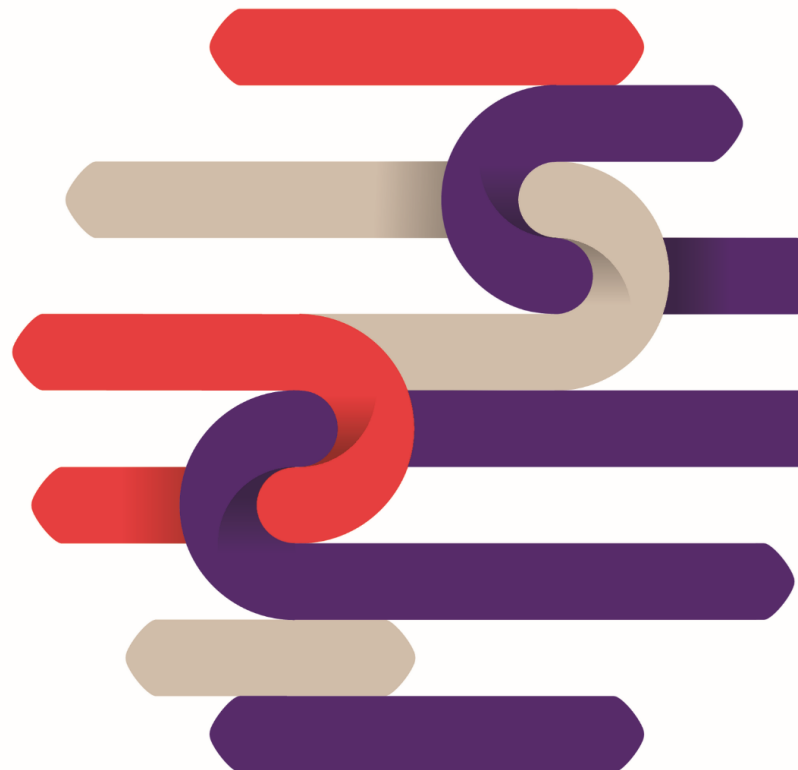


Dealtracker

Providing M&A and PE deal insights

August 2021

Volume 17.7



Disclaimer

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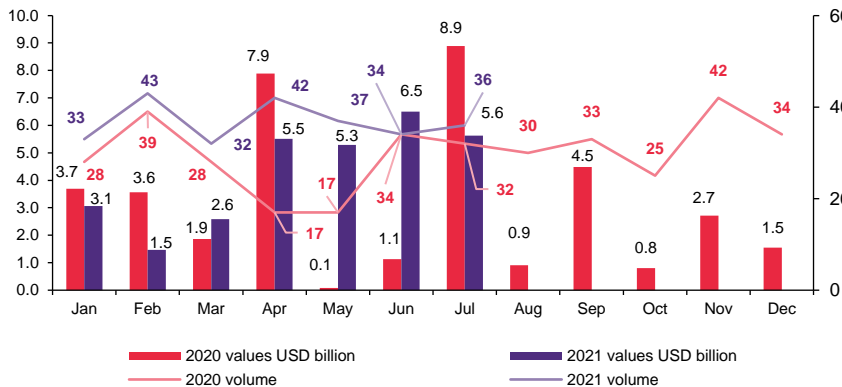
Please note that the criteria used to define Indian start-ups include a) the company should have been incorporated for five years or less than five years as at the end of that particular year and b) the company is working towards innovation, development, deployment and commercialisation of new products,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

Authors:

Shanthy Vijetha, Monica Kothari

Deal snapshot

M&A snapshot



India Inc. recorded 181 deals aggregating to USD 13.2 billion, up by 66% and 3% respectively, compared with same period a year earlier. With this, the month witnessed record volumes for any given month since 2005. The market is showing optimism despite the possibility of a third wave of the COVID-19 pandemic.

Mergers and acquisitions (M&A) deal activity witnessed 36 deals worth USD 5.6 billion. While the volumes were up by 13%, deal values dropped by 37% compared with July 2020, owing to shortfall in the big-ticket transactions. Barring Google's USD 4.4 billion worth stake acquisition in Jio Platforms witnessed in July 2020; July 2021 saw 21% increase in deal values. This surge in deal activity was on back of companies continuing to borrow economically and spend their cash reserves on transformative deals to reposition themselves for the post-COVID world. Domestic consolidation dominated the M&A segment with two-third of deal volumes. While cross-border deals slumped both in terms of volumes and values over July 2020.

Private equity (PE)/venture capital (VC) investments are at record levels this month recording 145 deals valued at USD 7.5 billion, boosted by a surge in equities, higher liquidity and an increased interest in sectors that have benefited from the coronavirus pandemic. PE deals were also fueled by improved lending appetite as many businesses across the nation rebounded from last year's pandemic-induced slump. The other factor, which is fundamental, is that online business models have been accelerated by the pandemic and are worth more today than they were a year and half ago.

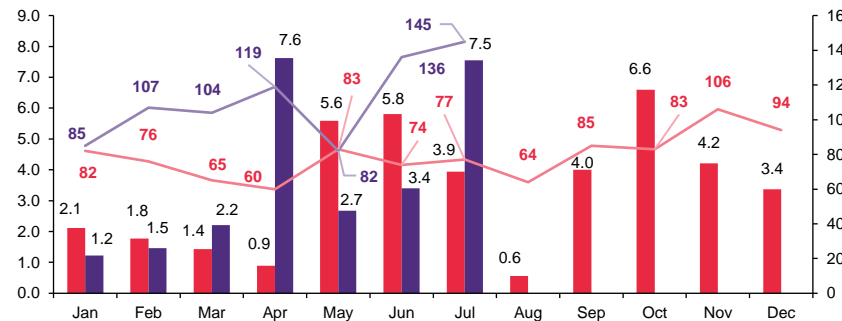
Several Indian start-ups have spelt out plans to go public to cash in on the liquidity by foreign funds. Some of those include food delivery start-up Zomato, payments services Paytm, beauty brand Nykaa and ride-hailing service Ola.

The sector theme for the month continue to be tech and education. The bulk of those deals were in IT solutions, e-commerce, consumer retail, digital healthcare, fin-tech and ed-tech companies, whose products and services have seen strong demand during the pandemic.

Corporate India has previously demonstrated agility and adaptability in the face of crisis. Government reforms and demographic advantage further reiterate India's potential as key investment destination. We hope the deal trend will remain positive in the coming months.

Shanthy Vijetha
Partner, Growth
Grant Thornton Bharat LLP

PE snapshot



India Inc. records 181 deals, 1.6 times increase in deal volumes compared with July 2020

	Deal summary			Volume			Value (USD million)		
	2019	2020	2021	2019	2020	2021	2019	2020	2021
July	Domestic	24	17	24	1,721	418	1,640		
	Cross-border	13	15	12	2,259	8,473	3,980		
	Merger and internal restructuring	-	-	-	-	-	-		
	Total M&A	37	32	↑13% 36	3,980	8,891	↓37% 5,620		
	PE	72	77	↑88%	145	5,411	3,943	↑91%	7,549
	Grand total	109	109	↑66% 181	9,391	12,834	↑3% 13,169		
	Cross-border includes								
Inbound	6	6	8	2,182	6,775	2,970			
Outbound	7	9	4	77	1,697	1,010			

	Deal summary			Volume			Value (USD million)		
	2019	2020	2021	2019	2020	2021	2019	2020	2021
YTD	Domestic	154	110	191	13,778	8,263	17,173		
	Cross-border	108	81	64	7,351	18,809	12,842		
	Merger and internal restructuring	7	4	2	1,050	20	10		
	Total M&A	269	195	↑32% 257	22,179	27,092	↑11% 30,025		
	PE	456	517	↑50%	778	19,019	21,556	↑21%	26,145
	Grand total	725	712	↑45% 1,035	41,198	48,648	↑15% 56,170		
	Cross-border includes								
Inbound	56	36	29	5,670	16,522	5,998			
Outbound	52	45	35	1,681	2,287	6,844			

- A gradual resumption in economic activities post the relaxation in restrictions is indicated by improving mobility indicators. Governments in most developed markets continued to ease COVID-related mobility restrictions and activity levels picked up. Deal stats for the month of July also reflects the positive trend with India Inc. recording 181 deals, a significant 66% increase in deal volumes and 3% increase in the deal values aggregating to USD 13.2 billion compared with July 2020.
- M&A recorded 36 transactions totaling to USD 5.6 billion, which is in stark contrast to July 2020 that saw 32 transactions with values aggregating to USD 8.9 billion, owing to four deals valued at and over USD 1 billion dollar including Google's USD 4.4 billion stake acquisition in Jio Platforms compared with only one such deal witnessed in July 2021. M&A volumes were driven by domestic consolidation which constituted for two-thirds of M&A volumes.
- PE recorded 145 deals valued at USD 7.5 billion, deal values almost doubling compared with July 2020, driven by Flipkart's USD 3.6 billion fundraise.
- July 2021 recorded three fundraises via qualified institutional placement (QIP) at USD 228 million, compared with one in July 2020 worth USD 263 million. Likewise, IPO also witnessed four issues aggregating to USD 1.7 billion compared with two issues worth USD 2 billion in July 2020.

YTD 2021: 45% increase in deal volumes with strong 15% increase in deal values

- Compared with June 2021, July 2021 witnessed a surge in deal activity both in terms of deal volumes (6%) and deal values (33%) on the back of increased big-ticket deals. While July 2021 recorded two deals in the billion-dollar category and 22 deals valued over USD 100 million, June 2021 recorded only one and 10 such deals, respectively. Further, July 2021 recorded the highest monthly PE activity since 2005 with 145 investments aggregating to USD 7.5 billion
- YTD 2021 witnessed a significant 45% increase in deal volumes with strong 15% increase in the 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.
- The year so far witnessed 10 deals in the billion-dollar category and 81 deals valued at and above USD 100 million. These high value deals together accounted for 84% of the total deal values in 2021. YTD 2021 also witnessed 13 unicorns compared with seven unicorns in 2020 supporting the increase in the deal values.

M&A: Start-up sector with 10 deals leads in volumes, while banking and financial services lead on value

Key sectors

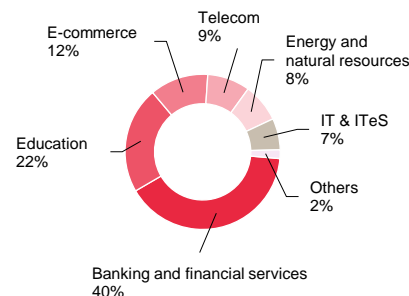
	Volume	USD million
Start-up	10	46
E-commerce	7	686
Banking and financial services	5	2,261
Education	3	1,250
IT & ITeS	3	368

- In-line with previous month (June 2021), start-up sector topped the volumes chart with 10 deals, capturing 28% of the volumes pie with aggregate value of USD 46 million. Consolidation dominated in the Fin-tech segment within the Start-up sector with three deals.
- Sumitomo Mitsui's majority stake acquisition of Fullerton India Credit Company from his holding company for an estimated deal amount of USD 2 billion led the M&A deal values and banking sector topped the M&A values chart. This deal will mark a big Asian push for Sumitomo Mitsui towards consumer and MSME lending.
- Driven by Byju's second and third biggest acquisition of Great Learning for USD 0.6 billion and USA's Epic for USD 0.5 billion, the education sector constituted for 22% of the M&A deal values for the month.
- Energy, telecom, hospitality and leisure, and manufacturing sectors witnessed one deal each during the month, of which telecom and energy sectors witnessed high values deals with values over USD 450 million in the telecom towers and infrastructure and renewable cleantech space, respectively.
- One of the largest deal in the Indian gaming space - Modern Times's acquisition of Playsimple Games for USD 360 million.

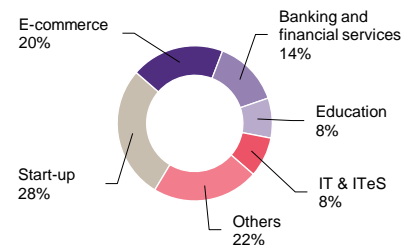
Top M&A deals of the month

Acquirer	Target	Sector	USD million	Deal type	% stake
Think & Learn Pvt. Ltd.- Byju's	Great Lakes E-Learning Services Pvt. Ltd.- Great Learning	Education	600	Acquisition	100%
Bharti Enterprises Ltd.- Bharti Global	Oneweb Ltd.	Telecom	500	Strategic Stake	N.A.
Think & Learn Pvt. Ltd.- Byju's	Epic! Creations, Inc	Education	500	Acquisition	100%
Reliance Retail Ventures Ltd.	Just Dial Pvt. Ltd.	E-commerce	473	Strategic Stake	41%
Global Power Synergy Public Company Ltd.	Avaada Energy Pvt. Ltd.	Energy and natural resources	453	Strategic Stake	42%

Top sectors based on deal value



Top sectors based on deal volume



PE: Start-ups drive volumes with 68% share, e-commerce capture values with 67%

Key sectors

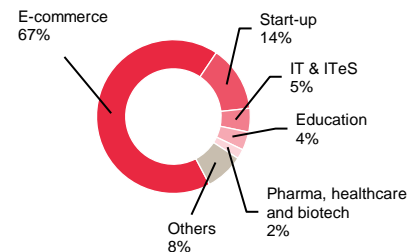
Notable sectors	Volume	USD million
Start-up	99	1,047
E-commerce	11	5,072
Education	6	291
IT & ITeS	5	376
Real estate	4	68

- The start-up sector continued to drive the PE deal volume for July with a 68% share of the volumes valued at USD 1.1 billion. The Thrasio-style start-up in India witnessed the largest seed funding of USD 40 million in 10club and GlobalBees Brands raising the largest series A funding of USD 150 million. Thrasio style refers to companies which acquire small merchants and brands on leading e-commerce platforms and helps grow their business.
- Driven by Flipkart's USD 3.6 billion fund raise, the e-commerce sector led the investment values for the month. This deal also marked the second largest PE investment since 2011 and captured 48% of total PE investment values for the month.
- The month witnessed two e-commerce companies join the much-coveted unicorn club. Blackbuck (Travel, transport & logistics segment) entered with the latest USD 67 million funding and Grofers (retail segment) raised USD 120 million, crossing the USD 1 billion valuation.
- The month also witnessed maiden investment from investors such as Griffin and Triple jump which invested in Indian start-up (gaming segment) and banking (NBFC segment) sector companies, respectively.
- Apart from the e-commerce and start-up sector, the education, pharma, IT, energy and telecom sectors also witnessed high value deal each valued at and above USD 100 million.

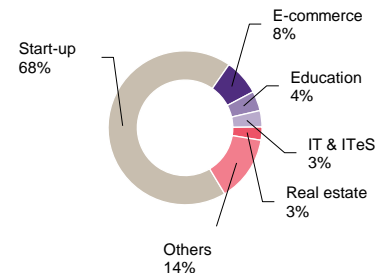
Top PE deals of the month

Investor	Investee	Sector	USD million	% stake
GIC, the Canada Pension Plan Investment Board, SoftBank Vision Fund 2, Walmart, Qatar Investment Authority, Khazanah Nasional Berhad, DisruptAD, Tencent, Franklin Templeton, Willoughby Capital, Antara Capital, and Tiger Global	Flipkart Online Services Pvt. Ltd.	E-commerce	N.A.	3,600
Temasek, Warburg Pincus and angel investor	Olacabs.com -ANI Technologies Pvt. Ltd.	E-commerce	N.A.	500
SoftBank, Prosus, Accel Partners, Wellington Management, Qatar Investment Authority, Falcon Edge Capital, Amansa Capital, Goldman Sachs, Think Investments and Carmignac	Bundl Technologies Pvt. Ltd.- Swiggy.com	E-commerce	N.A.	450
Fidelity Management & Research Co, BlackRock, Neuberger Berman Investment Advisers LLC, Ishana, Tree Line, IIFL AMC	Pine Labs Pvt. Ltd.	IT & ITeS	N.A.	315
Blackstone	Simplilearn Solutions Pvt. Ltd.	Education	N.A.	250

Top sectors based on deal value



Top sectors based on deal volume



Deal of the month: M&A

Byju's acquires Great Learning for USD 600 million

Sector: Education

Acquirer

Think & Learn Pvt. Ltd. - Byju's is India's ed-tech company and the creator of school learning app which offers highly adaptive, engaging and effective learning programmes for students in LKG, UKG, Classes 1-12 (K-12) and competitive exams like JEE, NEET and IAS. The app has over 75 million registered students and 5.2 million annual paid subscriptions. With an average time of 71 minutes being spent by a student on the app every day from 1700+ cities, the app is creating a whole new way of learning through visual lessons.

Target

Great Learning is one of India's leading ed-tech companies for professional and higher education in the in-demand field like in analytics, data science, AI, deep learning, cloud computing, and machine learning. Recently, it expanded its offerings to include programmes in cybersecurity, software development, and business. It has global presence in 140+ countries.

Rationale

Byju's has acquired the ed-tech company Great Learning for USD 600 million in a cash, stock and earnout deal. The move will help the firm, which is valued at USD 16.5 billion, gain a foothold in the professional upskilling and higher education space.

Byju's said that it will spend another USD 400 million to 'accelerate' Great Learning's growth, thereby taking its total investment commitment to the higher education space to about USD 1 billion. The firm is expanding its offerings beyond the K12 and test prep segments, and further accelerating the company's growth plans.

"This partnership brings together Byju's technology and content expertise with Great Learning's sought-after professional courses at a significant time when the COVID-19 pandemic and evolving industry dynamics have encouraged professionals in India and globally to upskill themselves," Byju's said in a statement. "With our combined strength, we aim to become a global market leader in this segment," said Byju Raveendran, Founder and CEO, Byju's.

For Great Learning, this investment will accelerate its organic and inorganic growth in India and overseas markets such as North America, Canada among others.

Deal of the month: PE

Walmart's Indian e-commerce store Flipkart raises USD 3.6 billion in fresh funds

Sector: E-commerce

Investor

The consortium of investors includes **GIC, the Canada Pension Plan Investment Board, SoftBank Vision Fund 2, Walmart, Qatar Investment Authority, Khazanah Nasional Berhad, DisruptAD, Tencent, Franklin Templeton, Willoughby Capital, Antara Capital, and Tiger Global**

Investee

Flipkart Online Services Pvt. Ltd. is India's leading e-commerce marketplace with over 80 million products across 80+ categories. It possess the technology that enables 8 million shipments/month, 10 million daily page visits, 350 million registered users, 300 thousand sellers and 21 state of the art warehouses.

Rationale

India's e-commerce giant Flipkart raised USD 3.6 billion in fresh funds from global investors, including sovereign funds, private equity and from its parent company, Walmart.

The new round of funding was led by Singapore sovereign wealth fund GIC, the Canada Pension Plan Investment Board, SoftBank Vision Fund 2 and Walmart. It also included investments from sovereign funds such as Qatar Investment Authority, Malaysia's Khazanah Nasional Berhad and DisruptAD, the venture arm of the Abu Dhabi sovereign fund, ADQ. Other backers included China's Tencent, Franklin Templeton and Tiger Global.

The company will be valued at over USD 37.6 billion post-money, up from USD 24.9 billion last year when it raised USD 1.2 billion in an internal round led by Walmart.

The latest round also marks the return of SoftBank to its cap table since the Japanese investor's exit three years ago. Masayoshi Son-led SoftBank invested USD 2.5 billion in Flipkart in 2017, selling its stake to Walmart a year later for USD 4 billion.

"As part of the new fundraise, Flipkart is also giving its employees the option to sell their stock options worth USD 80.5 million," said Kalyan Krishnamurthy, CEO, Flipkart Group.

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Contact us

NEW DELHI

National Office,
Outer Circle, L 41,
Connaught Circus,
New Delhi - 110001
T +91 11 4278 7070

NEW DELHI

6th Floor, Worldmark 2,
Aerocity,
New Delhi - 110037
T +91 11 4952 7400

BENGALURU

5th Floor, 65/2, Block A,
Bagmane Tridib, Bagmane Tech Park,
CV Raman Nagar,
Bengaluru - 560093
T +91 80 4243 0700

CHANDIGARH

B-406A, 4th Floor,
L&T Elante Office Building,
Industrial Area Phase I,
Chandigarh - 160002
T +91 172 4338 000

CHENNAI

9th Floor, A Wing, Prestige Polygon,
471 Anna Salai, Mylapore Division,
Teynampet,
Chennai - 600035
T +91 44 4294 0000

DEHRADUN

Suite No 2211, 2nd Floor,
Building 2000, Michigan Avenue,
Doon Express Business Park,
Subhash Nagar,
Dehradun - 248002
T +91 135 2646 500

GURGAON

21st Floor, DLF Square,
Jacaranda Marg, DLF Phase II,
Gurgaon - 122002
T +91 124 462 8000

HYDERABAD

7th Floor, Block III, White House,
Kundan Bagh, Begumpet,
Hyderabad - 500016
T +91 40 6630 8200

KOCHI

6th Floor, Modayil Centre Point,
Warriam Road Junction, MG Road,
Kochi - 682016
T +91 484 406 4541

KOLKATA

10C Hungerford Street,
5th Floor,
Kolkata - 700017
T +91 33 4050 8000

MUMBAI

11th Floor, Tower II,
One International Center,
SB Marg Prabhadevi (W),
Mumbai - 400013
T +91 22 6626 2600

MUMBAI

Kaledonia, 1st Floor, C Wing,
(Opposite J&J Office),
Sahar Road, Andheri East,
Mumbai - 400069
T +91 22 6176 7800

NOIDA

Plot No 19A, 2nd Floor,
Sector - 16A,
Noida - 201301
T +91 120 485 5900

PUNE

3rd Floor, Unit No 309-312, West
Wing, Nyati Unitree, Nagar Road,
Yerwada
Pune - 411006
T +91 20 6744 8800

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