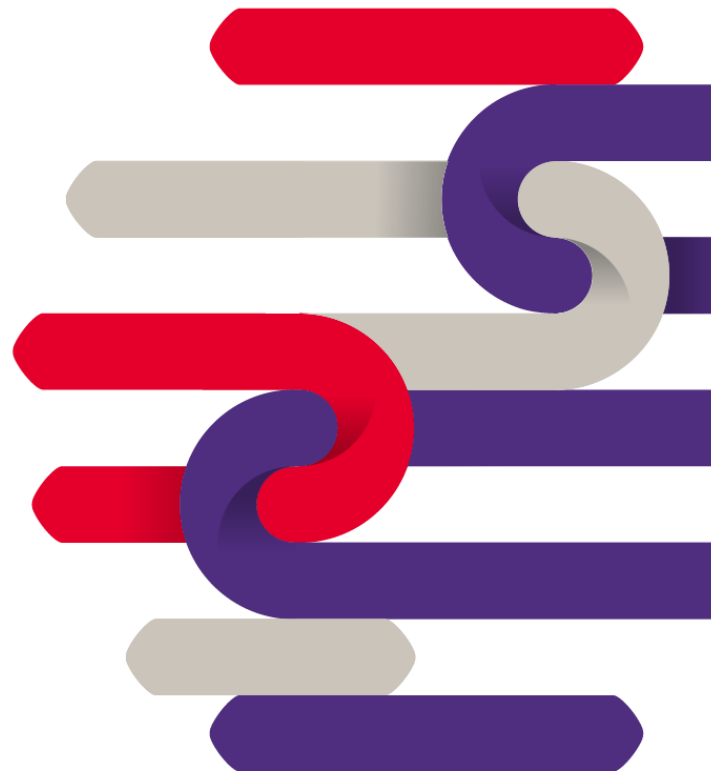


# Dealtracker

Providing M&A and PE deal insights

February 2022

Volume 18.2



# Disclaimer

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. 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.

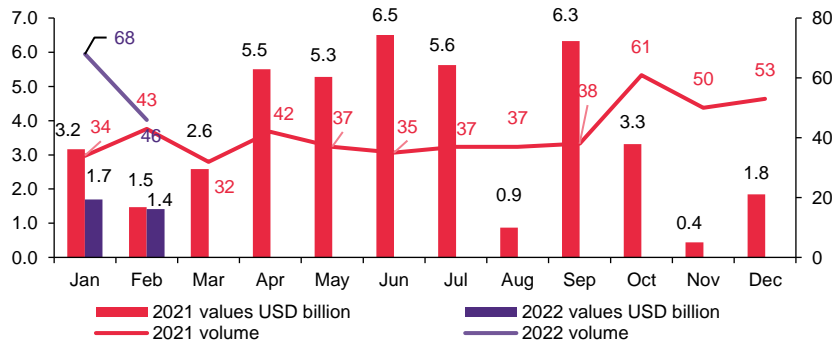
Please note that the criteria used to define Indian start-ups includes, a) the company should have been incorporated for five years or less than five years as at the end of that particular year, and b) the company is working towards innovation, development, deployment and commercialisation of new products,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

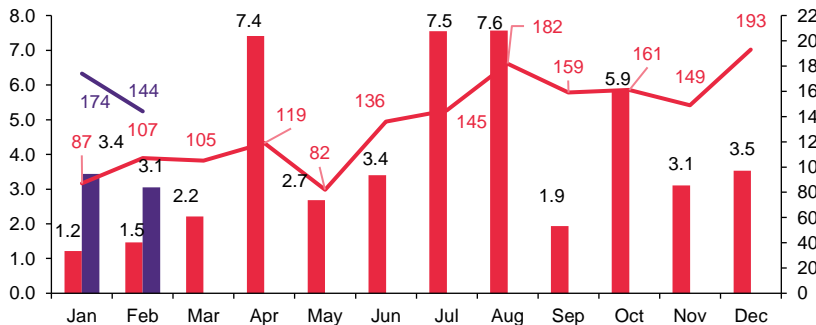
**Monica Kothari**

# Deal snapshot

## M&A snapshot



## PE snapshot



2022 started with quite a bit of uncertainty due to the Omicron outbreak, which resulted in the third wave of COVID-19 in India, followed by the Russia-Ukraine situation, which continues to roil the financial markets, as there could be serious implications for the global economy. Amid this, India Inc. saw 190 deals being executed in February 2022 valued at USD 4.5 billion. This translated to 27% and 62% growth in terms of volumes and values, respectively, compared to same period last year. February 2022 witnessed a 21% decline in volumes and 13% decline in values, as compared to January 2022.

Mergers and acquisitions (M&A) witnessed five-month low volumes at 46 deals valued at USD 1.4 billion. This saw a 7% increase in the deal volumes while values declined by 4% compared to February 2021. The deal volumes were driven by strategic deals, where businesses continue to navigate an evolving economic environment coupled with digital transformation, process simplification and automation. Despite the increase in volumes, deal values declined by a marginal 4% as February 2022 (USD 31 million) witnessed reduced average deal size compared to February 2021 (USD 34 million). Domestic deals dominated the M&A segment, making up two-thirds of total deal volumes.

Private equity (PE) investment witnessed significant growth recording 144 deals, a 35% increase in the deal volume recorded in the same period last year. Further, investment values also witnessed a 108% increase at USD 3.1 billion over February 2021 driven by 11 high-value deals valued between USD 100-999 million compared to only 5 such deals recorded in February 2021. PE deals were driven by mature start-ups raising big cheques in follow-on investment rounds, thereby giving rise to five unicorns during the month.

The start-up sector continued to dominate the deal activity in February 2022 followed by e-commerce and IT sectors in both M&A and PE deals space, which together captured 83% of overall monthly volumes and 63% of deal values. In addition to the emergence of five unicorns, the month witnessed marquee and high-value deals across telecom (wireless telecom services), retail and consumer (consumer durables), pharma, healthcare and biotech (medical devices and hospitals), banking (NBFC) and IT solutions sectors.

**Shanthi Vijetha**

Partner, Growth  
Grant Thornton Bharat LLP

# Month witnessed y-o-y rise in both volumes and values

	Volume			Value (USD million)		
	2020	2021	2022	2020	2021	2022
Domestic	23	32	34	1,220	1,137	564
Cross-border	16	11	12	2,343	329	848
<b>Total M&amp;A</b>	<b>39</b>	<b>43</b>	<b>46</b>	<b>3,562</b>	<b>1,466</b>	<b>1,411</b>
PE	76	107	144	1,776	1,467	3,054
<b>Grand total</b>	<b>115</b>	<b>150</b>	<b>190</b>	<b>5,338</b>	<b>2,933</b>	<b>4,465</b>
<b>Cross-border includes</b>						
Inbound	8	7	8	1,995	279	732
Outbound	8	4	4	347	49	116

	Volume			Value (USD million)		
	2019	2020	2021	2019	2020	2021
Domestic	37	57	86	3,589	1,695	1,424
Cross-border	30	20	28	3,665	2,932	1,683
<b>Total M&amp;A</b>	<b>67</b>	<b>77</b>	<b>114</b>	<b>7,253</b>	<b>4,627</b>	<b>3,108</b>
PE	158	194	318	3,894	2,687	6,494
<b>Grand total</b>	<b>225</b>	<b>271</b>	<b>432</b>	<b>11,147</b>	<b>7,314</b>	<b>9,602</b>
<b>Cross-border includes</b>						
Inbound	16	9	15	3,259	2,785	929
Outbound	14	11	13	406	147	754

## PE investments drove the overall volumes and values

- Given the uncertainty about how the Ukraine-Russia situation would unfold and the counter-sanctions Russia might initiate, financial markets reacted adversely. Global equity prices witnessed a sharp fall, bond yields fell and the prices of oil and natural gas increased along with other commodities that Ukraine and Russia export. Further, rising crude oil prices and global inflationary pressures arising from supply disruptions are expected to weigh on domestic inflation conditions.
- Amid this, in February 2022, India Inc. recorded 190 deals worth USD 4.5 billion, up from 150 deals worth USD 2.9 billion recorded in February 2021. Compared with January 2022, the overall deal volumes declined by 21% owing to 32% fall in M&A volumes and 17% fall in the PE volumes. While February 2022 saw 14 deals valued at and above USD 100 million, each totaling USD 3.2 billion compared with 12 such deals in January 2022 totaling USD 2.7 billion, the overall deal values saw a 13% decrease because February 2022 recorded only 32 deals valued between USD 10 and USD 99 million, whereas January recorded 54 such deals.
- In 2022, M&A deal volumes witnessed a 7% increase compared to February 2021 while values dropped by 4% because of over 50% fall in the domestic deal values. February 2022 recorded 46 M&A deals which is five-month low valued at USD 1.4 billion. Around 70% of deals did not disclose the deal values, adding to the shrinkage of deal values.
- PE investment values recorded USD 3.1 billion in February 2022 across 144 deals, eight-month low volumes. However, this translated to a significant 108% increase in the deal values and 35% growth in deal volumes compared with the same period last year. The uptrend in the deal activity was on the back of 11 high-value investments valued at and over USD 100 million and 27 deals valued between USD 10 – 99 million, compared to only five and 23 such deals, respectively, witnessed in February 2021. The month also witnessed the emergence of five unicorns across tech-savvy sectors.

## YTD 2022: 59% increase in deal volumes with a strong 31% increase in deal values

- February 2022 recorded two initial public offerings (IPO) with an issue size of USD 912 million compared to five IPOs issues, raising USD 789 million in February 2021. Qualified institutional placement (QIP), on the other hand, also saw two issues raising USD 264 million compared to four issues raising USD 362 million same period last year.
- YTD 2022 witnessed over 1.6x surge in deal volumes with significant 31% increase in deal values. PE deal volumes and values contributed to the overall increase in the deal activity. YTD PE investments witnessed record activity both in terms of volumes and values with 64% and 67% from previous record, respectively.
- The year so far saw 26 deals estimated and valued at and above USD 100 million. These together accounted for 61% of the total deal values with only 6% of deal volumes in 2022.

# M&A: Start-up sector dominated volumes, whereas telecom sector led the values

## Key sectors

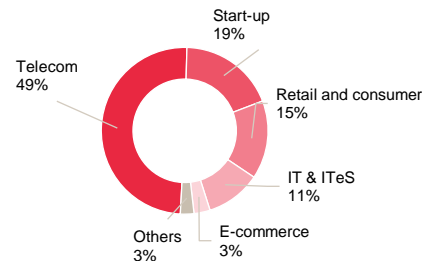
Notable sectors	Volume	USD million
Start-up	16	265
IT and ITeS	11	151
E-commerce	7	44
Retail and consumer	4	215
Education	2	12
Agriculture and forestry	2	10

- With 35% of M&A deal volumes, the start-up sector continued to dominate M&A deal activity with 16 deals valued at USD 265 million. The edtech and enterprise application and infrastructure segment led the sector volumes with 19% each, followed by retail-tech, fintech and agritech with two deals each.
- Driven by Google's USD 700 million acquisition of a stake in Bharti Airtel, the telecom sector topped the M&A value chart for February 2022. The sector witnessed only one deal and makes this the top deal for the month.
- The month witnessed high value acquisition of over USD 90 million in the start-up (data analytics and AI), retail and consumer (consumer durables) and IT and ITeS (IT solutions) sectors. These high value deals helped drive sector values for the month.
- The month witnessed Shiprocket and Jio platforms execute two deals each in the transport and logistics and start-up; and data analytics sector, respectively, with an aim to expand globally and build synergies.
- While banking, pharma and transport and logistics sectors witnessed one deal each, auto, energy, hospitality and leisure, manufacturing and media saw muted activity compared to January 2022.

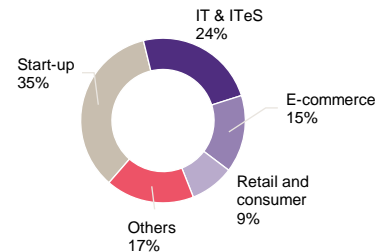
## Top M&A deals of the month

Acquirer	Target	Sector	USD million	Deal type	% stake
Google International LLC	Bharti Airtel Ltd	Telecom	700	Minority Stake	1.3%
Jio Platforms Limited	Glance Digital Experience Private Limited	Start-up	200	Minority Stake	N.A.
Crompton Greaves Consumer Electricals Limited	Butterfly Gandhimathi Appliances Limited	Retail and consumer	186	Controlling stake	55%
Persistent Systems Limited	Data Glove Inc.	IT and ITeS	91	Acquisition	100%
Honasa Consumer Private Limited- Mamaearth	Godrej Consumer Products Limited – BBLUNT	Retail and consumer	18	Acquisition	100%

## Top sectors based on deal value



## Top sectors based on deal volume



# PE: Start-ups and e-commerce dominated volumes and values respectively, followed by IT and Pharma

## Key sectors

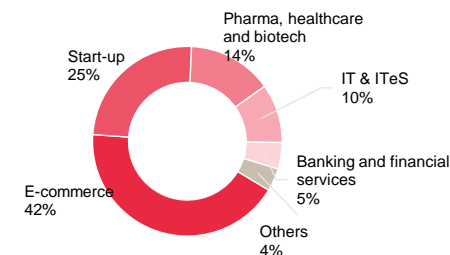
Notable sectors	Volume	USD million
Start-up	96	751
E-commerce	18	1,298
IT and ITeS	9	307
Pharma, healthcare and biotech	6	441
Retail and consumer	4	39
Banking and financial services	3	138

- The start-up sector continued to drive the PE deal volumes for February 2022 with 67% share of PE volumes with investment values of USD 0.8 billion. The fintech segment led the investment volumes in the start-up sector with 21%, followed by enterprise application and infrastructure and retail with 15% each. Edtech, agritech and healthtech segments also remained active during the month.
- The month witnessed the emergence of five unicorns: Xpressbees (e-commerce logistics), ElasticRun (app-driven logistics and distribution company), Livspace (interior design marketplace), Dealshare (retailtech) and Perfios (data analytics, big data and AI).
- February witnessed debut investments from three fund including, AngelList Early-Stage Quant Fund's investment in NovaBenefits (start-up); Octave Ventures' investment in TRST01 (start-up) and IDH FarmFit's investment in Stellapps (IT and ITeS).
- Driven by six high-value investments, e-commerce sector led the investment values capturing 42% of PE values, followed by start-up, pharma IT and banking sectors, which also witnessed high values transactions of USD 100 million and above.

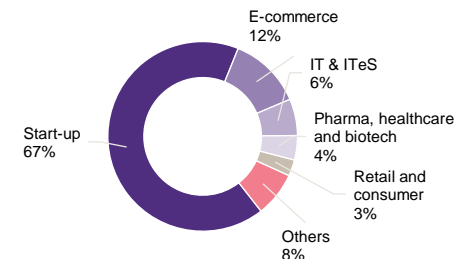
## Top PE deals of the month

Investor	Investee	Sector	USD million	% stake
Blackstone Growth, TPG Growth, ChrysCapital, Investcorp and Norwest Venture Partners	BusyBees Logistics Solutions Private Limited- Xpressbees	E-Commerce	300	N.A.
SoftBank, Goldman Sachs and Prosus Ventures	NText Transportation Services Private Limited- ElasticRun	E-Commerce	300	N.A.
National Investment and Infrastructure Fund-II, Premji Invest and undisclosed investors	BrainBees Solutions Private Limited- Firstcry	E-Commerce	240	N.A.
Warburg Pincus	Micro Life Sciences Private Limited- Meril Group	Pharma, healthcare and biotech	210	N.A.
KKR, Ingka Group Investments, Jungle Ventures, Venturi Partners, and Peugeot Investments	Home Interior Designs E-Commerce Private Limited- Livspace	E-Commerce	180	N.A.

## Top sectors based on deal value



## Top sectors based on deal volume



## Deal of the month: M&A

Google acquires 1.28% stake for USD 700 million in Bharti Airtel

### Sector: Telecom

#### Acquirer

**Google LLC** is an American multinational technology company that specialises in internet-related services and products, which include a search engine, online advertising technologies, cloud computing, software and hardware.

#### Target

**Bharti Airtel Limited** is a leading global telecommunications company with operations in 18 countries across Asia and Africa. The company's product offerings include 2G, 3G and 4G wireless services, mobile commerce, fixed line services, high speed home broadband, DTH, enterprise services, including national and international long-distance services to carriers.

#### Rationale

Google announced a long-term agreement that would entail the American internet giant investing USD 700 million for 1.28% stake in Bharti Airtel, in addition to up to USD 300 million towards potential multi-year commercial agreements.

This is the tech giant's second investment in an Indian telecom service provider (after Reliance Jio) and is part of its USD 10-billion India digitisation fund.

The investment will help Airtel develop its devices, home broadband, data centres, cloud adoption and, over a period, develop 5G networks. The other two areas of collaboration are 5G and cloud. Both companies will potentially co-create India-specific network domain use cases for 5G and other standards. Airtel uses Google's 5G-ready Evolved Packet Core and software defined network platforms.

## Deal of the month: PE

Xpressbees and ElasticRun both raise USD 300 million to join the unicorn club from consortium of investors

### Sector: E-commerce

#### Investor

The consortium of investors included:

**Xpressbees: Blackstone Growth, TPG Growth, ChrysCapital, Investcorp and Norwest Venture Partners**

**ElasticRun: SoftBank, Goldman Sachs and Prosus Ventures**

#### Investee

**BusyBees Logistics Solutions Private Limited- Xpressbees** is e-commerce logistics company present across 3,000 cities, serving 20,000+ pincodes, and delivers 1.5 million+ packages per day. It has 100+ hubs across India, over 10 lakh sq ft warehouse capacity, and operates across 52 airports in the country.

**NTex Transportation Services Private Limited- ElasticRun** is asset-light app-driven logistics and distribution company. ElasticRun enables businesses to reach Kirana stores—mom-and-pop shops selling everyday needs—in the deep rural parts of India, by deploying a network of delivery services.

#### Rationale

**Xpressbees:** The funding round was led by private equity funds Blackstone Growth, TPG Growth and ChrysCapital and includes a primary capital infusion of USD 100 million and a secondary share sale worth USD 200 million. Chinese asset management company CDH Investments made a complete exit in the sale while early investors Elevation Capital and Alibaba booked partial exits. With the investors vast network and operational expertise, Xpressbees believe that they will further fuel efforts in pursuing newer opportunities and will help expand their footprint.

**ElasticRun:** ElasticRun, a B2B ecommerce company, has raised USD 300 million in its series E funding round at a USD 1.5 billion valuation from investors such as SoftBank and Goldman Sachs. Existing investor Prosus Ventures also took part in the round.

ElasticRun will use the capital to expand and grow its operations. It may close the series E round with a much higher capital infusion if it receives any more interest till 21 March, when the subscription ends, according to its filing.

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