambuja Cement Limited and ACC Limited	Manufacturing	10,500	Controlling stake	N.A.	
Compagnie Plastic Omnium SE	Varroc Engineering Private Limited- four-wheeler lighting system operations in the Americas and Europe	Automotive	631	Acquisition	100%	
Reliance Projects and Property Management Services Limited	Viacom18 Media Private Limited	Media and entertainment	216	Minority stake	N.A.	
Eris Lifesciences Limited	Oaknet Healthcare Private Limited	Pharma, healthcare and biotech	86	Acquisition	100%	
Southco, Inc.	Darshana Industries Private Limited	Manufacturing	50	Acquisition	100%	
Phonepe Private Limited	Wealth Technology & Services Private Limited- WealthDesk	E-commerce	50	Acquisition	100%	

Top sectors based on deal value



Top sectors based on deal volume



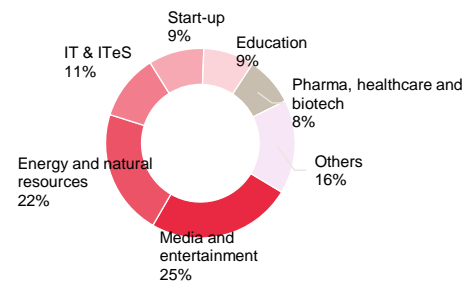
# PE: While start-ups and e-commerce dominated volumes, the media and energy sectors drove values

Key sectors		
Notable sectors	Volume	USD million
Start-up	90	681
E-commerce	22	545
Pharma, healthcare and biotech	8	604
Education	5	624
Retail and consumer	5	306
IT and ITeS	3	809

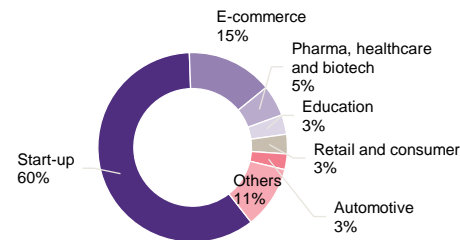
- The start-up sector continued to drive the PE deal volumes for May 2022 with a 60% share of PE volumes with investment values of USD 0.7 billion. The fintech and retail tech segment led the investment volumes in the start-up sector with 19% each, followed by enterprise application and infrastructure at 14%.
- Like previous month, May 2022 also witnessed the birth of only one unicorn with Open Financial Technologies' USD 50 million Series D funding round that came within six months of its series C funding of USD 100 million.
- The month also witnessed marquee investments with Dr. Agarwal raising USD 138 million in the largest private equity deal in the eye care space in India; Woodenstreet's USD 30 million funding was the largest funding raised by any vertical furniture player for the year 2022 in India.
- May 2022 also witnessed Tiger Global's first investment in a startup that is still at the pre-product stage with investment in Shopflo; NIIFL's USD 72 million Series E funding in Ather Energy will be NIIFL's first direct investment in the manufacturing sector and in electric mobility.
- The month witnessed two multi-billion-dollar deals in the media (entertainment) and energy (cleantech) sectors and 10 high-value investments of USD 100 million and above across seven distinct sectors ranging from IT, education, retail, pharma, start-up, e-commerce and agriculture.

Top PE deals of the month				
Investor	Investee	Sector	USD million	% stake
Bodhi Tree Systems	Viacom18 Media Private Limited	Media and entertainment	1,776	N.A.
Shell Overseas Investment B.V.	Sprng Energy Private Limited- Solenergi Power Private Limited	Energy and natural resources	1,550	100.0%
Baring PE Asia	IGT Solutions Private Limited	IT and ITeS	800	85.0%
Bodhi Tree Systems	Allen Career Institute	Education	600	N.A.
GIC	Aditya Birla Fashion and Retail Limited	Retail and consumer	289	7.5%

Top sectors based on deal value



Top sectors based on deal volume



## Deal of the month: M&A

**Adani acquires Holcim Limited's India Assets Ambuja Cements and ACC Limited for USD 10.5 billion**

### Sector: Manufacturing

#### Acquirer

**Adani Group** is a diversified organisation in India comprising seven publicly traded companies. Adani Group has positioned itself to be the market leader in its transport logistics and energy utility portfolio businesses focusing on large scale infrastructure development in India with O&M practices benchmarked to global standards.

#### Target

**Ambuja Cement and ACC** are among the iconic building material brands in India, with a track record of leadership in sustainability and innovation. Their combined footprint includes 31 cement manufacturing sites and 78 ready-mix concrete plants with 10,700 people across India. **Holcim Limited** is a Swiss multinational company that manufactures building materials and operates four businesses segments: cement, aggregates, ready-mix concrete, and other products, including precast concrete, asphalt, mortar and other building materials.

#### Rationale

According to a joint statement by both the parties, the Adani Group, through an offshore special purpose vehicle, agreed to acquire 63.19% of Ambuja Cements and 54.53% of ACC. The total value of USD 10.5 billion of the Holcim stake and the open offer consideration for Ambuja Cements and ACC made by Adani Group makes the deal the largest ever acquisition by Adani Group and India's largest-ever acquisition in the infrastructure and materials space.

The acquisition will propel Adani Group to become the second-largest cement maker in India after Aditya Birla Group's UltraTech Cement Limited.

Holcim in a statement said, "The corresponding offer share prices of INR 385 for Ambuja Cement and INR 2,300 for ACC translate into cash proceeds of CHF 6.4 billion (Swiss Franc) for Holcim."

Adani Group's acquisition of Holcim's stake in Ambuja would immediately propel the company to the second slot, with a total production capacity of 70.9 million tonne per annum (mtpa). Ambuja Cements has an installed capacity of 31.45 mtpa, with the retail segment contributing to about 80% of its sales. On its part, ACC has a production capacity of 34.45 mtpa of cement and together these companies have a total production capacity of 65.9 mtpa.

## Deal of the month: PE

**Bodhi Tree System lead USD 1.8 billion funding in RIL's Viacom18**

### Sector: Media and entertainment

#### Investor

**Bodhi Tree Systems** is a newly formed platform between Lupa Systems founder and CEO James Murdoch and Uday Shankar, the former president of the Walt Disney company Asia-Pacific and former chairman of Star and Disney India. It makes strategic investments in consumer technology across South and Southeast Asia and the Middle East, with a particular focus on India.

#### Investee

**Viacom18 Media Private Limited** is India's fastest growing entertainment network and a house of more than three dozen iconic brands. A joint venture of Network18, which owns 51% and ViacomCBS, with a 49% stake, Viacom18 defines entertainment in India by touching the lives of people through its properties on air, online, on ground, in shop and through cinema.

#### Rationale

Bodhi Tree Systems led a fund raise with a consortium of investors to invest USD 1.8 billion in Viacom18, to jointly build India's leading entertainment platform.

Bodhi Tree Systems is leading a fund raise with a consortium of investors in Viacom18, to jointly build India's leading entertainment platform and pioneer the Indian media's landscape transformation to a streaming-first approach.

According to official statement, Reliance Projects and Property Management Services Limited, a wholly-owned subsidiary of Reliance Industries which has significant presence in television, OTT, distribution, content creation and production services, will invest USD 216 million. Besides, the JioCinema OTT (over-the-top) app will be transferred to Viacom18.

The transaction is expected to close within six months and is subject to closing conditions and requisite approvals. After completing the deal, Viacom18 with Reliance, Bodhi Tree Systems and Paramount Global will shape a vision, strategy and execution for its businesses, building on the strong existing foundation, says the release.

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