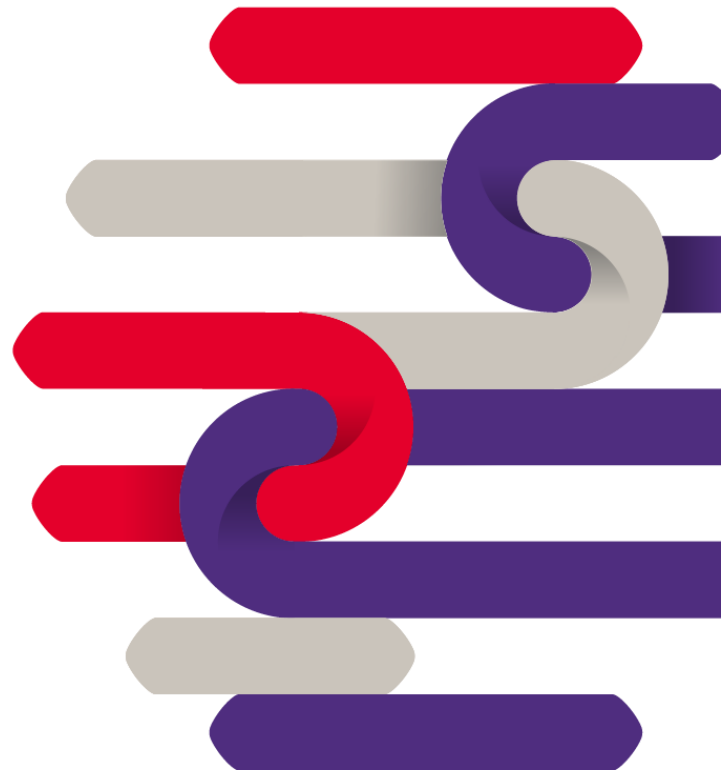


Dealtracker

Providing M&A and PE deal insights

July 2022

Volume 18.7



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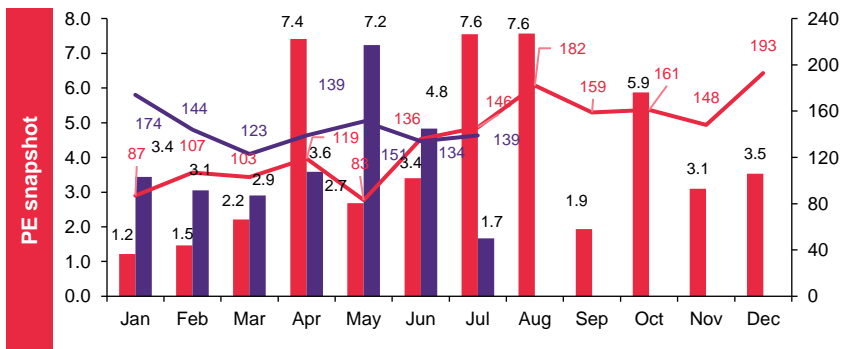
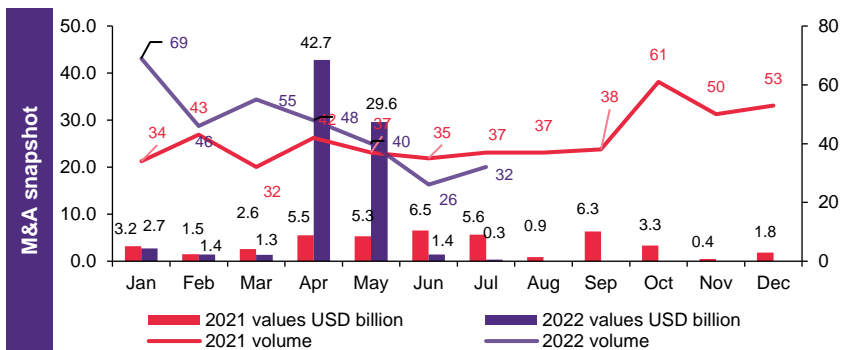
This document captures the list of deals closed and announced based on the information available in the public domain. Our analysis in the document is basis appropriate assumptions where necessary. For example, deals have been classified by sectors and by funding stage based on certain assumptions. If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

Author

Monica Kothari

Deal snapshot



Slow growth amidst rising inflation makes for a subdued global economic outlook. Like many other countries, Asia's third-largest economy has also been grappling with soaring inflation, aggravated by rising commodity prices. A weaker rupee has further bumped up imported inflation.

Deal activity in July 2022 recorded 171 deals valued at USD 2 billion. The downtrend in deal values was due to a combination of a) an absence of big-ticket deals; b) the non-disclosure of values in most M&A deals; and c) Private Equity (PE)/Venture Capital (VC) funding being dominated by early-stage companies.

While M&A deal activity saw an uptick in deal volumes compared to June, which saw the lowest monthly volumes in the last 19 months, the deal values amounted to only USD 280 million, the second lowest monthly values till date, due to a lack of high-value transactions and non-disclosure of values in the majority of the deals. The ongoing global uncertainties, depreciating rupee and cautious approach of buyers resulted in a significant decline in the cross-border deal activity (58% decline over July 2021 volumes). Hence, the domestic deal activity continued to dominate the M&A space.

While PE transactions continued to account for over 80% of overall deal activity, PE deal values witnessed a significant decline as big-ticket investments have slowed down but small tickets continue to garner investor attention, hence the recent monthly trend in volumes is maintained.

Start-up, e-commerce and IT led the deal volumes for the month, while infra, pharma, retail and banking sectors topped the overall values. The month saw the birth of only one Unicorn, OneCard - in the fintech segment.

Shanthi Vijetha

Partner, Growth
Grant Thornton Bharat

Overall deal values witnessed a steep decline

	Deal summary			Volume			Value (USD million)		
	2020	2021	2022	2020	2021	2022	2020	2021	2022
July 2022	Domestic	16	25	27	380	1,646	258		
	Cross-border	15	12	5	8,473	3,980	23		
	Total M&A	31	37	↓ 14% 32	8,853	5,626	↓ 95% 280		
	PE	77	146	↓ 5% 139	3,943	7,552	↓ 78% 1,671		
	Grand total	108	183	↓ 7% 171	12,796	13,178	↓ 85% 1,951		
	Cross-border includes								
	Inbound	6	8	3	6,775	2,970	15		
	Outbound	9	4	2	1,697	1,010	8		

	Deal summary			Volume			Value (USD million)		
	2020	2021	2022	2020	2021	2022	2020	2021	2022
YTD 2022	Domestic	111	196	244	8,235	17,295	63,848		
	Cross-border	82	64	72	18,569	12,842	15,642		
	Total M&A	193	260	↑ 22% 316	26,804	30,137	↑ 164% 79,490		
	PE	514	781	↑ 29% 1,004	21,356	25,944	↑ 3% 26,729		
	Grand total	707	1,041	↑ 27% 1,320	48,160	56,081	↑ 89% 1,06,219		
	Cross-border includes								
	Inbound	36	29	37	16,277	5,998	1,715		
	Outbound	46	35	35	2,292	6,844	13,927		

The absence of large transactions contributed to a steep decline in the deal values

- India Inc recorded 171 deals worth only USD 2 billion in July 2022, a 7% fall in deal volumes and a steep 85% decline in deal values compared to July 2021.
- When compared with June 2022, the deal volumes witnessed 7% growth while values decreased by 78% due to the absence of big-ticket transactions. June 2022 saw one deal in the billion-dollar category and 11 high-value deals (over USD 100 million) compared to only four such transactions recorded in July 2022.
- M&A deal witnessed significant downtrend both in terms of deal volumes by 14% and deal values by 95% at USD 280 million. This marks the second lowest monthly deal value recorded to date. In line with previous months, M&A activity was dominated by domestic consolidations, which constituted 84% of M&A volumes and 92% of values. Cross-border transactions recorded the second lowest, both in terms of deal volumes and values in the last 12 months owing to global tensions.
- Like the M&A deal trend, the PE investment trend also witnessed a drop both in terms of deal values and volumes over July 2021. The decline in PE funding was largely due to a) the absence of large investments; and b) the higher volume of deals in the early-stage category, resulting in lower value per deal.
- As compared with the previous month (June 2022), though companies are seeing the participation of marquee PE/VCs, the quantum of funding remains low. Due to this, the month saw the lowest monthly deal values since February 2021 at USD 1.7 billion.

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

- YTD 2022 witnessed a 27% increase in deal volumes with values almost doubling to USD 106 billion. 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 deal volumes witnessed the highest volumes since 2015 and record YTD values. YTD PE investments witnessed record activity both in terms of volumes and values with 29% and 3% from the previous record, respectively.
- YTD 2022 recorded 17 initial public offerings (IPO) with an issue size of USD 6 billion, compared to 28 IPO issues, raising USD 7 billion in YTD 2021. Qualified institutional placement (QIP), on the other hand, saw seven issues raising USD 677 million compared to 24 issues raising USD 4.4 billion over YTD 2021. Both IPO and QIP activity continue witnessing a fall in the fund-raising activity via respective routes over last year.

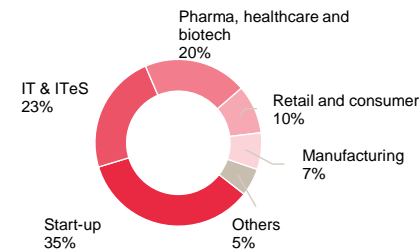
M&A: Start-up and IT sectors lead both volumes and values

Key sectors		
Notable sectors	Volume	USD million
IT & ITeS	9	65
Start-up	9	97
Retail and consumer	5	26
Manufacturing	4	20
Pharma, healthcare and biotech	2	56

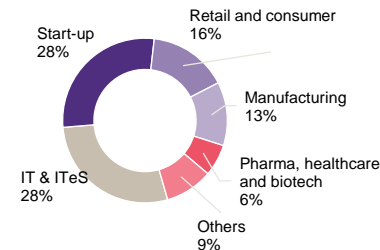
- With 28% of M&A deal volumes each, the start-up and IT sectors continued to dominate the M&A deal activity with nine deals each, cumulatively valued at USD 162 million. While the start-up sector recorded deals across eight different segments, the IT sector was dominated by deals in the enterprise software/ software development space.
- Zetwerk executed three deals during the month in to strengthen its industrial vertical business in the segment of oil and gas, aerospace, defence, and infrastructure components. upGrad acquired two companies, one each in the online education and recruitment staffing segments. M2P Solutions also sealed two deals during the month, one in the digital lending space and one in the identity verification services provider.
- Banking, e-commerce, education, energy and telecom sectors saw muted deal activity compared to July 2021. Retail, manufacturing and IT sectors, on the other hand, witnessed heightened deal activity compared to the same period.
- Contrary to the previous month that witnessed top deals in the e-commerce, infra, retail and hospitality sectors, July 2022 saw top deals in the start-up, IT, retail and pharma sectors.

Top M&A deals of the month					
Acquirer	Target	Sector	USD million	Deal type	% stake
upGrad Education Private Limited	Harappa Education Pvt. Ltd	Start-up	38	Acquisition	100%
Tube Investments of India Limited- TI Clean Mobility	Infraprime Logistics Technologies Pvt Ltd	Start-up	32	Controlling Stake	65%
BigFoot Retail Solutions Pvt Ltd- Shiprocket	Arvind Internet Ltd- Omuni	IT & ITeS	26	Acquisition	100%
TTK Prestige Ltd	Ultrafresh Modular Solutions Ltd	Retail and consumer	6	Controlling Stake	51%
OFB Tech Pvt Ltd- OfBusiness	Tracecost	IT & ITeS	3	Minority Stake	N.A.

Top sectors based on deal value



Top sectors based on deal volume



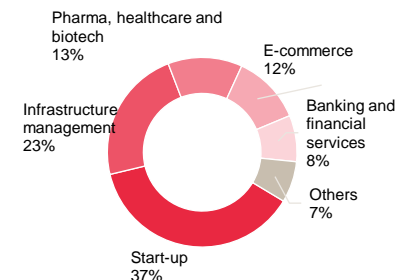
PE: While start-ups and e-commerce dominated volumes, the infra and pharma sectors drove values

Key sectors		
Notable sectors	Volume	USD million
Start-up	97	629
E-commerce	11	198
IT & ITeS	6	39
Pharma, healthcare and biotech	5	212
Banking and financial services	2	132
Infrastructure management	2	383

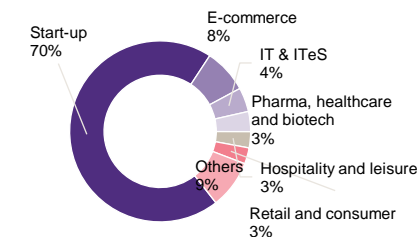
- The start-up sector continued to drive the PE deal volumes for July 2022 with a 70% share of PE volumes with investment values of USD 0.6 billion. The retail tech segment led the investment volumes in the start-up sector with 20% deals, followed by enterprise application and infrastructure and fintech at 18% each.
- Fintech segment also witnessed an addition of OneCard into the Unicorn club with USD 100 million funding.
- Driven by the largest private equity funding in India's eye care industry with ASG Hospital's USD 188 million fundraise, after the USD 138 million raised by Dr. Agarwal's Health Care Ltd, earlier in May, the pharma and healthcare sector recorded five deals raising funds worth USD 212 million.
- Apart from start-up and pharma sectors, the month also witnessed high-value investments of above USD 100 million in the infra (roadways) and banking (NBFC) sectors, together contributing to 31% of PE deal values for the month.
- The month saw consumer VC fund Fireside Ventures, marking its entry into the D2C Baking & Confectionery market with The Baker's Dozen.

Top PE deals of the month				
Investor	Investee	Sector	USD million	% stake
National Investment and Infrastructure Fund	Navayuga Quazigund Expressway Pvt Ltd	Infrastructure management	380	N.A.
General Atlantic, Kedaara Capital and Foundation Holdings	ASG Hospital Pvt. Ltd	Pharma, healthcare and biotech	188	N.A.
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.
Temasek, Matrix Partners, QED Investors, Hummingbird Ventures, Sequoia Capital, and Sarv Investments	Fpl Technologies Private Limited - OneCard	Start-up	100	N.A.
OrbiMed	Lifewell Diagnostics Private Limited	Start-up	80	N.A.

Top sectors based on deal value



Top sectors based on deal volume



Deal of the month: M&A

upGrad acquires Harappa Education for USD 38 million

Sector: Start-up

Acquirer

upGrad Education Private Limited is one of India's largest online higher education companies, providing programmes in data science, technology, management and law to students, working professionals and enterprises.

Target

Harappa Education Pvt. Ltd. is a learner-centered institution of the future focused on accelerating the personal growth of learners, to help them confidently navigate their most crucial career cusps. Their courses and programmes drive transformative career success using thrive skills—an essential set of cognitive, social and behavioral skills.

Rationale

Edtech unicorn, upGrad has acquired online learning institution Harappa Education in a cash and stock deal worth USD 38 million.

Harappa's shareholders Bodhi Tree Systems, an investment platform formed by James Murdoch's Lupa Systems and former Star & Disney India Chairman, Uday Shankar, and the start-up's co-founders Pramath Raj Sinha and Shreyasi Singh, will join the upGrad cap table.

Commenting on the deal, Mayank Kumar, Co-founder of Upgrad said, "With our limited presence in the enterprise business-to-business (B2B) ecosystem, Harappa coming in allows us to establish a leadership position in the entire sort of B2B enterprise learning space. Harappa has built a unique pedagogy product and can make a strong impact on the learning outcome for various learners."¹

1. <https://www.vccircle.com/upgrad-makes-9th-acquisition-with-harappa-education>

Deal of the month: PE

NIIFL acquires stake in J&K Tunnel Road Navayuga Quazigund Expressway for USD 380 million

Sector: Infrastructure management

Investor

National Investment and Infrastructure Fund Limited is India's first infrastructure specific investment fund or a sovereign wealth fund that was set up by the Government of India, operating in two distinct and attractive asset classes: Indian infrastructure and growth equity.

Investee

Navayuga Quazigund Expressway Pvt Ltd (NQEPL) provides infrastructure construction services. The company constructs roads, bridges, metro railways, marine works, tunnels, pipelines, and runways. It is one of the largest annuity projects awarded by the National Highways Authority of India (NHAI) on a BOT (build-operate-transfer) basis.

Rationale

National Investment and Infrastructure Fund Limited (NIIFL) announced the acquisition of an equity stake in the Navayuga Quazigund Expressway Private Limited (NQEPL) through the NIIF Master Fund at an enterprise value of around USD 380 million.

The operational tunnel road in the Union territory of Jammu and Kashmir will be managed by NIIF Master Fund's proprietary roads platform Athaang Infrastructure. The well-engineered four-laned 16.3 km expressway between Quazigund and Banihal section of NH-1A, includes a bi-directional 8.5 kilometres continuous twin-tube tunnel stretch, one of the longest highway tunnels in India.

NIIF Master Fund Managing Partner Vinod Giri said this addition is an important asset to the company's portfolio, which is also the first tunnel road acquired by it.

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