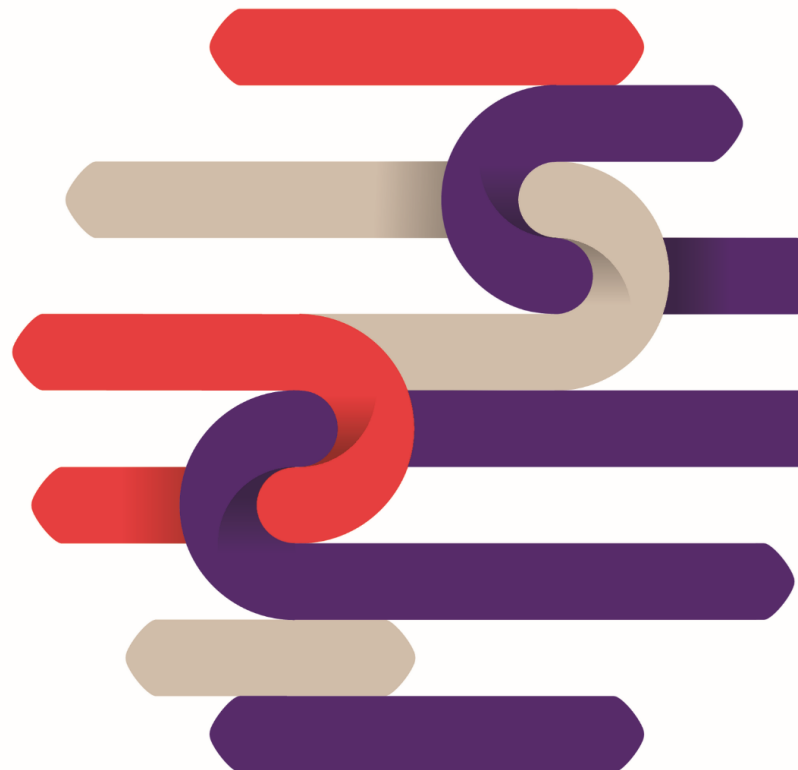


Dealtracker

Providing M&A and PE
deal insights

June 2021

Volume 17.5



Disclaimer

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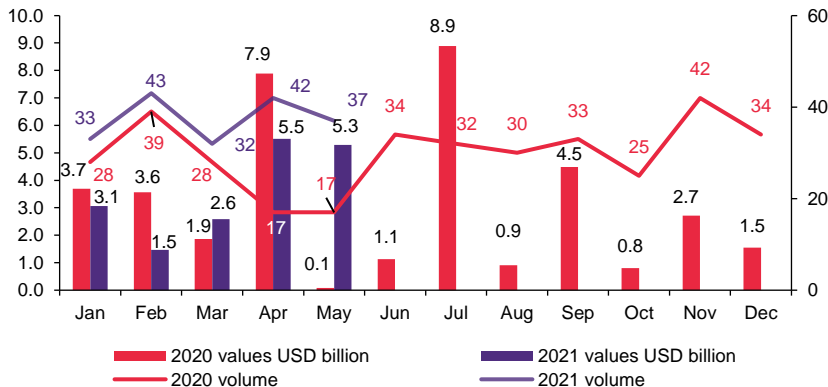
Please note that the criteria used to define Indian start-ups include a) the company should have been incorporated for five years or less than five years as at the end of that particular year and b) the company is working towards innovation, development, deployment and commercialisation of new products,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

Deal snapshot

M&A snapshot



May registered 121 transactions aggregating to USD 8.2 billion. This translates to 21% hike in the deal volumes and 44% increase in deal values compared with the corresponding month last year. This came on the back of mergers and acquisitions (M&A) deal activity that was limited in May 2020 due to a nationwide lockdown consequent to the first wave. During the current second wave, deal activity continued unhindered as corporates were in advance stages of deal making and had adapted to the covid situation. Since lockdowns are more 'localised' now, the deal activity is expected to continue the trend.

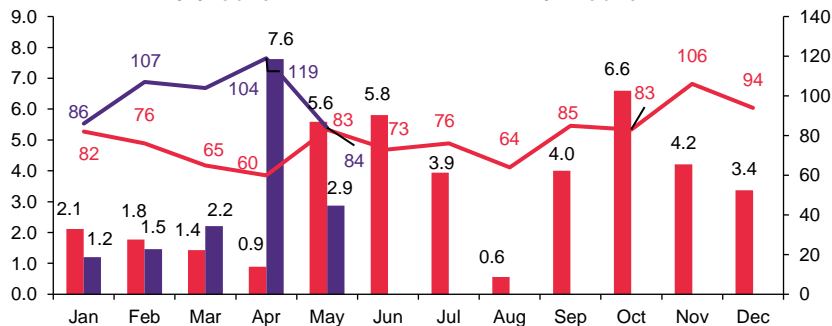
M&A deal volumes in this month, similar to previous months, was dominated by domestic transactions (70% of deal volumes at USD 1.5 billion deal values) owing to the opportunity that arose due to the pandemic. However, outbound deal activity witnessed higher deal values (72% of the deal values). Three out of the top five deals were outbound transactions totaling up to USD 3.7 billion.

With 84 transactions for the month aggregating to USD 2.9 billion, private equity (PE) investment activity showed optimism on the back of April 2021 PE activity, which was the highest in any given month since 2005. May 2021 witnessed emergence of two unicorns, taking the year-to-date (YTD) tally to 10, demonstrating that a robust and scalable business model adaptable to changing business environment and nimble enough to tap into the growth opportunities continues to garner investments.

The sectors such as start-up, pharma, IT, e-commerce, and energy, continue to show relative resilience when compared with the high-contact sectors such as real estate, media and entertainment, hospitality, aviation and automobiles, among others.

Recent deal activity indicates that deal makers have recognised that there will be short-term hiccups and disruption from COVID-19, but the growth prospects of select sectors/businesses are strong. Government's impetus to manufacturing sector and infrastructure is likely to bring in deal interest in those spaces too. With streamlined vaccination programme, favourable policy initiatives and global outlook, the recovery is expected to be immediate, which should be conducive for more deal activity.

PE snapshot



Shanthi Vijetha
Partner, Growth
Grant Thornton Bharat LLP

Continued surge in deal activity despite second wave

	Deal summary			Volume			Value (USD million)		
	2019	2020	2021	2019	2020	2021	2019	2020	2021
May	Domestic	22	10	26	1,995	45	1,469		
	Cross-border	10	7	11	1,408	32	3,816		
	Merger and internal restructuring	2			10				
	Total M&A	34	17	↑ 118% 37	3,413	77	↑ 6764% 5,285		
	PE	48	83	↑ 1%	84	1,149	5,588	↓ 49%	2,873
	Grand total	82	100	↑ 21% 121	4,562	5,665	↑ 44% 8,158		
	Cross-border includes								
Inbound	6	1	4	894	5	25			
Outbound	4	6	7	514	27	3,791			

	Deal summary			Volume			Value (USD million)		
	2019	2020	2021	2019	2020	2021	2019	2020	2021
YTD	Domestic	104	72	137	11,253	7,314	9,048		
	Cross-border	75	54	48	4,115	9,744	8,844		
	Merger and internal restructuring	5	3	2	1,040	15	10		
	Total M&A	184	129	↑ 45% 187	16,408	17,072	↑ 5% 17,903		
	PE	307	366	↑ 37%	500	11,587	11,805	↑ 30%	15,365
	Grand total	491	495	↑ 39% 687	27,995	28,877	↑ 15% 33,268		
	Cross-border includes								
Inbound	39	24	20	2,798	9,251	3,023			
Outbound	36	30	28	1,317	493	5,821			

India Inc. records 121 deals, 44% increase in deal values compared with May 2020

- Renewed restrictions to curb the current wave have stalled economic activity in the country. Until a large share of the population is vaccinated, there remains a downside risk of new waves and subsequent lockdowns hampering the recovery. Amidst this, India Inc. recorded 121 deals, a healthy 21% increase in deal volumes and 44% increase in the deal values aggregating to USD 8.2 billion compared with May 2020.
- M&A recorded 37 transactions totaling to USD 5.3 billion, which includes multi billion-dollar marquee transactions by key players including Adani group and Tata Sons. This is in stark contrast to May 2020, which witnessed low deal activity due to stringent lockdown imposed post the outbreak of the pandemic.
- PE recorded 84 deals valued at USD 2.9 billion, a 3x increase in deal values compared with May 2020, if we exclude USD 4.6 billion investments into Jio Platform.
- May 2021 recorded three fundraises via qualified institutional placement (QIP) at USD 520 million, compared with none in May 2020 owing to the nationwide lockdown. IPO, on the other hand, did not witness any activity like May 2020 owing to fear of a market correction on the horizon, with uncertainties over possible new waves of the pandemic stalling the economic recovery.

YTD 2021: 39% increase in deal volumes with strong 15% increase in deal values

- While the overall deal activity fairs better compared with May 2020, the deal activity declined both in terms of volumes (25%) and values (38%) compared with April 2021, due to lack of big-ticket deals. While April 2021 recorded three deals in the billion-dollar category and 21 deals valued over USD 10 million, May 2021 recorded two and eight such deals, respectively. Further April 2021, recorded the highest monthly PE activity since 2005 with 119 investments aggregating to USD 7.6 billion
- YTD 2021 witnessed a significant 39% increase in deal volumes with strong 15% increase in the deal values. PE deal volumes and values majorly contributed to the overall increase in the deal activity. The year so far witnessed seven deals in the billion-dollar category and 50 deals valued at and above USD 100 million. These high value deals together accounted for 81% of the total deal values in 2021. YTD 2021 also gave birth to 10 unicorns compared with six unicorns in 2020 supporting the increase in the deal values.

M&A: IT sector with nine deals leads in volumes, while energy and natural resources lead on value

Key sectors

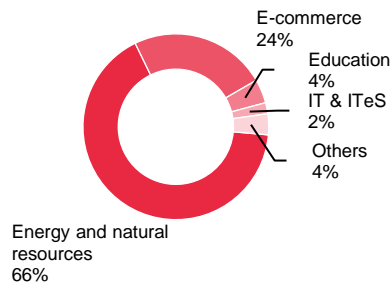
	Volume	USD million
IT & ITeS	9	102
Pharma, healthcare and biotech	6	73
Start-up	6	40
Energy and natural resources	5	3,509
Manufacturing	3	20
E-commerce	2	1,262

- With nine deals capturing 24% of the volumes pie with aggregate value of USD 102 million, the IT sector topped the deal chart in terms of deal volumes for May 2021. IT solutions and software development segments attracted 78% of the deals.
- Driven by Adani Group's acquisition of SB Energy India for USD 3.5 billion, the largest acquisition in the renewable energy sector in India, energy and natural resources sector topped M&A values lead table.
- Three out of five deals were witnessed in the cleantech space showcasing how the energy sector is moving towards increasing the share of renewable energy in order to reduce the dependence on traditional resources.
- Large deals were witnessed, one deal each in the energy and e-commerce sectors (worth more than USD 1 billion) and the education sector (valued at USD 200 million).
- Education, banking, retail, media and infrastructure sectors witnessed one deal each during the month.

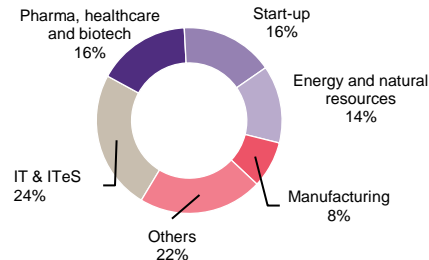
Top M&A deals of the month

Acquirer	Target	Sector	USD million	Deal type	% stake
Adani Green Energy Ltd	SB Energy India	Energy and natural resources	3,500	Acquisition	100%
Tata Digital Private Limited	Supermarket Grocery Supplies Private Ltd- Innovative Retail Concepts Pvt Ltd - BigBasket.com	E-commerce	1,257	Controlling Stake	64%
Eruditus Executive Education	internalDrive, Inc - iD Tech	Education	200	Acquisition	100%
Tech Mahindra Ltd	Eventus Solutions Group, LLC	IT & ITES	44	Acquisition	100%
Akna Medical Pvt Ltd (Aknamed)	Vardhman Health Specialties Pvt Ltd	Pharma, healthcare and biotech	35	Acquisition	100%

Top sectors based on deal value



Top sectors based on deal volume



PE: Start-ups drive volumes with 62% share, transports and logistics capture values with 25% share

Key sectors

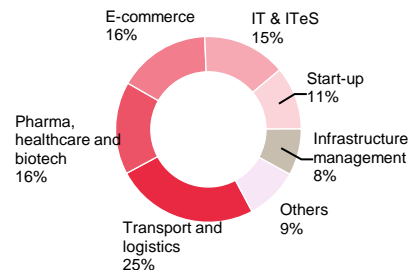
Notable sectors	Volume	USD million
Start-up	52	316
E-commerce	8	462
IT & ITeS	4	418
Pharma, healthcare and biotech	4	463
Manufacturing	3	81
Transport and logistics	2	716

- The start-up sector continued to drive the PE deal volume for May with 62% share of the volumes valued at USD 0.3 billion.
- The transport and logistics sector captured a quarter of the PE deal values pie driven by Blackstone Group's investment in Embassy Industrial Parks. This deal along with being the largest PE deal for the month, is also one of the largest investments in the Indian logistics and warehousing segment
- The month witnessed two e-commerce companies join the much-coveted unicorn club. Urban Company (on-demand services segment) entered with the latest USD 191 million funding and Moglix (retail segment) raised USD 120 million and is also the second unicorn in the B2B commerce sector to be birthed this year, after Infra.Market.
- The month also witnessed maiden investment from investors such as Kotak Fund, which invested in Indian road assets, Xander's investment in warehousing segment in eastern India and first seed investment by GSV Ventures in the start-up sector.
- Apart from the transport and logistics and start-up sector, the pharma, IT, e-commerce and infra sectors also witnessed high value deal each valued at and above USD 100 million.

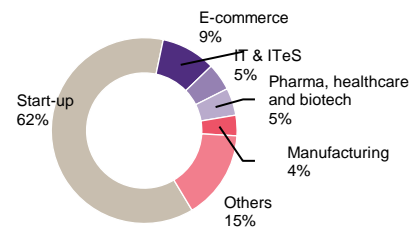
Top PE deals of the month

Investor	Investee	Sector	USD million	% stake
Blackstone Real Estate	Embassy Industrial Parks Pvt Ltd	Transport and logistics	709	N.A.
Multiples Alternate Asset Management, Canada Pension Plan Investment Board and Zenex Animal Health India	Zyodus Animal Health and Investments Ltd- Zyodus AH	Pharma, healthcare and biotech	395	100.0%
Baron Capital Group, Duro Capital, Marshall Wace, Moore Strategic Ventures, Ward Ferry Management, Temasek, Lone Pine Capital and Sunley House Capital	Pine Labs Pvt Ltd	IT & ITeS	285	N.A.
Prosus Ventures, DF International, Wellington Management, Tiger Global, Steadview Capital and Vy Capital	UrbanClap Technologies India Pvt Ltd- Urban company	E-commerce	191	N.A.
Canada Pension Plan Investment Board	IndInfraVIT Trust- L&T Infrastructure Development Projects Ltd & Sadbhav Infrastructure Project Ltd	Infrastructure management	136	15.9%

Top sectors based on deal value



Top sectors based on deal volume



Deal of the month: M&A

Adani Green Energy acquire SB Energy's 5 GW India renewable power portfolio for USD 3.5 billion

Sector: Energy and natural resources

Acquirer

Adani Green Energy Limited is part of Adani Group, has one of the largest global renewable portfolios with 19.3 GW of operating, under-construction and awarded projects, and locked-in growth projects catering to investment-grade counterparties. The company develops, builds, owns, operates and maintains utility-scale grid-connected solar and wind farm projects.

Target

SB Energy Holdings is a large utility solar, energy storage, and technology platform. The company develops, constructs, and owns and operates some of the largest and most technically advanced renewable projects across the United States.

Rationale

Adani Green Energy Limited has signed definitive agreements for 100% acquisition of the SB Energy Holdings Limited (SB Energy India). SB Energy India is a joint venture between Japan-based SoftBank Group Corp. (SBG) (80%) and Bharti Group (20%) and houses 4,954 MW of renewable assets in India.

The transaction marks the largest acquisition in the renewable energy sector in India. The transaction values SB Energy India at an enterprise valuation of approximately USD 3.5 billion.

The target portfolio consists of large-scale utility assets with 84% solar capacity (4,180 MW), 9% wind-solar hybrid capacity (450 MW) and 7% wind capacity (324 MW). The portfolio comprises of 1,400 MW operational solar power capacity and a further 3,554 MW is under construction. All projects have 25-year Power Purchase Agreements (PPA) with sovereign rated counterparties

With this acquisition, AGEL will achieve total renewable capacity of 24.3 GW (1) and operating renewable capacity of 4.9 GW. This acquisition demonstrates AGEL's intent to be the leader in sustainable energy transition globally and makes it one of the largest renewable energy platforms in the world.

Deal of the month: PE

Blackstone acquires Embassy Industrial Parks from Warburg Pincus, Embassy Group for USD 709 million

Sector: Transport and logistics

Investor

The Blackstone Group L.P. is an American multinational private equity, investment banking, alternative asset management and financial services corporation. The firm is a global leader in traditional buyout, growth equity, special situations and secondary investing.

Investee

Embassy Industrial Parks is a partnership between the Embassy Group and Warburg Pincus, a leading global private equity firm. Built on land parcels between 50-200 acres near the seven key cities they offer logistics and warehouse services that boast of a host of special ensuring that each park becomes a self-sustaining business environment.

Rationale

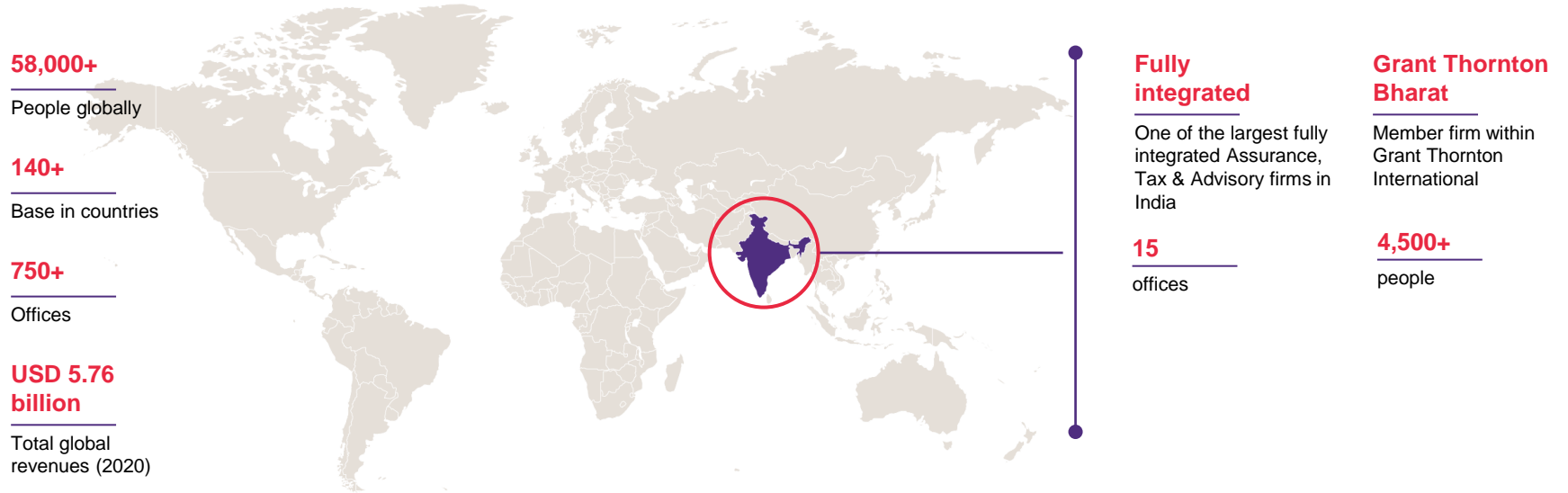
In one of the largest logistics deals in the country in recent years, US-based private equity fund manager Blackstone Group has bought Embassy Industrial Parks from Warburg Pincus and Embassy Group for USD 709 million.

The deal will be concluded in two stages. In the first stage, Blackstone will buy Embassy Industrial Parks for around USD 236 million from Warburg Pincus. In the second stage, Blackstone will buy a few land parcels directly from the Embassy group.

As part of the deal, Blackstone will acquire, Embassy Industrial Parks that comprises 10.6 million square feet of modern Grade A logistics and warehousing assets near urban centres, tailored for tenants in rapidly developing sectors, located across Bengaluru, Delhi-NCR, Hyderabad and Pune.

The deal will take the India warehousing portfolio of Blackstone to roughly 40 million sq. ft. It will have 15 million sq. ft. of operational portfolio, 15 million sq. ft. under-construction and the rest will be developed.

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