

# Dealtracker

Providing M&A and PE deal insights

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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 based on appropriate assumptions where necessary. For example, deals have been classified by sectors and by funding stage based on certain assumptions wherever necessary. 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.

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# Deal snapshot



The impact of the global economic slowdown is also being felt in the deal activity in India as it has been subdued since the beginning of the year compared to 2022. In July 2023, deal-making in India experienced a decline of 46% in deal volumes compared to July 2022. However, there was a significant 58% rise in overall deal values, primarily fueled by big-ticket transactions mainly witnessed from cross-border deals.

The drop in overall deal volumes in July 2023 can largely be attributed to a significant decrease in private equity investments. Financial investors have become cautious amid global macroeconomic concerns and have been evaluating risk appetites. As a result, only 66 PE deals worth USD 1.1 billion were recorded in July, predominantly consisting of low-ticket investments, with more than 60% coming from Series A and below funding rounds.

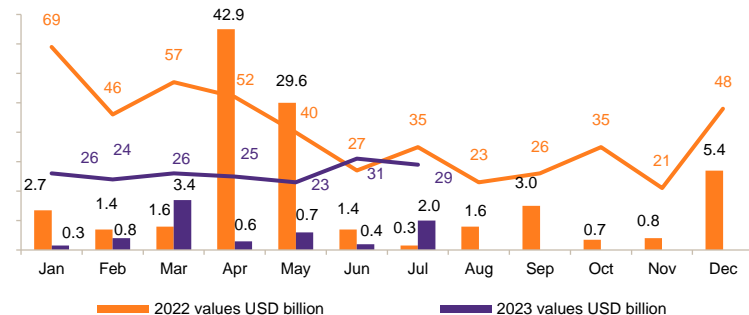
The tech-dominated sectors, such as start-ups, e-commerce and IT continued to drive deal volumes. Additionally, significant big-ticket deals were observed in the banking, pharma, auto and retail sectors. However, a notable highlight in July 2023 was the emergence of India's first unicorn in 2023, Zyber 365 Technologies, raising USD 100 million at a valuation of USD 1.2 billion.

India's attractiveness as a destination for deal-making and investments is expected to persist and H2 2023 is likely to witness improvement in deal activity, despite global macroeconomic conditions. Especially, PE deal activity is anticipated to pick up due to the availability of dry powder, portfolio consolidation and favourable valuations.

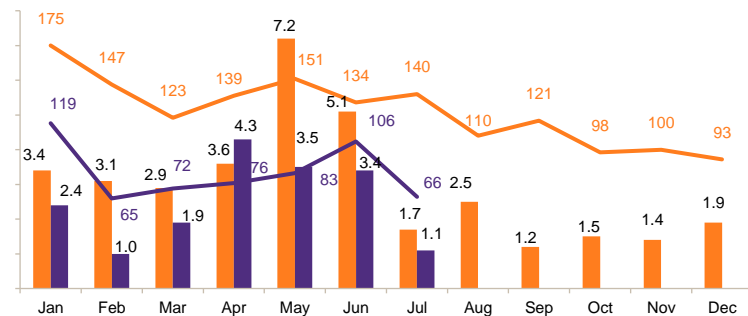
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### M&A snapshot



### PE snapshot



# Deal making in India witnesses tepid activity



## Big ticket deals dominated, while volumes took a hit

- In July 2023, India Inc. recorded a total of 95 deals amounting to USD 3.1 billion. This represented a 46% decrease in deal volumes compared to July 2022. However, there was a significant 58% increase in deal values, driven by nine big-ticket transactions valued over USD 100 million, totaling USD 2.1 billion.
- This month, while M&A deal activity experienced a 17% decline in deal volumes, values recorded a notable 7x increase as compared to July 2022, recording 29 deals valued at USD 2 billion. The increase in deal values were driven by six high value deals across traditional sectors such as IT, auto, retail and manufacturing.
- Domestic activity continued to dominate the M&A landscape, but the month saw heightened cross-border activity with 10 deals worth USD 1.4 billion. Inbound interest was received from companies in Belgium, the UK and the US, while Germany dominated outbound acquisitions, followed by Japan and Singapore. Outbound activity reached its highest monthly level in 2023, while inbound activity recorded the highest monthly values since July 2021. Notably, cross-border activity accounted for five of the top six M&A deals for the month.
- PE investment witnessed a decline with only 66 deals, the second-lowest monthly volumes since August 2020. It also registered second-lowest monthly values since August 2020 at USD 1.1 billion. However, the average deal size stood at USD 16.5 million compared to USD 12 million in July 2022, driven by three high-value deals.
- The month witnessed three initial public offering (IPO) raising USD 187 million in the IT, retail and banking sectors, compared to none witnessed in July 2022. Similarly, qualified institutional placements (QIPs) also witnessed four issues valued at USD 668 million, owing to Aditya Birla capital and Federal bank's QIP allotment together accounting for 87% of QIP values, compared to none witnessed in July 2022.

## YTD 2023: Indian deal-making experiences deceleration as activity takes a downturn

- In comparison to June 2023, July witnessed a decline in activity both in terms of deal volumes by 31% and deal values by 18%. This decline was due to a significant 38% decline in PE volumes and the absence of a billion-dollar investments that was recorded in June 2023.
- Year-to-Date (YTD) 2023 witnessed a significant decline in both deal volumes, amounting to 42%, and deal values, which experienced a sharp decline of 75%, totaling USD 26.2 billion. This decline can be attributed to several landmark deals witnessed in YTD 2022, including the mergers of HDFC-HDFC bank, LTI-Mindertree, and Adani Group-Ambuja Cement Ltd.- ACC Ltd., all valued at more than USD 10 billion. Additionally, a global economic slowdown and cautiousness among investors in an uncertain environment played a role in this downward trend. Furthermore, the absence of major big-ticket investments further contributed to the substantial decrease in overall deal values.

	Deal summary			Volume			Value (USD million)		
	2021	2022	2023	2021	2022	2023	2021	2022	2023
Domestic	26	29	19	1,647	271	592			
Cross-border	12	6	10	3,980	26	1,428			
<b>Total M&amp;A</b>	<b>38</b>	<b>35</b>	<b>↓ 17%</b> <b>29</b>	<b>5,627</b>	<b>297</b>	<b>↑ 580%</b> <b>2,020</b>			
PE	146	140	<b>↓ 53%</b> 66	7,552	1,672	<b>↓ 35%</b> 1,092			
<b>Grand total</b>	<b>184</b>	<b>175</b>	<b>↓ 46%</b> <b>95</b>	<b>13,179</b>	<b>1,969</b>	<b>↑ 58%</b> <b>3,112</b>			
<b>Cross-border includes</b>									
Inbound	8	3	4	2,970	15	866			
Outbound	4	3	6	1,010	11	562			

	Deal summary			Volume			Value (USD million)		
	2021	2022	2023	2021	2022	2023	2021	2022	2023
Domestic	198	250	130	17,297	64,156	5,871			
Cross-border	64	76	54	12,842	15,743	2,834			
<b>Total M&amp;A</b>	<b>262</b>	<b>326</b>	<b>↓ 44%</b> <b>184</b>	<b>30,139</b>	<b>79,899</b>	<b>↓ 89%</b> <b>8,705</b>			
PE	781	1,009	<b>↓ 42%</b> 587	25,944	27,053	<b>↓ 35%</b> 17,539			
<b>Grand total</b>	<b>1,043</b>	<b>1,335</b>	<b>↓ 42%</b> <b>771</b>	<b>56,083</b>	<b>1,06,952</b>	<b>↓ 75%</b> <b>26,244</b>			
<b>Cross-border includes</b>									
Inbound	29	38	27	5,998	1,720	1,275			
Outbound	35	38	27	6,844	14,023	1,559			

# M&A: The IT & ITes sector drove values while start-ups led volumes



## Key sectors

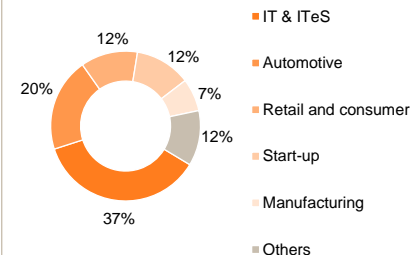
Notable sectors	Volume	USD million
Start-up	10	244
IT & ITes	4	736
E-commerce	3	77
Automotive	2	408
Retail and consumer	2	249

- The IT sector-led M&A values, driven by Proximus Opal's 58% acquisition of a controlling stake in Route Mobile for USD 721 million, accounting for 36% of the M&A values. The automotive sector followed with two deals valued at more than USD 100 million, totaling USD 408 million.
- July marked the emergence of India's first unicorn start-up of the year, Zyber 365 Technologies, securing USD 100 million in Series A funding at a valuation of USD 1.2 billion. It has now become the fastest unicorn in both India and Asia.
- The start-up sector dominated in terms of deal volumes, with the retail segment leading and accounting for 40% of the sector's deals, valued at USD 58 million. The data analytics, big data and AI segment took the lead in terms of values, contributing 41% of the sector's total values.
- The aerospace and defense, media and entertainment, and professional/business services sectors registered lower activity compared to the same month last year. However, there was increased activity in the e-commerce, automotive, banking and financial services, transport and logistics, telecom, and education sectors.
- A notable insolvency and bankruptcy case this month, was the acquisition of Germany-based manufacturing company Dr. Schneider Group by Noida-based Samvardhana Motherson for USD 131.6 million.

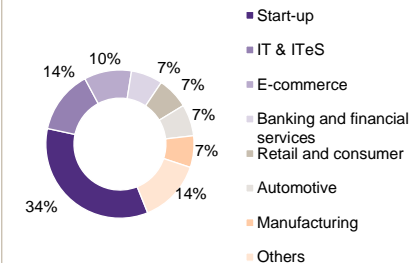
## Top M&A deals of the month

Acquirer	Target	Sector	USD million	Deal type	% stake
Proximus Opal SA	Route Mobile Ltd.	IT & ITES	721	Controlling stake	58%
HCL Technologies Ltd	ASAP Holding Gmbh	Automotive	280	Acquisition	100%
Sheela Foam Limited	Kurlon Enterprise Limited	Retail and consumer	248	Acquisition	95%
Samvardhana Motherson International Ltd	Dr. Schneider Group	Manufacturing	132	Acquisition	100%
Samvardhana Motherson International Ltd	Yachiyo Industry Co Ltd	Automotive	128	Majority Stake	81%

## Top sectors based on deal value



## Top sectors based on deal volume



# PE: While the start-up sector dominated deal activity, the banking sector led in investment values



## Key sectors

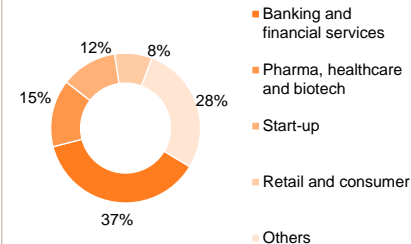
Notable sectors	Volume	USD million
Start-up	29	133
E-commerce	10	63
Banking and financial services	5	408
Retail and consumer	4	88
Real estate	4	68

- The start-up sector continued to dominate the deal activity, accounting for 44% of total PE deal volumes. Among the start-ups, retail companies dominated the deal activity, followed by the edtech, fintech and enterprise companies. Together these four segments contributed 55% of the start-up sector's volumes. Notably, the month continued to observe a significant presence of B2B start-ups, which accounted for more than 52%, raising USD 78 million.
- The financial sector took the lead in PE investment values, contributing 37% of the total for the month, driven by two high-value deals exceeding USD 100 million each. Additionally, investors showed keen interest in the education finance market, investing USD 57 million in Auxilo Finserve, a highly specialised and niche segment.
- Notably, Maxvision Eye Hospital secured a significant investment of USD 159 million from healthcare-focused PE player, Quadria Capital, marking one of the largest investments in India's eyecare space. Overall, the broader pharma and healthcare sector received investments worth USD 159 million in July.
- In the month of July, Radhakishan Damani, founder of Avenue Supermarts, acquired Health and Glow, marking his second significant acquisition after Bombay Swadeshi Stores, which is the country's oldest retailer, in 2015. In addition, there were activity in the consumer durables and FMCG space.
- Compared to June 2023, July reported increased activity in the auto, media and entertainment, and real estate sectors, while it had low activity in the agriculture and hospitality sectors.

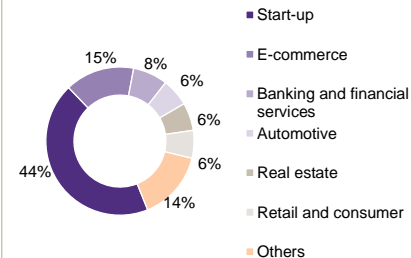
## Top PE deals of the month

Investor	Investee	Sector	USD million	% stake
Bain Capital	Adani Capital Private Limited and Adani Housing Finance Private Limited	Banking and financial services	176	90.0%
Quadria Capital	Maxivision Super Speciality Eye Hospital	Pharma, healthcare and biotech	159	N.A.
Multiples Private Equity, Avendus Future Leaders Fund and International Finance Corporation	Veritas Finance Private Limited	Banking and financial services	146	N.A.
GIC - Chiswick Investment Pte Ltd	Genus Power Infrastructures Ltd	Energy and natural resources	63	15%
Investcorp Group	NDR Warehousing Private Limited	Real Estate	61	N.A.

## Top sectors based on deal value



## Top sectors based on deal volume



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