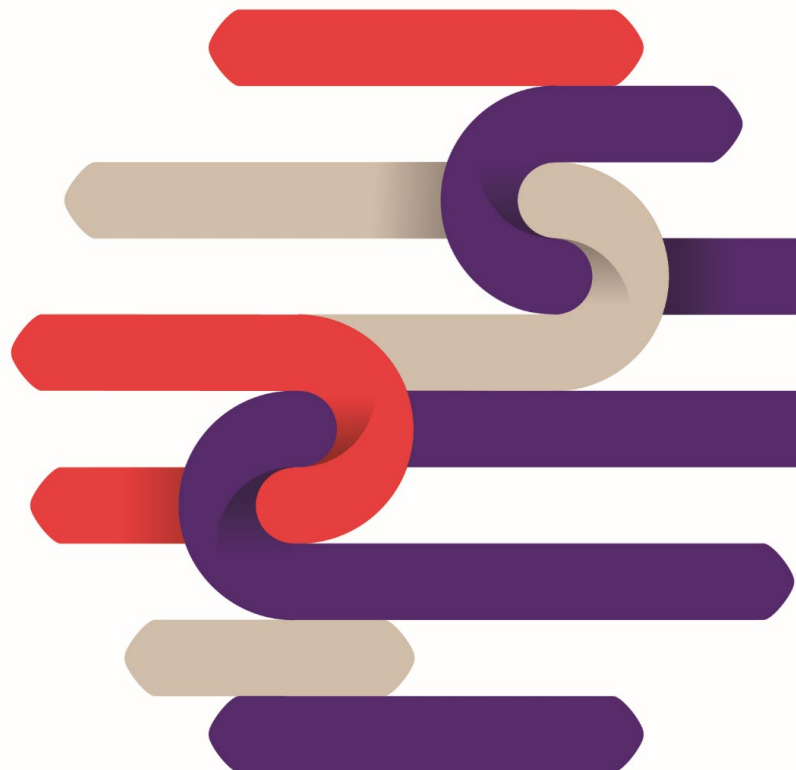


Dealtracker

Providing M&A and PE
deal insights

September 2021

Volume 17.8



Disclaimer

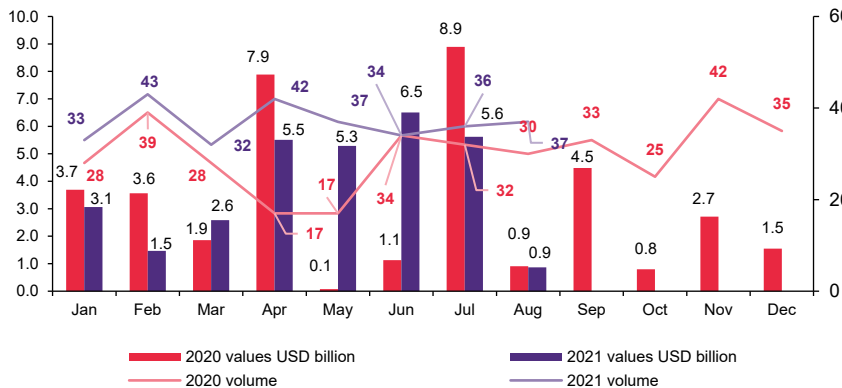
This document captures the list of deals announced based on the information available in the public domain. Grant Thornton Bharat LLP does not take any responsibility for the information, any errors or any decision by the reader based on this information. This document should not be relied upon as a substitute for detailed advice and hence, we do not accept responsibility for any loss as a result of relying on the material contained herein. Further, our analysis of the deal values is based on publicly available information and appropriate assumptions (wherever necessary). Hence, if different assumptions were to be applied, the outcomes and results would be different.

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.

Author: Monica Kothari

Deal snapshot

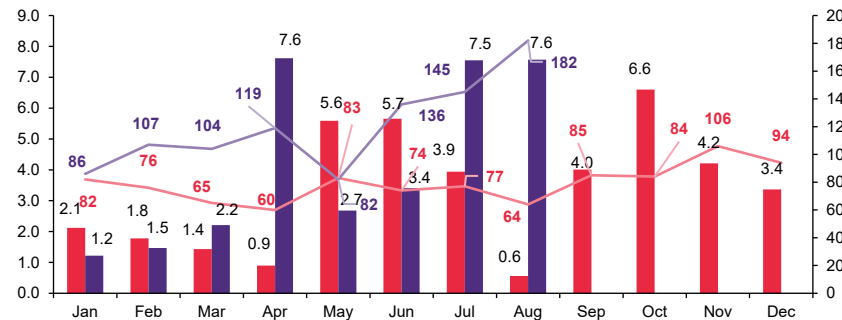
M&A snapshot



India Inc. recorded 219 deals aggregating to USD 8.4 billion in August 2021. While the volumes more than doubled over August 2020, values jumped by 5.8x times driven by over 13x increase in the private equity (PE) investment values. This month witnessed record volumes for any given month since 2005. The deal market continued to show optimism despite the looming concerns about a third wave of COVID-19 pandemic.

The number of mergers and acquisition (M&A) transactions in August 2021 stands at 37 compared with 30 deals in August 2020. The disclosed value stood at USD 867 million (5% lower than August 2020). As the value in case of 65% of the transactions were not disclosed; overall value could be higher as this month witnessed M&A deals involving Microsoft, Lupin, Byju's, Manjushree Technopark, KKR India Financial Services among others. Domestic consolidation continued to dominate the M&A segment with 68% of M&A deal volumes. Although the volume of M&A deals remained on par with the levels witnessed in July 2021, the transaction values were significantly lower (6x times).

PE snapshot



PE and venture capital (VC) firms maintained their enthusiasm in Indian markets at record levels recording 182 deals valued at USD 7.6 billion, with couple of high value investments in addition to unicorns, largely, raising large amounts of money. This surge was supported by the confidence in the recovery, lucrative opportunities in the start-up space and promising entrepreneurial talent.

The sector theme for the month continues to be tech followed by education, pharma and energy sectors. The bulk of those deals were in IT solutions, data analytics, cleantech, pharmaceuticals, e-commerce, consumer retail, digital healthcare, fin-tech and ed-tech companies, whose products and services have seen strong demand during the pandemic and explains the growing investor interest in these segments.

August 2021 also saw the birth of seven new unicorns. This trend indicates that both the fund inflow and start-ups with a valuation of USD 1 billion are likely to continue through the year.

Shanthi Vijetha
Partner, Growth
Grant Thornton Bharat LLP

Monthly deal volumes highest at 219 deals in August 2021

	Deal summary			Volume			Value (USD million)		
	2019	2020	2021	2019	2020	2021	2019	2020	2021
August	Domestic	15	21	25	664	650	668		
	Cross-border	10	9	11	445	258	194		
	Merger and internal restructuring			1			5		
	Total M&A	25	30	↑ 23% 37	1,109	908	↓ 5% 867		
	PE	71	64	↑ 184% 182	2,189	558	↑ 1257% 7,572		
	Grand total	96	94	↑ 133% 219	3,298	1,466	↑ 476% 8,439		
	Cross-border includes								
Inbound	5	4	4	423	216	122			
Outbound	5	5	7	22	42	72			

	Deal summary			Volume			Value (USD million)		
	2019	2020	2021	2019	2020	2021	2019	2020	2021
YTD	Domestic	169	131	216	14,441	8,913	17,842		
	Cross-border	118	90	75	7,797	19,067	13,036		
	Merger and internal restructuring	7	4	3	1,050	20	15		
	Total M&A	294	225	↑ 31% 294	23,288	28,000	↑ 10% 30,893		
	PE	526	581	↑ 65% 961	21,158	21,964	↑ 54% 33,718		
	Grand total	820	806	↑ 56% 1255	44,446	49,964	↑ 29% 64,611		
	Cross-border includes								
Inbound	61	40	33	6,094	16,738	6,120			
Outbound	57	50	42	1,703	2,329	6,916			

India Inc. records 219 deals, 2.3X increase in deal volumes compared with August 2020

- As improvement in industrial indicators and external demand are unfolding, the economic activities could potentially normalise in the coming months supported by pent-up demand, ongoing vaccination drive, support from policy mix and resurgence in global growth. Amid this, August for the Indian deal activity was extremely positive both in terms of deal volumes (219 deals) and deal values (USD 8.4 billion). While volumes recorded 2.3x increase over August 2020, deal values spiraled around six times compared with the same period last year.
- August 2021's total M&A transaction value stood at USD 867 million across 37 deals, which is in line with the deal activity witnessed in August 2020 that saw 30 transactions with values aggregating to USD 908 million. M&A volumes were driven by domestic consolidation which constituted 68% of M&A volumes.
- August 2021 witnessed PE funding into Indian companies crossing USD 7.5 billion across 182 deals. While the investment volumes almost tripled compared with August 2020, investment values grew multifold owing to 18 high value investments ranging between USD 100 million and USD 1.2 billion compared with only one such deal witnessed in August 2020.
- August 2021 recorded three fundraises via qualified institutional placement (QIP) at USD 767 million, compared with three in August 2020 worth USD 1.7 billion. IPO on the other hand witnessed 10 issues aggregating to USD 2.7 billion compared with one issue worth USD 0.6 billion in August 2020.
- August 2021 witnessed a surge in deal activity at 219 deals with 21% hike compared with July 2021, however, deal values on the hand dropped by 36% on the back of 6x drop in the M&A deal values resulted in reduced big-ticket deals. While August 2021 recorded one deal in the billion-dollar category and 21 deals valued at and over USD 100 million, July 2021 recorded two and 22 such deals, respectively. Further, August 2021 recorded the highest monthly PE activity since 2005 with 182 investments aggregating to USD 7.6 billion

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

- YTD 2021 witnessed 1.5x surge in deal volumes with strong 29% increase in the deal values. While PE deal volumes contributed to the overall increase in the deal activity, overall values were equally driven by both the segments. YTD PE investments witnessed record activity both in terms of volumes and values.
- The year so far saw 11 deals in the billion-dollar category and 102 deals valued at and above USD 100 million. These together accounted for 84% of the total deal values in 2021.

M&A: While IT and start-up sectors led the volumes, energy and natural resources topped the value chart

Key sectors

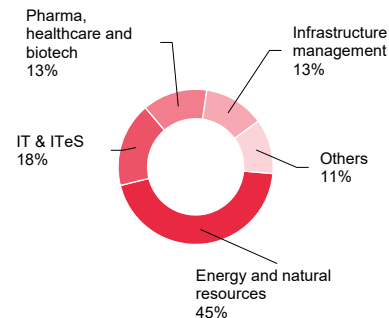
	Volume	USD million
IT & ITeS	6	153
Start-up	6	28
Pharma, healthcare and biotech	5	117
E-commerce	4	20
Energy and natural resources	3	388

- Continuing its upward trajectory, IT and start-up sectors topped the volumes chart with six deals each, together capturing 32% of the volumes pie with aggregate value of USD 181 million. Consolidation dominated in the software development and gaming tech segment respectively within the aforesaid sectors. The month also witnessed unicorns like Byju's, Unacademy and Dream Sports seal M&A deals.
- Marking the entry into hydropower sector, ReNew Power's acquisition of 99MW hydropower project in Uttarakhand and 260MW/330MWp solar projects in the state of Telangana for a combined enterprise value of USD 384 million led the M&A deal values and energy sector topped the M&A values chart. This deal will see ReNew's commissioned and contracted capacity to cross over 10 GW and a key step on the path to attain 18 GWs of capacity by 2025.
- Propelled by the repercussions of the pandemic, the pharma and healthcare and e-commerce sectors continue to remain active. Further, banking, education, manufacturing and media sectors witnessed two deal each during the month.
- Infra sector witnessed one high value deal in the road and highway segment executed by the Adani group company.

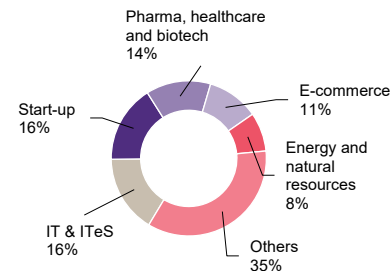
Top M&A deals of the month

Acquirer	Target	Sector	USD million	Deal type	% stake
Renew Power Private Limited	Telangana State Power Distribution Company - 260 MW/330 MWp of operating solar projects	Energy and natural resources	253	Acquisition	100%
Renew Power Private Limited	L&T Uttaranchal Hydropower Ltd.	Energy and natural resources	131	Acquisition	100%
Adani Road Transport Ltd.	Maharashtra Border Check Post Network Ltd.	Infrastructure management	110	Strategic Stake	49%
TechnoPro Holdings, Inc.	Robosoft Technologies Private Limited	IT & ITeS	108	Acquisition	100%
Universal Nutriscience Pvt. Ltd.	Sanofi India Limited- Nutraceutical business	Pharma, healthcare and biotech	78	Acquisition	100%

Top sectors based on deal value



Top sectors based on deal volume



PE: Start-ups drove both volumes with 63% share and values chart with fund inflow of USD 1.4 billion

Key sectors

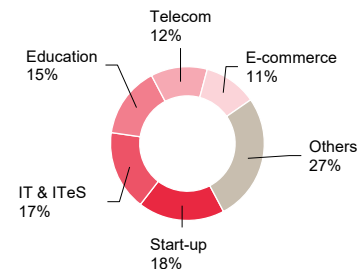
Notable sectors	Volume	USD million
Start-up	115	1,381
E-commerce	21	849
IT & ITeS	8	1,274
Education	7	1,135
Retail and consumer	6	29

- Indian start-up ecosystem witnessed fund inflow of USD 1.4 billion, as the month of August continues to remain and show positive funding momentum with 115 deals, a 63% share of the PE volumes. With this, the sector topped both the volume and values chart for the month.
- August also saw the emergence of seven new unicorns – Eruditus, upGrad (Edtech); BharatPe, OfBusiness and CoinDCX (fintech), Droom (autotech), and Zetwerk (retailtech). The month also witnessed one of the largest Series A funding in the agritech sector with USD 25 million funding raised by Agnext and Klub's USD 20 million fund raise marking one of the largest seed funding rounds closed by an Indian start-up to date.
- August witnessed a very interesting trend with high value investments of over USD 100 million diversified across 12 sectors in a particular month. Sectors include, IT, telecom, education, banking, media and entertainment, start-up, energy, e-commerce, manufacturing, hospitality and pharma sectors.
- Several Indian start-ups have spelt out plans to go public to cash in on the liquidity by foreign funds. Some of those include food delivery start-up Zomato, payments services Paytm, beauty brand Nykaa, ride-hailing service Ola and classified platform Cars24, among others.

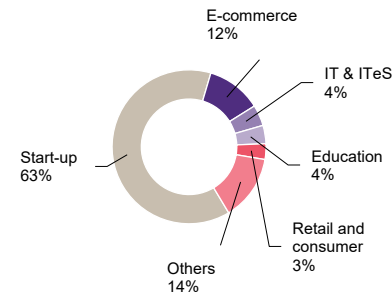
Top PE deals of the month

Investor	Investee	Sector	USD million	% stake
Baring Private Equity Asia	Hinduja Global Solutions (HGS) Ltd- Healthcare business	IT & ITES	100.0%	1,200
Partners Group	Atria Convergence Technologies Ltd.	Telecom	75.0%	900
Accel Partners, SoftBank Vision Fund 2, The Chan Zuckerberg Initiative, Leeds Illuminate, The Canada Pension Plan Investment Board and Prosus	Eruditus Executive Education Pvt. Ltd.	Education	N.A.	650
Carlyle Group and Salisbury Investments Pvt. Ltd.	PNB Housing Finance Ltd.	Banking and financial services	N.A.	533
Siguler Guff, Baillie Gifford, Carlyle Asia Partners Growth II, Sofina Group, Qatar Investment Authority, and Bcap	Ver Se Innovation Pvt Ltd.	Media and entertainment	N.A.	450

Top sectors based on deal value



Top sectors based on deal volume



Deal of the month: M&A

ReNew Power announces two acquisitions totaling 359 MWs of renewable energy assets for USD 384 million

Sector: Energy and natural resources

Acquirer

Renew Power Private Limited. a subsidiary of ReNew Energy Global PLC, is one of India's largest renewable energy IPPs in terms of total energy generation capacity. The company develops, builds, owns and operates utility scale wind and solar energy projects as well as distributed solar energy projects that generate energy for commercial and industrial customers. Currently, ReNew Power operates across nine states in India and is involved in over 110 utility-scale project.

Target

ReNew signs binding agreements for the acquisition of two operating portfolios

- 99MW hydropower project in Uttarakhand,
- 260MW/330MWp solar projects in Telangana

Rationale

In line with its strategy of organic and inorganic expansion, ReNew Power announced the acquisition of two assets with a combined enterprise value of INR 28.5 billion (USD 384.0 million), which are expected to generate INR 3.8 – 4.0 billion (USD 50.7 – 53.4 million) of EBITDA annually. ReNew will acquire L&T Uttaranchal Hydropower Ltd., which owns the Singoli Bhatwari Hydroelectric Project (SBHEP), from L&T Power Development Ltd. SBHEP, situated on the Mandakini river in Rudraprayag, Uttarakhand. It was operationalised in December 2020 and is expected to have a residual life of nearly 35 years. This project is expected to have a net billed generation of 360 million units annually, or around a 50% PLF (plant load factor) and has a similar profitability profile as ReNew Energy's current operating portfolio.

In a separate transaction, ReNew Power also announced the signing of a definitive agreement to acquire 260 MW/330 MWp of operating solar projects in Telangana. The projects have a 25-year PPA with Northern Power Distribution Company of Telangana Ltd. (NPDCTL) and Southern Power Distribution Company of Telangana Ltd. (SPDCTL) and have been operating for around four years.

Speaking about the acquisitions, Sumant Sinha, Founder, Chairman and CEO of ReNew Power, said, "The acquisition of solar assets in Telangana and the hydropower project in Uttarakhand as well as the recent 200 MW MSEDCL auction win takes our commissioned and contracted capacity to well over 10 GW and sets us on the path to attain 18 GWs of capacity by 2025."

Deal of the month: PE

Hinduja Global Solutions sells its health care unit to Baring Private Equity for USD 1.2 billion

Sector: IT & ITeS

Investor

Baring Private Equity Asia (BPEA) is one of the largest private alternative investment firms in Asia, with total committed capital of over USD 20 billion. BPEA currently has approximately 43 portfolio companies active across Asia with a total of over 2,24,000 employees and sales of approximately USD 39 billion.

Investee

Hinduja Global Solutions Limited - The Hinduja Group is one of India's premier diversified and transnational conglomerates. Healthcare Services business supports payer, providers, laboratories, durable medical equipment firms and pharmaceutical companies with solutions that augment clients' healthcare teams to deliver better patient, member, business and financial outcomes. The services cover the entire lifecycle of a payer organisation.

Rationale

The Hinduja Group's business process management entity, Hinduja Global Solutions Limited has entered into definitive agreements to divest its healthcare services business to funds affiliated with BPEA. The transaction based on enterprise value of USD 1,200 million, subject to closing adjustments, is expected to complete within 90 days, subject to shareholder and other regulatory approvals.

The healthcare services vertical has over 20,000 employees across four geographies – India, Philippines, the US and Jamaica – and recorded revenues of approximately USD 400 million in FY2021. Post completion of the transaction, HGS will transfer all client contracts, employees, and assets, including infrastructure related to the healthcare services business.

Commenting on the investment, Partha DeSarkar, Global CEO, HGS said, "We will use the generated funds to strategically invest for the future growth of the organisation. We see a long-term value and benefit to HGS in doing so. HGS will continue to focus on aggressively expanding its CES and digital businesses in line with our goal to transform into a 'digitally-enabled' customer experience (CX) company."

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