

Investment Chronicle

January – June 2021

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FOREWORD

We are pleased to present the Nexdigm (SKP) Investment Chronicle— our periodic update that focuses on the deal-making landscape in India, comprising Mergers and Acquisitions (M&As), equity investments, and exits. In this report, we look at India's transaction arena during January to June 2021.

Amidst the hardships of the second wave of COVID-19 and looming concerns around a third wave, deal-making in the first half of 2021 has shown resilience with USD 47.35 billion from 1,207 deals. H1 2021 has witnessed a growth in value terms of 13% vis-à-vis H1 2020. In Q1 2021, 46% of the deal value was contributed by Equity Investments, however, the weightage shifted to M&A contributing 52% in Q2 2021 on account of big-ticket transactions.

After the dip in the first half of 2020, the improving deal volumes were primarily driven by consistent growth in Equity Investments. A total of 781 Equity Investments were witnessed in H1 2021 vis-à-vis 569 deals in H1 2020 and 669 deals in H2 2020. Despite anticipated challenges, PE/VC firms have maintained enthusiasm in Indian markets owing to confidence in the recovery and long-term potential of the Indian market, lucrative opportunities in the start-up space, and promising entrepreneurial talent.

Investors continued to allocate capital and tap into deal opportunities in the recovering landscape as the Indian economy demonstrated adaptability and agility. Ongoing vaccination drives, recovery of several COVID-19 affected sectors, upscaling technology, and digitization of work areas reinforced anticipations of a strong recovery. The upside in market sentiment and investor confidence can be gauged from the fact that the IPOs of several small companies were largely oversubscribed.

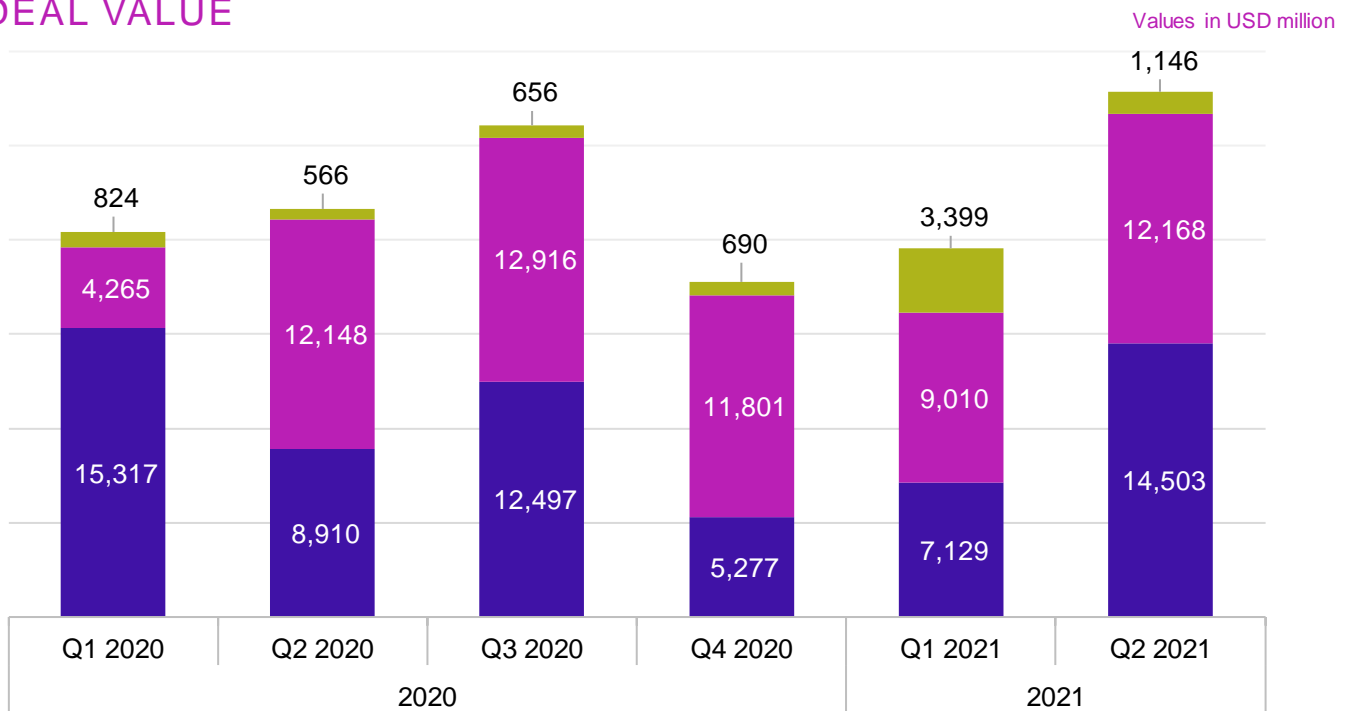
Government initiatives for boosting the manufacturing segment in the form of Production Linked Incentive (PLI) schemes and relaxations in tax norms are aimed at upholding investor confidence through challenging times. Backed by a clear focus on strengthening the domestic supply chain and export capabilities combined with interest of global companies in decentralization of operations, the recovery of the deal landscape is expected to continue in the coming months.



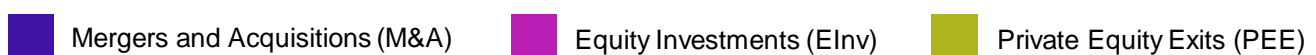
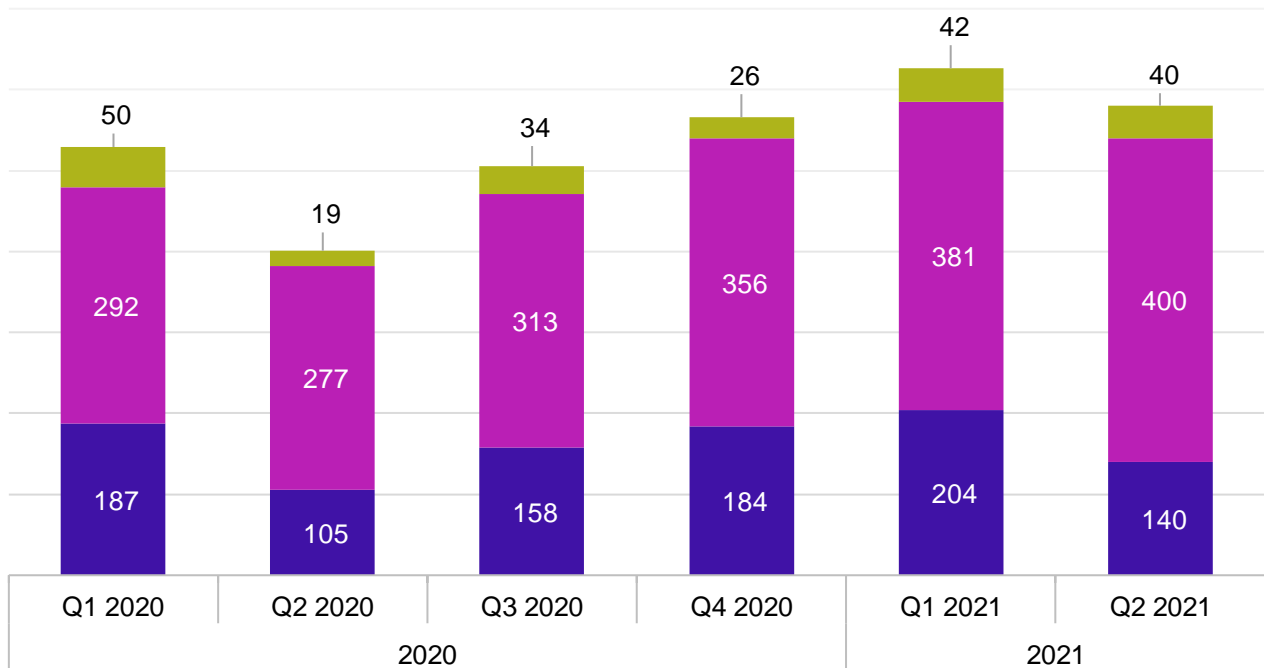
Tanwir Shirolkar
Director
Transaction Advisory

DEAL TRENDS

DEAL VALUE



DEAL VOLUME



Mergers and Acquisitions



Total

USD 21,632 million

344 Deals

Average Value
USD 63 million



5 Year CAGR

6.3%



Top Sector (Value)



Hot Sector (Volume)

Financials

Information Technology

State



Top Outbound Destination

Inbound Country

Maharashtra

United Kingdom

United States

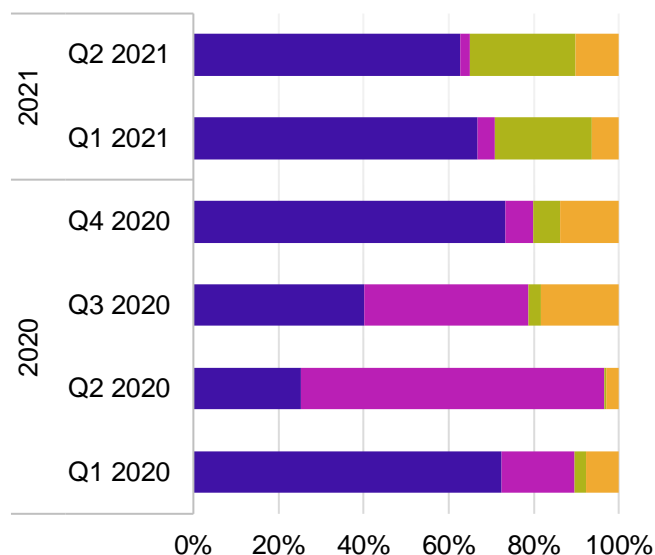


Top Route

Domestic

DEAL TRENDS

VALUE MIX



■ Domestic

■ Inbound

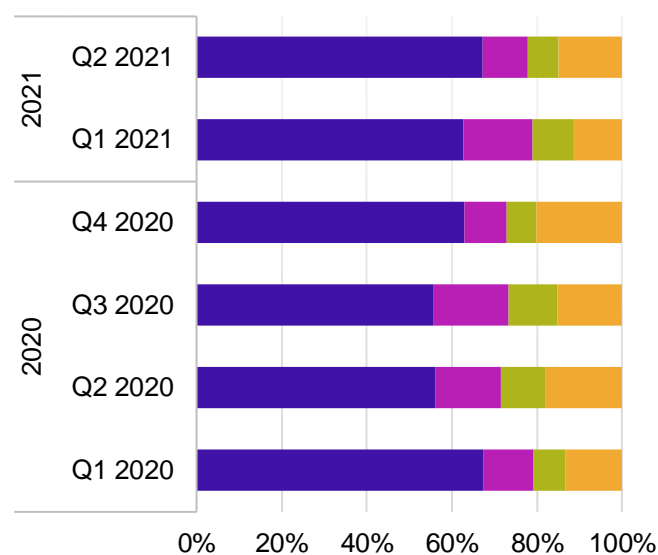
■ Outbound

■ Others

While 2021 began with a sizeable recovery in the M&A landscape as compared to the second half of 2020, it did not match the momentum of the corresponding period in the previous year, as deal values fell short by 10% in H1 2021. In contrast, deal volume observed a 19% increase.

Domestic deals dominated the landscape at USD 13,870 mn (222 deals), of which the Top 7 deals contributed over 70% with Financials, Consumer Discretionary, and Healthcare sectors in the lead. Outbound deals stood second at USD 5,215 mn (30 deals) with the Top 2 deals comprising ~95% of the value.

VOLUME MIX



With an absence of big-ticket transactions, values in the inbound segment remained stunted at USD 600 mn from 48 deals. Investor skepticism continued owing to lockdown limitations, border-closures, and concerns around short-term liquidity and valuations.











Major trends of the first half of 2021 such as strategic consolidations in the domestic market, global outlook of Indian players and digitization driven deals are expected to continue in the near future, even as inbound M&A makes a gradual recovery.

TOP DEALS

Rank	Buyer	Target	Type	Value (USD mn)	% sought
1	Piramal Capital and Housing Finance Ltd.	Dewan Housing Finance Corporation Ltd.	Domestic	5,106	100.0
2	Adani Green Energy Ltd.	SB Energy Holdings Ltd.	Outbound	3,500	100.0
3	Wipro Ltd.	The Capital Markets Company N.V.	Outbound	1,450	100.0
4	Tata Digital Ltd., Mirae Asset-Naver Asia Growth Fund	Supermarket Grocery Supplies Pvt. Ltd.	Domestic	1,217	0.0
5	Think and Learn Pvt. Ltd.	Aakash Educational Services Ltd.	Domestic	1,000	100.0

SECTOR PANAROMA

Values in USD million

Sector	Q1 2020	Q2 2020	Q1 2021	Q2 2021
 Consumer Discretionary	507	▼ 10	▲ 2,088	▼ 1,319
 Consumer Staples	-	▲ 14	▼ -	▲ -
 Information Technology	1,227	▼ 102	▲ 1,744	▼ 574
 Food & Beverage	5	▲ 468	▼ 181	▼ 1
 Health Care	1,404	▼ 203	▲ 350	▲ 1,554
 Materials	912	▼ 640	▼ 39	▲ 311
 Automobiles & Components	-	▲ 59	▼ 55	▼ 20
 Telecommunication Services	3	▲ 6,611	▼ 108	▲ 910
 Energy	65	▼ -	▲ 643	▼ -
 Utilities	1,472	▼ 182	▲ 896	▲ 3,573
 Financials	6,002	▼ 418	▼ 119	▲ 5,168
 Industrials	3,720	▼ 203	▲ 908	▲ 1,072
Total	15,317	8,910	7,129	14,503

The Financials and Utilities sector led in deal value with big ticket acquisitions. A few key deals are Piramal Enterprise's acquisition of DHFL for USD 5,106mn, wherein the buyer aims at improving the credit portfolio, and Adani Green's acquisition of SB Energy for USD 3,500 mn, conveying Adani Green's ambition to be the leader in sustainable energy transition globally.

The Consumer Discretionary sector in H1 2021 witnessed an increase of more than six times the deal value in H1 2020. With the deal volumes remaining similar at 33 deals, the average deal value increased from USD 15.2 mn to USD 103 mn.

The Healthcare sector has been seeing uninterrupted growth at 22% (CAGR) since 2016, which was further propelled by the pandemic. Following the trends of 2020, H1 2021 witnessed a majority of deals in Pharmaceuticals followed by Healthcare Providers and Healthcare Services. Healthcare Technology held the largest deal owing to DocOn's acquisition of Thyrocare. The evolving technological and economic landscapes have paved the way for a flurry of deals to continue in this space in the near future.

Equity Investments



Total

USD 21,178 million

781 Deals

Average Value
USD 27 million



5 Year CAGR

21%



Top Sector (Value)



Hot Sector (Volume)

**Information
Technology**



Top

State

Outbound Destination

Karnataka

United States

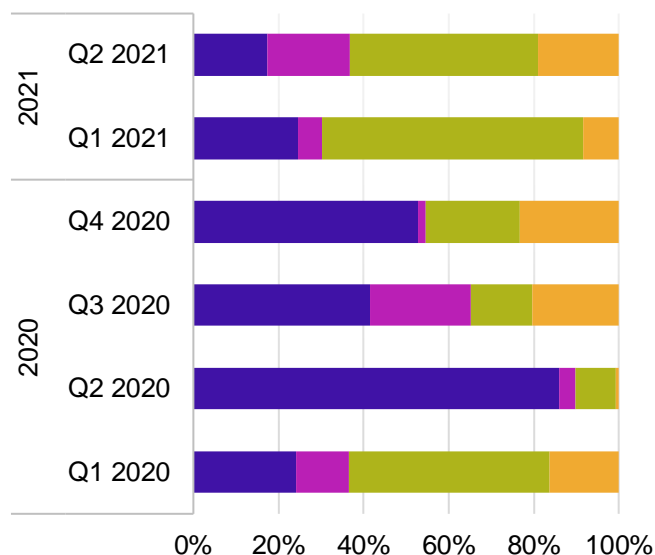


Top Route

Venture Capital & Debt

DEAL TRENDS

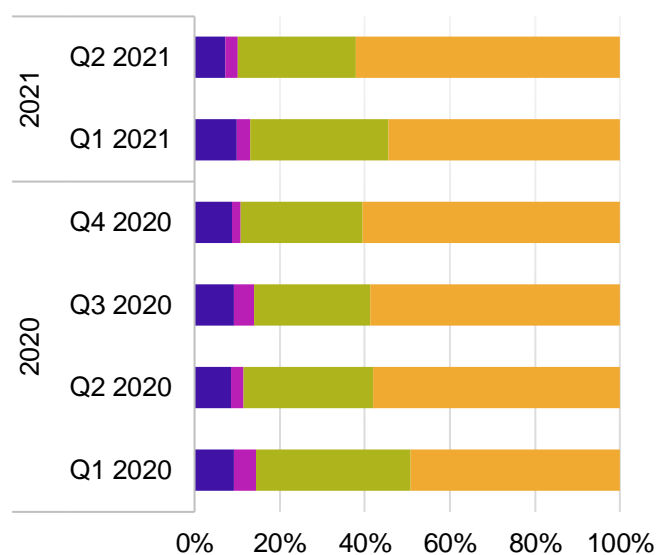
VALUE MIX



Private Equity

Public Equity

VOLUME MIX



Venture Capital and Debt

Others

Equity investments in H1 2021 stand at USD 21,177 million, a 29% increase compared to H1 2020 in value terms and a 37% increase in volume terms despite the devastating second wave of COVID-19 hitting India. The growth in investments in H1 2021 was fueled by the pent-up demand, correction in the asset price, and availability of a record level of dry powder of USD 476 billion as of November 2020 for Asian PE/VCs.

The Internet Software and IT Services, Real Estate, and Pharmaceuticals segments have taken the lead in terms of deal value. Equity Investments accounted for 65% of the total deal volume in H1 2021 with Internet Software and IT services, Packaged Foods and Meat, and Healthcare Technology as the lead runners.






















The outlook on investments looks positive for the coming months with 10 new unicorns backed by strong PE/VC investors.

TOP DEALS

Rank	Buyer	Target	Type	Value (USD mn)	% sought
1	Blackstone Advisors India Pvt. Ltd and others	Think and Learn Pvt. Ltd.	Venture Capital & Debt	1,343	8.1
2	Blackstone Capital Partners Asia LP	Mphasis Ltd.	Public Equity	1,101	26.0
3	Carlyle Asia Partners and others	PNB Housing Finance Ltd.	Public Equity	945	0.0
4	Falcon Edge Capital, Amansa Capital and others	Bundl Technologies Pvt. Ltd.	Venture Capital & Debt	800	16.0
5	Blackstone Real Estate Partners	Embassy Industrial Parks Pvt. Ltd.	Others	715	100.0

SECTOR PANAROMA

Values in USD million

Sector	Q1 2020	Q2 2020	Q1 2021	Q2 2021
 Consumer Discretionary	558	 334	 754	 686
 Consumer Staples	19	 1	 21	 149
 Information Technology	1,199	 915	 4,688	 6,622
 Food & Beverage	99	 38	 51	 244
 Health Care	638	 886	 1,200	 775
 Materials	13	 29	 118	 5
 Automobiles & Components	150	 0	 -	 2
 Telecommunication Services	-	 9,574	 -	 -
 Energy	-	 -	 -	 -
 Utilities	50	 204	 -	 430
 Financials	1,216	 165	 1,902	 2,798
 Industrials	322	 3	 276	 457
Total	4,265	12,148	9,009	12,168

The Information Technology sector in H1 2021 saw a steep rise of more than five times the deal value in H1 2020 along with a significant increase in the average deal size from USD 7.2 million to USD 25.4 million. The pandemic has enhanced the usage of technology leading to significant deals in this sector.

Overall, the Financials sector – primarily Real Estate and Mortgage Finance – witnessed more than a three-fold increase in deal value in H1 2021 in comparison to H1 2020. The jump in PE investments in Real Estate was driven by the rising demand for commercial assets.

Despite the decline in Q2 2021, investments in Healthcare continue to rise, with increasing interest in Pharmaceuticals, Healthcare Technology, and Healthcare Services.

Private Equity Exits



Total

USD 4,545 million

82 Deals

Average Value
USD 55 million



5 Year CAGR

4%



Top Sector (Value)

Financials



Hot Sector (Volume)

Information Technology



Top

State

Outbound Destination

Maharashtra

United States

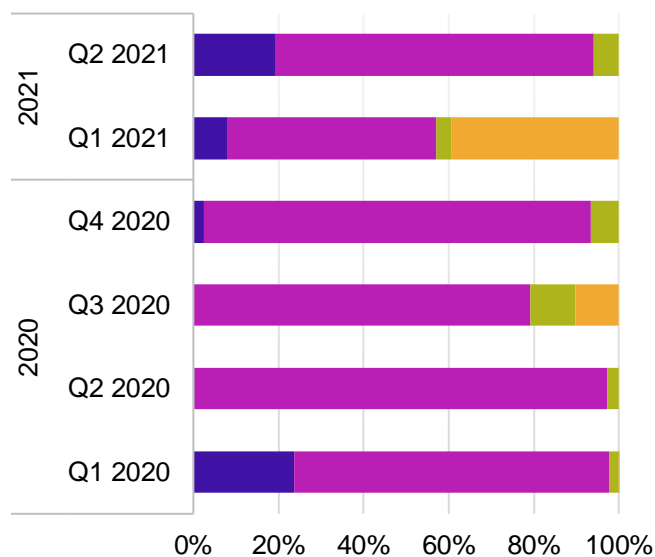


Top Route

Open Market

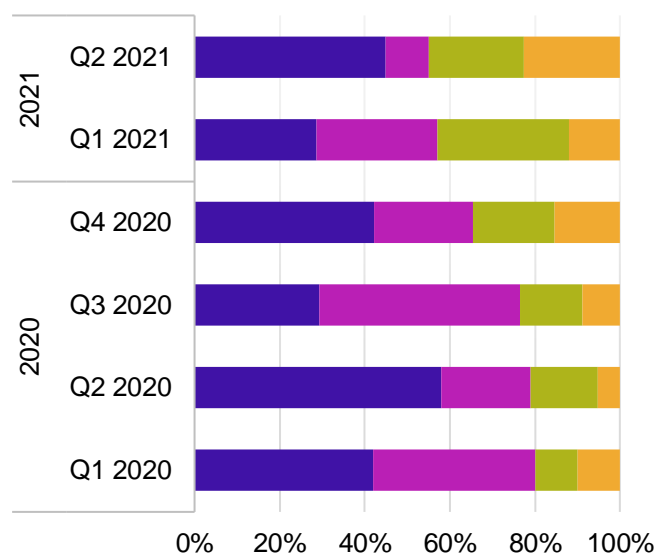
DEAL TRENDS

VALUE MIX



■ M&A ■ Open Market

VOLUME MIX



■ Secondary Sales ■ Others

Private equity exits in H1 2020 were slow paced at a tepid USD 1,390 million, almost half the deal value and average deal size compared to H1 2019. However, deal volumes in H1 2021 were similar to the levels two years prior, and registered a 53% rise in deal value against H1 2019.

Auto Components, Financials, and Consumer Discretionary accounted for 76% of the total deal value, while accounting for only 30% of the deal volume collectively. Information Technology alone comprised 35% of the deal volume in H1 2021.









Open market exits in this half year alone surpassed the values garnered over the preceding 12 months, and accounted for more than 50% of the exit value in H1 2021. IPOs stood next in line as they accounted for 20% of the deal value, primarily owing to Blackstone's exit from Sona Blw. IPOs in H1 2021 registered approximately double the deal count as against H1 2020.

TOP DEALS

Rank	Buyer	Seller	Type	Value (USD mn)	% sought
1	Sona Blw Precision Forgings Ltd.	Blackstone Advisors India Pvt. Ltd.	Others	722	30.9
2	ICICI Bank Ltd.	Abu Dhabi Investment Authority	Open Market	598	1.4
3	SBI Cards and Payment Services Ltd.	Carlyle Asia Partners IV L.P.	Open Market	542	4.3
4	SBI Life Insurance Company Ltd.	Carlyle Asia Partners V	Open Market	531	4.1
5	Bharti Telemedia Ltd.	Warburg Pincus India Pvt. Ltd.	Others	430	20.0

SECTOR PANAROMA

Values in USD million

Sector	Q1 2020	Q2 2020	Q1 2021	Q2 2021
 Consumer Discretionary	14	▼ -	▲ 911	▼ -
 Consumer Staples	-	▶ -	▲ 34	▼ -
 Information Technology	45	▼ 2	▼ -	▲ 392
 Food & Beverage	32	▼ -	▶ -	▶ -
 Health Care	213	▲ 250	▼ 182	▼ 49
 Materials	-	▶ -	▲ 4	▼ 2
 Automobiles & Components	-	▶ -	▲ 722	▼ -
 Telecommunication Services	-	▶ -	▶ -	▲ 171
 Energy	-	▶ -	▶ -	▶ -
 Utilities	-	▶ -	▶ -	▶ -
 Financials	519	▼ 314	▲ 1,269	▼ 531
 Industrials	2	▼ -	▲ 276	▼ -
Total	824	566	3,399	12,168

The Financials sector in H1 2021 witnessed an increase of more than 2 times the deal value in H1 2020. With the deal volume being halved from 25 exits in H1 2020 to 13 exits in H1 2021, the average deal value increased from USD 33.1 million to USD 139 million.

Consumer Discretionary comprised 20% of the total value during H1 2021. Under this segment, Media and Household Durables were the leading sectors for exits. While the number of deals in the Media sector remained

the same (3 deals), the exit of Warburg Pincus from Bharti Airtel for USD 430 million drove up the deal value substantially from USD 3 million in H1 2020 to USD 468 million in H1 2021. The exit of Advent International Corp. from Crompton Greaves Consumer Electricals Ltd. was the only deal under the Household Durables segment in H1 2021.

Regional Rundown

~70%

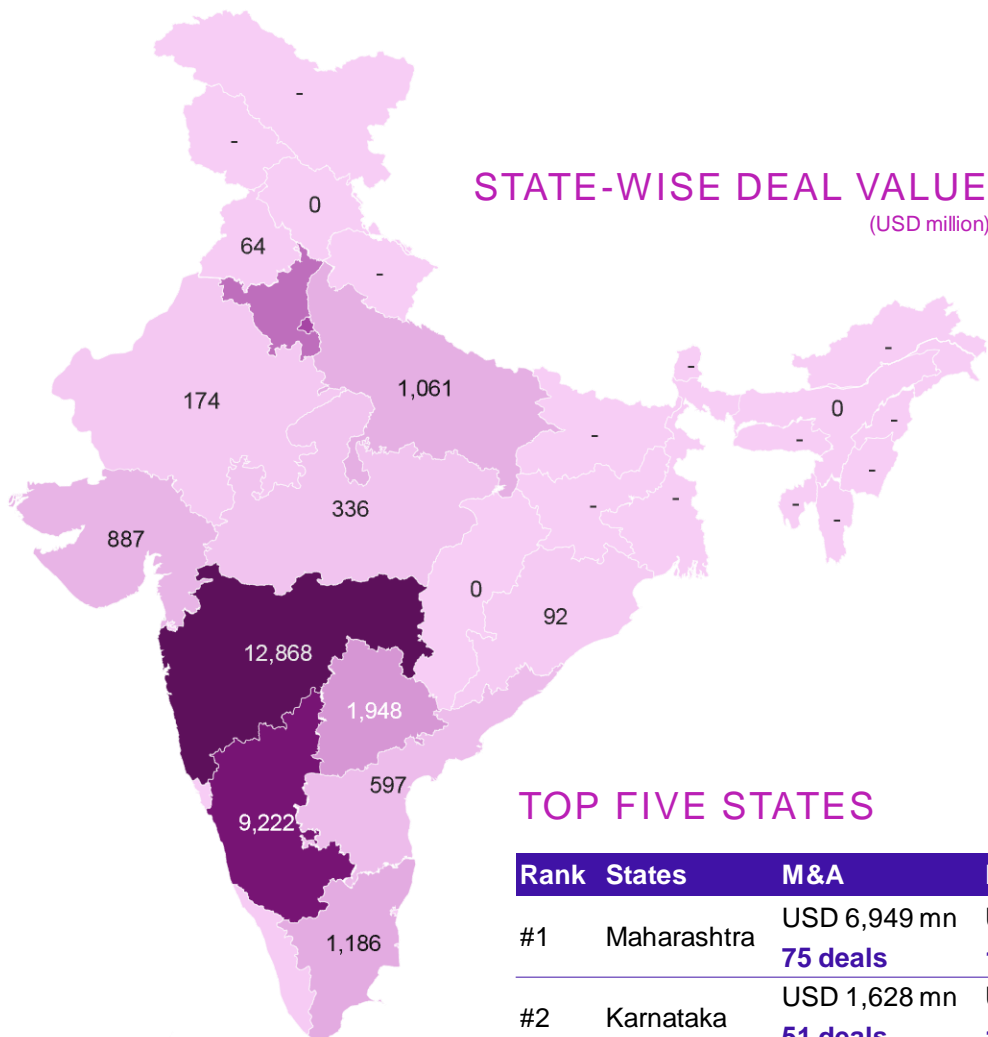
of all deals concentrated in
five Indian states.

**USA
& UK**

were the leading
cross border M&A partners.

INDIAN TERRAIN

INBOUND AND DOMESTIC DEALS



TOP FIVE STATES

Rank	States	M&A	EInv	PEE
#1	Maharashtra	USD 6,949 mn 75 deals	USD 4,161 mn 182 deals	USD 1,758 mn 20 deals
#2	Karnataka	USD 1,628 mn 51 deals	USD 7,540 mn 198 deals	USD 54 mn 18 deals
#3	Delhi	USD 2,414 mn 34 deals	USD 1,853 mn 85 deals	USD 535 mn 8 deals
#4	Haryana	USD 368 mn 21 deals	USD 1,488 mn 88 deals	USD 1,512 mn 14 deals
#5	Telangana	USD 979 mn 19 deals	USD 520 mn 22 deals	USD 450 mn 6 deals






Maharashtra accounted for ~35% of the total deal value for H1 2021, primarily owing to PIRAMAL CAPITAL'S acquisition of DHFL for USD 5,106 mn. Consequently, Financials led in terms of deal value at USD 7,539 mn, while Information Technology dominated deal volume with 111 deals.

~25% of all deals in terms of value materialized in Karnataka. With USD 1 bn+ investments in Byju's and Mphasis, Information Technology garnered USD 5,634 mn from 174 deals, followed by Consumer Discretionary






at USD 1,394 mn from 21 deals, including the USD 1.2 bn acquisition of Supermarket Grocery Supplies (BigBasket).

Delhi accounted for ~13% of total deal value for H1 2021. While Information Technology led once again in terms of volume (61 deals), Consumer Discretionary led in value terms with USD 1,945 mn from 17 deals, of which USD 1,000 mn pertained to the acquisition of Aakash Educational Services by Think and Learn Pvt. Ltd. (Byju's).

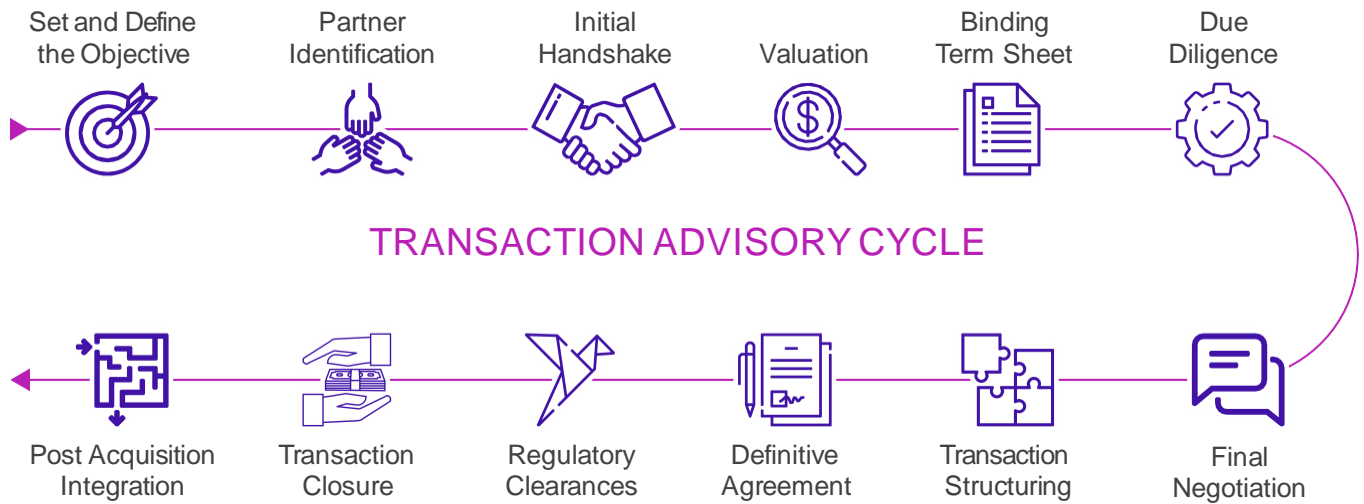
TOP INVESTOR COUNTRIES – M&A

<p>UNITED STATES </p>	<p>SINGAPORE </p>	<p>NETHERLANDS </p>
<p>TOTAL DEAL VOLUME 22 Deals</p>	<p>TOTAL DEAL VOLUME 7 Deals</p>	<p>TOTAL DEAL VOLUME 3 Deals</p>
<p>TOTAL DEAL VALUE USD 214.00 million</p>	<p>TOTAL DEAL VALUE USD 164.6 million</p>	<p>TOTAL DEAL VALUE NA</p>
<p>LEADING SECTOR Telecommunication and Information Technology</p>	<p>LEADING SECTOR Industrials, Energy, and Financials</p>	<p>LEADING SECTOR Industrials, Energy, and Financials</p>
<p>KEY DEAL American Tower Corporation sought 7.91% share for USD 171.47 mn in ATC Telecom Infrastructure Pvt. Ltd.</p>	<p>KEY DEAL Cube Highways and Infrastructure Pte Ltd. sought 39% share for USD 85.05 mn in Ghaziabad Aligarh Expressway Pvt. Ltd.</p>	<p>KEY DEAL Heineken BV sought 14.98% share for USD 781.3 mn in United Breweries Limited (UBL)</p>
<p>UNITED KINGDOM </p>	<p>UNITED ARAB EMIRATES </p>	
<p>TOTAL DEAL VOLUME 3 Deals</p>	<p>TOTAL DEAL VOLUME 2 Deals</p>	
<p>TOTAL DEAL VALUE NA</p>	<p>TOTAL DEAL VALUE USD 30.4 million</p>	
<p>LEADING SECTOR Healthcare, Industrials and Utilities</p>	<p>LEADING SECTOR Information Technology and Food and Beverages</p>	
<p>KEY DEAL Impact India Investment Partners sought share for USD 0.8 mn in CENTA Private Ltd.</p>	<p>KEY DEAL Gibraltar Technologies LLC sought 100% share for USD 20.44 mn in HCL Infotech Ltd.</p>	

TOP OUTBOUND DESTINATIONS – M&A

<p>UNITED STATES </p>	<p>UNITED KINGDOM </p>	<p>AUSTRALIA </p>
<p>TOTAL DEAL VOLUME 11 Deals</p>	<p>TOTAL DEAL VOLUME 5 Deals</p>	<p>TOTAL DEAL VOLUME 3 Deals</p>
<p>TOTAL DEAL VALUE USD 27.7 million</p>	<p>TOTAL DEAL VALUE USD 5029 million</p>	<p>TOTAL DEAL VALUE USD 118.6 million</p>
<p>LEADING SECTOR Information Technology and Healthcare</p>	<p>LEADING SECTOR Utilities, Information Technology and Consumer Discretionary</p>	<p>LEADING SECTOR Information Technology and Healthcare</p>
<p>KEY DEAL Northern Oil and Gas Inc. sought 100% share for USD 250 mn in Reliance Marcellus LLC, Upstream Assets</p>	<p>KEY DEAL Adani Green Energy Ltd. sought 100% share for USD 3500 mn in SB Energy Holdings Ltd.</p>	<p>KEY DEAL Wipro Ltd. sought 100% share for USD 117 mn in Ampion Holdings Pty Ltd.</p>
<p>ISRAEL </p>	<p>MEXICO </p>	
<p>TOTAL DEAL VOLUME 2 Deals</p>	<p>TOTAL DEAL VOLUME 1 Deal</p>	
<p>TOTAL DEAL VALUE USD 6.5 million</p>	<p>TOTAL DEAL VALUE USD 13 million</p>	
<p>LEADING SECTOR Information Technology</p>	<p>LEADING SECTOR Materials</p>	
<p>KEY DEAL Affle India Ltd. sought 100 % share for USD 4.52 mn in DiscoverTech Ltd., Business Assets</p>	<p>KEY DEAL Camlin Fine Sciences Ltd. sought 35% share for USD 13 mn in Dresen Química S.A.P.I. de C.V.</p>	

NEXDIGM (SKP) TRANSACTION ADVISORY



Since inception, our founders have emphasized on professional standards and personalized service; and we continue to reflect this progressive mind-set by offering customized solutions to our clients across diverse industries with quality, integrity and respect.

Stemming from our client's needs, we provide services that address all the aspects relevant to a business right from conceptualization to implementation and operations.

OUR RECENT CREDENTIALS



E-Pharmacy

Advisory towards an online platform of a major healthcare aggregator in India in relation to an expected investment, by way of vendor due diligence and analysis of business model.



Furniture and Fittings

Advisory in terms of Financial and Tax due diligence, business plan review and COVID-19 impact analysis for a German company's strategic expansion by way of joint venture with an Indian manufacturer having a large customer base.



Specialty Chemicals

Financial advisory on acquisition of an Indian chemical manufacturer by an Italian group including transaction structuring, Financial and Tax diligence, support on negotiations and finalization of binding and non-binding deal documents.



Logistics

Financial Advisory for a leading India focused hedge fund in relation to reporting on its investment in an SaaS based service provider for logistics and field service management.



FinTech

Financial Advisory to a leading American multinational providing payment processing solutions determining the value derived from its Indian assets, as a part of its global restructuring exercise.



Aviation Services

Advisory services to a global company on its strategic acquisition of a leading aviation service company in India, including Financial and Tax diligence, business plan review, impact of COVID-19 on business and IFRS impact analysis.



Telecom Operators

Economic advisory on Submission of a competition assessment report for a Form II filing about a proposed USD 20 billion merger between leading telecom operators in India. The transaction was unconditionally cleared by the CCI.



Food Services

Financial advisory and support on valuation of the Indian JV of a French multinational commercial catering and food service company for commercial negotiations and stake sale.



Software and Services

Financial advisory and support on purchase price allocation for a leading Indian listed player providing information technology and business process outsourcing services for the acquisition of a company providing similar services with presence in Middle East & Africa markets.



Food Processing

Financial and Tax due diligence of an Indian manufacturer of spices for a USD 3 billion Japanese group looking to meet its sourcing requirements through India.



Medical Device

Financial and Tax due diligence of an Indian importer of cardiovascular and neurovascular products for a French manufacturer eyeing forward integration in India.



Online Gaming

Financial and Tax due diligence for a large Indian sports entertainment venture on a company engaged in Online Rummy cards gaming platform.

PUBLICATIONS

INVESTMENT CHRONICLE

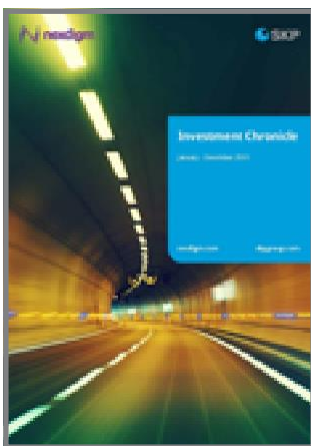
January - December 2020



January - June 2020



January - December 2019



July - September 2019



EDITORIAL

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About Nexdigm (SKP)

Nexdigm (SKP) is an employee-owned, privately held, independent global business advisory provider that helps organizations across geographies meet the needs of a dynamic business environment. Our focus on problem-solving, supported by our multifunctional expertise enables us to provide customized solutions for our clients.

We provide integrated, digitally driven solutions encompassing Business Services and Professional Services, that help businesses navigate challenges across all stages of their life-cycle. Through our direct operations in the USA, India, and UAE, we serve a diverse range of clients, spanning multinationals, listed companies, privately-owned companies, and family-owned businesses from over 50 countries.

Our multidisciplinary teams serve a wide range of industries, with a specific focus on healthcare, food processing, and banking and financial services. Over the last decade, we have built and leveraged capabilities across key global markets to provide transnational support to numerous clients.

From inception, our founders have propagated a culture that values professional standards and personalized service. An emphasis on collaboration and ethical conduct drives us to serve our clients with integrity while delivering high quality, innovative results. We act as partners to our clients, and take a proactive stance in understanding their needs and constraints, to provide integrated solutions. Quality at Nexdigm (SKP) is of utmost importance, and we are ISO/ISE 27001 certified for information security and ISO 9001 certified for quality management.

We have been recognized over the years by global organizations, like the International Accounting Bulletin and Euro Money Publications.

Nexdigm resonates with our plunge into a new paradigm of business; it is our commitment to **Think Next.**



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