

Dealtracker

Providing M&A and PE deal insights

February 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 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.

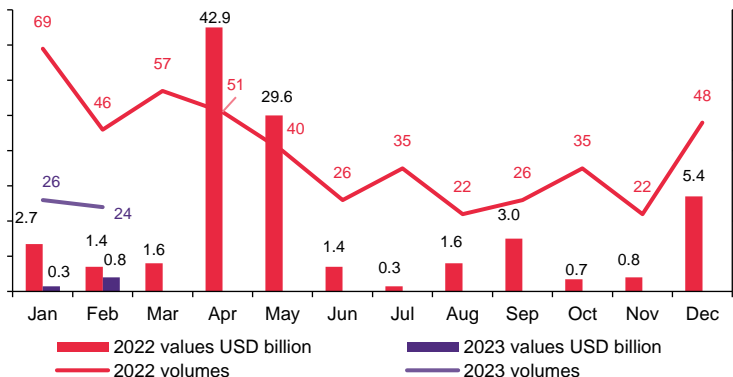
Please note that the criteria used to define Indian start-ups include: a) The relevant entity should have been incorporated for five years or less than five years as at the end of that particular year and b) The relevant entity is working towards innovation, development, deployment and commercialisation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

Authors

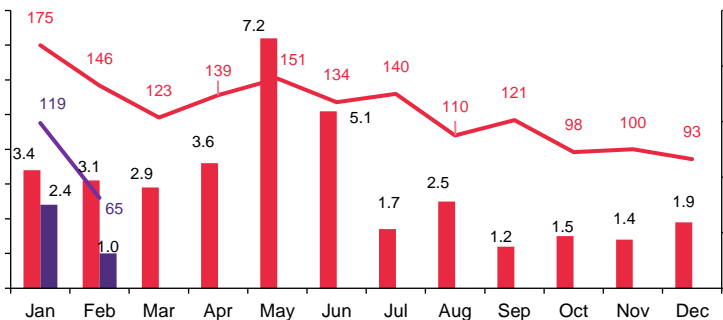
Monica Kothari, Shreya Kelkar

Deal snapshot

M&A snapshot



PE snapshot



US economic data has been pointing towards a slowdown; however, the recession is not confirmed yet. China has seen an accelerated reopening, and that has provided a boost to the commodity market. On the domestic front, the policy review also acknowledges that domestic economic activity is expected to remain resilient, aided by the sustained focus on capital and infrastructure spending in the Union Budget 2023-24.

February 2023 recorded 89 deals valued at USD 1.8 billion. This translated to a 54% decline in volumes and a significant 60% decline in values compared to February 2022 as investors continued trading cautiously amid macroeconomic uncertainties.

The mergers and acquisitions (M&A) deal volumes compared to January 2023 remained stagnant, while values were higher at USD 0.8 billion on the back of one big-ticket transaction worth USD 578 million, i.e., Samvardhana Motherson's acquisition of SAS Autosystemtechnik from Faurecia. However, compared to February 2022, the M&A activity witnessed a declining trend in terms of both volumes and values.

Private equity (PE) investments recorded 65 deals worth USD 1 billion, marking the lowest monthly volumes and values in the last three years. This might be an extension of the funding winter, as the Indian dealscape has remained slow for a while. Amid this, PE investments witnessed the largest Series A funding of USD 150 million in an Indian insurtech company and overall recorded five big-ticket investments of USD 100 million and above.

While the start-up sector led the deal volumes for the month, the sector has also been witnessing declining year-on-year activity. February witnessed high-value deals in the automotive, e-commerce and infrastructure sectors.

While the deal activity is subdued, the Indian market is still considered to provide good opportunities for deals/investments. As a result, the Union Budget 2023 avoided populist measures in the pre-election year and prioritised long-term growth.

Shanthi Vijetha

Partner, Growth
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Tepid dealmaking continues in 2023

	Deal summary			Volume			Value (USD million)		
	2021	2022	2023	2021	2022	2023	2021	2022	2023
February	Domestic	33	34	16	1,139	564	147		
	Cross-border	11	12	8	328	848	608		
	Total M&A	44	46	24 ↓ 48%	1,467	1,412	755 ↓ 47%		
	PE	107	146	65 ↓ 55%	1,467	3,056	1,019 ↓ 67%		
	Grand total	151	192	89 ↓ 54%	2,934	4,468	1,774 ↓ 60%		
	Cross-border includes								
Inbound	7	8	4	279	732	15			
Outbound	4	4	4	49	116	593			

	Deal summary			Volume			Value (USD million)		
	2021	2022	2023	2021	2022	2023	2021	2022	2023
YTD	Domestic	58	87	35	1,697	2,411	417		
	Cross-border	20	28	15	2,932	1,683	649		
	Total M&A	78	115	50 ↓ 57%	4,629	4,094	1,066 ↓ 74%		
	PE	194	321	184 ↓ 43%	2,687	6,499	3,426 ↓ 47%		
	Grand total	272	436	234 ↓ 46%	7,316	10,593	4,492 ↓ 58%		
	Cross-border includes								
Inbound	9	15	8	2,785	929	30			
Outbound	11	13	7	147	754	619			

Declining trend witnessed in terms of both deal volumes and values

- India Inc witnessed a significant decline in both deal volumes and values in February 2023, recording only 89 deals, valuing USD 1.8 billion, with overall deal activity down by 54% over February 2022. This also marked the second-lowest deal volumes and lowest values recorded since 2014.
- When compared with January 2023, the deal volumes witnessed a 39% decline while values decreased by 35%. February 2023 recorded no deals in the billion-dollar category and only six high-value deals (at and over USD 100 million) amounting to USD 1.2 billion.
- M&A deal activity witnessed a significant downtrend both in terms of deal volumes by 48% and deal values by 47% at USD 755 million compared to February 2022. While M&A values were dominated by cross-border deals, particularly outbound transactions, on the back of one big-ticket transaction - Samvardhana Motherson's acquisition of SAS Autosystemtechnik for USD 578 million, the volumes continued to be dominated by domestic consolidations accounting for 67% of transactions.
- The PE investment trend also witnessed a drop both in terms of deal values and volumes over February 2022, recording only 65 deals worth USD 1 billion. February 2023 recorded the lowest monthly deal volumes and values since August 2020. The decline in PE funding was largely due to uncertain market conditions and the wait-and-watch approach adopted around the Budget 2023.
- February 2023 witnessed muted activity in both the initial public offering (IPO) as well as qualified institutional placement (QIP) segments. This trend was seen for the first time after July 2022.

YTD 2023: Tepid start to this year's deal activity

- YTD 2023 witnessed a major decline in deal volumes as well as values, recording 234 deals valued at USD 4.5 billion. This was a 46% decline in overall volumes and a 58% decline in values. Although the year witnessed a mix of domestic and cross-border deals across various sectors, indicating the diversity and depth of India's investment landscape, the overall activity deteriorated. The year also witnessed the continued funding winter in terms of both PE deal volumes and values.
- In YTD 2023, the start-up sector led the volumes, accounting for 54% of the overall transactions, whereas the pharma, healthcare and biotech, and e-commerce sectors led the values, holding 43% of the overall deal values.
- YTD 2023 recorded one IPO with an issue size of USD 8 million, compared to three IPO issues, raising USD 1 billion in YTD 2022. QIP, on the other hand, saw muted activity compared to two issues raising USD 264 million over YTD 2022. Both IPO and QIP activities continued witnessing a decline amidst volatile markets.

M&A

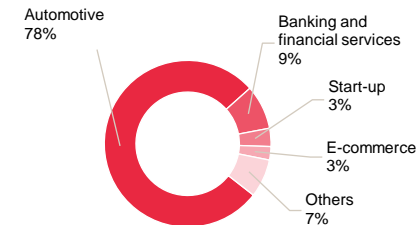
While the start-up sector drove the volumes, the automotive sector topped the value chart

Key sectors		
Notable sectors	Volume	USD million
Start-up	6	27
Pharma, healthcare and biotech	4	15
IT and ITeS	3	15
Automotive	2	588
E-commerce	2	20

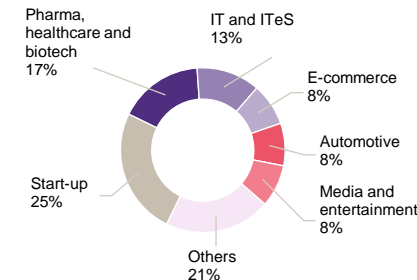
- The start-up sector led the volumes with 25% of the deals, driven by the fintech segment, which dominated in terms of both volumes as well as values. The pharma, healthcare and biotech, and IT and ITeS sectors followed the start-up sector with 17% and 13% of deals, respectively.
- The month witnessed Kotak Mahindra Bank entering the micro-finance space with the acquisition of Sonata Finance, which was also the second-largest deal for the month. Lately, most banks and financial institutions have been making a shift to micro-finance equity investments as they cater to a larger audience and help simplify the banking processes.
- The automotive sector drove the values on the back of SAS Autosystemtechnik's acquisition by Motherson International for USD 578 million. This transaction alone was responsible for 77% of the total M&A values, making it the fifth-largest deal in this sector in the last 12 years.
- While aerospace, automotive, manufacturing, media and professional services sectors saw heightened activity, agriculture and forestry, telecom, retail and consumer, and education sectors saw muted activity when compared to February 2022.

Top M&A deals of the month						
Acquirer	Target	Sector	USD million	Deal type	% stake	
Samvardhana Motherson International Ltd	SAS Autosystemtechnik GmbH & Co.	Automotive	578	Acquisition	100%	
Kotak Mahindra Bank Ltd	Sonata Finance Pvt Ltd	Banking and financial services	65	Acquisition	100%	
Sundaravijayam Automobile Services Pvt Ltd – ReadyAssist	SpeedForce Ev Vehicles Private Limited	Automotive	10	Acquisition	100%	
Siply Services Private Limited	Finsave Technologies Private Ltd – MyPaisaa	Start-up	8	Acquisition	100%	
Le Travenues Technology Ltd – ixigo	Freshbus Private Limited	Start-up	3	Minority stake	N.A.	

Top sectors based on deal value



Top sectors based on deal volume



PE

Start-up and e-commerce sectors continue to remain at the forefront

Key sectors

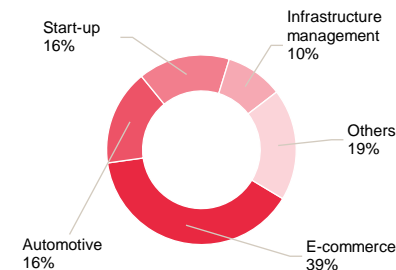
Notable sectors	Volume	USD million
Start-up	39	159
E-commerce	9	399
IT and ITeS	6	59
Automotive	2	166
Retail and consumer	2	51

- With 60% of total PE deal volumes, the start-up sector continued to top the deal chart. Retail tech witnessed heightened activity, followed by enterprise application and edtech segments together contributing to 54% of the start-up sector volumes. The start-up funding activity in India took a major toll when compared to February 2022, as the month witnessed a 60% decline in volume and a 79% decline in values.
- The e-commerce sector drove the values for the month on the back of three big-ticket fundings, all at and above USD 100 million. These three transactions alone were responsible for 34% of the total PE volume. This month saw the largest ever Series A round by an Indian insurtech company, InsuranceDekho, raising USD 150 million. This transaction alone accounted for 38% of the sector's values.
- While the IT and ITeS sector remained the third active sector in terms of the number of deals, the sector garnered investments worth only USD 69 million. The software development segment continued to dominate the sector, followed by the data analytics, artificial intelligence and IT solutions segments.
- Infrastructure management (utilities) and pharma, healthcare and biotech (pharmaceutical) sectors witnessed only one investment each of USD 100 million and USD 50 million, respectively. Banking and financial services and energy and natural resources, on the other hand, saw muted activity this month when compared to February 2022.

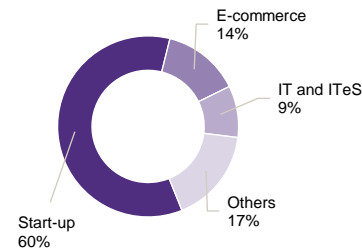
Top PE deals of the month

Investor	Investee	Sector	USD million	% stake
Goldman Sachs Asset Management, TVS Capital Funds, Investcorp, Avataar Ventures and LeapFrog Investments	Girnar Insurance Brokers Pvt Ltd – InsuranceDekho	E-commerce	150	N.A.
Amazon Smbhav Venture Fund, Iron Pillar, Investcorp, Investment Corporation of Dubai, Ascent Capital, E20 Investment, Mount Judi Ventures and Dallah Albaraka	Freshtohome Foods Pvt Ltd	E-commerce	104	N.A.
I Squared Capital	Gram Power Inc	Infrastructure management	100	N.A.
Ribbit Capital, Tiger Global and TVS Capital Funds	PhonePe Internet Pvt Ltd	E-commerce	100	N.A.
Alkem Laboratories, Eight Roads Ventures and F-Prime Capital	Enzene Biosciences Ltd	Pharma, healthcare and biotech	50	N.A.

Top sectors based on deal value



Top sectors based on deal volume



Deal of the month: M&A

Samvardhana Motherson International acquires a 100% stake in SAS Autosystemtechnik for USD 578 million from Faurecia

Sector: Automotive

Acquirer

Samvardhana Motherson International Ltd is one of the leading manufacturers of components for the automotive industry.

Target

SAS Autosystemtechnik GmbH is a leading global provider of assembly and logistics services for the automotive industry.

Rationale

Samvardhana Motherson International Ltd has acquired Germany-based SAS GmbH for USD 578 million.

Samvardhana Motherson Automotive Systems Group BV (SMRPBV) is the subsidiary of Samvardhana Motherson International Ltd, which entered into an agreement for the acquisition of SAS GmbH with Faurecia, a company of the FORVIA Group.

The enterprise value of the business is USD 578 million (INR 4,745 crore), and the transaction will be funded by a mix of debt and internal accruals. The transaction remains subject to employee representatives being informed or consulted.

The transaction will be another step in further enhancing Motherson's integration into the global automotive supply chain and increasing its customer proximity.

Deal of the month: PE

InsuranceDekho raises USD 150 million in Series A round

Sector: E-commerce

Investor

Consortium of investors – Goldman Sachs Asset Management, TVS Capital Funds, Investcorp, Avataar Ventures and LeapFrog Investments

Investee

Girnar Insurance Brokers Pvt. Ltd (InsuranceDekho) – It is an online platform that compares insurance policies from top-rated insurance companies so that people can purchase them as per their requirements. It works with most insurance providers and has direct integration with 46 insurance companies across India, offering more than 380 products, including 175 for health and life.

Rationale

Insurtech company InsuranceDekho raised USD 150 million in Series A funding, consisting of a mix of equity and debt, led by Goldman Sachs Asset Management and TVS Capital Funds, with participation from Investcorp, Avataar Ventures and LeapFrog Investments.

Haitong Securities India acted as the sole financial advisor for the funding round of InsuranceDekho.

This is the largest-ever Series A round by an Indian insurtech company. The latest funding will be used to scale up InsuranceDekho's product and technology functions, expand to new markets and launch new products in the health and life categories. By the end of this year, InsuranceDekho aims to have more than 2,00,000 insurance advisors on its platform.

This also marks the tenth investment from TVS Capital Fund's INR 2,000 crore third private equity fund.

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