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M&A Deals in India in 2021: A Round-up

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Historically, companies have sought growth, synergies, strategic realignment, scope & scale economies, access to resources and capabilities, market entry, resilience, and a lot more, with the help of mergers and acquisitions (M&A). Despite disrupting every sphere of our lives, the COVID-19 pandemic presented new opportunities that made certain strategic investments attractive and opened avenues for dealmakers to pursue M&A deals. This article presents a brief overview of M&A activity in the first eleven months of 2021 in India and highlights the investment themes that dominated the M&A landscape in the country.

M&A activity involving Indian firms with a known deal value of at least USD 100 million (and meeting additional filtering criteria indicated in the notes of Table 1) showed moderate signs of slowing down in 2020 in terms of the number and the value of deals announced as compared to the previous year. Still, the increase in the aggregate value of these transactions in 2021 showed promising signs of recovery. The analysis of M&A deals meeting the filtering criteria suggests that the total value of M&A transactions that involved Indian firms (as an acquirer or as a target firm) announced in 2020 was around 17% lower than the total value of the similar sample of filtered deals announced in 2019. However, the value of transactions announced between January and November 2021 stood stronger at approximately USD 52.3 billion.

Table 1: M&A activity involving Indian firms

Year	Number of Deals	Total Deal Value (USD, Millions)	Total Deal Value (INR, Millions)
2016	62	34,972.25	2,333,884.51
2017	61	43,895.27	2,853,503.26
2018	110	91,135.38	6,227,516.15
2019	100	49,420.84	3,476,347.69
2020	77	41,134.12	3,048,647.10
2021*	73	52,297.25	3,854,468.81

Notes: The data used for this analysis uses the following filtering criteria: M&A deals involving Indian firms either as an acquirer or a target firm, or both, announced in a calendar year. M&A deals with disclosed deal value of at least USD 100 million where an acquirer seeks to acquire a 5% or more stake. This data also includes deals done in multiple parts, deals undertaken by investor groups, but excludes rumored deals and deals where acquirer and target have the same ultimate parent. Deal status is either completed, pending or withdrawn. The Form of the Deal is Merger, Acquisition, or Acquisition of Assets/Majority interest/partial interest. The sample has been filtered for meaningful analysis.

*Data for 2021 is for 11 months – January to November 2021.

Disclaimer: The data used in this article meets specific filtering criteria as stated in the notes above. Therefore, the aggregate or industry-level deal values correspond to only those that fulfill the above criteria. These statistics could differ from the values or numbers reported in other articles on M&A activity. Further, the use of this analysis is only for academic purposes.

Compiled by author. Data Source: Refinitiv Eikon.

If we consider the value of cross-border mergers and acquisitions, then quite like the activity at the aggregate level, we have observed a moderate fall and a promising recovery in the value of cross-border M&A deals in 2020 and 2021 compared to those in 2019 (see Table 2). This statistic is remarkable given an increased uncertainty posed by the pandemic and even greater complexities associated with deals across borders. The composition of cross-border deals in the aggregate M&A activity in our sample has been similar in 2020 and 2021. As indicated in Table 2, the cross-border deals comprised 42% and 43% of the total transaction value in 2020 and 2021, respectively.

Table 2: Value of Cross-Border and Domestic Deals

Year	Domestic Deals (Total Deal Value in USD, Millions)	Cross Border Deals - Inbound & Outbound (Total Deal Value in USD, Millions)
2016	20,796.47	14,175.78
2017	29,691.90	14,203.37
2018	53,451.90	37,683.48
2019	30,042.51	19,378.34
2020	23,858.02	17,276.09
2021*	29,709.34	22,587.90
Note: Cross-border deals are inbound and outbound M&A deals involving Indian firms (as an acquirer or as a target firm). The data used for this analysis is based on the filtering criteria mentioned in table 1.		
*Data for 2021 is for 11 months – January to November 2021.		
Compiled by author. Data Source: Refinitiv Eikon.		

Table 3 provides an analysis of the data of announced transactions (with relevant filters outlined in Table 1) and indicates that the industry sectors that witnessed M&A deals of significant value were: energy and power, financial services comprising asset management, credit institutions and insurance, high technology comprising IT consulting, internet software and services. Industry sectors like transportation and infrastructure, educational services, and broadcasting also received significant investments. Dealmakers also found significant attractive investments in sectors like healthcare services, healthcare equipment & supplies, and pharmaceuticals.

Table 3: Deal Values by Target Macro and Mid Industry

Industry	Total Deal Value (USD, Millions)
Consumer Products and Services	
Educational Services	1,931.39
Other Consumer Products	398.12
Energy and Power	
Alternative Energy Sources	672.78

Power	10,137.01
Financials	
Asset Management	2,141.06
Credit Institutions	6,321.89
Insurance	1,296.00
Other Financials	4,837.21
Healthcare	
Healthcare Equipment & Supplies	612.90
Healthcare Providers & Services (HMOs)	1,200.00
Hospitals	123.31
Pharmaceuticals	584.27
High Technology	
Electronics	398.43
Internet Software & Services	767.26
IT Consulting & Services	8,406.88
Software	510.60
Industrials	
Automobiles & Components	252.26
Building/Construction & Engineering	337.18
Transportation & Infrastructure	4,141.94
Media and Entertainment	
Broadcasting	1,570.00
Motion Pictures / Audio Visual	250.00
Publishing	500.00
Recreation & Leisure	100.00
Others (Miscellaneous)	4,806.75
Note: The data used in this analysis has been filtered as suggested in table 1.	
Compiled by author. Data Source: Refinitiv Eikon.	

Motivated by the global trends towards clean power generation, decarbonization, and investing in net-zero and clean energy assets, power and alternative energy companies received substantially large strategic investments

through the M&A route as Table 4 shows. A key player in this space was Renew Power Pvt. Ltd., one of India's largest renewable energy companies. It merged with a US-based special purpose acquisition company (SPAC), and subsequently, the merged entity was listed on NASDAQ. It was touted as the largest listing of an Indian company through the SPAC route (TOI 2021). After this transaction, Renew Power acquired solar projects of Southern Power Distribution Company of Telangana Ltd. and L&T Uttaranchal Hydropower Ltd. for total cash consideration of USD 382 million.

The Adani group, which has committed to invest over USD 20 billion in alternative energy in the next ten years, acquired SB Energy Holdings and thereby bought a portfolio of renewable energy projects through its group affiliated company – Adani Green Energy Ltd (BS 2021). Driven by a similar investment rationale, Reliance New Energy Solar Ltd. acquired Norway-based REC Solar Holdings with manufacturing facilities in Norway and Singapore. This sector received investments from Actis LLP, a PE firm based in the UK, which acquired solar power plants in India from a Finnish company that wanted to divest these investments to explore further investment options. The sector continued to receive significant interest from investors globally (PWC 2021). And the deals undertaken in this space in India reflected similar investment potential (Table 4).

Table 4: Select M&A Deals in Power and Alternative Energy Sector

Target	Acquirer	Deal Value (USD, million)	Deal Value (INR, million)	Deal Geography
Renew Power Pvt Ltd	RMG Acquisition Corp II	3,584.00	2,59,409.92	The acquirer is a SPAC based in the US
SB Energy Holdings Ltd	Adani Green Energy Ltd	3,500.00	2,55,675.00	Domestic deal
Jindal Power Ltd	Worldone Pvt Ltd	994.09	74,010.00	Domestic deal
REC Solar Holdings AS	Reliance New Energy Solar Ltd	771.00	57,911.20	The target is based in Norway
Warora-Kurnool Transmission Ltd	Adani Transmission Ltd	464.12	33,700.00	Domestic deal

Avaada Energy Pvt Ltd	Global Renewable Synergy Co Ltd	453.78	33,820.24	The acquirer is based in Thailand
Fortum OYJ-500MW Solar Power Plants	Actis LLP	333.62	24,731.25	The acquirer is a PE firm based in the UK
Southern Power Distribution Company Of Telangana Ltd-260mw Solar Projects	Renew Power Pvt Ltd	250.57	18,650.00	Domestic deal
Azure Power Global Ltd	Omers Infrastructure Asia Holdings Pte Ltd	219.00	16,259.65	The acquirer is based in Singapore
L&T Uttaranchal Hydropower Ltd	Renew Power Pvt Ltd	132.34	9,850.00	Domestic deal
Surya Vidyut Ltd	Torrent Power Ltd	107.27	7,900.00	Domestic deal
Note: The data used in this analysis has been filtered as suggested in table 1.				
Compiled by author. Data Source: Refinitiv Eikon.				

In a significant deal in the high technology sector (refer to the select M&A deals summarized in Table 5), Singapore-based BCP Topco, an affiliate of the private equity firm Blackstone and co-investors, acquired a significant stake in Mphasis Ltd for USD 3.13 billion. Interestingly, Blackstone, which had acquired its existing stake (pre-deal ownership stake) in Mphasis from Hewlett Packard in 2016, was considering selling it in the early part of 2021. Investors like Carlye Group, Brookfield, and Bain & Co. were the potential bidders for that transaction (Barman and Chandrashekar 2021). However, the PE firm shelved the idea of the stake-sale and instead announced the acquisition of additional stake in the company. This deal helped the acquiring group to consolidate its position in the company that has expertise and significant strengths in servicing BFSI clients and has promising prospects in cloud computing and AI – segments that have witnessed surge in demand.

CA Magnum, an investment vehicle formed by Carlye Group, announced its plan to acquire Hexaware Technologies - an IT solutions provider and back the acquisition with a dollar-denominated bond issue of over

USD 1 billion. The PE-backed acquisition vehicle would buy Hexaware from Baring Private Equity Asia for USD 3 billion. This buyout had attracted interest from potential bidders like KKR, Bain Capital, and others.

Wipro Ltd. undertook its biggest inorganic investment by acquiring Capco (The Capital Markets Co NV), an IT consulting firm based in the UK and servicing the financial services industry across the American sub-continent, Europe and Asia-Pacific regions (Srinivasan 2021). Reliance Retail, an affiliate of Reliance Industries, acquired Just-dial, a significant player in the domain of online B2B search engines, in a multi-part deal, and thereby surpassed the deal values paid for its earlier investments in Netmeds, Hamleys, and Urban Ladder.

Globally, this industry observed high-value acquisitions led by companies like Microsoft, which acquired Nuance Communications Inc., primarily an AI-based company, in a USD 16.35 billion deal, one of the largest M&A deals announced by the acquirer in the past five years. The transactions in the high technology sector have been significantly driven by the increased investments in digital technology solutions, partly accelerated by the ongoing pandemic and also on account of promising prospects of sub-segments like AI and cloud computing (McKendrick 2021).

Table 5: Select M&A Deals in High Technology Sector

	Acquiror Full Name	Deal Value (USD, Millions)	Deal Value (INR, Millions)	Deal Geography
Mphasis Ltd	BCP Topco IX Pte Ltd	3,133.89	2,34,791.26	The Key investor is from Singapore
Hexaware Technologies Ltd	CA Magnum Holdings	3,000.00	2,23,704.00	The acquirer is from the USA
The Capital Markets Co NV	Wipro Ltd	1,450.00	1,05,748.75	The target is based in the UK
Just Dial Ltd	Reliance Retail Ventures Ltd	767.26	57,191.76	Domestic deal
Note: The data used in this analysis has been filtered as suggested in table 1.				
Data compiled and summarized by author on December 1, 2021. Data Source: Refinitiv Eikon.				

Table 6 lists some key transactions involving Indian firms in the financial services sector in 2021. In a process that was first of its kind for a financial services company, the debt-laden Dewan Housing Finance Corporation Ltd (DHFL) was referred to bankruptcy proceedings by the central bank. A Piramal Group company acquired DHFL for a consideration of USD 4.71 billion (Table 6) through a multi-stage bidding process outbidding other bidders like Oaktree Capital Management and Adani Group.

Another deal that made headlines for the sheer size of the deal value (USD 4.7 billion) was the acquisition of BillDesk (IndiaIdeas.com Ltd.), a significant player in the online payments sector in India. Clearstone Venture Partners, Temasek, General Atlantic, and others sold their stake in BillDesk to PayU in an all-cash deal that made the acquirer PayU a dominant player in the online payments space globally. The digital payments landscape has witnessed significant growth in payment volumes during the pandemic, albeit with declining revenues per transaction, and therefore a move towards consolidation seemed well-timed.

Table 6: Select M&A Deals in Financial Services Sector

Target Full Name	Acquiror Full Name	Deal Value (USD, Millions)	Deal Value (INR, Millions)	Deal Geography
Dewan Housing Finance Corp Ltd	Piramal Capital & Housing Finance Ltd	4,711.14	3,42,500.00	Domestic deal
IndiaIdeas.com Ltd	Payu Payments Pvt Ltd	4,707.20	3,45,000.00	Domestic deal
Fullerton India Credit Co Ltd	Sumitomo Mitsui Financial Group Inc	2,000.00	1,48,576.00	The acquirer is from Japan
Exide Life Insurance Co Ltd	HDFC Life Insurance Co Ltd	916.12	66,870.00	Domestic deal
PNB Housing Finance Ltd	Investor Group	552.49	40,000.00	The investor group is from different countries
Note: The data used in this analysis has been filtered as suggested in table 1.				
Data compiled and summarized by author on December 1, 2021. Data Source: Refinitiv Eikon.				

Sumitomo Mitsui of Japan, looking for investment opportunities in emerging markets in Asia, agreed to acquire Fullerton India Credit Co., a non-banking financial services company, from Fullerton Financial Services Holdings of Singapore owned by Temasek Holdings Pte. (Fuse 2021). This transaction was valued at USD 2 billion and was a significant inbound M&A deal from a Japanese company. The transaction would facilitate market entry for the acquirer and enable it to operate in India's consumer and MSME lending space.

In a move that indicated sector consolidation, HDFC Life Insurance announced its acquisition of Exide Life Insurance company to strengthen its operations in southern India.

An investor group comprising an investment vehicle backed by Carlyle Group and Salisbury Investments had announced their plans to acquire a significant stake (over 37%) in PNB Housing Finance Ltd. in the first half of the year. However, the deal was later terminated.

Table 7 lists some key transactions involving Indian firms in the healthcare sector in 2021. The healthcare sector witnessed investments in healthcare services and technology with deals like the divestment of the healthcare services vertical by Hinduja Global Solutions sold to Baring Private Equity Asia for USD 1.2 billion, and the acquisition of the diagnostic chain Thyrocare Technologies by Docon Technologies (a doctor consultation platform, owned by API Holding Pvt. Ltd. – the parent company of Pharmeasy), in addition to other smaller domestic and cross-border deals.

Table 7: Select M&A Deals in Healthcare Sector

Target Full Name	Acquiror Full Name	Deal Value (USD, Millions)	Deal Value (INR, Millions)	Deal Geography
Hinduja Global Solutions Ltd-Healthcare Services business	Baring Private Equity Asia Ltd	1,200.00	89,088.00	The acquirer is from Hong Kong
Thyrocare Technologies Ltd	Docon Technologies Pvt Ltd	612.90	45,465.00	Domestic deal

ZCL Chemicals Ltd	Advent International Corp	272.67	20,000.00	The acquirer is from the US
Ind-Swift Laboratories Ltd-API Business	PI Industries Ltd	206.07	15,300.00	Domestic deal
Note: The data used in this analysis has been filtered as suggested in table 1.				
Data compiled and summarized by author on December 1, 2021. Data Source: Refinitiv Eikon.				

As technology-based educational platforms became enormously important modes of facilitating remote and online learning during the pandemic, the educational services (ed-tech) sector witnessed M&A deals often initiated by startups in India. Think & Learn Pvt. Ltd. (Byju's), a dominant player in the ed-tech sector, acquired Aakash Education Services and Great Learning Education Pte for USD 1 billion and USD 600 million, respectively. Table 8 lists some other transactions announced in this sector in 2021 in India.

Table 8: Select M&A Deals in Educational Services Sector

Target Full Name	Acquiror Full Name	Deal Value (USD, Millions)	Deal Value (INR, Millions)	Deal Geography
Aakash Educational Services Ltd	Think & Learn Pvt Ltd	1,000.00	73,370.00	Domestic deal
Great Learning Education Pte Ltd	Think & Learn Pvt Ltd	600.00	44,655.00	Domestic deal
British Council-India IELTS Business	IDP Education Ltd	179.45	13,344.08	The acquirer is from Australia
Note: The data used in this analysis has been filtered as suggested in table 1.				
Data compiled and summarized by author on December 1, 2021. Data Source: Refinitiv Eikon.				

Conclusion

The key sectors that have recorded significant M&A activity in India in terms of the value of deals announced in 2021 reflect some of the common themes in the global narrative of growth and consolidation opportunities. The enormous interest in clean energy, greener assets, and ESG (environmental, social, and governance) investing across the globe has driven the deal-making in this sector in India. Similarly, the digital transformation accelerated

by the pandemic, the surging demand for cloud computing and AI, and the move towards online learning have driven the deals in the country's high-technology and education services sectors. The deals in financial services sector were driven by opportunities for achieving scale and growth into newer geographies including the opportunities for consolidation. These deals also reflect the potential for value creation in the sectors like the ones that have recorded significant IPO activity in recent months (Bhattacharya 2021). It is also important to underline that M&A deals in 2021 have been facilitated by the availability of capital-seeking investment opportunities that have the potential for value creation (Gilchrist 2021). To sum up, the M&A deals announced in 2021 in India indicated recovery, growth and opportunities for long-term value creation as reflected in the significant inorganic investments planned in sectors like power and alternative energy, financial services, high-technology, healthcare, and other areas.

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