

Dealtracker

January 2024

Total - 158 deals
at USD 7.2 billion

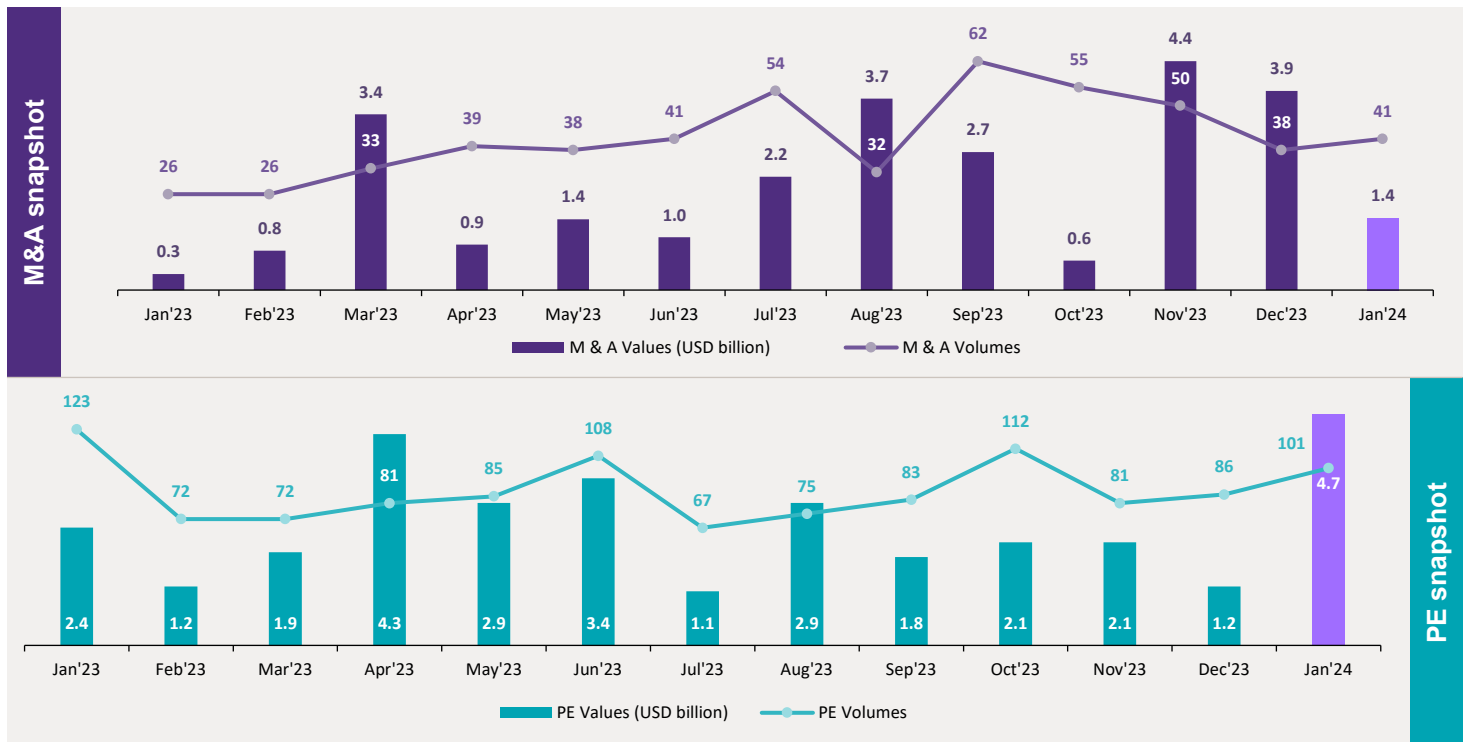
41 M&A deals at
USD 1.4 billion

101 PE deals at
USD 4.7 billion

5 IPOs raising
USD 0.5 billion

11 QIPs raising
USD 0.6 billion

Compared to
Dec'23, values ↓ by
11% and volumes
↑ by **8%**



Big-ticket transactions keep the deal momentum high

The year 2024 commenced with positive sentiment as Indian deal-making witnessed PE deal activity of 101 deals valued at USD 4.7 billion, higher than the monthly peak of USD 4.3 billion recorded in April 2023. The high PE deal values were on the back of two large ticket deals – Data Investment Trust's acquisition of ATC India Tower Corporation and Highways Infrastructure Trust's acquisition of 12 highway assets of PNC Infratech Ltd. With these deals, telecom and road infra sectors, which have been inactive for long, witnessed multi-billion-dollar deals.

Tech sectors, including start-up and e-commerce, continued to dominate the PE deal activity. India witnessed its first unicorn, Krutrim SI Designs, early in the year compared to last year, which witnessed its first unicorn seven months into the year.

While PE activity was high, M&A deal activity was subdued, with 41 deals (third-lowest in the last six months) valued at USD 1.4 billion (second-lowest). With the budget 2024 announcements and Lok Sabha elections on the horizon, the market is awaiting policy shifts and unfolding political developments. As these signals come in, the investment sentiments and strategies are expected to evolve; however, the general mood is positive for deal-making in 2024 compared to 2023.

Shanthy Vijetha
Partner
Grant Thornton Bharat LLP



Dealboard

Deal summary	Volume			Value (USD million)		
	Nov'23	Dec'23	Jan'24	Nov'23	Dec'23	Jan'24
Domestic	38	23	28	1,302	3,056	1,079
Inbound	9	6	6	2,806	233	120
Outbound	3	9	7	328	572	207
Total M&A	50	↓ 24% 38	↑ 8% 41	4,436	↓ 13% 3,861	↓ 64% 1,406
PE	81	↑ 6% 86	↑ 17% 101	2,100	↓ 44% 1,173	↑ 298% 4,669
Grand Total	131	↓ 5% 124	↑ 15% 142	6,536	↓ 23% 5,034	↑ 21% 6,075

Top 5 M&A deals of the month

Acquirer	Target	Sector	USD million	Deal type	% stake
Tata Consumer Products Ltd	Capital Foods Pvt Ltd	Retail and consumer	614	Acquisition	100%
Tata Consumer Products Ltd	Organic India Pvt Ltd	Retail and consumer	229	Acquisition	100%
Mitsui & Co Ltd and VDL Groep	Pinnacle Mobility Solutions Pvt Ltd - Eka Mobility	Automotive	100	Controlling stake	N.A.
IBS Software Services Pvt Ltd	Above Property, LLC	IT & ITeS	90	Acquisition	100%
Vikas Lifecare Ltd	Blue Sky Event Hall FZ-LLC - SKY 2.0 Club	Hospitality and leisure	79	Controlling stake	60%

Top 5 PE deals of the month

Investor	Investee	Sector	USD million	% stake
Data Investment Trust	ATC India Tower Corporation Pvt Ltd	Telecom	2,500	100%
Highways Infrastructure Trust	PNC Infratech Ltd - 12 highway assets	Infrastructure management	1,090	100%
India Grid Trust (IndiGrid)	ReNew Solar Urja Pvt Ltd	Energy and natural resources	199	100%
Consortium of Investors	SK Finance Ltd	Banking and financial services	160	N.A.
Undisclosed Investor	Vivifi India Finance Pvt Ltd	Banking and financial services	75	N.A.

Notable trends

- January 2024 recorded 142 deals valued at USD 6.1 billion, witnessing strong growth compared to 124 deals valuing USD 5 billion recorded in December 2023. The uptrend in the deal activity was on the back of a positive trend witnessed in the PE activity due to the presence of two billion-dollar investments totalling USD 3.6 billion. Additionally, factors such as slowing inflation in the US, favourable Indian macroeconomic conditions, potential foreign inflows, and expectations of policy continuity in the upcoming general elections continue to influence deal-making.
- M&A activity witnessed a marginal increase in volumes, while it witnessed the lowest monthly values since October 2023 due to the absence of big-ticket transactions. Domestic M&A continued to take the lead, constituting 68% of the deal volumes, reflecting confidence in the long-term potential of the Indian economy. However, cross-border deal activity saw a decline of 90% in deal values since November 2023.
- PE deals drove the month's overall activity, contributing to 77% values and 71% volumes. The values witnessed a fourfold increase compared to the previous month, marking the highest monthly values since June 2022, primarily driven by two billion-dollar transactions, which accounted for 77% of the total PE values. Fuelling India's advancement in artificial intelligence (AI), Krutrim SI Designs emerged as the first AI start-up to join the unicorn club, raising USD 50 million from Matrix Partners India.
- Start-up, e-commerce, and IT & ITeS sectors led the volumes, contributing to 61% of the overall deal volumes, while telecom, infrastructure, and retail drove the values, accounting for 73% of the total deal values, primarily driven by big-ticket transactions.
- Deal of the month:** Data Investment Trust's acquisition of ATC India Tower Corporation, a telecom infrastructure company, dominated the month's activity, accounting for nearly 41% of the total deal value at USD 2.5 billion.

Sector trends

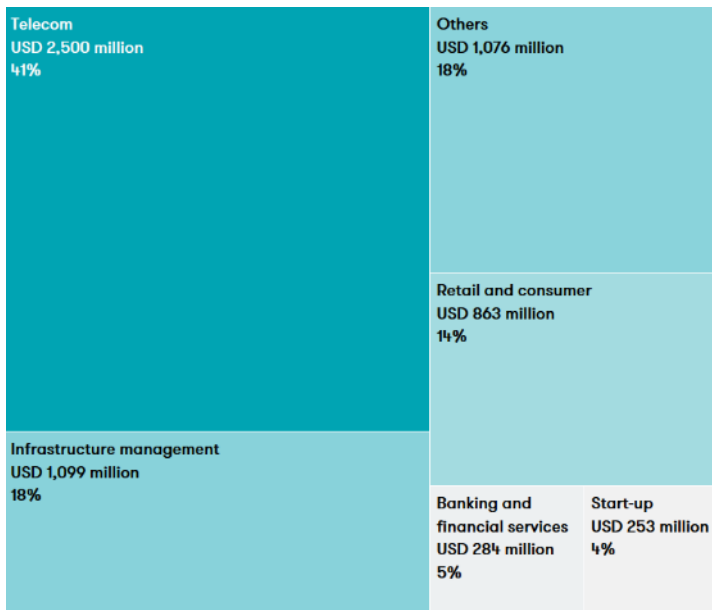
Top sectors based on deal volumes



The start-up sector led the deal volumes, while the telecom sector drove the values

- The start-up sector led the deal volumes with 69 deals amounting to USD 253 million, the highest since June 2023 and notably, witnessed inbound interest in Indian start-ups. Retail, fintech, enterprise applications, and healthtech were the top segments, contributing to 64% of start-up volumes and attracting USD 120 million.
- The energy and natural resources sector experienced an uptick, with six deals valuing USD 227 billion compared to only one deal valuing USD 52 million in December 2023. Two segments, cleantech and power generation, actively contributed to the sector, driven by increasing awareness about sustainability and recent government initiatives.
- The hospitality and leisure and media and entertainment sectors saw outbound interest, recording four deals valuing USD 101 million, reflecting the country's growing potential to tap into new regions and diversify its markets.
- Compared to December 2023, the pharma, healthcare, and biotech sector saw a considerable decline, with deal volumes dropping from nine to five deals and values declining from USD 334 million to USD 39 million.
- Sectors like retail, banking and financial services, e-commerce, IT & ITeS, and manufacturing witnessed an overall increase in deal activity, maintaining their position as significant players in the Indian economy, while transport and logistics and professional/business services sectors witnessed muted activity compared to the previous month.

Top sectors based on deal value



“ Retail companies are resorting to mergers and acquisitions as a strategic approach to gain a competitive advantage. The primary motive is to capitalise on economies of scale, enhance technological capabilities, and acquire specialised expertise. Also, the focus is on synchronising multiple products under a common umbrella so that companies can cater to constantly changing consumer preferences. Many companies are aiming for non-organic acquisitions to create an exceptional consumer experience by harnessing customer data. On an overall basis, the objective is to give wider options to the customer along with a personalised experience.

Naveen Malpani

Partner

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