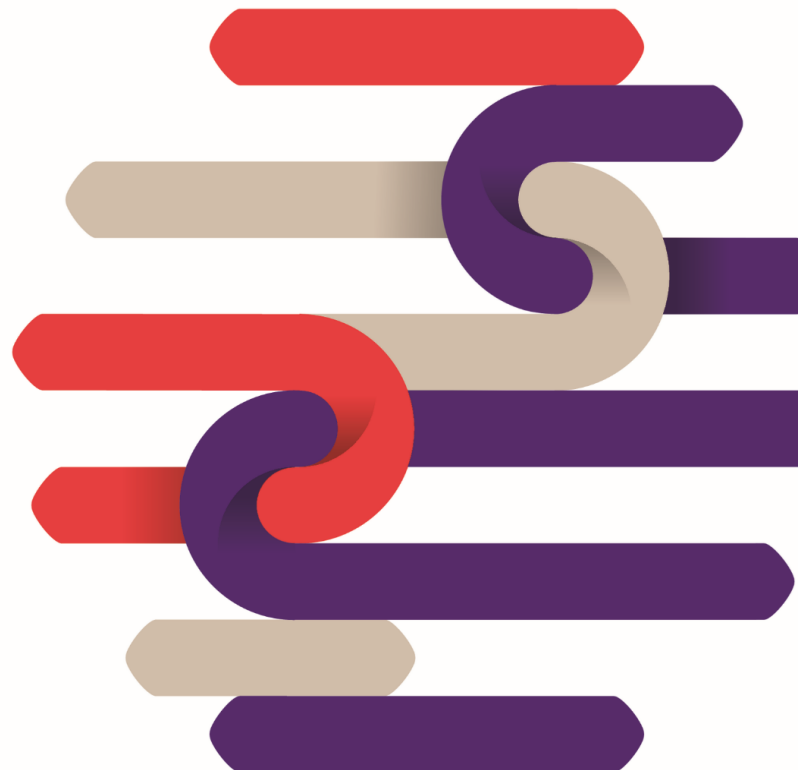


Dealtracker

Providing M&A and PE deal insights

December 2021

Volume 17.11



Disclaimer

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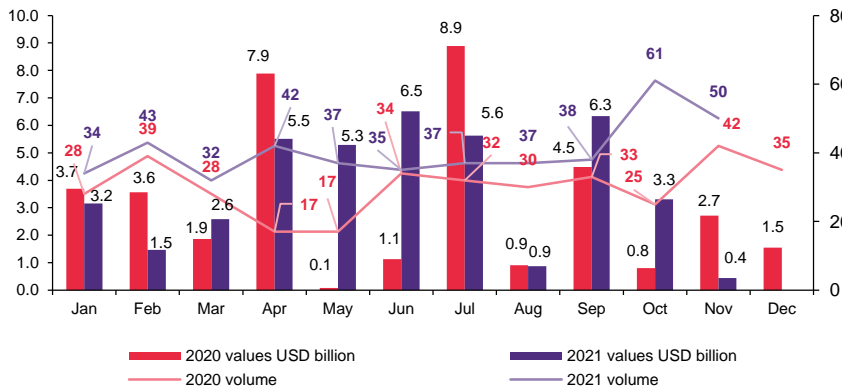
Please note that the criteria used to define Indian start-ups include a) the company should have been incorporated for five years or less than five years as at the end of that particular year and b) the company is working towards innovation, development, deployment and commercialisation of new products, 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

M&A snapshot



November 2021 witnessed 199 deals valued at USD 3.5 billion, a 34% increase in the deal volumes over November 2020, but the values were nearly halved. Absence of big-ticket transactions, partly due to non-disclosure of deal values in majority of M&A transactions (74% of deals) including big corporations like Coinbase global, Walmart backed Flipkart, Adani Enterprise, HCG, Secure Meters and Thrasio style funds (GlobalBees and 10Club) could be the reason for lower deal values.

Due to this while November 2021 recorded 50 M&A Deals, the deal values were only at USD 436 million. Notably, November 2020 witnessed multiple high value deals (a billion-dollar deal and four deals worth over USD 100 million). While domestic deals remain on track as it constituted 86% of deal volumes and 83% of M&A values, cross-border activity on the other hand, witnessed a significant drop, presumably due to the prevailing global concerns. Considering the above, compared to October 2021, while deal volumes declined in November 2021, drop in deal values is significant.

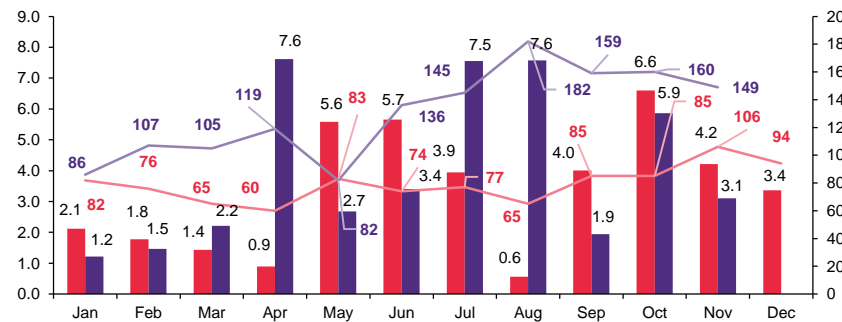
Like M&A deal trend, PE investments also witnessed a strong 41% increase in PE volumes but 26% decline in deal values at USD 3.1 billion compared to USD 4.2 billion to corresponding month last year. The month witnessed eight high-value investments of above USD 100 million constituting 64% of total PE values for the month compared to two deals valued over a billion dollar and seven deals valued over USD 100 million in November 2020. PE deals were driven by mature start-ups raising big cheques in the follow-on investment rounds, thereby giving rise to six unicorns during the month.

Deal activity continued to be primarily in the technology sector including start-ups and e-commerce sectors aided by the demand in the current business environment. Better health of the banking system and supportive policy measures saw active deal making in the financial sector, whereas resumption of economic activities and demand recovery benefitted consumer and retail sectors. Further to economic drivers, policies being implemented around improving business environment and attracting investments in manufacturing bode well for deal growth.

Shanthy Vijetha

Partner, Growth
Grant Thornton Bharat LLP

PE snapshot



Month witnessed y-o-y rise in volumes while the values declined

	Deal summary		Volume			Value (USD million)		
	2019	2020	2021	2019	2020	2021		
November	Domestic	33	24	43	1,067	2,171	363	
	Cross-border	16	15	7	428	527	73	
	Merger and internal restructuring		3			15		
	Total M&A	49	42	50	1,495	2,713	436	
	PE	77	106	149	3,074	4,209	3,109	
	Grand total	126	148	199	4,569	6,922	3,545	
	Cross-border includes							
Inbound	11	10	3	308	473	53		
Outbound	5	5	4	120	54	20		

	Deal summary		Volume			Value (USD million)		
	2019	2020	2021	2019	2020	2021		
YTD	Domestic	240	187	339	16,289	15,378	22,526	
	Cross-border	160	131	103	9,574	20,582	18,540	
	Merger and internal restructuring	11	7	4	1,340	35	20	
	Total M&A	411	325	446	27,203	35,995	41,086	
	PE	747	858	1,430	29,257	36,786	44,637	
	Grand total	1,158	1,183	1,876	56,460	72,781	85,723	
	Cross-border includes							
Inbound	88	61	49	7,670	17,699	11,142		
Outbound	72	70	54	1,904	2,883	7,398		

India Inc. records 199 deals, 34% increase in deal volumes compared to November 2020

- Amid volatility and uncertainty around surge in global energy prices and global concerns around new variant of the Coronavirus, deal activity in November totalled 199 deals worth USD 3.5 billion. While this saw rise in deal volumes compared to November 2020, values declined. While domestic growth remains on track as indicated by improving high frequency indicators, some supply side disruptions continued in few sectors.
- November 2021's total M&A transaction value stood at USD 436 million across 50 deals, which is a 19% increase in deal volumes while values dropped significantly compared with the deal activity in November 2020. The deal values also marked an 18-month low at USD 436 million. M&A volumes were driven by domestic consolidation which constituted 86% of M&A volumes and 86% of values. Cross-border activity recorded the second lowest monthly volumes since 2011.
- November 2021 witnessed PE funds inflow in Indian companies at USD 3.1 billion across 149 deals. While the investment volumes surged by 41% compared to November 2020, investment values saw 26% decrease owing to reduced average deal size from USD 40 million in November 2020 falling to USD 21 million in November 2021 resulting from absence of billion-dollar deals. The month witnessed only eight high-value investments, including Dream 11's fund raise of USD 840 million.
- November 2021 recorded three fundraises via qualified institutional placement (QIP) at USD 749 million, compared to only one in November 2020 worth USD 34 million. IPO, on the other hand, witnessed record monthly figures both in terms of issue volumes and issue size with 10 issues worth USD 4.8 billion.
- November 2021 witnessed a decline in deal activity both in terms of deal volumes at 199 deals and deal values with 61% decrease compared to October 2021. While Both M&A and PE volumes declined by 9% each, over 7x decrease in the M&A values led to the overall decline in the deal values for the month. November recorded only eight deals estimated and valued at and above USD 100 million each, while October 2021 recorded two multi billion-dollar deals and 16 investments valued at and over USD 100 million.

YTD 2021: 59% increase in deal volumes with a strong 18% increase in deal values

- YTD 2021 witnessed over 1.6x surge in deal volumes with significant 18% increase in deal values. While PE deal volumes contributed to the overall increase in the deal activity, overall values were equally driven by both the segments. YTD PE investments witnessed record activity both in terms of volumes and values with 66% and 82% from previous record, respectively.
- The year so far saw 14 deals in the billion-dollar category and 134 deals estimated and valued at and above USD 100 million. These together accounted for 79% of the total deal values with only 7% of deal volumes in 2021.

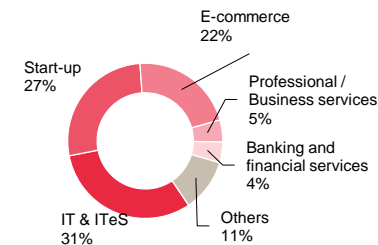
M&A: Tech driven sectors like start-up, IT and e-commerce dominated both volumes and values

Key sectors			
	Volume	USD million	
Start-up	17	118	
E-commerce	10	95	
IT & ITeS	7	137	
Banking and financial services	4	19	
Professional/business services	3	20	
Hospitality and leisure	2	10	

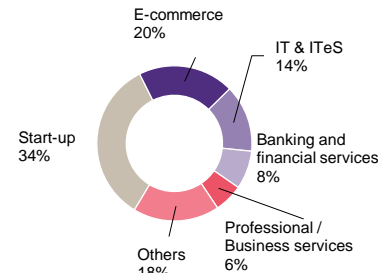
- With 68% of M&A transactions, IT, start-up and e-commerce sectors dominated the M&A segment with 80% of M&A deal values for the current month with aggregate value of USD 350 million. Consolidation dominated in the software development and Data Analytics segment, retail and fin-tech segments respectively within the aforesaid sectors. The month also witnessed Thrasio style start-ups, such as Globalbees and 10club, Evenflow brands and UpScalio execute M&A deals in the second consecutive month.
- Companies like Zomato, 10club, GlobalBees, Betterplace Safety Solutions, Easemytrip, eBikeGo have executed more than one deal in the start-up and IT sectors during the month.
- Driven by financial services, mutual funds and NBFC segment, banking sector remained active with four deals followed by business services and HR consultancy segment in the professional/business services sector with three deals during the month.
- While hospitality and pharma sectors recorded two deals each, the month witnessed one deal each in the auto, media, retail, telecom, and transport and logistics sector.

Top M&A deals of the month					
Acquirer	Target	Sector	USD million	deal type	% stake
Zomato Media Pvt. Ltd.	BigFoot Retail Solutions Pvt. Ltd.- Shiprocket	IT & ITeS	75	Minority stake	8%
Curefit Healthcare Pvt. Ltd.	Jogo Technologies Pvt. Ltd.- Fitso	E-commerce	50	Acquisition	100%
Zomato Media Pvt. Ltd.	Curefit Healthcare Pvt. Ltd.	Start-up	50	Minority stake	6%
In.Corp Advisory Services Pvt. Ltd.	Uber9 Business Process Services Private Limited- Vakilsearch	Professional/Business services	10	Minority stake	N.A.
SAVE Solutions Private Limited	New Habitat Housing Finance and Development Ltd.	Banking and financial services	10	Acquisition	100%

Top sectors based on deal value



Top sectors based on deal volume



PE: While Start-ups drove the volumes, big-ticket investments in the e-commerce sector led the values

Key sectors

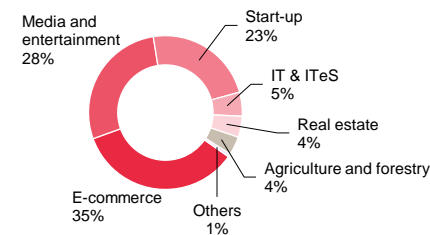
Notable sectors	Volume	USD million
Start-up	98	700
E-commerce	20	1,046
IT & ITeS	7	152
Banking and financial services	4	36
Retail and consumer	4	45

- Indian start-up ecosystem witnessed fund inflow of USD 0.7 billion, as November witnessed positive funding momentum with 98 deals, a 66% share of the PE volumes. With this, the sector topped volume chart for the month. Further, with mature companies raising big cheques from investors, e-commerce sector drove the PE values for the month.
- Unicorn updates-** November saw the emergence of six new unicorns – Mensa Brands and Upstox (fin-tech); Curefit (healthtech), Spinny, The Good Glamm Group (retail-tech) and NoBroker (realestate-tech). While the latest funding makes Mensa Brands Asia's fastest firm to reach the unicorn status, the Good Glamm Group became India's first DTC beauty and personal care company to join the club; NoBroker at USD 1.01 billion, made the first property tech (proptech) and real estate start-up to achieve a 'unicorn' status; further Spinny joined the likes of OfBusiness and Apna which have raised three rounds in the ongoing calendar year.
- November also witnessed media, agriculture and IT sectors garnering high-value investments of over USD 100 million.

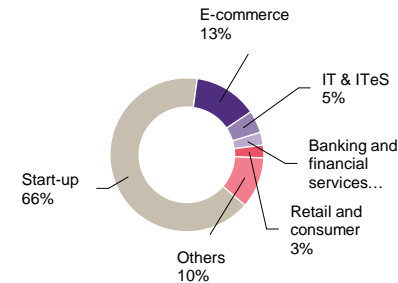
Top PE deals of the month

Investor	Investee	Sector	USD million	% stake
Falcon Edge, DST Global, D1 Capital, Redbird Capital, Tiger Global, TPG and Footpath Ventures	Dream Sports Inc- Dream11 Fantasy Private Limited	Media and entertainment	840	N.A.
ADQ, Tiger Global, Avenir Growth and Arena Holdings	Yellow Drive Technologies Pvt. Ltd- Spinny	E-commerce	285	N.A.
General Atlantic, Tiger Global Management and Moore Strategic Ventures	NoBroker Technologies Solutions Pvt Ltd	E-commerce	210	N.A.
Prosus Ventures, Warburg Pincus, Alteria Capital, L'Occitane, Bessemer Venture Partners, Amazon, Ascent Capital, Stride Ventures and the Mankekar Family Office.	The Good Glamm Group	E-commerce	150	N.A.
Falcon Edge Capital, Alpha Wave Ventures, Accel Partners, Norwest Venture Partners, Tiger Global Management and Prosus Ventures	Mensa Brands	Start-up	135	N.A.

Top sectors based on deal value



Top sectors based on deal volume



Deal of the month: M&A

Zomato invests USD 175 million in Magicpin, Curefit and Shiprocket

Sector: Start-up/IT & ITes

Acquirer

Zomato Media Pvt. Ltd. is an Indian multinational restaurant aggregator and food delivery company. It represents a wide range of cultures through its diversified 5000+ team members, over 17 courier partners, print shipping labels, track orders from a single panel and process returns from an integrated dashboard. **Samast Technologies Pvt. Ltd. – Magicpin** - is a software platform where users and merchants in a locality discover, interact, and transact online.

Target

Curefit Healthcare Pvt. Ltd. is a health and fitness company offering digital and offline experiences across fitness, nutrition, and mental well-being. **BigFoot Retail Solutions Pvt. Ltd. – Shiprocket** - is India's automated shipping solution for eCommerce. It lets you choose from over 17 courier partners, print shipping labels, track orders from a single panel and process returns from an integrated dashboard. **Samast Technologies Pvt. Ltd. – Magicpin** - is a software platform where users and merchants in a locality discover, interact, and transact online.

Rationale

Indian food delivery firm Zomato, which went public earlier this year, is making a series of investments in start-ups as it looks for ways to inorganically expand its business in the world's second-largest internet market.

Zomato invested USD 75 million in Shiprocket. The investment is part of a USD 185 million financing round. The investment values Shiprocket at over USD 930 million.

In Magicpin, Zomato invested USD 50 million to acquire a 16% stake. The investment is part of a broader USD 60 million financing round.

Zomato sold its fitness service Fitso to Curefit for USD 50 million for a stake in the Bangalore-based start-up and also invested an additional USD 50 million in the firm. In total, Zomato is gaining a 6.4% stake in Curefit, creating another unicorn in the country.

Zomato's investment in these companies comes at a time when it has decided to shut down its grocery and nutraceutical verticals, to focus on its core business around food deliveries.

Foodtech giant Zomato is looking to make several investments in the Indian start-up ecosystem. Having already pumped in USD 275 million in Indian start-ups, Zomato is looking at deploying an additional USD 1 billion within the next two years.

Deal of the month: PE

Dream Sports raises USD 840 million funding from consortium of investors

Sector: Media and entertainment

Investor

Consortium of investors include- Falcon Edge, DST Global, D1 Capital, Redbird Capital, Tiger Global, TPG and Footpath Ventures

Investee

Dream Sports Inc- Dream11 Fantasy Private Limited is one of the largest fantasy sports platform with over 110 million users playing fantasy cricket, football, kabaddi, basketball, hockey, volleyball, handball, rugby, futsal, American football and baseball on it. Dream11 helps Indian sports fans to actively engage with real-life sporting events and showcase their knowledge of sports.

Rationale

Dream Sports, which owns fantasy sports platform Dream11, raised USD 840 million (from Falcon Edge, DST Global, D1 Capital, Redbird Capital and Tiger Global). The round also saw participation from existing investors like TPG and Footpath Ventures. This made it among the largest investments globally in the sports technology and gaming sector in India.

Dream Sports, which also owns and operates multiple gaming and sports brands including Dream Capital, FanCode, Dream11, DreamSetGo, Dream Game Studios and DreamPay, was valued at USD 8 billion in the current round.

Commenting on the fund raise, Harsh Jain, CEO and co-founder, Dream Sports said, "Our vision and mission is to create an entrepreneur-led virtuous cycle of investment, innovation and wealth creation for all stakeholders in the sports ecosystem, from fans to athletes, teams and leagues. Our investors have deep experience in developing sports ecosystems globally, and we are fortunate to have their guidance to 'Make Sports Better' for one billion Indian sports fans."

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