

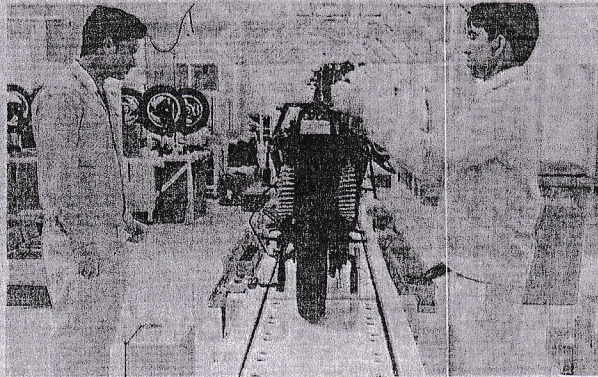
In Q3, EV prospects drive \$939-m worth deals in auto sector

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Indian automotive sector witnessed more than \$900 million in deals in the September 2023 quarter, attracted by growth prospects in the alternative fuel segments including battery-powered technology.

The third quarter of CY2023 saw 16 deals valued at \$939 million, propelled by five high-value deals, each over \$100 million. The overall deal value within the industry has surged about 8.5 times compared with the previous quarter, backed by healthy macroeconomic recovery, according to the Grant Thornton Bharat Automotive Dealtracker.

The top three deals for the quarter namely HCL Technologies' acquisition of ASAP Holdings from the auto-components space for \$280 million and Temasek's



ELECTRIFYING SPACE. The EV sector has positioned itself as a remarkable investment opportunity, exceeding \$200 billion

investment in Mahindra Electric Automobile and Ola Electric Mobility from the electric vehicle (EV) space for a combined value of \$286 million accounted for 60 per cent of the overall values for the quarter.

DRIVING INVESTMENTS

The EV space led both deal volumes as well as values

with seven deals valuing \$439 million, as investors see it as an exciting and revolutionary space in the sector.

"The EV sector has positioned itself as a remarkable investment opportunity, exceeding \$200 billion, followed by a projected \$80 billion in the clean energy market (including green hy-

drogen) by 2030," said Saket Mehra, Partner and Automotive Industry Leader, Grant Thornton Bharat.

The EV sector growth is propelled by strategies like boosting indigenous production, integrating the value chain, and developing solutions to enhance vehicle safety, reliability, and cost-effectiveness, all of which facilitate widespread EV adoption.

M&A LANDSCAPE

The M&A landscape in the automotive industry exhibited a gradual resurgence, especially in the auto components sector. To adapt to the shift towards sustainable and connected vehicles, the industry is investing in R&D and new technologies, leading to consolidation for synergies and value generation.

Among the four notable transactions, two were domestic M&A deals, while the other two marked cross-bor-

der transactions. This trend indicates a growing appetite for strategic collaborations and market expansion initiatives within the industry.

PE DEALS

PE deal volumes decreased by 25 per cent September 2023 quarter when compared with the June 2023 quarter.

Investments are flowing within the EV and Mobility-as-a-Service (MaaS) space in areas such as manufacturing, charging infrastructure development, and green hydrogen production. EV sales have surged by more than 1.5x year-on-year in FY23, indicating a promising outlook for this sub-sector, said the Dealtracker.

"The medium-to-long-term investment outlook remains positive as we are on track to lead the shift toward becoming a sustainable, global clean manufacturing hub," said Mehra.