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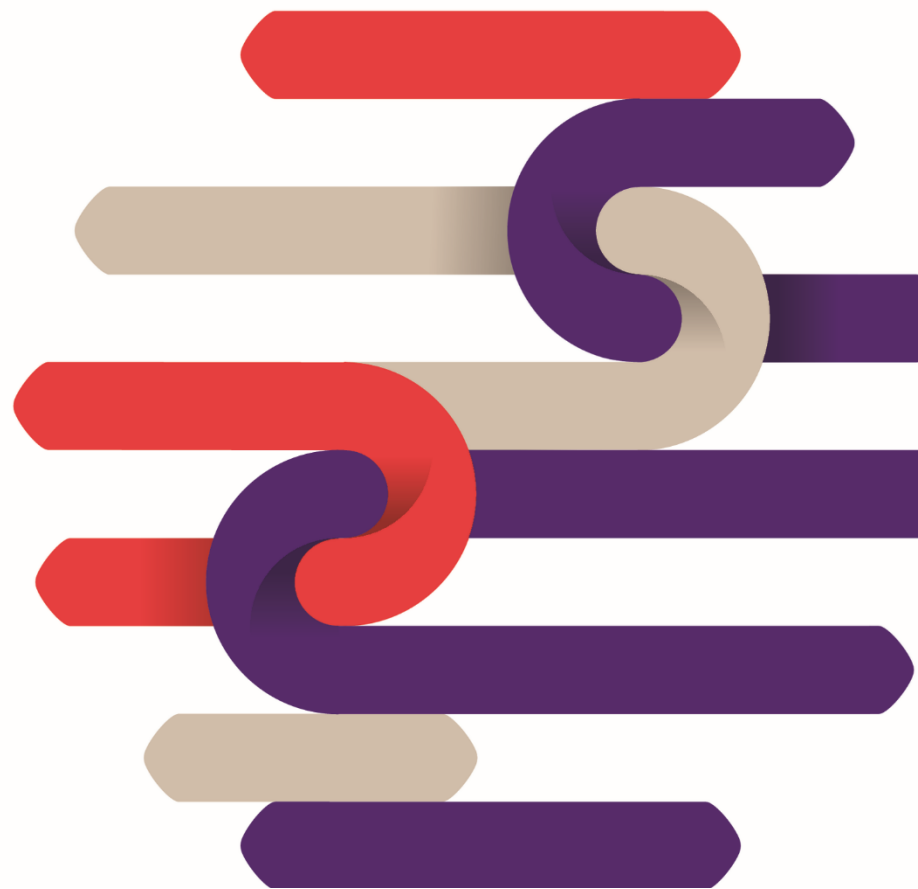
An instinct for growth™

Dealtracker

Providing M&A and private
equity deal insights

Half-yearly issue (H1 2019)

Volume 15.6



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Please note that the criteria used to define 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.

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Foreword



Prashant Mehra

Partner
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The year so far has been a mixed bag with many macro plus political issues, subdued inflation over US Fed's rate hike update leading to uneasiness over the US and global economies, US-China trade wars, and spike in international crude oil prices amid uncertainties around the US sanctions on Iranian oil imports. On back of the prevailing uncertainties, the year so far recorded restrained deal activity: There were 600 deals worth USD 32 billion, with values falling to less than half of the levels seen in H1 2018. This was despite easing of Indo-Pakistan tensions, strengthening of Indian rupee against the US dollar and encouraging domestic sentiment due to easing inflation, giving rise to expectations of lower interest rates and record PE investment flows.

H1 2019 recorded the lowest overall M&A deal values compared to the last three years on account of absence of big ticket transactions. Domestic players transacted over 130 deals clocking about USD 13 billion, a 3x fall in the deal values compared to H1 2018, while cross-border deal values recorded around a 5x fall in values at USD 5 billion from over 90 transactions. Distressed assets deals have been a dominant theme in the M&A space. The IBC regulation and process is at an inflection point and supportive regulations and further efficiencies will make this a pacesetter for the coming years. Comparatively, there has been a resurgence of strategic domestic acquirers looking for opportunities in their core business to grow market share or expand geographical reach. There has been an increase in stock transaction driven M&A.

H1 2019 witnessed PE investment worth over USD 14 billion, surpassing the previous highest by 45% but recording the lowest volumes in the last five years. This trend resulted in PE investment average deal size record at USD 37 million, marking the highest y-o-y till date. Investments into the Indian markets after a long period of muted flows resulted from central banks scaling back their monetary policy decisions on global growth concerns. Key trends witnessed include PE players forming Special Purpose Vehicles (SPVs) to execute deals resulting in the year witnessing top deals, PEs shaking hands with corporates to form a new entity for executing deals, evolution of vibrant Real Estate Investment Trust (REIT) market in India, and witnessing deal traction with issuers from infra-related sectors

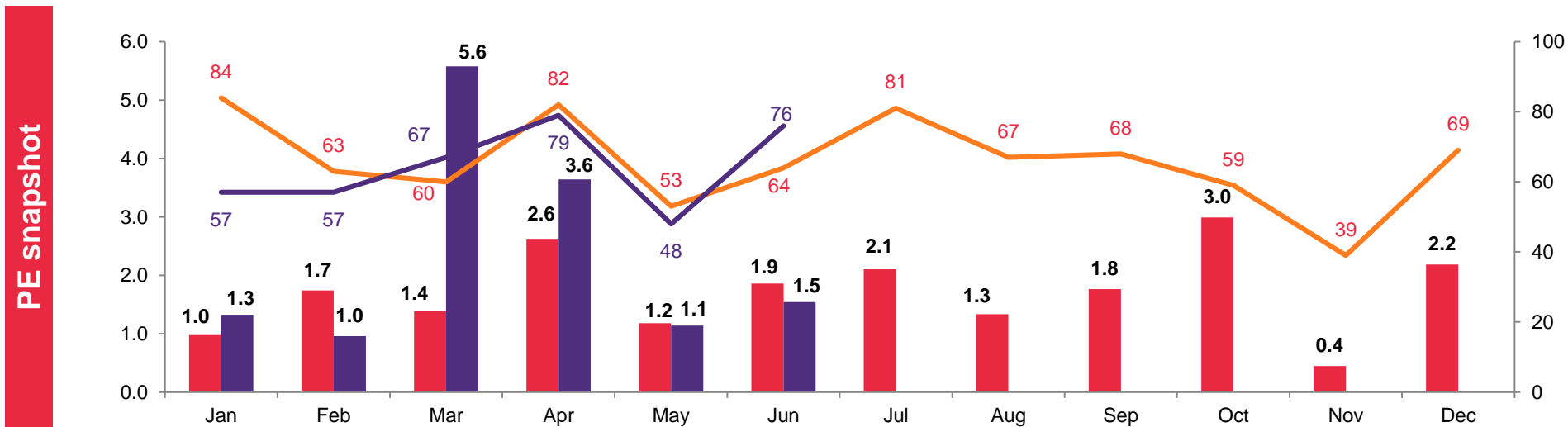
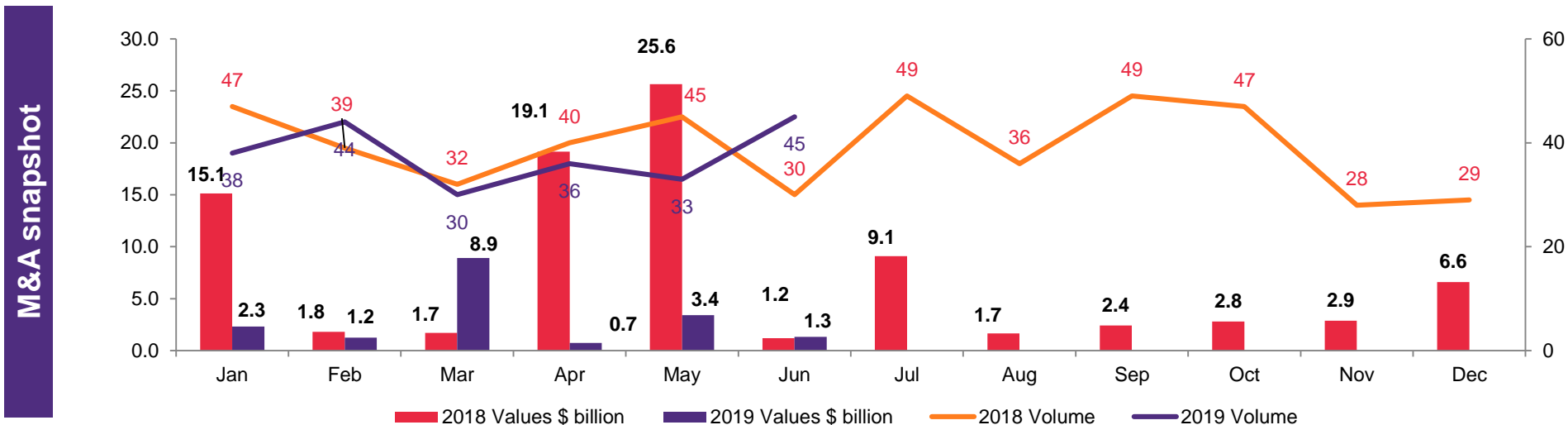
to launch Infrastructure Investment Trusts (InvITs) on a private placement basis.

Sectors that performed during the year include manufacturing, energy, banking, IT, infra, pharma and start-ups. These sectors will perhaps continue to have substantial deal activity in the coming months with the Indian economy booming due to increasing urbanisation, rising middle class population, and a business-friendly government rolling encouraging reforms. H1 2019 witnessed sluggish IPO and QIP activity. The drop is likely due to significant corrections in the stock markets in mid cap and small cap stocks. Further, the amount of volatility has increased due to uncertainties around global growth coupled with the ongoing US/China trade wars, liquidity crises among non-bank lenders triggered by alleged defaults by a leading infrastructure finance company, and currency volatilities.

Given rising global concerns around trade wars and slowdown in growth, India is emerging to be a preferred destination with many global investors. The outcome of the latest elections has given a boost to the country's attractiveness. Deal makers will be focused on the intensity of new reforms to drive growth. On the flipside, earnings announcements, RBI's stance on policy rates, the Union Budget, crude oil movement, and global growth would be the other factors affecting markets over the next few months along with the ongoing debate around global slowdown, monetary policy actions of global central banks and global trade tensions. We are confident of witnessing an accelerated and mature deal market with a surge in transactions and investments with the NDA government coming to power again. It is expected to streamline existing reforms and introduce new ones, enabling renewed deal activity and minimising uncertainty in the deal landscape.

Deal snapshot- H1 2019

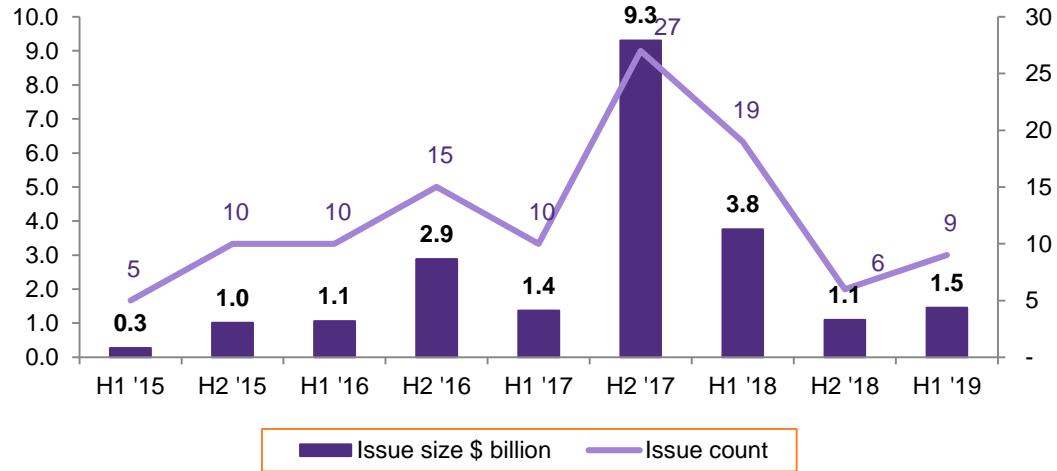
H1 2019 recorded 610 deals aggregating to USD 32.1 billion with average deal size of USD 53 million.



IPO and QIP activity - H1 2019

H1 2019 saw USD 1.5 billion raised across 9 IPOs with declining trend in both volumes (53%) and values (61%) compared to H1 2018.

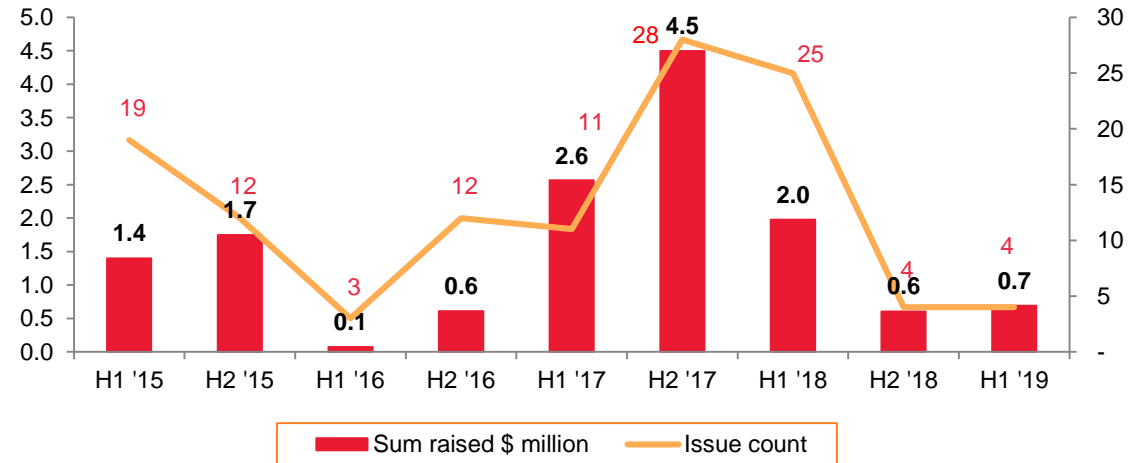
IPO snapshot



- Most of the companies followed the 'wait and watch' approach in the hopes of a stable outcome of the Lok Sabha elections, which attributed to a drop in the IPO activity in 2019. However, following the new government coming in power, we expect to see increased IPO activity in the second half of 2019. This can be supported by many companies that had already received clearance from markets regulator SEBI but were waiting for election results, indicating a strong pipeline of IPOs.
- The year so far has seen companies from the e-commerce and manufacturing sectors raising IPOs. This was followed by consumer, real estate and infra sectors companies.

H1 2019 saw four companies raising USD 0.7 billion across banking, manufacturing and real estate sectors - Declined deal activity

- 2019 so far has witnessed only four issues worth USD 0.7 billion recording an 84% drop in the number of issues, and a 65% fall in the issue size.
- QIPs are likely to witness increased activity with a more positive investor sentiment and Sensex reaching a record high that is likely to be powered soon with the newly-elected government in place.



QIP snapshot

Deal round-up

Deal summary		Volume			Value (USD million)		
Year to date - June	2017	2018	2019	2017	2018	2019	
Domestic	104	128	128	3,428	23,597	11,904	
Cross-border	84	94	91	4,191	23,587	4,981	
Merger and internal restructuring	9	11	7	23,318	17,459	1,050	
Total M&A	197	233	↓ 3% 226	30,937	64,643	↓ 72% 17,935	
Private equity	412	406	↓ 5% 384	8,371	9,760	↑ 45% 14,182	
Grand total	609	639	↓ 5% 610	39,308	74,403	↓ 57% 32,117	

H1 2019

Cross-border includes

Inbound	44	51	46	3,369	21,408	3,377
Outbound	40	43	45	822	2,179	1,604

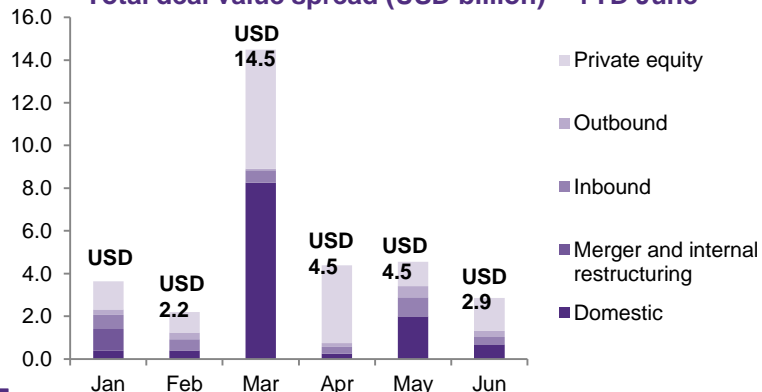
Quick facts

- H1 2019 pumped in USD 32.1 billion across 610 deals, which was the lowest compared to H1 2017, H1 2018 and H2 2018.
- H1 2019 recorded the highest PE values till date for the first six-month period, surpassing the previous highest by 45%.
- H1 2019 saw around 5x fall in the cross-border deal values over H1 2018, which recorded the highest H1 cross-border values since H1 2011 (USD 27 billion).

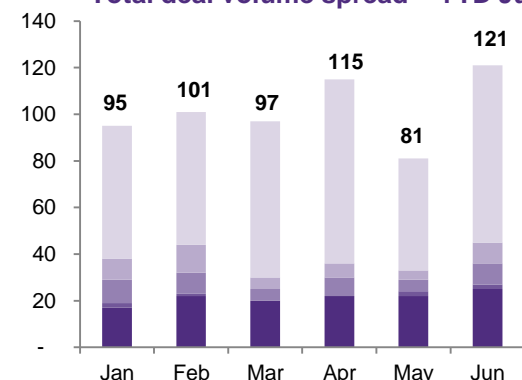
Subdued overall deal activity but impressive PE activity

- The year so far has witnessed deals worth USD 32.1 billion (610 deals), with values falling to less than half of the levels seen in H1 2018.
- Key reason for a significant fall in the deal values in H1 2019 compared to H1 2018 was H1 2018 witnessing the marquee Walmart-Filpkart deal (USD 16 billion) and the Bharti-Indus merger (USD 14.6 billion). These two deals alone totalled to USD 30.6 billion compared H1 2019 recording overall USD 32 billion. Barring these two deals, the year still recorded a 27% fall in the deal values.
- H1 2019 recorded only five deals valued in the billion-dollar category compared to 10 witnessed in H1 2018, and 57 deals valued and estimated at and above USD 100 million as opposed to 53 in H1 2018. The big-ticket deals in H1 2019 contributed to 83% of the overall deal values.
- India Inc.'s M&A values in H1 2019 were the lowest y-o-y in the last three years. This was on account of the absence of big ticket transactions compared to the other years.
- H1 2019 witnessed a record USD 14.2 billion of PE investments but with lowest volumes y-o-y in last five years. This trend resulted in PE investment average deal size record at USD 37 million marking the highest till date y-o-y.
- Sectors like manufacturing, energy, banking, IT, infra and pharma attracted big-ticket transactions and investments during H1 2019.

Total deal value spread (USD billion) – YTD June



Total deal volume spread – YTD June



Sector in focus H1 2019 - M&A

Values



Manufacturing

- Steel segment has been one of the major beneficiaries of the IBC, which saw the Arcelormittal-Essar steel deal valued at USD 7.24 billion.
- Domestic consolidation dominated the sector deal activity.
- Capital/ heavy goods and industrial materials segments attracted the maximum traction, capturing 79% of volumes.

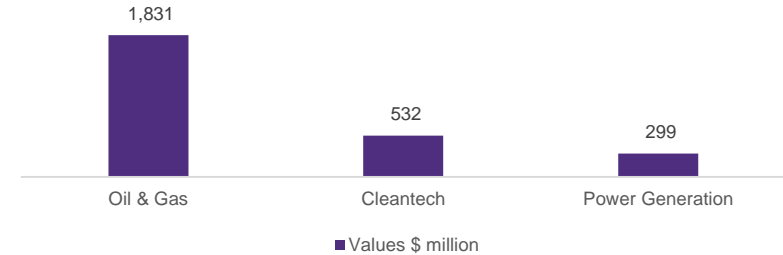


Sector in focus H1 2019- PE



Energy and natural resources

- While the oil and gas segment garnered bigger cheques from investors like Brookfield, the upcoming cleantech segment dominated by attracting six out eight deals within the sector, demonstrating the transformation to a low carbon economy.

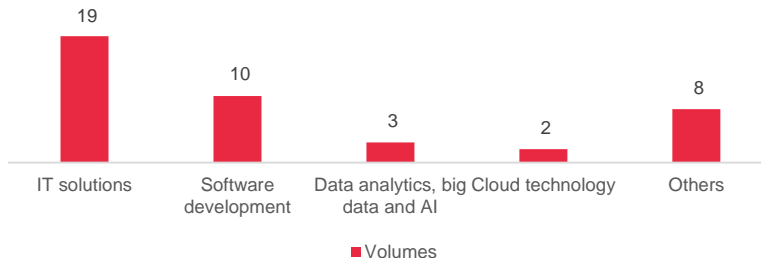


Volumes



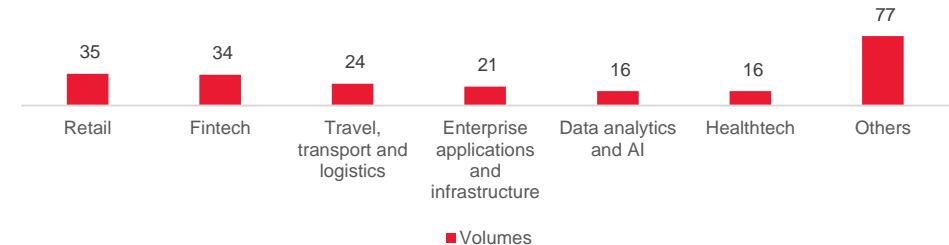
IT and ITes

- Domestic consolidation to increase portfolio of offerings and collaboration with larger technology and channel partners dominated the volumes along with outbound activity to expand in international markets.



Start-up

- H1 2019 witnessed mega funding rounds for high-growth homegrown start-ups. Apart from retail, fintech, logistics, healthtech, edtech and mediatech start-ups are gaining significant traction.



Large deals called off: H1 2019

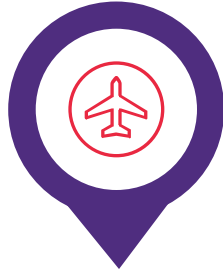
Terminated, as the conditions precedent were not fulfilled within the stipulated time period:

Absence of regulatory approvals:

Reviewed decision internally:



Infibeam -
Unicommerce
(100% stake for
USD 18.18 million)



Malaysia Airports
Holding Berhad -
GMR Airports Ltd.
(11% stake for
USD 76 million)



Brookfield Asset
Management - Hotel
Leelaventure Ltd.-
Leela hotels in
Delhi, Bengaluru,
Chennai and
Udaipur (100% for
USD 576 million)



General Atlantic
and Värde Partners
- PNB Housing
Finance Ltd. (13%
stake for USD 268
million)



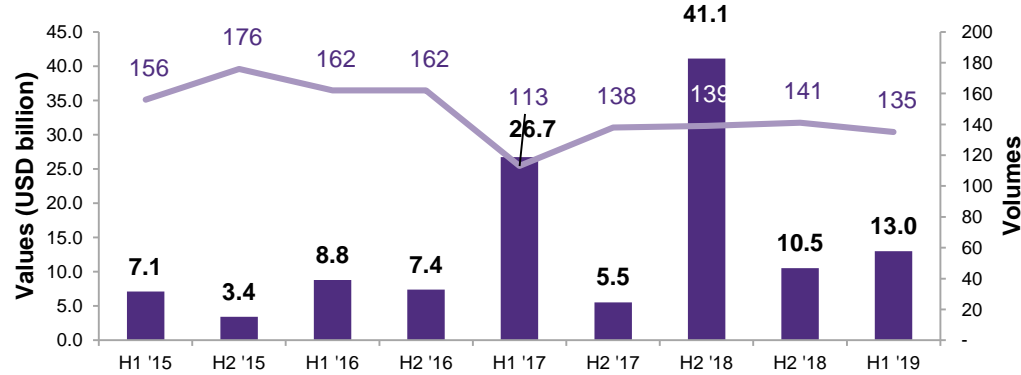
Godrej Agrovet-Astec
Lifesciences (Merger)

M&A dealscape

- Domestic deal trends
- Inbound deal trends
- Outbound trends
- Sector focus
- Top 10 deals highlights
- Deal spotlight
- Expert speak on merger and acquisition outlook

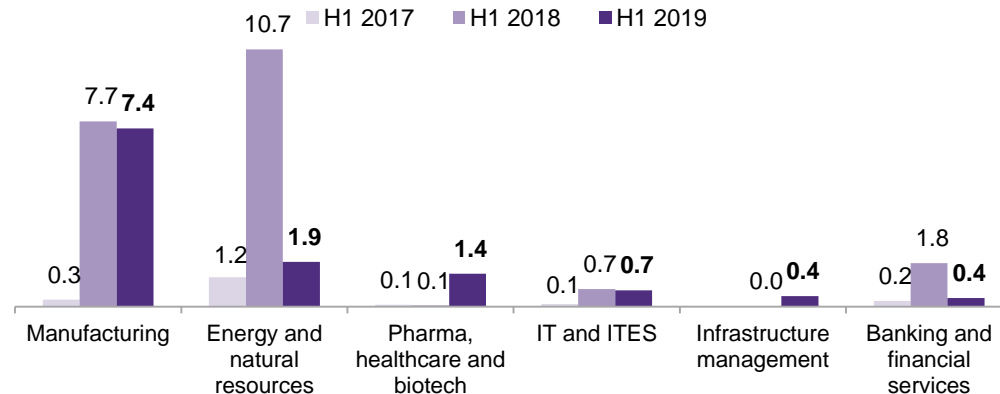
Domestic deal snapshot

Domestic deal activity witnessed the lowest deal values for the first six months in the last three years, while volumes remained muted compared to H1 2018

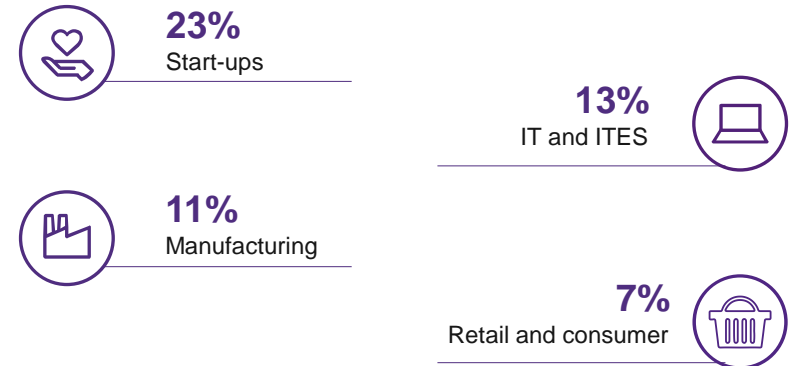


- This elections saw muted deal activity compared to last year. However, H1 2019 recorded a 23% increase in the deal values compared to H2 2018, while volumes remained low since H2 2017.
- The year so far has recorded three deals in the billion dollar category with 11 deals valued at and above USD 100 million each, and 21 deals valued between USD 10 million and USD 99 million together accounting for 97% of domestic deal values.
- The top transactions in this segment were ArcelorMittal-Essar Steel (USD 7.24 billion), India Grit Trust-Sterlite Power Transmission (USD 1.7 billion) and Radiant Life-Max Healthcare merger (USD 1 billion). These three billion-dollar deals alone account for 77% of the deal values in this segment.
- Tech sectors including start-up and IT dominated the deal volumes with 36%, while various reforms including IBC pushed big ticket deals in the manufacturing, energy, and pharma sectors.

Sector trends based on deal value (USD billion)

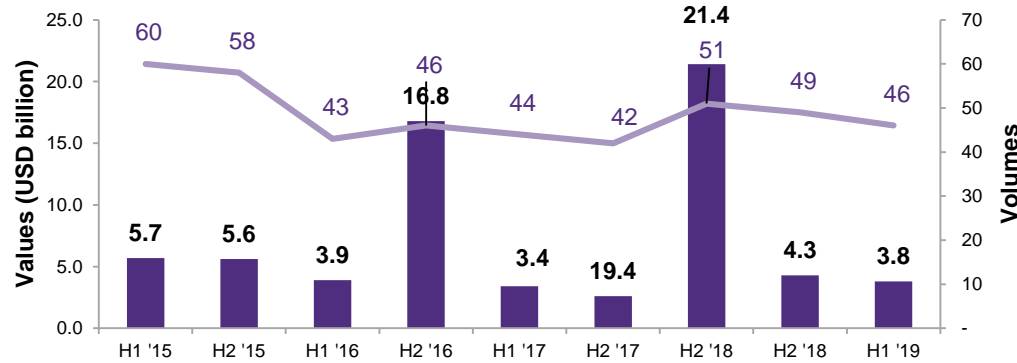


Share of top sectors by deal volume in H1 2019



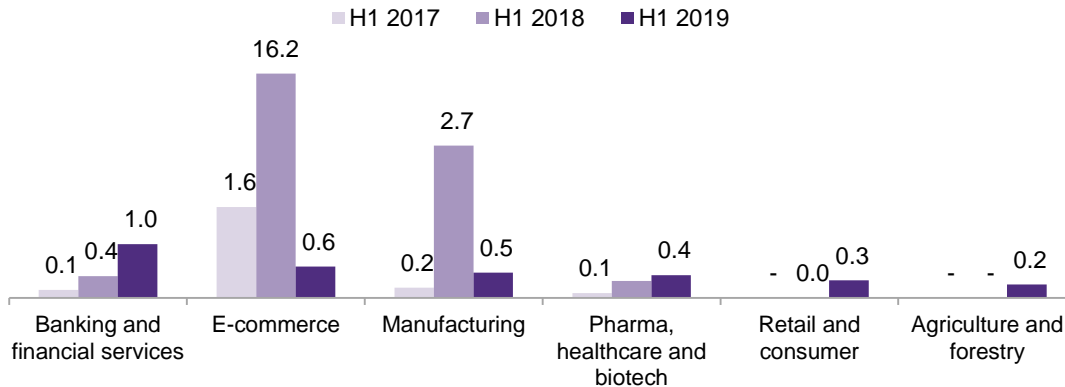
Inbound deal snapshot

Inbound deals recorded significant low deal values for the January-June period compared to H1 2018, which was dominated by the Walmart-Flipkart deal

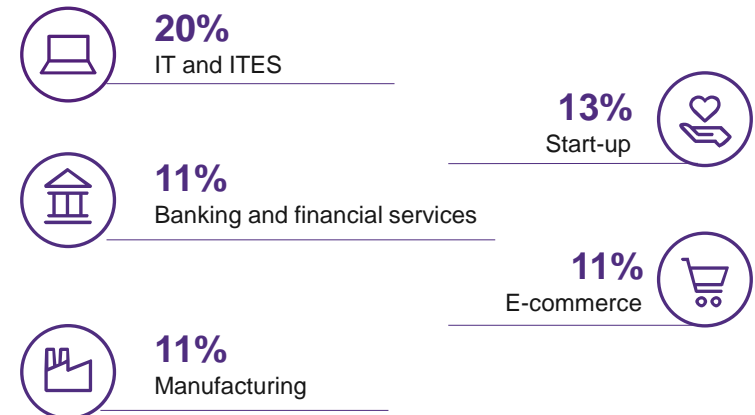


- The inbound deal activity witnessed sharp fall of 84% in the deal values compared to H1 2018, primarily driven by the Walmart-Flipkart deal valued at USD 16 billion in H1 2018. However, barring this deal, the year still witnessed a 38% fall in the deal values over the same period last year, while volumes also recorded a 10% decline y-o-y.
- Contrary to H1 2018 during which US was the largest contributor to inbound values, this year saw investments primarily coming from Japan (USD 1 billion), US (USD 0.8 billion), China and South Korea (USD 0.3 billion each) together contributing to 70% of total inbound deal values. The US, Japan and Singapore led the inbound volumes.
- H1 2019 witnessed 11 deals estimated and valued at and over USD 100 million each compared to 12 deals valued at and over USD 100 million and nine deals valued between USD 10 million and USD 99 million contributing to 96% of deal values.
- Sectors like IT and ITES and start ups attracted overseas investors' attention witnessing increased deal activity, contributing to 33% of the total inbound deal volumes, while banking and e-commerce attracted large-ticket investments.

Sector trends based on deal value (USD billion)

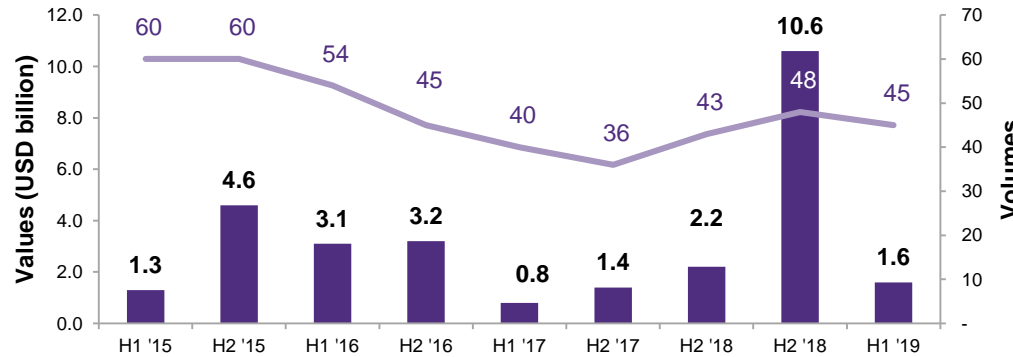


Share of top sectors by deal volume in H1 2019



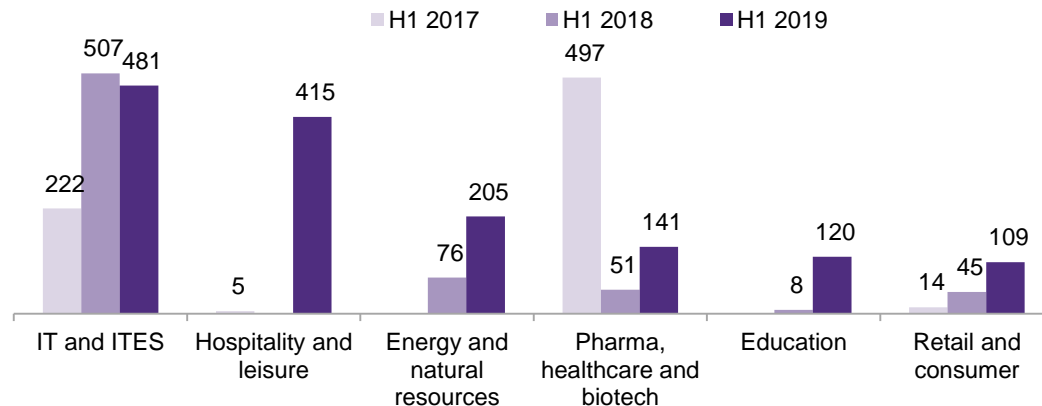
Outbound deal snapshot

Outbound deal values reported declined deal activity in H1 2019 compared to H1 2018 and H2 2018.

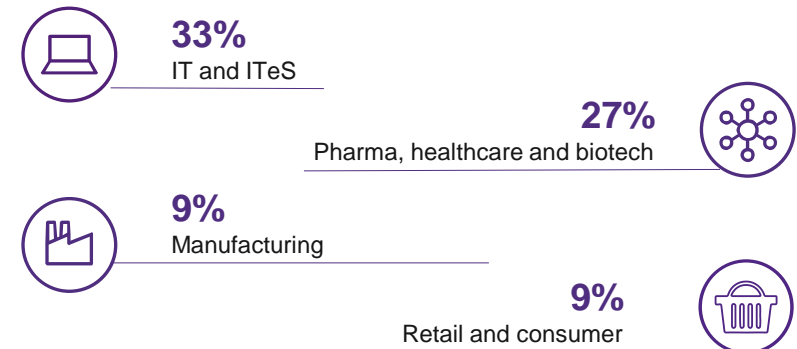


- Outbound deal activity witnessed a fall with values recording USD 1.6 billion (26% decrease) from 45 deals (5% increase). This strong increase in the deal volumes was driven by companies with strong balance sheets executing overseas deals to expand their market. The drop in the deal values was primarily on the back of reduced average deal size compared to H1 2018.
- H1 2019 saw Indian companies betting on technology, pharma, retail and manufacturing, which witnessed maximum activity together contributing 78% to the total deal volumes. The US, Amsterdam and UK were the largest recipients of the investment, accounting for 86% of the outbound deal values. US and Germany were the top destinations attracting deal activities in terms of volumes.
- The year witnessed five big ticket deals estimated and valued over USD 100 million each, and 14 deals valued between USD 10 million and USD 99 million, contributing 92% to the total outbound deal values.
- The top transactions in this segment were Oyo Room's acquisition of @Leisure Group for an estimate of USD 415 million, Cairn India's acquisition of Anglo American for USD 200 million and Hexaware's acquisition of Mobiquity Inc. for USD 182 million.

Sector trends based on deal value (USD million)

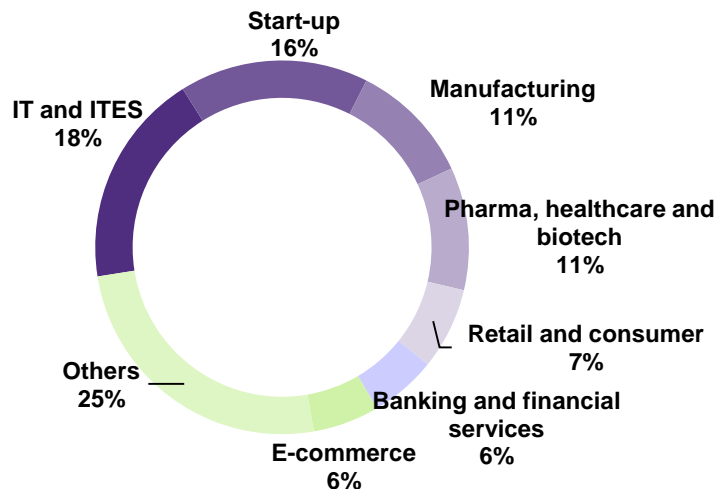


Share of top sectors by deal volume in H1 2019

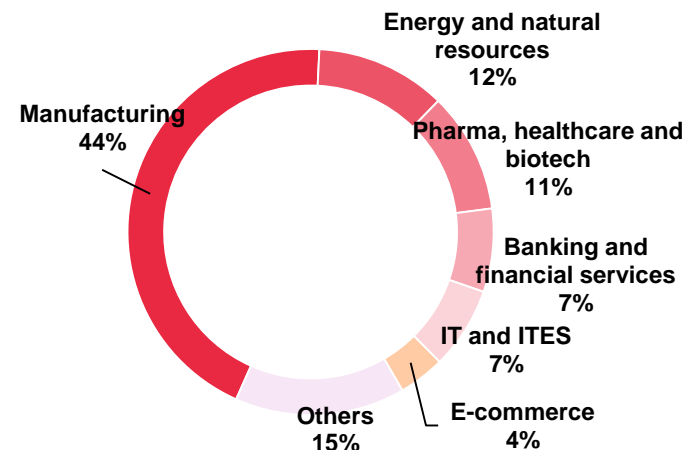


M&A sector spotlight

Top sectors based on deal volume



Top sectors based on deal value



Notable sector trends

- Driven by the IBC, the manufacturing sector led deal values contributing 44% dominated by the ArcelorMittal-Essar Steel deal valued at USD 7.24 billion. The capital goods and industrial materials space dominated the sector deal activity with 79% of the volumes within the sector.
- Contrary to last five years' y-o-y numbers, which were dominated by start-up volumes, IT sector dominated the M&A deal volume with 18% of the volumes. The IT solutions and software development space dominated the deal activity within the sector with 29 of 42 deals valuing at USD 1 billion.
- H1 2019 recorded three deals in the billion-dollar category, one each in the manufacturing sector (driven by the IBC), energy sector (driven by consolidation to boost AUM), and pharma and healthcare sector (driven by merger with the combined entity becoming India's third-largest hospital and diagnostics company).
- The year so far also has witnessed Hong Kong's Nord Anglia's foray into the Indian education market with Oakridge International School's acquisition and Jawaharlal Nehru Port Trust's acquisition of Dighi Port. This was the first purchase of a private firm by a government-owned firm under the IBC.

Key sectors

Notable sectors	Volume	Value (USD million)
IT and ITES	42	1,301
Start-up	37	227
Manufacturing	24	7,909
Pharma, healthcare and biotech	24	1,910
Retail and consumer	16	491
Banking and financial services	13	1,320
Energy and natural resources	8	2,066

Top 10 deals highlights – H1 2019

Top 10 deals accounted for 71% of the total M&A deal values in H1 2019

Top M&A deals - H1 2019						
Acquirer	Target	Sector	Value (USD million)	Deal type	% stake	Domestic/cross-border
ArcelorMittal India Pvt. Ltd.	Essar Steel India Ltd.	Manufacturing	7,246	Acquisition	100%	Domestic
India Grid Trust	Sterlite Power Transmission Ltd.- 5 electricity transmission assets	Energy and natural resources	1,660	Acquisition	100%	Domestic
Radiant Life Care Pvt. Ltd.- Healthcare Business	Max Healthcare Institute Ltd. and Max India Ltd.	Pharma, healthcare and biotech	1,020	Merger	N.A.	Merger and internal restructuring
Nippon Life Insurance Co. Ltd. and other existing investors	Reliance Nippon Life Asset Management Ltd.	Banking and financial services	860	Strategic stake	43%	Inbound
Larsen & Toubro Ltd.	Mindtree Ltd.	IT and ITES	476	Minority stake	20%	Domestic
HBIS Group Co. Ltd.	Tata Steel Ltd.- 100% stake in NatSteel Holdings Pte. Ltd. and 67.9% stake in Tata Steel (Thailand) Public Company Ltd.	Manufacturing	327	Majority stake	70%	Inbound
Radiant Life Care Pvt. Ltd.	Max Healthcare Institute Ltd.	Pharma, healthcare and biotech	301	Strategic stake	50%	Domestic
Hyundai Motor Co and Kia Motors Corp	Olacabs.com - ANI Technologies Pvt. Ltd.	E-commerce	300	Minority stake	N.A.	Inbound
Amazon Inc.	Witzig Advisory Services Pvt. Ltd.	Retail and consumer	294	Strategic stake	49%	Inbound
Apotex Inc - Apotex Pty Ltd.	Strides Shasun Ltd. (Strides Pharma Global Pte)- Arrow Pharmaceuticals	Pharma, healthcare and biotech	282	Acquisition	100%	Inbound

In the spotlight: M&A deals of H1 2019

NCLT approves ArcelorMittal's bid to take over insolvent Essar Steel Ltd.

Sector: Manufacturing

Acquirer	Target
ArcelorMittal is the world's leading steel and mining company with annual achievable production capacity of approximately 113 million tonnes of crude steel, and 1,99,000 employees across 60 countries.	Essar Steel India Ltd. is an integrated steel producer with an annual capacity of 10 million tonnes, with a strong presence in intensive steel consuming markets of Asia and North America. It has operations in two countries, a 10 MTPA integrated facility in India, and a 0.4 MTPA downstream complex in Indonesia.

Rationale

ArcelorMittal, which has been seeking to acquire Essar Steel since 2017, had made a INR 50,000 crore bid for the bankrupt firm. ArcelorMittal, in a joint venture with Japan's Nippon Steel and Sumitomo Metal Corp., has offered an upfront cash settlement of INR 42,000 crore to lenders and a INR 8,000 crore capital infusion.

The National Company Law Tribunal okayed the plan of the resolution professional (RP), approved by the bankrupt firm's lenders, with a slight amendment that could throw in a bit more for operational creditors. The court suggested that the payment of INR 42,000 crore by Arcelor-Mittal be distributed among financial and operational creditors in the ratio of 85:15.

A meeting of the Essar Steel committee of creditors (CoC) is currently ongoing to consider redistribution of funds from ArcelorMittal's INR 42,000 crore plan, and more payment to Standard Chartered Bank. In addition to this, there is also discussion on repaying the debt of the two dry bulk coal terminals. The Hazira terminal in Gujarat owes lenders INR 1,364 crore, while the Paradip terminal owes INR 484 crore.

IndiGrid acquires electricity transmissions assets from Sterlite Power, following investment from KKR and GIC

Sector: Energy & Natural Resources

Acquirer	Target
India Grid Trust is the first InvIT in the Indian power sector. IndiGrid owns six operating projects consisting of 13 transmission lines with 3,361 km length and three substations with 7,000 MVA transformation capacity.	Sterlite Power Transmission Ltd. is a leading global developer of power transmission infrastructure with 22 projects of over 12,500 circuit km and ~21,500 MVA of transformation capacity in India and Brazil.

Rationale

Following India Grid Trust's announcement of the closing of a preference unit issuance worth USD 363 million, KKR and GIC have invested USD 157 million and USD 142 million, respectively to collectively own 42% of IndiGrid's outstanding units. KKR has also applied to become a sponsor of IndiGrid, and plans to acquire an additional 15% of IndiGrid's total units from Sterlite Power. Following the closing of the transactions, KKR and GIC will collectively own approximately 57% of IndiGrid's outstanding units.

In a separate transaction, KKR will additionally acquire a majority shareholding in Sterlite Investment Managers Ltd., the investment manager owned by Sterlite Power.

With the capital infusion provided by the new unit issuance, IndiGrid will purchase five electricity transmission assets worth USD 1.66 billion from Sterlite Power. A share purchase agreement for the two operational transmission assets - NRSS XXIX and OGPTL - has been signed, while three additional assets will be purchased once they become operational. Following the completion of the proposed acquisitions, IndiGrid's AUM will rise to INR 17,000 crore (USD 2.5 billion).

Expert speak on M&A outlook

Grant Thornton
Insights



Sumeet Abrol
Partner
Grant Thornton Advisory Private Limited

2019 got off to a rather subdued start for deal making, with deal volumes falling to 226 M&A transactions, the lowest levels seen over the past four six-month periods starting H2 2017 and way short of the 238 deals recorded in H2 2018. Deal values fell to USD 18 billion in comparison to USD 25.4 billion on H2 2018 and USD 64.6 billion seen in H1 2018.

One key differentiator compared to previous periods was the absence of big ticket deals, which included three transactions with values over USD 1 billion versus 10 in H1 2018. E-commerce did not see any big ticket deals in H1 2019. This resulted in a sharp decline in the deal values from USD 16.3 billion (driven by the Walmart-Flipkart deal) to USD 0.73 billion.

Manufacturing, one of the top performers in H1 2018, was also the highest grosser in deal values with USD 7.9 billion despite a sharp decline from USD 11.1 billion in H1 2018. Telecom, a consistent contributor to high-value deal activity, also did not witness any material activity in H1 2019 with just a little over USD 40 million in deal values.

IT and ITES was the top performer in deal volumes with 42 transactions valued at USD 1.3 billion. Transactions in pharma saw an increase from USD 400 million in H1 2018 to USD 1.9 billion in H1 2019, largely driven by Radiant Life Care's billion dollar merger with Max Healthcare.

Nippon Life Insurance's acquisition of a strategic stake in Reliance Nippon Life Asset Management valued at USD 860 million was the top transaction in the banking and financial services space. Deal volumes in insolvency and bankruptcy driven transactions did not meet expectations largely due to legal roadblocks and persisting delays in asset resolutions.

Arcelor Mittals' USD 7.2 billion acquisition of Essar Steel was the biggest deal of H1 2019, even though they were significantly delayed due to legal challenges and litigations.

The overhang of an election year in the country, slowdown in core sectors like automotive, and availability of credit seem to have had a clear impact on M&A transactions in H1 2019 resulting in lower volumes and values compared to previous periods.

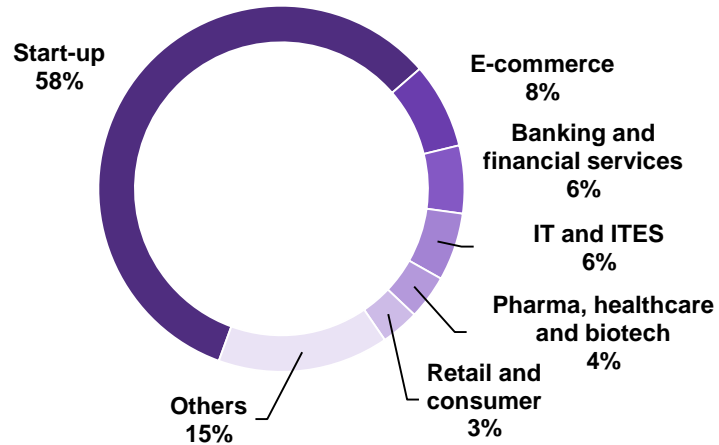
H1 2019 had a soft start for deal making, and the headwinds seen in the lending and financial services space and general slowdown in key sectors could lead to some inertia in the M&A environment in the year.

Private equity dealscape

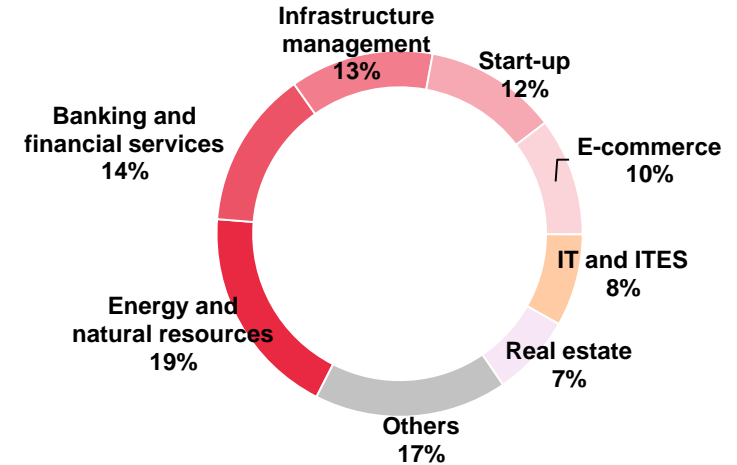
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- Top 10 deals highlights
- Deal spotlight
- Notable PE exits
- Expert speak on PE trends

PE sector spotlight - H1 2019

Top sectors based on deal volume



Top sectors based on deal value



Notable sector trends

- In line with the trends in the last eight years, H1 2019 was also dominated by investments in the start-up sector, which contributed to 58% of the total investment volumes garnering USD 1.7 billion. Consumer retail and fintech attracted significant attention from investors with 69 deals together capturing 31% of the start-up volumes, followed by logistics and enterprise solutions segments.
- Notable deals in the sector include Tiger Global's USD 89 million in Ninjacart, making it the biggest funding in any Indian start-up till date from the US investment firm. Delhivery and Dream11's funding round paved the way for them into the coveted unicorn club, while Ola witnessed the largest investment by an individual, with Sachin Bansal leading the series J funding round with USD 21 million.
- This year witnessed Tata Group, GIC and SSG Capital's USD 1.2 billion acquisition of GMR Airports, making it the biggest PE deal in India's airport sector both in INR and USD terms. Blackstone's USD 362 million in ONE BKC made it the year's largest commercial real estate deal so far. BlackRock's investment of USD 254 million in HCC marks the first litigation funding deal in the engineering procurement construction (EPC) sector in India.

Key sectors

Notable sectors	Volume	Value (USD million)
Start-up	223	1,663
E-commerce	29	1,479
Banking and financial services	23	1,979
IT and ITES	23	1,157
Pharma, healthcare and biotech	15	323
Real estate	9	1,026
Energy and natural resources	8	2,662
Infrastructure management	5	1,798

Top 10 deals highlights - H1 2019

Top 10 investments accounted for 44% of the total PE deal values in H1 2019.

Top PE deals - H1 2019				
Investor	Investee	Sector	% stake	Value (USD million)
Brookfield Asset Management - InvIT	Pipeline Infrastructure Pvt. Ltd. - East West Pipeline Ltd.	Energy and natural resources	100%	1,831
Tata Group, GIC and SSG Capital Management	GMR Airports Holding Ltd.	Infrastructure management	44%	1,150
GIC	Bharti Airtel Ltd.	Telecom	4%	704
Cube Highways and Infrastructure Pte. Ltd.- ISQ Global Infrastructure Fund II	DA Toll Road Pvt. Ltd.	Infrastructure management	100%	518
SoftBank Group Corp, Carlyle Group and Fosun International	Delhivery - SSN Logistics Pvt. Ltd.	E-commerce	N.A.	413
Baring Private Equity	NIIT Technologies Ltd.	IT and ITES	30%	381
Blackstone Group Lp	Radius Developers Ltd. - Bandra Kurla Complex - ONE BKC	Real estate	N.A.	362
EverSource Capital, National Investment and Infrastructure Fund and CDC Group	Ayana Renewable Power Pvt. Ltd.	Energy and natural resources	N.A.	330
Blackstone Group Lp	Essel Propack Ltd.	Manufacturing	51%	310
Samara Capital	Witzig Advisory Services Pvt. Ltd.	Professional/ business services	51%	306

In the spotlight: PE deals of H1 2019

Brookfield acquire RIL's East-West Pipeline for USD 1.8 billion

Sector: Energy and natural resources

Investor

Brookfield Asset Management is a leading global alternative asset manager with 120 years of experience owning and operating real assets. They invest in and actively manage long-life, high quality assets across real estate, infrastructure, renewable power and private equity. Through their portfolio companies, they support the employment of over 1,00,000 people in more than 30 countries.

Investee

East West Pipeline Ltd. constructs natural gas pipelines. The company owns and operates a transmission and distribution network for natural gas and petroleum products. East West Pipeline commenced operation in 2008 transforming the landscape of gas transmission infrastructure in the country at one stroke by adding over 1,400 km of high pressure pipeline network with an original design capacity of 80 MMSCMD.

Comments

The investment is been executed by India Infrastructure Trust, an InvIT set up by Brookfield as a sponsor and 90% investor. As part of the transaction, the InvIT will acquire 100% equity interest in Pipeline Infrastructure Pvt. Ltd. (PIPL), which currently owns and operates the East West pipeline that runs a 1,400 km pipeline from Kakinada in Andhra Pradesh to Bharuch in Gujarat to transport natural gas discovered in a KG basin block.

East West Pipeline (EWPL), earlier known as Reliance Gas Transportation Infrastructure Ltd., was operated by Reliance Industries Ltd. (RIL). Under the agreement, the reserved capacity of the pipeline would be reduced to 33 MMSCMD (million metric standard cubic meter per day) from the existing 56 MMSCMD. RIL will be entitled to a significant participation in the net earnings of PIPL under the mechanism specified in the pipeline usage agreement.

According to industry reports, this transaction marks the first pipeline in India to get monetised.

Tata Group, GIC and SSG Capital acquire stake in GMR Airports by investing USD 1.2 billion

Sector: Infrastructure management

Investor

Tata group is a global conglomerate comprising over 100 independent operating companies.

GIC Pte. Ltd. is a sovereign wealth fund of the Government of Singapore with over USD 100 billion in assets in over 40 countries worldwide.

SSG Capital is an asset management firm with focus on credit and special situations investments in Asia-Pacific.

Investee

GMR Airports Ltd. develops, manages, and operates international airports. The company also provides operational readiness and transfer, and maintenance and operations support services. GMR Airports Ltd. operates as a subsidiary of GMR Infrastructure Ltd.

Comments

As part of the deal, Tata would invest USD 521.4 million. GIC and SSG will invest USD 381.4 million and USD 254.3 million, respectively, in the ratio of 44:33:22, making it possibly the largest foreign PE investment in India's airports space. GIC and SSG will hold 14.8% and 9.9% respectively. GMR Infrastructure Ltd. (GIL), the holding company of the airport unit, will retain management control with a 53.5% stake, while the Employee Welfare Trust will hold 2.1%.

There will be an equity infusion of INR 1,000 crore in GMR Airports Ltd., while INR 7,000 crore will be used towards the purchase of its equity shares from the listed entity as well as its subsidiary. GMR Airports' existing private equity investors - Macquarie-SBI Infrastructure Investments Ltd., Standard Chartered Private Equity (Mauritius) III Ltd., and JM Financial Old Lane India Corporate Opportunities Fund Ltd., which together owned 5.86% stake, will sell it to the new investors.

The deal will help GMR reduce its INR 20,000 crore debt to INR 12,000-13,000 crore.

Expert speak on PE investments

Grant Thornton
Insights



Vrinda Mathur
Partner
Grant Thornton India LLP

Notwithstanding the fact that deal activity was subdued in the initial months of the election year 2019, H1 2019 clocked investments worth USD 14 billion, up 45% from H1 2018. Volumes were lower at 384 in H1 2019 as compared to 406 in H1 2018, pushing up average investment sizes. The year so far witnessed two deals valued at over a billion dollar each, and 29 USD 100 million+ deals, clearly signifying the growing appetite for big ticket investments in India, especially from global PE houses, and sovereign wealth and pension funds.

From a sectoral point of view, core sectors such as infrastructure, real estate, and BFSI steered deal activity contributing over 30-40% of investment values. Disruptive sectors such as e-commerce, start-up, and technology continue to drive investments contributing ~30% of the total deal values. We expect this interest in core sectors to further gain momentum, given that a decisive electoral mandate is behind us.

H1 2019 was dominated by large global PE funds such as Brookfield, Softbank, Blackstone, Carlyle, KKR, etc. While there has been growing investor interest from Singapore, Canada, and Middle East in Indian private equities in the last couple of years, 2019 is yet to see the levels of interest that sovereign funds such as GIC, ADIA, CPPIB, CDPQ showed in 2018. However, this is expected to revive in the second half of the year as sovereign funds tend to tread a cautious path before the elections.

Notable PE/VC deals in the year are Brookfield's USD 1.8 billion investment in RIL's East West Pipeline, Consortium of Tata, GIC, SSG's USD 1.1 billion investment in GMR Airports, GIC's USD 700 million investment in telecom player Airtel and Cube Highways' USD 500 million investment in DA Toll roads. Clearly, investors are betting on the long-term returns potential of Indian core and growth sectors. REITS and InvITs would be the preferred fund raising structures for real estate developers and infrastructure players going forward.

As more large ticket deals and large investors come into the fray, buyout deals continue to increase. H1 2019 saw ~25-30% of total deal values driven by buyout deals with BFSI being the preferred buyout deal sector and Blackstone being the leading buyout investor.

Exit activity was driven by secondary sale as IPO remained muted in the first half of the year. However, several PE investors await exits through market routes in the second half of the year, given the expectation of a strong capital market post the election results.

Overall, 2019 began on a positive note and has the potential to become one of the best years for the Indian PE/VC given a stable government, focus on reforms and core sectors, global fund/sovereign investor interest and strong fundamentals.

2019 has the potential to witness the highest levels ever seen in the Indian PE/VC industry driven by core sectors like infrastructure, real estate and BFSI along with continued support from disruptive technology-led start-ups.

Regulatory outlook

Overall economic outlook

Key policy announcements in Union Budget 2019

Overall economic outlook

Grant Thornton
Insights



Sridhar R
Partner
Grant Thornton India LLP

Economic reforms and indicators

In the last five years, the average growth rate of the gross domestic product (GDP) has been at 7.7%. Despite the controversies surrounding this number, India still remains one of the fastest growing economies in the world. However, the Indian economy has witnessed a slowdown since 2019. According to the National Statistical Office report, GDP growth has fallen from 6.6% in the previous quarter to 5.8% as on March 2019, which is a steep fall from 8.1% a year ago. This is the weakest growth rate since the first quarter of 2014. Key factors responsible for this decline include fall in the growth of private consumption (from 8.4% to 8.1%) and muted exports. Exports were unable to maintain the 11.8% growth rate in March, and grew only by 0.6% in April due to declining growth in engineering goods (-7.07%), and gems and jewellery (-13.38%). Imports, however, grew at an accelerated pace of 15.4% mainly because of petroleum, gold and machinery (a key indicator of investment activity). The balance of trade was thus a negative USD 15,330 million. This growing trade deficit resulted in an increase in India's current account deficit (CAD), which was 2.7% of the GDP of 2018-19 as compared to 1.8% in the previous year.

FEMA

Recently, the government announced several measures to check the decline of rupee and curb the widening current account deficit (CAD) including inter alia liberalisation of the external commercial borrowing (ECB) norms whereby any resident eligible to receive foreign direct investment (FDI) is now also eligible to raise ECB. Further, any person outside India who is resident in a Financial Action Task Force (FATF)/ Internal Organisation of Securities Commissions (IOSCO) compliant jurisdiction is recognised for lending to an Indian resident. Liberalisation of ECB together with cross-border mergers being permitted under automatic routes are expected to boost investment activities.

IBC

Section 55(2) of the IBC provides that a corporate debtor with assets and income below the notified level can make an application for corporate insolvency resolution process under the fast track route (application to be disposed of within 90 days, subject to extension by 45 days). A notification issued on 14 March 2019 by the Ministry of Corporate Affairs has amended the various application forms to initiate the corporate insolvency resolution process where the following additional details of the corporate debtor need to be disclosed:

- The assets and income of the corporate debtor
- The class or classes of creditors together with whom the application is made
- The amount of debt owed to the corporate debtor
- The category of the corporate debtor

Indian Accounting Standards (Ind AS)

The Companies (Indian Accounting Standards) Second Amendment Rules, 2019 has amended Ind AS 103 Business Combinations whereby a party to a joint venture or joint arrangement acquiring control over the business of the joint venture would be considered as a business combination achieved in stages. This development can impact deals relating to conversion of joint venture into a subsidiary and exit from joint ventures.

Outlook for second half-year of 2019

The economic slowdown since 2019 can decrease deal activity. However, exits or mergers of companies in adversely impacted sectors such as the manufacturing sector, and agriculture and allied sectors may go up.

The tax and regulatory environment in India continues to be conducive for enhanced deal activity. In particular, the liberalised ECB framework widens the foreign source funding options for economically-distressed business units.

Key policy announcements in Union Budget 2019

- The government lowered the fiscal deficit target for FY 2019-20 to 3.3% of the GDP from 3.4% which was set in the Interim Budget earlier this year.
- It is proposed to streamline labour laws into a set of four labour codes.
- It is proposed to raise sovereign debt from overseas markets.
- An outlay of INR 10,000 crore is proposed for a programme to encourage faster adoption of electric vehicles.
- The Finance Minister has proposed to open FDI in aviation, media (animation, visual effects, gaming and comics), and insurance sectors. Further, local sourcing norms have been proposed to be eased for FDI in the single brand retail sector.
- The Union Budget addresses liquidity concerns in the non-banking financial services (NBFC) sector by providing a one-time partial government guarantee of up to 10% to public sector banks for purchase of high-rated pooled assets of financially sound NBFCs up to INR 1 trillion.

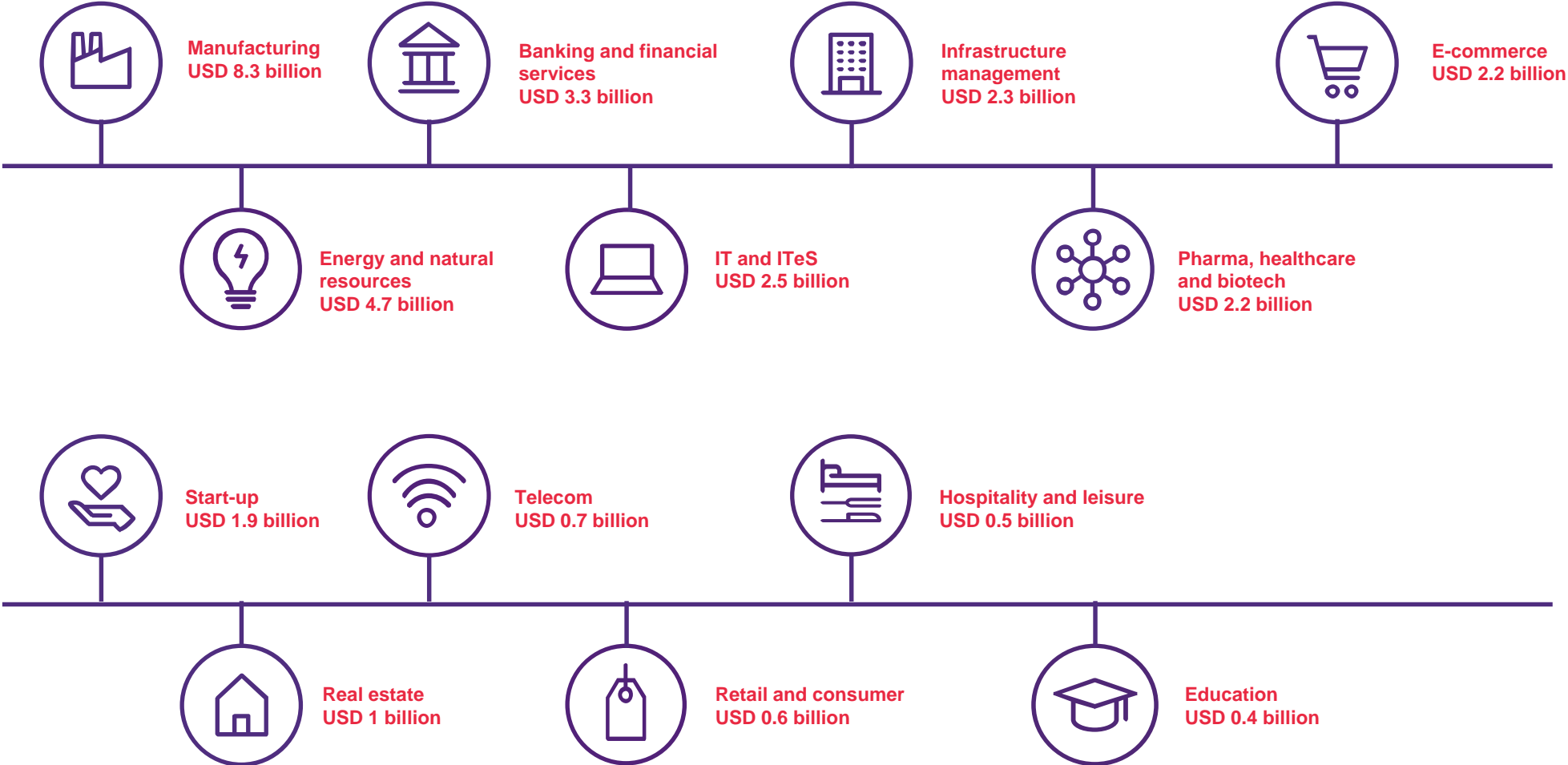
“
The Union Budget lays down a roadmap for growing the economy in a sustained manner with a focus on both urban and rural sectors”

Sector spotlight

1. Start-ups and e-commerce
2. IT and ITeS
3. Banking and financial services
4. Pharma, healthcare and biotech

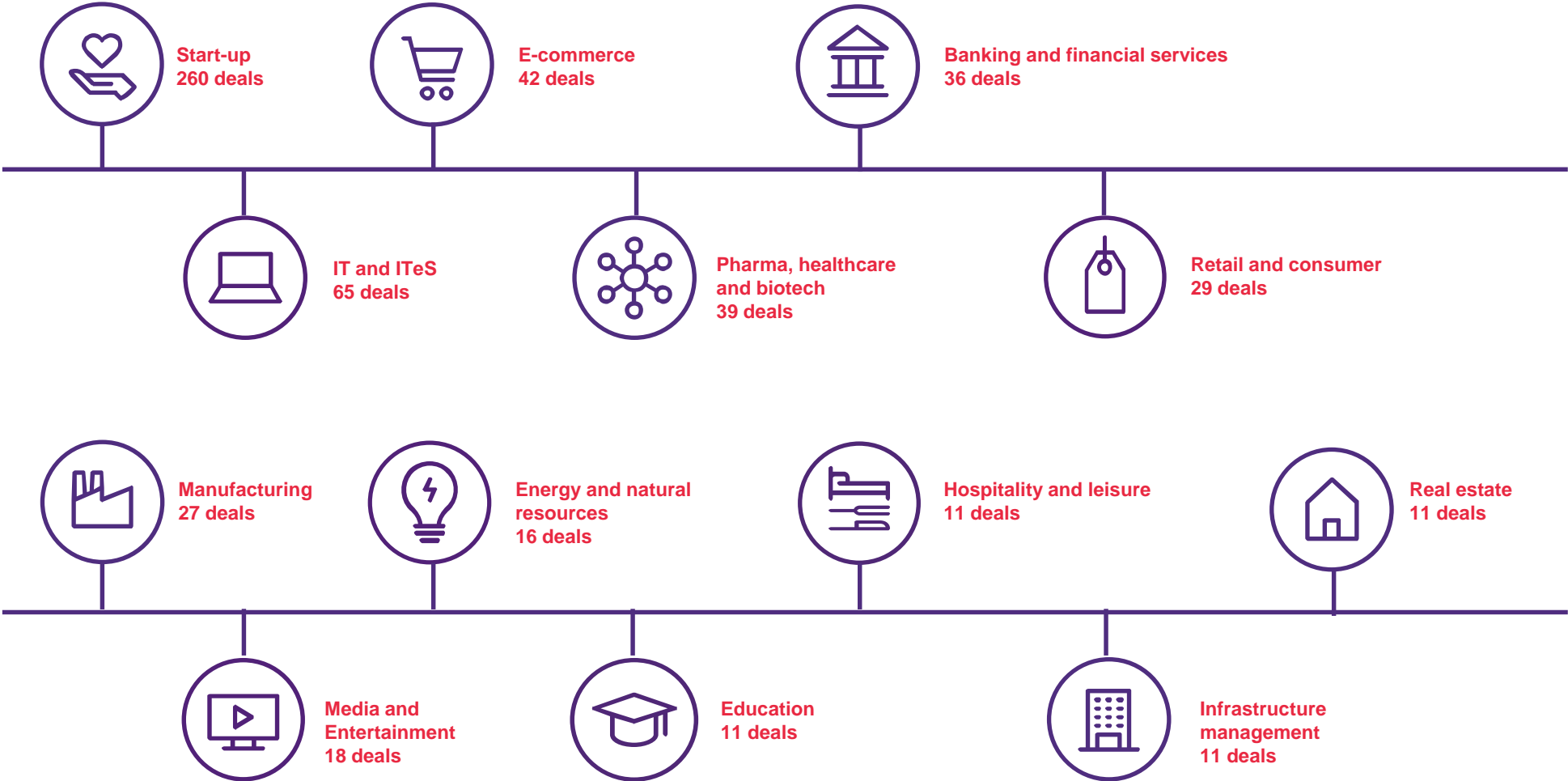
Overall sector focus - H1 2019

Top sectors based on values



Overall sector focus - H1 2019

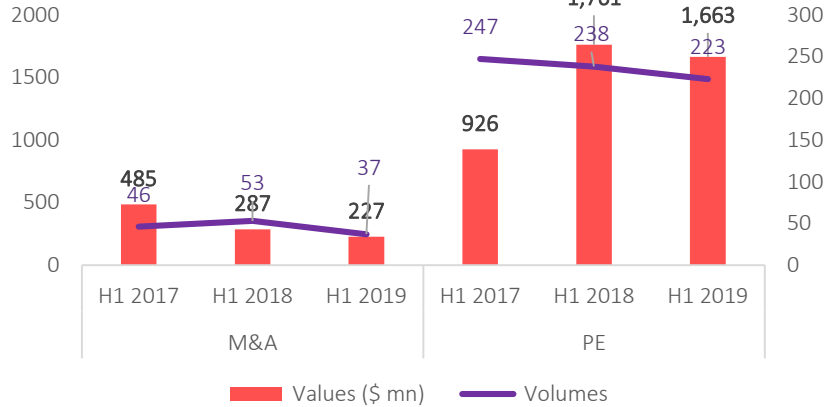
Top sectors based on volumes



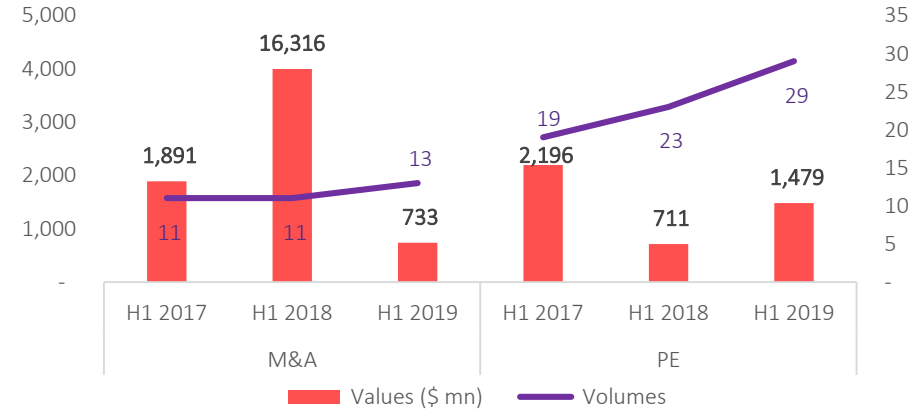
Start-up and e-commerce



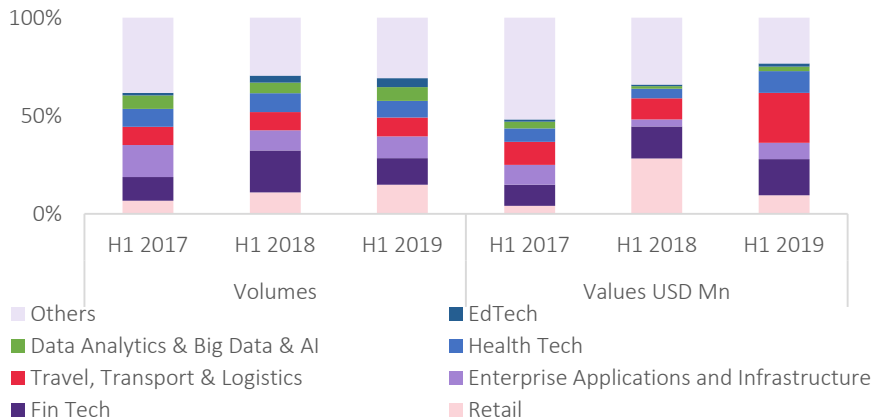
Start up deal trend



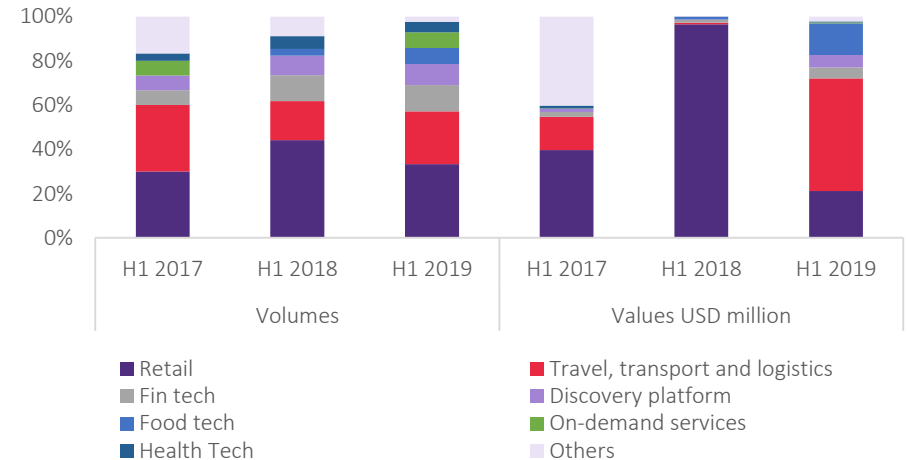
E-commerce deal trend



Start-up sub-sector classification



E-commerce sub sector classification





Deal highlights

Top M&A deals - H1 2019				
Acquirer	Target	Value (USD million)	Deal type	% stake
Oravel Stays Pvt. Ltd. - OYORooms.com	Guerrilla Infra Solutions Pvt. Ltd. - Innov8	32	Acquisition	100%
Quikr India Pvt. Ltd.	Zero Effort Technologies Pvt. Ltd. - GoZefo	29	Acquisition	100%
Facebook Inc.	Fashnear Technologies Pvt. Ltd.- Meesho	25	Minority stake	N.A.
Salarpuria Sattva Group	Colife Advisory Pvt. Ltd.- Colive	9	Minority stake	N.A.
TVS Motor Company Ltd.	TagBox Solutions Pvt. Ltd.	4	Minority stake	N.A.

Top PE deals - H1 2019			
Investor	Investee	% stake	Value (USD million)
Accel Partners, Goldman Sachs, Wellington Partners, Sequoia Capital, B Capital Group, LightStreet Capital, Sands Capital and International Finance Corporation	Zinka Logistics solutions Pvt. Ltd. – Blackbuck	N.A.	150.00
Tiger Global	Ideas Infolabs Pvt. Ltd.- Ninjacart	26%	89.90
Accel Partners, IDG Ventures, Kalaari Capital, Anand Piramal Trust and Pratithi Investment Trust	Curefit Healthcare Pvt. Ltd.	N.A.	75.00
Ribbit Capital, Sequoia India, Tiger Global Management and Y Combinator's Continuity Fund	Razorpay Software Pvt. Ltd.	N.A.	75.00
Global technology fund, B Capital Group, Falcon Edge India , Accel Partners India, Accel Partners USA, Chiratae Ventures, Maverick Ventures, Omidyar Network India, Sequoia Capital India and Qualcomm Ventures	Wickedride Adventure Services Pvt. Ltd. - Bounce	N.A.	72.00

E-commerce

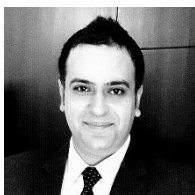


Deal highlights

Top M&A deals - H1 2019				
Acquirer	Target	Value (USD million)	Deal type	% stake
Hyundai Motor Co and Kia Motors Corp.	Olacabs.com - ANI Technologies Pvt. Ltd.	300	Minority stake	N.A.
Delivery Hero SE	Zomato Media Pvt. Ltd. - UAE business unit	172	Acquisition	100%
Pine Labs Pvt. Ltd.	QwikSilver Solutions Private Ltd.	110	Acquisition	100%
Walmart Inc.	Flipkart Online Services Pvt. Ltd.	76	Minority stake	0.33%
Aditya Birla Fashion and Retail Ltd.	Jaypore E-Commerce Pvt. Ltd.	16	Acquisition	100%

Top PE deals - H1 2019			
Investor	Investee	% stake	Value (USD million)
SoftBank Group Corp, Carlyle Group and Fosun International	Delhivery - SSN Logistics Pvt. Ltd.	N.A.	413
SoftBank Group Corp, KTB Ventures, Tiger Global and Sequoia Capital	Grofers India Pvt. Ltd.	N.A.	200
Mirae Asset Financial Group, CDC Group and Alibaba Group	Innovative Retail Concepts Pvt. Ltd. - BigBasket.com	N.A.	150
Sequoia Capital, Hillhouse Capital, CapitalG and Axis Bank	GirnarSoft Automobiles Pvt. Ltd.- Cardekho.com	N.A.	110
Delivery Hero and Glade Brook Capital	Zomato Media Pvt. Ltd.	N.A.	105

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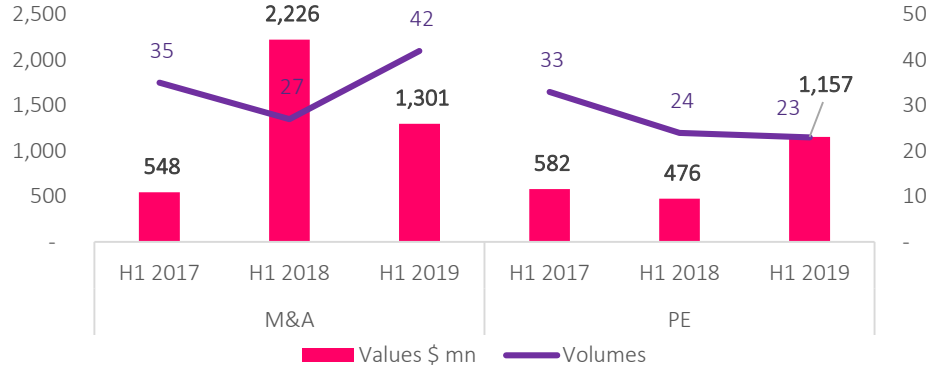
Kovid Chugh
Director,
Grant Thornton India LLP

Looking at the data, while the number of domestic deals in e-commerce has remained the same, the value of deals is showing signs of recovery from 2018 but is still less than the 2017 levels. The first five months of 2019 seemed quieter for start-up deals, with both domestic and inbound deals at half the levels of 2017 and 2018, both by volume and value. A majority of M&A deals in e-commerce came for the travel, transport and logistics sector, while for start-ups, it came for SaaS, and tech-based companies generally. As more and more fintech and travel, transport and logistics start-ups mature, more PE firms are actively on-boarding them from the VC portfolio. We expect more electric vehicles, AI, deep tech, and b2b SaaS companies to dominate the deal charts in the rest of 2019.

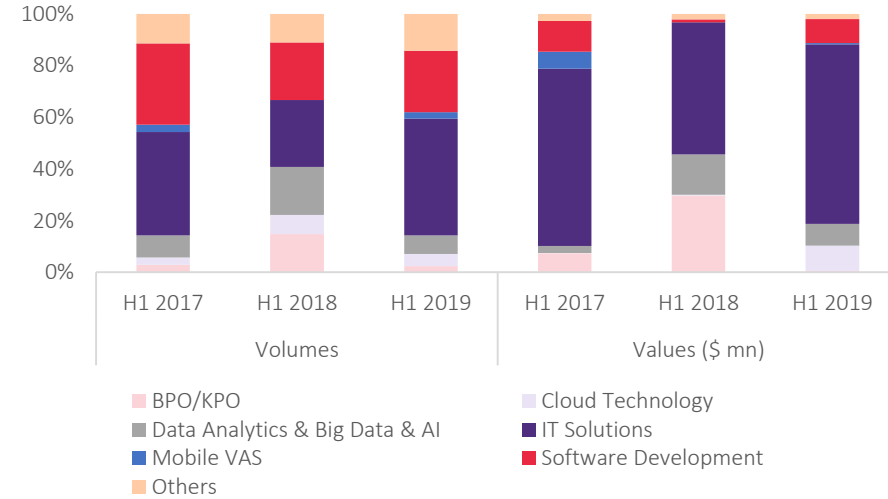
IT and ITeS



IT and ITeS sector trend



M&A sub-sector classification



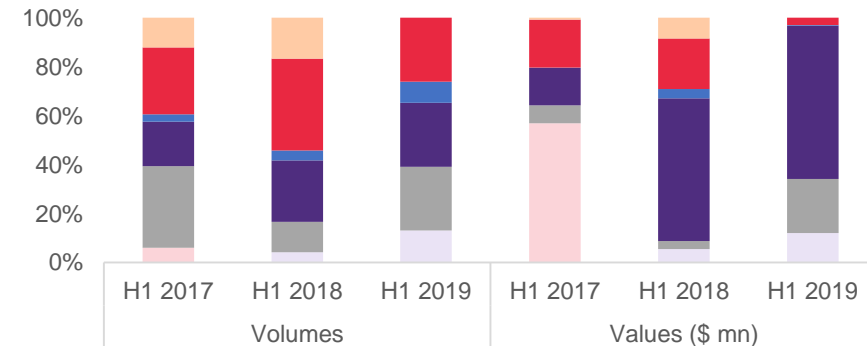
Shanthi Vijetha
Partner
Grant Thornton India LLP

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Insights**

Deal volume in H1 2019 witnessed heightened activity compared to H1 2018 (65 v 51). However, total deal value was lower (USD 2.4 billion v USD 2.7 billion) as the deal values of large deals (defined as over USD 0.1 billion) declined to USD 1.0 billion in H1 2019 compared to USD 1.9 billion in H1 2018. While H1 2019 did not witness large strategic deals in the BPO/ KPO space (2 deals worth USD 0.65 billion in H1 2018), it has witnessed three large strategic deals (worth USD 0.8 billion) in the IT solutions space and one each in data analytics and AI (USD 0.1 billion) and cloud technology (USD 0.1 billion). M&A activity continued the trend of consolidation and/or building digital capabilities which started in H1 2018.

PE/ VCs added to the deal activity with large buy-out/strategic investments in IT solutions, BPO, data analytics and AI and cloud technology spaces (4 deals worth USD 0.9 billion compared to 2 deals of USD 0.2 billion in H1 2018). Hence, the PE deal values increased (USD 1.1 billion v USD 0.5 billion in H1 2018) while the deal volume remained stable (23 v 24 in H1 2018). This trend is expected to continue in H2 2019, especially on the back of large cross-border deals, as global and Indian IT majors are looking for strategic partnerships in digital, analytics and AI areas."

PE sub-sector classification





Deal highlights

Top M&A deals - H1 2019				
Acquirer	Target	Value (USD million)	Deal type	% stake
Larsen & Toubro Ltd.	Mindtree Ltd.	476	Minority stake	20%
Hexaware Technologies	Mobiquity Inc.	182	Acquisition	100%
Infosys Ltd.	ABN AMRO -Stater NV	143	Majority stake	75%
Alight Solutions LLC	Wipro Ltd.- Workday and Cornerstone OnDemand businesses	100	Acquisition	100%
Reliance Jio Digital Services Ltd.	Haptik Infotech Pvt. Ltd.	100	Majority stake	87%

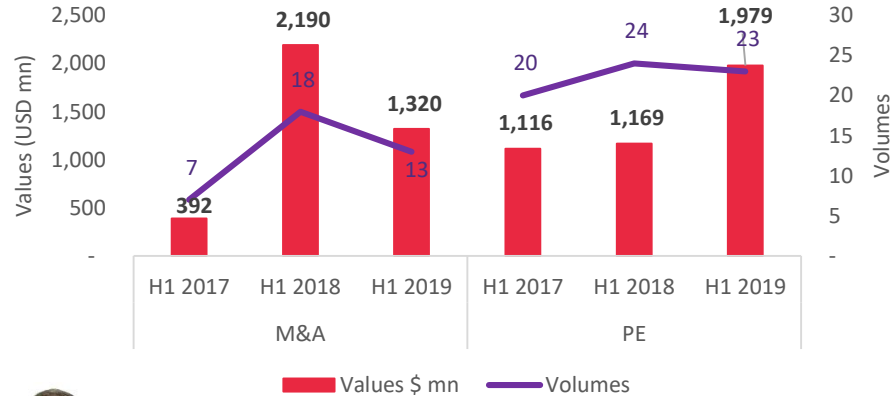
Top PE deals - H1 2019			
Investor	Investee	% stake	Value (USD million)
Baring Private Equity	NIIT Technologies Ltd.	30%	381
Apax Partners	Fractal Analytics Ltd.	N.A.	200
Viking Global Investors, Neuberger Berman, Atreides Management, Riverwood Capital, Tenaya Capital and Nexus Venture Partners	Druva Software Pvt. Ltd.	N.A.	130
Visa Inc. and Temasek	Indialdeas.com Ltd. - BillDesk	N.A.	85
Sequoia Capital, Tiger Global and Accel Partners	WizRocket Technologies Pvt. Ltd. - CleverTap	N.A.	26

The overall IT and ITeS sector recorded a 9% fall in the deal values, while volumes recorded a 27% increase in H1 2019. This was driven by attractiveness of the tech sector across IT solutions, IT consultancy and SaaS-based verticals. IT giants like Larsen & Toubro, Hexaware Technologies, Infosys, TCS dominated the M&A space with top deals, while the sector attracted a lot of foreign and domestic funds with 23 investments totaling to USD 1.2 billion that recorded around 2.5x increase in the investment values. The sector recorded nine deals valued and estimated at and over USD 100 million each capturing 79% of the sector values. The companies in the sector aim at accelerating service expansion in current and new verticals to fund strategic acquisitions to grow and expand, providing a compelling and complimenting portfolio of offerings, and collaborate with larger technology and channel partners and leverage the product portfolio, among others.

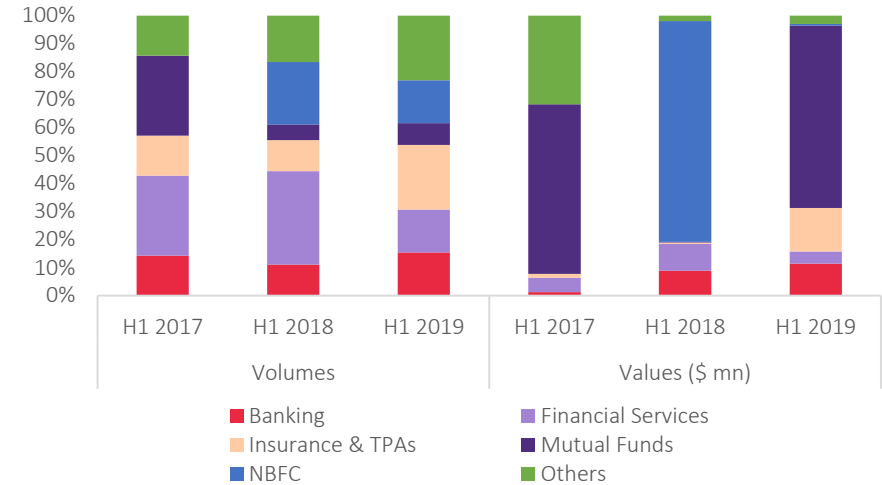
Banking and financial services



Banking and financial services sector trend



M&A sub-sector classification



Khushroo Panthaky

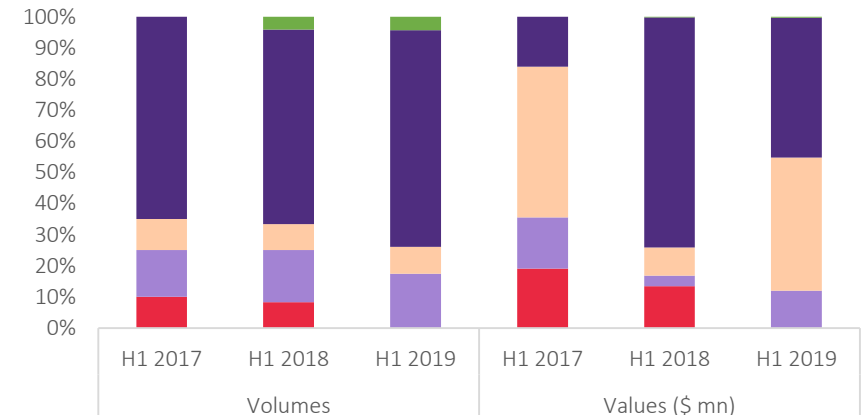
Director

Grant Thornton Advisory Private Limited

**Grant Thornton
Insights**

The Indian banking industry has witnessed the roll-out of innovative banking models like payments and small finance banks. RBI's new measures may go a long way in helping the restructuring of the domestic banking industry. Indian banks are increasingly focusing on adopting an integrated approach to risk management. Banks have already embraced the international banking supervision accord of Basel II, and a majority of the banks have already met the capital requirements of Basel III, which had a deadline of 31 March 2019. The banking sector is laying a greater emphasis on providing improved services to their clients, and also upgrading the technology infrastructure in order to enhance the overall experience of their customers and also ensure a competitive edge for themselves. The credit growth in the banking industry is expected to be at 11-12% over the next couple of years with an increased focus on the retail segment. Also, the last financial year has been extremely dynamic, requiring the banks to be agile to adapt the various regulatory changes.

PE sub-sector classification





The heightened regulatory focus on the quality of assets has led the banks to realise the importance of a robust sanctioning mechanism and this, combined with the resolution of stressed corporate assets through the IBC route, will help pave the way towards a more stable and robust banking system in the country. Digitalisation in the banking industry has gained significant momentum, leading to ease and a more secured banking in current times.

Insurance:

The insurance industry in India, which consists of 24 life insurance and 34 non-life insurance companies, has recorded a significant growth. Gross premiums written in India reached INR 3.85 trillion in FY19, with INR 2.15 trillion from life insurance and INR 1.70 trillion from non-life insurance. The life insurance industry in India is expected to grow at 12-15% annually for the next three-five years due to the various demographic factors and also on account of several changes in the regulatory framework and government initiatives in the form of various schemes. More awareness on being health conscious has led to a growth in the health insurance business in recent times. Likewise, strong growth anticipated in the automotive industry over the next decade would be a key driver for the motor insurance market. The government's policy of insuring the uninsured has enabled a better insurance penetration in the country and proliferation of insurance schemes. As per industry reports, the Indian insurance industry is expected to grow to USD 280 billion by FY 2020, owing to the solid economic growth, higher awareness of the benefits of being insured, and a higher personal disposable income. The Indian insurance industry, prior to privatisation in 2001, was valued at a meagre USD 7 billion. This demonstrates a phenomenal growth in almost two decades, and a promising future growth.

Broking:

New generation technology-based discount brokerage/zero brokerage companies has disrupted the broking industry and have been gaining significant market share from the traditional brokerage firms. Also, various broking companies have launched fixed price per trade products to retain their clients. After the Union Budget, during H2 2019, technology brokerage companies may further increase their market share in the brokering industry.

Non-banking finance companies (NBFCs):

The recent liquidity crunch impacted fund raising and thus resulted into a tightened lending at NBFCs. NBFCs may use alternative routes of raising funds and lending through securitisation of their loan portfolio. In the current cash squeeze situation, RBI has lowered the cost of funds to boost the sector. Microcredit and micro housing companies continue to witness momentum to meet the financial needs of the society, and ensure affordable housing requirements with significant emphasis in tier 2 and tier 3 cities and towns.

BFSI in India has witnessed challenging times recently, and the continued support from the regulators will help pave the way towards stability and growth in the financial services sector. The regulators have stepped up further to ensure that businesses are carried out on best principles, and within a much higher ethical environment.

Banking and financial services



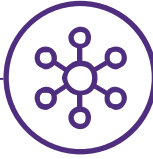
Deal highlights

Top M&A deals - H1 2019				
Acquirer	Target	Value (USD million)	Deal type	% stake
Nippon Life Insurance Co. Ltd. and other existing investors	Reliance Nippon Life Asset Management Ltd.	860	Strategic stake	43%
HDFC Ltd.	Apollo Munich Health Insurance Co. Ltd.	195	Controlling stake	51%
Sundaram Finance Ltd.	Sundaram BNP Paribas Home Finance Ltd.	145	Increasing stake to 100%	50%
Ebix Inc. - EbixCash	Weizmann Forex Ltd.	49	Majority stake	75%
Manulife Financial Corporation	Mahindra Asset Management Co. Pvt. Ltd.	35	Strategic stake	49%

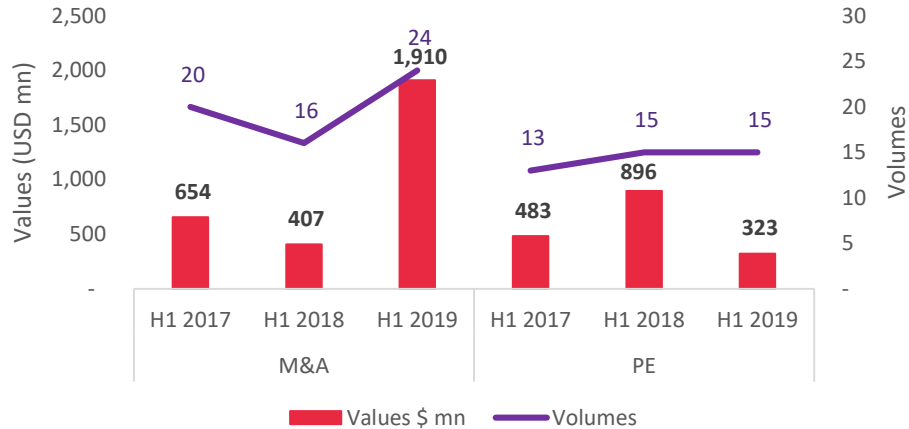
Top PE deals- H1 2019			
Investor	Investee	% stake	Value (USD million)
Caisse de dépôt et placement du Québec	ECL Finance Ltd.	N.A.	250
New Investment Solutions	DMI Finance Pvt. Ltd.	N.A.	230
IIFL Special Opportunities Fund, Standard Chartered Private Equity and Affirma Capital	Northern Arc Capital Ltd.	N.A.	130
Blackstone Group Lp	Aadhar Housing Finance Ltd.	N.A.	113
Apis Partners LLP	L&T Infrastructure Debt Fund	25%	110

The overall deal activity within the sector remained on par with the activity witnessed in H1 2018. Banking and financial sector witnessed 13 M&A transactions valued at USD 1.3 billion in H1 2019, a 28% and 40% decline in terms of volumes and values respectively. However, contrary to M&A, PE deal values saw record deal values at USD 2 billion, the highest values recorded in this sector for the period of first six months. The activity in the BFSI sector was driven by nine high value deals, which accounted for 85% of the total deal value in this sector. The activity witnessed was mainly to establish a large and diversified credit platform, fund balance sheet growth in the digital and consumer MSME finance businesses, strengthen capital structure and further technology and digitisation strategy, boost balance sheet lending, scale up the current book size, expand to newer geographies, exit from non-core business, pare debt and capitalise on synergies.

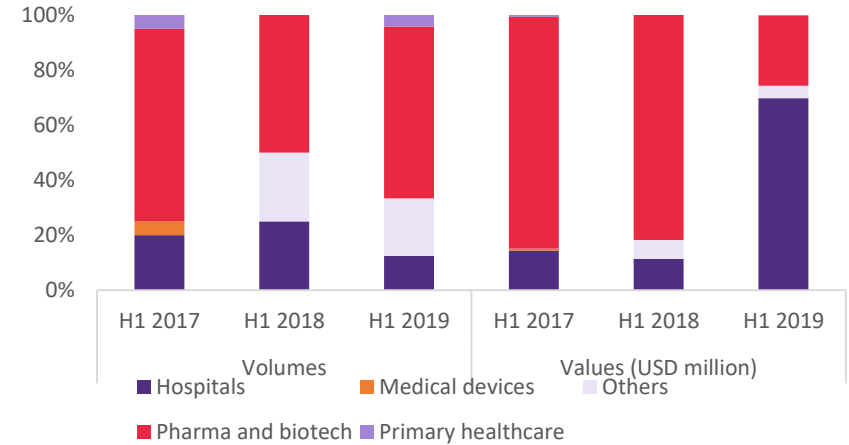
Pharma, healthcare and biotech



Pharma, healthcare and biotech sector trend



M&A sub-sector classification



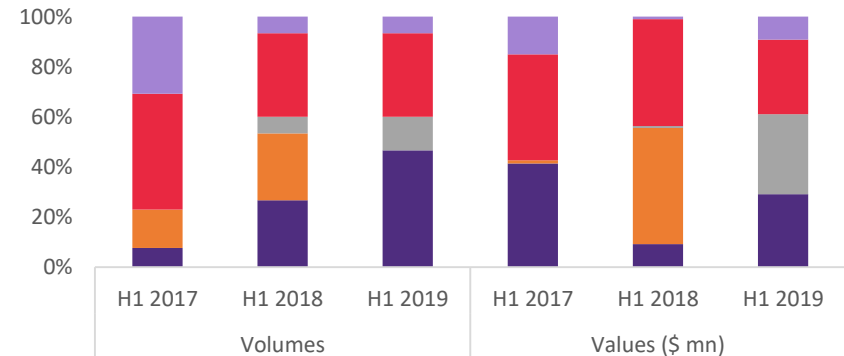
Santhosh C
Director
Grant Thornton India LLP

Grant Thornton Insights

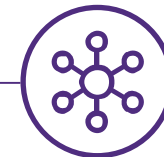
M&A and PE investments saw significant activity in H1 2019. Over USD 2 billion worth of transactions were consummated during this year. PE funds and PE-backed companies were fueling majority of the deal activities. Cross-border M&A activity recorded strong increase with Strides & Take Solutions leading the cross-border outbound M&A activities, and Apotex- Strides Shasun leading the cross-border inbound M&A.

The deal flow is expected to be steady for H2, and with improved investor sentiments, there is an expectation of some large-size transactions consummating during H2 2019.

PE sub-sector classification



Pharma, healthcare and biotech



Deal highlights

Top M&A deals - H1 2019				
Acquirer	Target	Value (USD million)	Deal type	% stake
Radiant Life Care Pvt. Ltd.- Healthcare Business	Max Healthcare Institute Ltd. and Max India Ltd.	1,020	Merger	N.A.
Radiant Life Care Pvt. Ltd.	Max Healthcare Institute Ltd.	301	Strategic stake	50%
Apotex Inc- Apotex Pty Ltd.	Strides Shasun Ltd.(Strides Pharma Global Pte) - Arrow Pharmaceuticals	282	Acquisition	100%
Upsher-Smith Laboratories, LLC	Dr Reddy's Laboratories Ltd.- neurology products: Tosymra and Zembrace	111	Acquisition	100%
TAKE Solutions Ltd.	DataCeutics, Inc.	45	Acquisition	100%

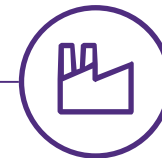
Top PE deals - H1 2019			
Investor	Investee	% stake	Value (USD million)
General Atlantic	Rubicon Research Pvt. Ltd.	N.A.	100
Temasek	Dr. Agarwal's Healthcare Ltd.	N.A.	38
Eight Roads Ventures, F-Prime Capital Partners	Caplin Point Laboratories Ltd.	N.A.	31
TPG Growth	Solara Active Pharma Sciences Ltd.	N.A.	30
Mahindra Partners	Centre for Sight Pvt. Ltd.	N.A.	30

The pharmaceuticals sector witnessed 24 M&A transactions in H1 2019, picking up after recording the lowest levels in H1 2017 and H1 2018 with 12 of those being outbound acquisitions by Indian pharmaceutical companies. As Indian generic players are increasingly gaining a foothold in the global pharma market, the hunt for global pharma assets by mid-large Indian pharma players continues with an aim to add product pipeline, good manufacturing facilities or newer markets. However, we saw active interest from foreign strategic players in the Indian pharma and biotech space. Domestic deal activity was dominated by consolidation of large hospitals and pharma players scouting for good manufacturing assets or companies with strong brands in select therapeutic areas. In terms of PE/VC investments, there were 15 investments totaling USD 323 million, the lowest in last five years. Investments were mainly garnered for addition of beds and foray into new cities, expand the company's domestic footprint, make investments in the latest technologies, expand capacity in regulated markets and upgrade the existing product portfolio.

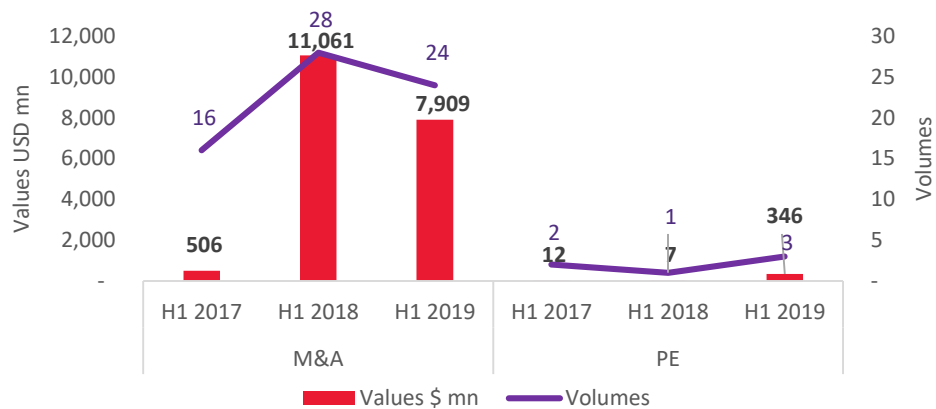
Sectors witnessing consolidation

1. Manufacturing
2. Energy and natural resources

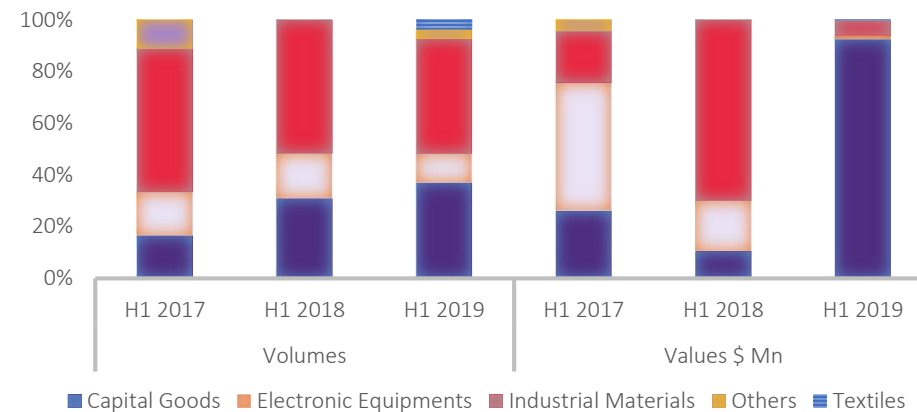
Manufacturing



Manufacturing sector trend



Sub sector classification



Top M&A deals - H1 2019

Acquirer	Target	Value (USD million)	Deal type	% stake
ArcelorMittal India Pvt. Ltd.	Essar Steel India Ltd.	7,246	Acquisition	100%
HBIS Group Co. Ltd.	Tata Steel Ltd. - 100% stake in NatSteel Holdings Pte. Ltd. and 67.9% stake in Tata Steel (Thailand) Public Company Ltd.	327	Majority stake	70%
DSM India Pvt. Ltd.	SRF Ltd. - Engineering plastics business	46	Acquisition	100%
Grasim Industries Ltd.	KPR Industries (India) Ltd. - chlor-alkali business	36	Acquisition	100%
Grasim Industries Ltd.	Soktas India Pvt. Ltd.	23	Acquisition	100%

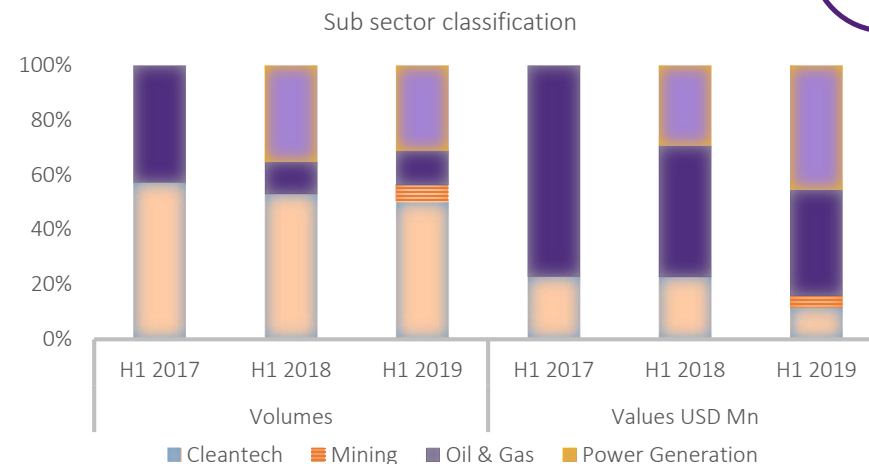
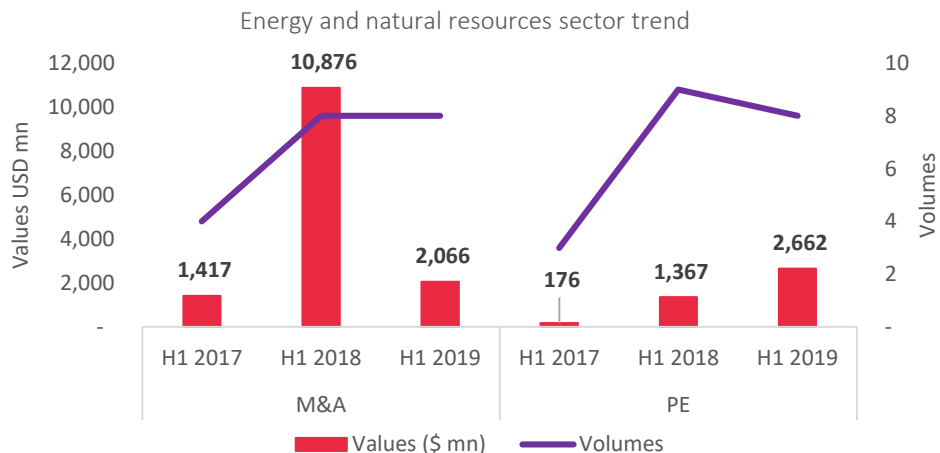
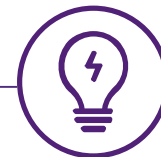


Sridhar V
Partner
Grant Thornton India LLP

Grant Thornton Insights

The deal scenario for the industrials this year has been less buoyant both on the volume and value terms, primarily because of a decline in M&A in the first half. This can be attributed to this year being the election year, and one can expect the trend to pick up momentum in this second half post-election. Unlike the previous year, capital goods sub-segment has shown more interest in M&A deals while industrial materials were the driving force in the previous year reflecting the negative sentiment in the consumer segments during this period. However, the deal values are remaining at high values since they are again related to some of the IBC processes. PE deals have been a little more resilient in the first half with the major deal being Blackstone investment into Essel Propack.

Energy and natural resources



Top deals - H1 2019				
Acquirer/investor	Target/investee	Value (USD million)	Deal type	% stake
Brookfield Asset Management - InvIT	Pipeline Infrastructure Pvt. Ltd. - East West Pipeline Ltd.	1,831	PE	100%
India Grid Trust	Sterlite Power Transmission Ltd. - 5 electricity transmission assets	1,660	Acquisition	100%
EverSource Capital, National Investment and Infrastructure Fund and CDC Group	Ayana Renewable Power Pvt. Ltd.	330	PE	N.A.
KKR & Co. and GIC	India Grid Trust	299	PE	42%
Cairn India Holdings Ltd.	Anglo American Plc	200	Minority stake	N.A.



Pankaj Chopda
Director
Grant Thornton India LLP

Grant Thornton Insights

The Indian power sector is undergoing a significant change that has redefined the industry outlook. Sustained economic growth continues to drive electricity demand in India. The Indian government's focus on attaining 'power for all' has accelerated capacity addition in the country. There has been growing interest in India's emerging green energy sector. Sovereign wealth funds GIC and ADIA have showcased their interest in this sector. Also, oil giants such as Russia's Rosneft, Norway's Statoil ASA, France's Total SA, and Royal Dutch Shell Plc are looking to diversify and invest in India's green economy. With the robust outlook of the sector, it is expected that India will see foreign participation in the development and financing of generation and transmission assets, engineering services, equipment supply, and technology partnership in nuclear and clean coal technologies going forward.

Our corporate finance practice comprises 100 senior multi-faceted specialists with a combined experience of over 400 years in providing end-to-end solutions



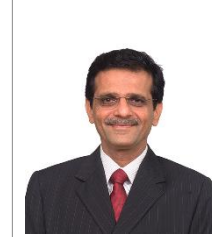
Abhay Anand



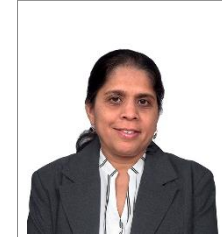
Alok Verma



Ashish Chhawchharia



Chetan Khandhadia



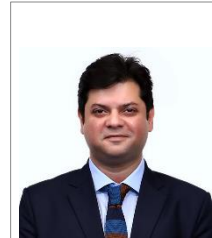
Darshana Kadakia



Dhanraj Bhagat



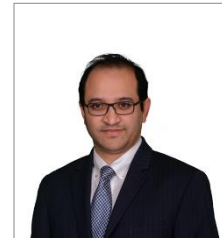
Manish Saxena



Prashant Mehra



Rahul Kapur



Raja Lahiri



Ravi Mehta



Siddhartha Nigam



Sridhar R



Sridhar V

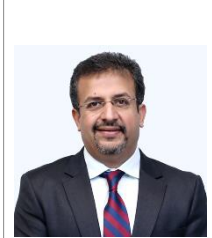


Shanthi Vijetha

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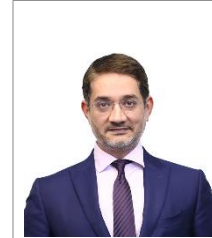
Saurabh Srivastava



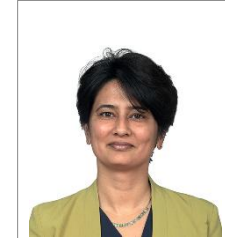
Sumeet Abrol



Vikarth Kumar



Vishesh Chandiok



Vrinda Mathur



Aditya Khanna



Anirudh Gupta



Gautam D



Gourav Chaubey



Kovid Chugh



Meghna Bansal



Pankaj Chopda



Rajan Shah



Santhosh C

Marquee transactions

<p>2017</p>  <p>Private Equity Investment</p>  <p>Plutus Financials</p> <p>USD 115,000,000</p> <p>Financial services</p> <p>Exclusive advisors to Plutus</p>	<p>2017</p>  <p>Extending Your Enterprise</p> <p>acquired</p>  <p>USD 20,000,000</p> <p>Healthcare focused KPO</p> <p>Exclusive advisors to Value Edge</p>	<p>2016</p>  <p>acquired</p>  <p>USD 44,00,000</p> <p>Automotive</p> <p>Exclusive financial advisor to Suprajit</p>	<p>2015</p>  <p>Invested in</p>  <p>creating lasting value</p> <p>USD 25,000,000</p> <p>Real estate</p> <p>Advisors to Vatika</p>	<p>2014</p>  <p>Invested in</p>  <p>USD 18,000,000</p> <p>Consumer durables</p> <p>Exclusive Advisors to Livpure</p>	<p>2014</p>  <p>acquired</p>  <p>USD 72,000,000</p> <p>Logistics</p> <p>Advisors to Transpole</p>
<p>2014</p>  <p>acquired</p>  <p>USD 40,000,000</p> <p>Media</p> <p>Exclusive Advisors to Inox</p>	<p>2013</p>  <p>Invested in</p>  <p>USD 23,000,000</p> <p>Healthcare</p> <p>Advisors to Sutures</p>	<p>2011</p>  <p>Investment in Luminous</p>  <p>USD 310,000,000</p> <p>Advisors to Luminous</p>	<p>2017</p>   <p>Acquired majority stake in Harvest Gold</p> <p>USD 70,000,000</p> <p>Advisors to Harvest Gold</p>	<p>2017</p>  <p>Leveraged Buyout of Acquisition Financing by</p>  <p>Integrated Asset Management</p> <p>Leverage buyout of Teutech with acquisition financing by Integrated Asset Management</p> <p>USD 50,000,000</p>	<p>2010</p>   <p>Investment in Micromax</p> <p>USD 43,500,000</p> <p>Exclusive advisors to HarMicromax</p>

Select transaction advisory credentials

2019



Financial due diligence for Acquisition of Ti Technologies Pvt. Ltd.

Undisclosed



2019




Financial due diligence for private equity investment in Shiksha Financial Services Ltd.

USD 7.9 million




2019



Financial due diligence for acquisition of Leeboy

Undisclosed



2019




Financial due diligence for acquisition of Auroma logistics

USD 6.5 million




2019




Financial due diligence for private equity investment in Healthcubed

Undisclosed




2018



Strategic disposal

Undisclosed



2019



Acquisition of Osam
USD 44.4 million



2019



Acquisition of Waferspace

Undisclosed



2019



Vendor due diligence

USD 769 million



2018




City cancer centre

Private equity investment




2018




Strategic acquisition

USD 4.9 million




2018



Premium Reseller

Sell side advisors to currents retail

Undisclosed



Select transaction advisory credentials

2018



HOG
Hospitals
adding life to years


Strategic acquisition of City Cancer Centre

Undisclosed




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2018




CAPITAL FIRST



IDFC BANK

Strategic acquisition
Undisclosed



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2018



Venture East
We differentiate.



iNURTURE
Education Solutions

Investment in I Nurture
USD 4.2 million



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2018



RAMESH HOSPITALS



ISO 9001:2008
SANGHAMITRA HOSPITAL

Strategic acquisition of Sangamitra Hospital

Undisclosed



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Micromax



MADISON PARTNERS Sandstone



SEQUOIA CAPITAL®




Micromax

Investment in Micromax
USD 43,000,000




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Matrix




CX partners



Matrix™

Investment in Matrix
USD 38,000,000



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53,000+

More than
53,000 people

USD 5.45 billion

Total global revenues
of USD 5.45 billion
(2018)

135+

Based in over
135 countries



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Grant Thornton
International

4,000

Over 4,000 people

15

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