

# Dealtracker

Providing M&A and PE deal insights

January 2022

Volume 18.1



# 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 basis appropriate assumption where necessary. 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 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.

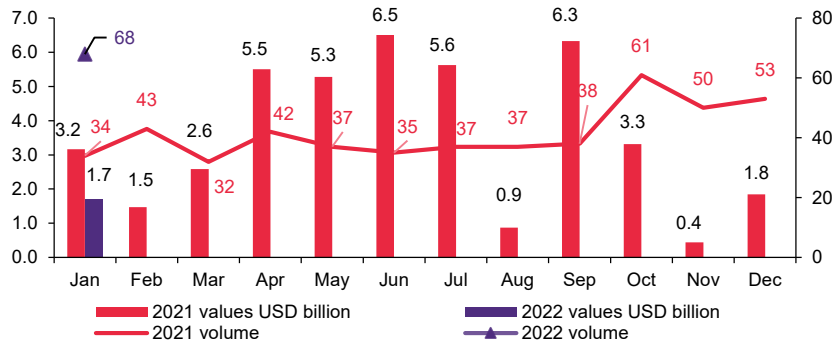
Please note that the criteria used to define Indian start-ups includes, a) the company should have been incorporated for five years or less than five years as at the end of that particular year and b) the company is working towards innovation, development, deployment and commercialisation of new products,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

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# Deal snapshot

## M&A snapshot



We entered 2022 in a cloud of uncertainty due to the emergence of the new Omicron variant and related questions surrounding the global and domestic economic growth. Amid this, India Inc saw the second highest number of monthly deals being executed in January 2022 at 242 deals valuing USD 5.1 billion. This translated to a 100% growth in the deal volumes and 17% increase in the deal values, with no signs of slowing down. January 2022 saw 12 high-value deals valued at and above USD 100 million each, contributing to 52% of deal values for the month.

Mergers and acquisitions (M&A) have picked up pace over the past year and corporates have been inking deals at a break-neck pace with the month witnessing record monthly deal volumes in the last 10 years with 68 deals. This was also a 100% increase compared with January 2021 deal volumes. The deal volumes were driven by strategic deals and growth plays. Despite the increase in volumes, deal values declined by 46% as January 2021 witnessed Total SE's USD 2.5 billion acquisition of Adani Energy. The growth of inbound values is 550%, if this deal is not considered.

Private equity (PE) investment grew at an unprecedented pace recording 174 deals, 100% increase in deal volume recorded in the same period last year. Further, investment values also witnessed 2.8x growth at USD 3.4 billion over January 2021 driven by seven high-value deals valued between USD 100-999 million.

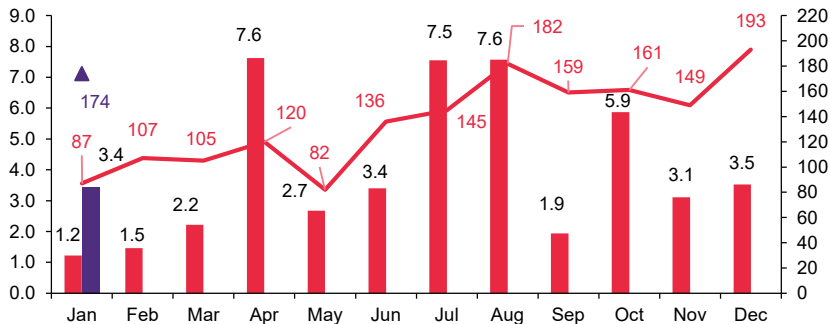
Start-up sector continued to dominate the deal activity in January 2022, followed by e-commerce and IT sectors in both M&A and PE deals space. Including the emergence of four unicorns, the month also witnessed marquee and high-value deals across banking (insurance), energy and natural resources (cleantech), manufacturing (industrial materials), agricultural solutions and education solutions.

Budget 2022 focused on several measures for a number of sectors that are aimed at boosting growth. Some of them are PM Gati Shakti, productivity enhancement and investment, sunrise opportunities, energy transition and climate action, and financing of investments. These measures will further give a push to the deal activity in the coming months.

### Shanthi Vijetha

Partner, Growth  
Grant Thornton Bharat

## PE snapshot

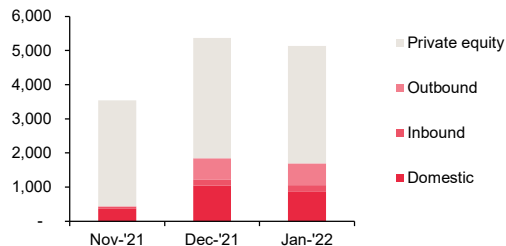


# More than 100% y-o-y rise in both M&A and PE deal volumes

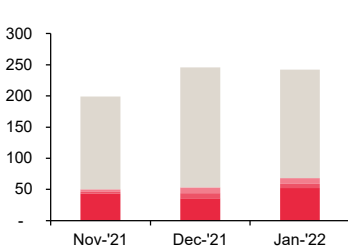
	Deal summary			Volume			Value (USD million)		
	2020	2021	2022	2020	2021	2022	2020	2021	2022
January 2022	Domestic	14	25	52	2,369	558	861		
	Cross-border	14	9	16	1,322	2,603	836		
	<b>Total M&amp;A</b>	<b>28</b>	<b>34</b>	<b>↑ 100%</b> 68	<b>3,691</b>	<b>3,161</b>	<b>↓ 46%</b> 1,697		
	PE	82	87	<b>↑ 100%</b> 174	2,118	1,221	<b>↑ 182%</b> 3,440		
	<b>Grand total</b>	<b>110</b>	<b>121</b>	<b>↑ 100%</b> 242	<b>5,809</b>	<b>4,382</b>	<b>↑ 17%</b> 5,137		
	<b>Cross-border includes</b>								
Inbound	8	2	7	1,264	2,506	197			
Outbound	6	7	9	59	97	639			

## Three monthly trends

### Trend based on deal values



### Trend based on deal volumes



## While overall volumes doubled, values witnessed a 17% increase

- Achieving the global economic recovery projections may hinge on how well the global economies navigate threats from new virus variants, tackle supply chain disruptions and manage inflation concerns. However, India's economic growth in the current year is estimated to be 9.2%, the highest among all large economies. The overall sharp rebound and recovery of the economy from the adverse effects of the pandemic is reflective of India's resilience. Amid this, India Inc recorded 242 deals valued at USD 5.1 billion, marking the second-highest monthly deal volumes since 2011.
- Compared with December 2021, the overall deal values and volumes recorded a marginal fall of 4% and 2%, respectively. January 2022 saw 12 deals valued at and above USD 100 million each compared with 16 such deals in December 2021.
- M&A deal volumes witnessed a 100% increase compared to January 2021 on account of over 2x increase in the domestic deal activity and 78% increase in the cross-border deal volumes. However, deal values witnessed 46% decline as cross-border deal values of January 2022 witnessed drastic fall owing to witnessing the Total SE- Adani Power deal valued at USD 2.5 billion in January 2021. If this deal is excluded, cross-border deal values witnessed a 6.5x increase. M&A deal volumes also marked the highest monthly volumes recording 68 deals since March 2012, which saw 71 deals.
- PE investment values recorded USD 3.4 billion in January 2022 across 174 deals. This translated to a significant 182% increase in the deal values and 100% growth in deal volumes compared with January 2021. The uptrend in the deal activity was on the back of seven high-value investments valued at and over USD 100 million and 10 deals valued between USD 50–99 million, compared to only three and four such deals, respectively, witnessed in January 2021. The month also witnessed the emergence of four unicorns across tech-savvy sectors.
- January 2022 recorded only one initial public offering (IPO) with an issue size of USD 91 million compared to 12 IPOs issues, raising USD 2.3 billion in December 2021, and three issues, raising USD 941 million in January 2021. Qualified institutional placement (QIP), on the other hand, witnessed muted activity.

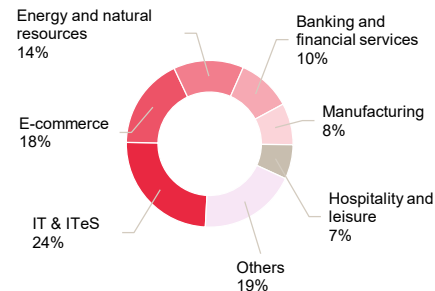
# M&A: Start-up sector dominated volumes, whereas IT sector led the values

Key sectors		
Notable sectors	Volume	USD million
Start-up	22	106
E-commerce	11	301
IT & ITeS	11	415
Hospitality and leisure	4	113
Media and entertainment	4	42
Energy and natural resources	3	231

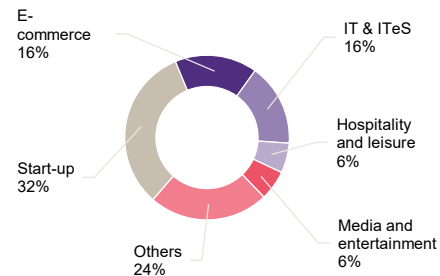
- With 32% of M&A deal volumes, start-up sector continued to dominate the M&A deal activity with 22 deals valued at USD 106 million. The sector also witnessed Borzo's debut acquisition in India with the acquisition of NOW technologies, B2B last mile express. The retail segment led the sector volumes with 45%, followed by ed-tech with 14%.
- Driven by Tech Mahindra's USD 350 million acquisition of CTC, IT sector topped the M&A value chart for January 2022. The sector was equally dominated by deals in the IT solutions and software development segments within the sector with five deals each.
- January 2022 witnessed US-headquartered Thrasio, making its first acquisition in India with Gurugram-based consumer appliances brand, Lifelong Online in the e-commerce sector. This marks the entry of the storied e-commerce roll-up company in the Indian markets.
- Media and entertainment sector recorded four deals; all of which were witnessed in the advertising and marketing segment.
- The month witnessed Curefoods execute six deals, all in the direct-to-consumer food brands; Reliance group of companies executed five deals across five sectors; Thrasio style companies, such as Evenflow and Mensa brands also sealed four deals each. The good Glamm Group, too, recorded four deals across start-up, media and entertainment and retail sectors.

Top M&A deals of the month					
Acquirer	Target	Sector	USD million	Deal type	% stake
Tech Mahindra Limited	Com Tec Co IT Limited	IT & ITeS	350	Acquisition	100%
Reliance Retail Ventures Limited	Dunzo Digital Pvt Limited	E-commerce	200	Strategic Stake	26%
Generali Participations Netherlands N.V.	FUTURE GENERALI India Life Insurance Company Limited and FUTURE GENERALI India Insurance Company Limited	Banking and financial services	167	Strategic Stake	25%
Reliance New Energy Solar Limited	Faradion Limited	Energy and natural resources	136	Acquisition	100%
Reliance Retail Ventures Limited	Addverb Technologies Private Limited	Manufacturing	132	Controlling Stake	54%

## Top sectors based on deal value



## Top sectors based on deal volume



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

## Key sectors

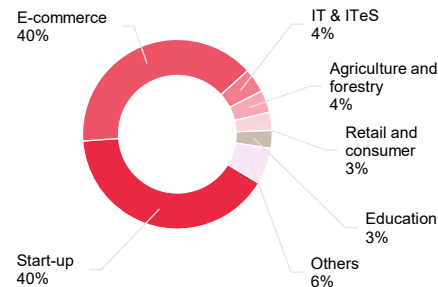
Notable sectors	Volume	USD million
Start-up	110	1,385
E-commerce	22	1,357
IT & ITeS	10	143
Education	6	104
Retail and consumer	6	107
Media and entertainment	4	54

- The start-up sector continued to drive the PE deal volumes and values for January 2022 with 63% share of PE volumes and investment values of USD 1.4 billion. Retail segment led the investment volumes in the start-up sector with 20%, followed by fin-tech with 17% and the enterprise application infrastructure segment with 9%. Health-tech, auto tech, media tech and discovery platforms segments also remained active during the month.
- The month witnessed the emergence of four unicorns - GlobalBees (a start-up, which is the second Thrasio-styled start-up to turn into a unicorn after Mensa Brands), LEAD School (Education), Darwinbox (IT and ITeS) and Mamaearth (e-commerce).
- January witnessed debut investments by two US-based companies in India - (1) March Gaming's investment in Rooter sports (media and entertainment) and (2) Healthcare-focused MBX Capital's investment in smiles.ai (start-up).
- Driven by two high-value investments, e-commerce sector led the investment values capturing 40% of PE values followed by IT, agriculture and forestry, education and retail and consumer sectors, which also witnessed aggregate deal values of over USD 100 million.

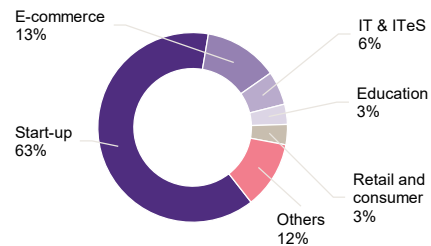
## Top PE deals of the month

Investor	Investee	Sector	USD million	% stake
Invesco, Baron Capital, Sumeru Venture, IIFL AMC Late Stake Tech Fund, Kotak, Axis Growth, Sixteenth Street Capital, Ghisallo, Smile Group, Segantii Capital, Prosus Ventures, Alpha Wave Global, Qatar Investment Authority and ARK Impact	Bundl Technologies Pvt Ltd- Swiggy.com	E-commerce	700	N.A.
Ward Ferry, Tiger Global and Alpha Wave Global	Mogli Labs (India) Pvt. Ltd	E-commerce	250	N.A.
Greenoaks Capital, ICONIQ Strategic Partners, D1 Capital Partners, Steadview Capital, Avenir Zetwerk Investors, and Lightspeed Venture Partners, among others	Zetwerk Pvt. Ltd	Start-up	210	N.A.
Tekne Private Ventures, Alpine Opportunity Fund, Edelweiss and others	Ola Electric Mobility Pvt Ltd	Start-up	200	N.A.
LightRock, LightBox, FMO, Lightsmith, World Bank Group's IFC, Redwood Equity Partners and Gawa Capital	WayCool Foods and Products Pvt. Ltd	Agriculture and forestry	117	N.A.

## Top sectors based on deal value



## Top sectors based on deal volume



## Deal of the month: M&A

Tech Mahindra acquires CTC for USD 350.4 million and invests USD 22.8 million in two leading InsurTech Platforms

### Sector: Real estate

#### Acquirer

**Tech Mahindra Limited** offers innovative and customer-centric digital experiences, enabling enterprises, associates and society to rise. It is a USD 5.1 billion organisation with 141,100+ professionals across 90 countries helping 1123 global customers, including Fortune 500 companies.

#### Target

**Com Tec Co IT Limited** is an international digital services provider helping leading Global 500 organisations in the insurance/reinsurance industry envision and realise some of their crucial and challenging digital transformation initiatives. It has offices in Cyprus, Latvia and Belarus.

#### Rationale

Tech Mahindra announced the 100% acquisition of Com Tec Co IT Limited (CTC) for USD 350.4 million, including earnouts and synergy linked payouts.

The acquisition enables Tech Mahindra to expand its offerings to high-end digital engineering services for insurance, re-insurance and financial services organisations globally and scale its nearshore delivery presence. The acquisition will also help Tech Mahindra to scale its European presence with over 700 IT professionals in contemporary technologies and processes.

Tech Mahindra has also announced an investment of USD 20.8 million, to pick 25% ownership stake each in InsurTech ventures, SWFT and Surance. SWFT is a SaaS-based digital customer engagement platform and Surance is an end-to-end personal cyber insurance solution.

The acquisition underlines Tech Mahindra's focus on digital growth, under the NXT.NOWTM framework, which is focused on leveraging next generation technologies.

## Deal of the month: PE

Swiggy raises USD 700 million from Invesco and others at USD 10.7 billion valuation

### Sector: Start-up

#### Investor

The consortium of investors includes **Invesco, Baron Capital Group, Sumeru Venture, IIFL AMC Late Stake Tech Fund, Kotak, Axis Growth, Sixteenth Street Capital, Ghisallo, Smile Group, Segantii Capital, Prosus Ventures, Alpha Wave Global, Qatar Investment Authority and ARK Impact**

#### Investee

**Bundl Technologies Private Limited- Swiggy.com** is India's leading on-demand delivery platform with a tech-first approach to logistics and a solution-first approach to consumer demands. With presence in 500 cities across India, partnerships with hundreds of thousands of restaurants, an employee base of over 5000, a 2 lakh+ strong independent fleet of delivery executives, they deliver convenience driven by continuous innovation.

#### Rationale

The food-delivery firm Swiggy raised USD 700 million in the fundraise, just six months after securing USD 1.25 billion. The funding was led by US investment firm Invesco and also included new investors like Baron Capital Group, Sumeru Venture, IIFL and Kotak. Existing investors Alpha Wave Global and Qatar Investment Authority also took part in the round.

According to industry sources, the fundraise values Swiggy at USD 10.7 billion, which is double its last valuation in July. The investment makes Swiggy the fourth decacorn, a privately-held firm valued at USD 10 billion or more, to emerge from India after fintech Paytm, hotel aggregator Oyo and ed-tech firm Byju's.

The company said it plans to use the funds to accelerate growth on its core platform and make investments in Instamart, Swiggy's quick grocery platform. It further added, Instamart will be reaching an annualised gross merchandise value (GMV) run rate of USD 1 billion in the next three quarters.

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- Transaction tax



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