

Dealtracker

Providing M&A and PE deal insights

October 2022

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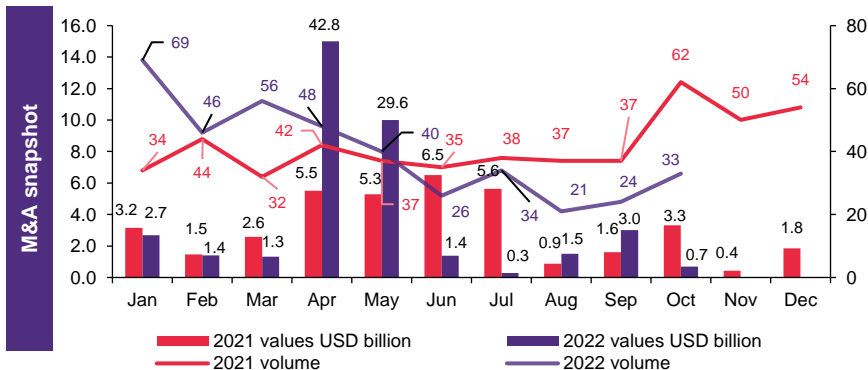
This document captures the list of deals closed and announced based on the information available in the public domain. Our analysis in the document is basis appropriate assumptions where necessary. For example, deals have been classified by sectors and by funding stage based on certain assumptions. If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

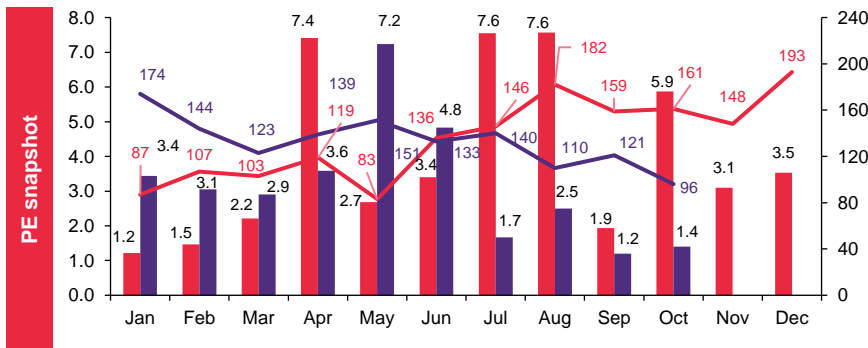
Monica Kothari, Shreya Kelkar

Deal snapshot



The deal activity in October 2022 recorded 129 deals marking the lowest monthly volumes witnessed in 2022, valued at USD 2.1 billion. This translated to a 42% and 77% decline in volumes and values, respectively, compared to October 2021. However, the October 2022 numbers match healthy, pre-pandemic levels and are especially notable in a time of uncertainty fueled by geopolitical instability, spiking inflation, skittish capital markets and regulatory changes.

The M&A deal volumes when compared to August and September 2022, which marked the lowest monthly volumes in the last two years, witnessed 43% growth. The deal values, on the other hand, amounted to only USD 692 million, the second lowest monthly values this year in the absence of big-ticket transactions. Domestic deal activity continued to dominate the M&A space as the ongoing global uncertainties and buyer's cautious approach resulted in subdued cross-border activity for some time.



PE investments recorded 96 deals worth USD 1.4 billion, marking the lowest monthly volumes in the last 16 months. While PE transactions accounted for over 68% of overall deal activity for the month, deal values witnessed a significant decline as investors have been playing safe amidst the volatility in the markets. Further, owing to this, a lot of companies have postponed their plans of going public due to the discounted listing of prices in the country.

While start-up and IT sectors led the deal volumes for the month, high-value deals witnessed in the agriculture solutions, pharma, online education, manufacturing, energy (cleantech) and retail sectors.

In view of inflation, ongoing improvement in domestic economic activity supported by private consumption growth and expected support from festive season demand, Indian domestic demand showed a relatively healthy growth trend. Owing to this, macroeconomic strength continues to manifest in the form of improving high-frequency consumption and industrial indicators. In light of this, we expect domestic deal activity to continue, if not grow, in the coming months.

Shanthi Vijetha

Partner, Growth
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Overall deal activity remains tepid

	Deal summary			Volume			Value (USD million)		
	2020	2021	2022	2020	2021	2022	2020	2021	2022
October	Domestic	12	49	27	505	2,977	579		
	Cross-border	13	13	6	293	337	113		
	Total M&A	25	62	↓ 47% 33	798	3,314	↓ 79% 692		
	PE	86	161	↓ 40% 96	6,607	5,870	↓ 75% 1,448		
	Grand total	111	223	↓ 42% 129	7,405	9,184	↓ 77% 2,140		
	Cross-border includes								
Inbound	4	9	1	19	209	5			
Outbound	9	4	5	274	128	108			

	Deal summary			Volume			Value (USD million)		
	2020	2021	2022	2020	2021	2022	2020	2021	2022
YTD	Domestic	163	303	304	9,883	22,187	68,450		
	Cross-border	117	95	93	19,815	13,767	16,333		
	Total M&A	280	398	397	29,698	35,954	↑ 136% 84,783		
	PE	747	1,283	↑ 4% 1,331	32,217	41,324	↓ 23% 31,862		
	Grand total	1,007	1,681	↑ 3% 1,728	61,915	77,278	↑ 51% 1,16,645		
	Cross-border includes								
Inbound	51	45	47	16,981	6,389	2,164			
Outbound	66	50	46	2,834	7,378	14,169			

Declining trend witnessed both in terms of deal volumes and values

- India Inc recorded 129 deals, the lowest in the last 17 months, worth USD 2.1 billion in October 2022, a 42% fall in deal volumes and a steep 77% decline in deal values compared to October 2021.
- When compared with September 2022, the deal volumes witnessed an 11% decline while values decreased by 49% due to the absence of big-ticket transactions. October 2022 recorded no deals in the billion-dollar category and only 4 high-value deals (over USD 100 million) whereas in September we saw a one-billion-dollar deal that contributed to 57% of the overall values and two high-value deals.
- M&A deal witnessed a significant downtrend both in terms of deal volumes by 47% and deal values by 79% at USD 692 million. The M&A activity was dominated by domestic consolidations, which constituted 82% of M&A volumes and 84% of values. Cross-border did not show any significant improvement both in terms of deal volumes and values after the Russia- Ukraine war owing to global tensions.
- The PE investment trend witnessed a drop both in terms of deal values and volumes over October 2021. The decline in PE funding was largely due to the recovering markets showing instability and hence investors being sceptical and conservative about their investments.
- The year started on a good note but eventually, the number of deals started declining because of multiple economic changes. October recorded the lowest number of deals done in the year overall.

YTD 2022: Deal volumes remain on par, while values saw a 51% increase

- YTD 2022 witnessed a marginal increase in deal volumes while values saw a 51% increase amounting to USD 116 billion. The deal values were driven by billion-dollar deals done in the year. While YTD M&A deal volumes were on par with YTD, values witnessed a significant increase owing to marquee transactions sealed this year. PE investment, on the other hand, saw a 23% fall in investment values on the back of prevailing market conditions and the cautious approach adopted by investors which led to the tightening of their purse strings.
- YTD 2022 recorded 23 initial public offerings (IPO) with an issue size of USD 8.8 billion, compared to 43 IPO issues, raising USD 23.5 billion in YTD 2021. Qualified institutional placement (QIP), on the other hand, saw 12 issues raising USD 1.1 billion compared to 31 issues raising USD 5.4 billion over YTD 2021. Both IPO and QIP activity continue witnessing a fall amidst the volatile markets and company postponing their IPO plans to avoid discounted listing prices.

M&A

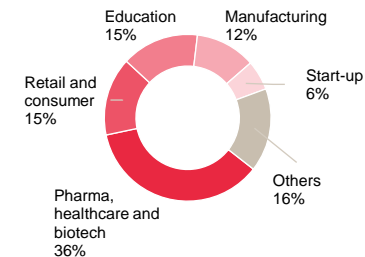
While start-ups led the volumes, pharma sector dominated the values

Key sectors		
Notable sectors	Volume	USD million
Start-up	9	40
Education	4	104
IT & ITeS	4	18
Retail and consumer	3	105
Media & Entertainment	3	15

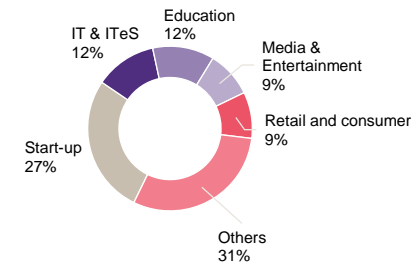
- Continuing the trend, the start-up sector led the volumes with 27% of the deals driven by deals in the enterprise application segment followed by auto tech and edtech segments. The Education and IT sectors followed the start-up sector with 12% of deals recording four deals each dominated by the online education and software development segments, respectively.
- The month witnessed Info Edge investing in two companies namely CodingNinjas and LumiQ as part of growing their portfolio into the education and data analytics segments.
- Driven by only one deal for the month, Torrent Pharma's USD 250 million acquisition of Curatio Healthcare, pharma sector topped the value chart with 36% of the total deal values. Similarly, the manufacturing sector also witnessed only one deal during the month in the industrial materials space.
- Agriculture, telecom, transport and logistics, real estate, infrastructure, automotive and aerospace and defence showed muted activity this month.
- While only education, energy and professional services saw increased activity compared to October 2021, retail, manufacturing and pharma sectors saw high-value deals of over USD 50 million.

Top M&A deals of the month					
Acquirer	Target	Sector	USD million	Deal type	% stake
Torrent Pharmaceuticals Limited	Curatio Healthcare (I) Private Limited	Pharma, healthcare and biotech	250	Acquisition	100%
Safex Chemicals India Limited	Briar Chemicals Limited	Manufacturing	81	Acquisition	100%
Dabur India Limited	Badshah Masala Private Limited	Retail & Consumer	74	Controlling Stake	51%
Veranda Learning Solutions Limited	JK Shah Classes Private Limited	Education	42	Acquisition	100%
Vedantu Innovations Private Limited	Ace Creative Learning Private Limited - Deeksha	Education	40	Majority Stake	N.A.

Top sectors based on deal value



Top sectors based on deal volume



PE

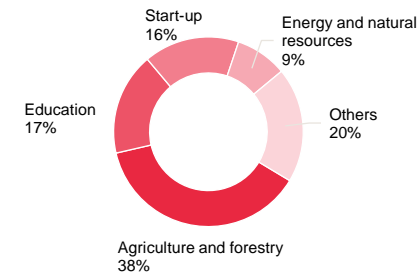
While start-ups dominated volumes, agriculture sector drove values

Key sectors		
Notable sectors	Volume	USD million
Start-up	61	236
IT & ITeS	6	22
E-commerce	5	72
Automotive	4	59
Retail and consumer	4	48
Banking and financial services	4	26

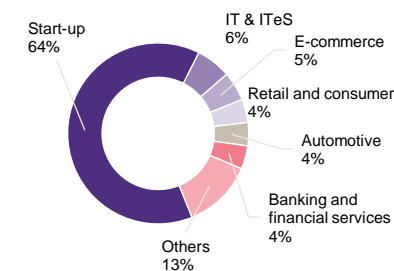
- With 64% of total PE deal volumes, the start-up sector continued to top the deal chart. Retail tech witnessed heightened activity followed by health tech, fintech and enterprise application segments together contributing to 67% of start-up sector volumes. Although start-ups have been on top of the list month on month, October 2022 witnessed the lowest monthly volumes since May 2021.
- Agriculture and forestry dominated the values driven by USD 500million fundraise by agriculture solutions provider, UPL Limited. This is the 2nd largest deal witnessed in the agri sector in the last 11 years following the USD 1.2 billion fundraised by the same company in 2018.
- Online education platform BYJU's raked in another funding this year of USD 250 million which put the education sector on the map for this month.
- Launched in April 2022, the Yash Entrepreneurs Program is aimed to support 20 enterprises across India, over a 36-month period, to invest in solutions to revolutionise how youth and adolescents access quality family planning and reproductive health (FP/RH) services. As a part of Cohort 1 of the Yash Entrepreneurs Program (YEP), the US Agency for International Development (USAID) onboarded eight such social enterprises, investing over USD 10 thousand dollars in each while also providing technical assistance, mentoring, and incubation support from Villgro.
- IT and e-commerce sectors also continued to remain active recording 11 deals valued at USD 94 million.

Top PE deals of the month					
Investor	Investee	Sector	USD million	% stake	
Brookfield, ADIA, TPG and KKR	UPL Limited	Agriculture and forestry	500	N.A.	
Qatar Investment Authority and existing investors	Think & Learn Private Limited- Byju's	Education	250	N.A.	
Angel Investors	Waaree Energies Limited	Energy and natural resources	125	N.A.	
GIC, Blume Ventures, Athera Venture Partners, QRG Holdings, ADB Ventures and Moglix.	Euler Motors Private. Limited	Start-up	60	N.A.	
Caladium Investment and Herald Square Ventures.	Ather Energy Private Limited	Automotive	50	N.A.	

Top sectors based on deal value



Top sectors based on deal volume



Deal of the month: M&A

Torrent Pharma acquires Curatio Healthcare for USD 250 million

Sector: Pharma, healthcare and biotech

Acquirer

Torrent Pharmaceuticals Limited is a leading pharma company ranked amongst the leaders in the therapeutic segment of cardiovascular, central nervous system, gastro-intestinal and women's healthcare. The Company also has a significant presence in diabetology, pain management, gynaecology, oncology and anti-infective segments.

Target

Curatio Healthcare (I) Private Limited is a dermatology company with a portfolio of over 50 brands, marketed in India. They offer solutions to plug therapy gaps in the areas of cosmetic and medical dermatology.

Rationale

Torrent Pharmaceuticals Limited has acquired 100% stake in skincare products manufacturer Curatio Healthcare (I) Private Limited (Curatio) for USD 250 million. The consideration includes USD 14.3 million (on the date of signing) of cash and cash equivalents in the acquired business indicating an enterprise value of USD 235.7 million.

Curatio has a strong presence in the cosmetic dermatology segment with a portfolio of over 50 brands, marketed in India. Curatio's portfolio consists of leading brands such as Tedibar, Atogla, Spoo, B4 Nappi, and Permite, which are ranked amongst top 5 brands in their covered market. Top ten brands of Curatio account for ~75% of total revenue. With this acquisition, Torrent Pharma will add a Field Force of 600 MRs (medical representatives) and a distribution network of 900 stockists.

Further, the deal will allow Torrent Pharma to enter the league of top 10 players in the dermatology segment, and the leader in cosmetic dermatology

Deal of the month: PE

KKR, Brookfield, ADIA, TPG Jointly Invested USD 500 million
in agri-focused UPL Group

Sector: Agriculture and forestry

Investor

Consortium of investors – KKR, Brookfield Private Equity Inc, Abu Dhabi Investment and Texas Pacific Group.

Investee

UPL Limited is a global leader in global food systems. They offer an integrated portfolio of both patented and post-patent agricultural solutions for various arable and specialty crops, including biological, crop protection, seed treatment and post-harvest solutions covering the entire crop value chain.

Rationale

Private equity firms KKR, Brookfield, TPG, and sovereign wealth fund Abu Dhabi Investment Authority (ADIA) invested a total of USD 500 million in buying minority stakes in group companies of agrochemicals company UPL Limited including its subsidiary Advanta Enterprises Limited unit.

A wholly owned subsidiary of the Abu Dhabi Investment Authority, Brookfield and TPG invested USD 200 million for a 9.09% stake in UPL SAS - India agri-tech platform at an equity valuation of approximately USD 2.2 billion. The move was part of a broader corporate restructuring to fuel the growth of individual businesses.

The ADIA arm and TPG will also hold a combined 22.2% stake in UPL Cayman, the Global Crop Protection Platform. Separately, KKR will invest USD 300 million for a 13.33% stake in Advanta Enterprises at a valuation of about USD 2.25 billion.

Meanwhile, both the ADIA arm and TPG will exit the non-crop protection business of UPL Corp, the International Seeds business and other global non-crop protection businesses (Decco, Animal Health and Health & Nutrition) for USD 241 million.

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