Deals at a glance: Q3 CY24

PwC India

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The third quarter of 2024 showcased a dynamic economic landscape characterised by varied performance across sectors. Gross domestic product (GDP) growth eased to 6.7% year-on-year (YoY) in Q1 FY25, down from 8.2% in Q1 FY24, mainly due to reduced Government spending and severe heatwaves. Private consumption grew by 7.4%, driven by robust rural demand and a shift in festival days. Investment growth slowed to 7.5%, primarily due to cuts in both central and state governments' capital expenditure.

Overall deal activity remained relatively stable with a total of 561 transactions, demonstrating a slight increase in merger and acquisition (M&A) transactions, which effectively counterbalanced a decrease in private equity (PE) activity in terms of volume. When analysing the disclosed deal values, M&A transactions exhibited a modest rise. Conversely, the disclosed deal values for PE transactions experienced a significantly larger decline, with a reduction of 35%, indicating a cautious investment approach.

Sector wise, the retail and consumer sector led with 92 transactions, totaling USD 1.9 billion. The telecommunication sector, with only three deals, recorded an extraordinary deal value of USD 4.124 billion, driven by one large deal. Promising sectors included electric vehicles, financial services, non-power infrastructure and real estate, showing significant growth potential based on deal activity and value.

The Indian IPO market experienced a significant boom, with the highest volume recorded in a single quarter this year. IPOs rose by 54% in Q3 CY24, with mainboard IPOs increasing by 86% and SME IPOs by 47%.

As we move forward, we remain hopeful that the market will harness its potential and maintain a trajectory of robust growth and development.

Select PwC advised deals

Wipro Infrastructure Engineering

Exclusive financial advisor to Wipro Infrastructure Engineering for the acquisition of Columbus Hydraulics, US

Wipro Infrastructure Engineering

Exclusive financial advisor to Wipro Infrastructure Engineering for the acquisition of Mailhot Industries, Canada

ONGC Green

Exclusive financial advisor to ONGC Green for the acquisition of PTC Energy Ltd

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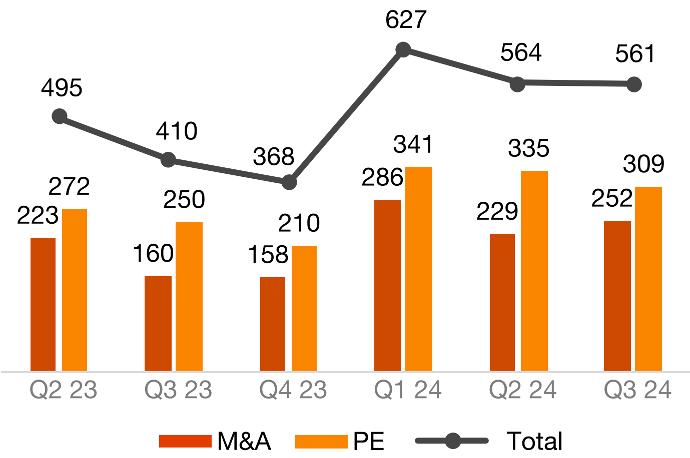
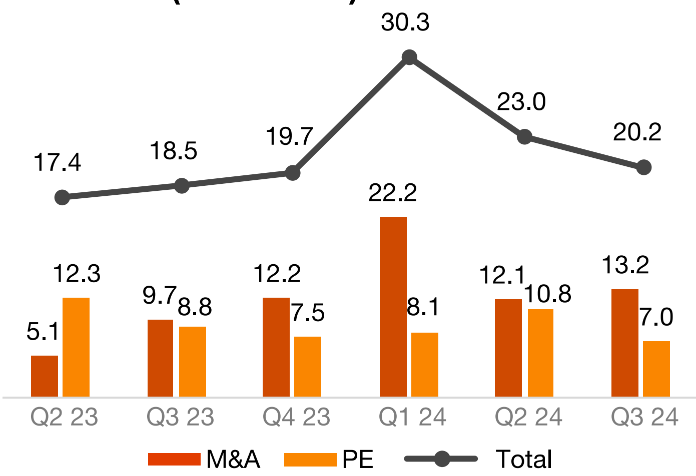
Driving the market growth of electric vehicles in India

Market snapshot

Deal volume



Deal value (USD billion)



Q3 recorded a total of 561 transactions, comprising 252 M&A deals and 309 PE investments. We saw a 10% uptick from the 229 deals recorded in Q2 CY24 in M&A, underscoring a renewed vigour in corporate consolidations and strategic partnerships. PE investments maintained a stable trajectory in Q3 CY24, which was slightly lower from the 335 transactions in Q2 CY24 but significantly higher than the previous quarters. This slight decrease of 8% does not overshadow the overall positive trend observed this year from the last year. One of the highlights of Q3 CY24 is the remarkable 57.5% increase YoY in M&A transactions compared to Q3 CY23, where only 160 deals were recorded.

The quarter recorded a total disclosed deal value of USD 20.2 billion. From USD 5.1 billion in Q2 CY23 to USD 13.2 billion in Q3 CY24, M&A deal values have more than doubled, highlighting a strategic emphasis on M&As as a growth vehicle. With PE deals accounting for USD 7 billion, we experienced a substantial 35% decrease from USD 10.8 billion in Q2 CY24. This reflects shifting investment strategies or a temporary reassessment of risk within the PE ecosystem. We saw a divergent trend between M&A and PE average ticket sizes. While M&A deals are becoming larger, PE deals are moving towards smaller investments with the average ticket size for M&A deals rising by 14% to USD 93 million and PE deals falling to 27% to USD 27 million since the last quarter.

Domestic deals observed a surge to 173, which is an 8.8% rise from Q2 CY24 and 71.3% YoY increase. Outbound, specifically, was more than double from Q3 CY23, reflecting an increased interest in international expansion.

High-value deals (USD 500 million and above) saw a drop from 7 last quarter to 5 in this one. This is the lowest in the past 6 quarters. On the other hand, there is a consistent interest in sub-USD 10 million deals throughout the year, possibly due to smaller investment deals around startups.

Deals wrap up: Q3 CY24

561
Announced deal volume

USD 20.2 billion
Disclosed deal value

173
Domestic M&A deals

USD 4 billion
Largest deal

Top announced deals: Q3 CY24

Target	Seller(s)	Buyer(s)	Deal type	Deal nature	Deal value (USD million)
BT Group	Altice UK Sarl	Bharti Enterprises (BhartiTeleventures UK)	Outbound	Strategic investment	4,062
Bharat Serums and Vaccines	Advent International LP	Mankind Pharma	Domestic	Strategic acquisition	1,622
India Cements	EWS Finance & Investments, Sri Saradha Logistics and private individuals	UltraTech Cement	Domestic	Strategic acquisition	1,146
GeBBS Healthcare Solutions	ChrysCapital Investment Advisors, Playa Technologies, Vijay Singh Thakor	EQT Private Capital Asia	PE	Buyout	855
Lanco Amarkantak Power	Damodar Valley Corp, DEG, IDFC, IFC, Lanco Infratech, SJVN, Lanco Thermal Power, PFC Projects, REC	Adani Power	Domestic	Corporate insolvency resolution process	489

Sector watch

Q3 CY24 showcased a dynamic and varied landscape of deal activities across multiple sectors. The retail and consumer, technology, and FinTech sectors led in deal volume, while the power and pharma sectors stood out in terms of deal value.

The retail and consumer sector emerged as the leader again in terms of deal volume with 92 transactions, totaling USD 1.9 billion. This sector's continued high deal activity underscores its resilience and ongoing attractiveness to investors, driven by demand, diversity and market expansion.

The technology sector recorded 79 deals with a total value of USD 1,417 million, underlining the critical role of innovation and digital transformation. Despite a lower deal volume, the power sector recorded a substantial deal value of USD 1,930 million across 37 transactions, indicating high-value investments in energy projects. The pharma sector, with only 21 deals, achieved the high deal value of USD 2,550 million, underscoring significant capital flows into pharmaceutical advancements.

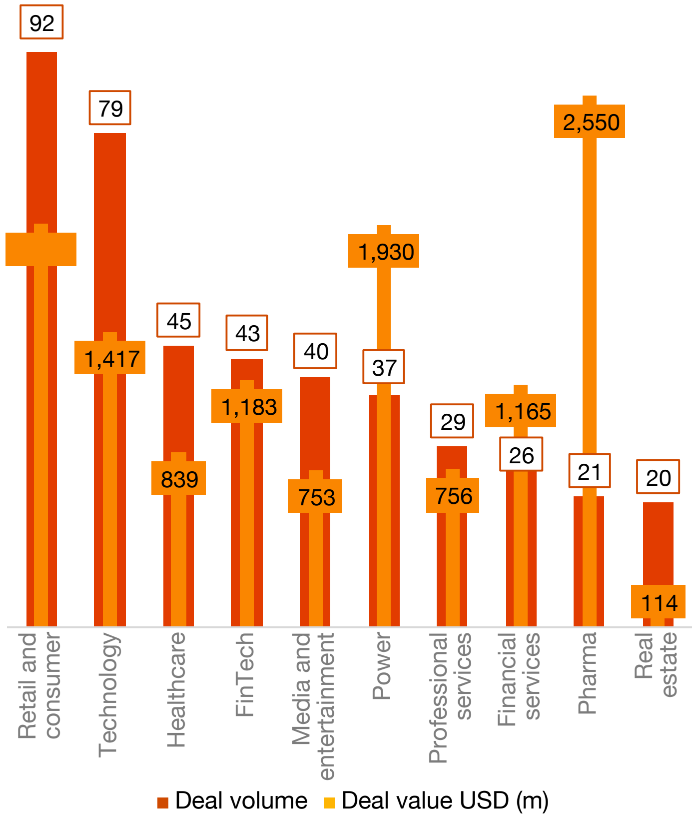
Telecommunication sector, despite having only three deals, recorded an extraordinary deal value of USD 4,124 million on the back of the largest deal of the quarter. This is Bharti group's acquisition of stake in BT group for about USD 4 billion to become the single-largest shareholder in Britain's biggest broadband and mobile company.

Similarly, the building materials sector, with seven deals totaling USD 1,181 million does not feature in the top sectors in terms of volume but observes a considerable deal value. This was also noticed in the past four quarters, mainly driven by activity in the cement industry.

Sources:

- PwC analysis
- Mergermarket
- https://www.chittorgarh.com/
- VCCEdge
- Venture Intelligence

Top 10 sectors: Deal volume wise



Data qualifications:
The data used for analysis is as of 30 September 2024. This analysis does not include the following deals:

- Individual and undisclosed bidders with deal value < USD 10 million
- Buybacks/delisting
- Parent entity investing in non-significant stake
- Divestment to employees
- Open market and off-market deals
- Group deals without any exit or entry of other parties

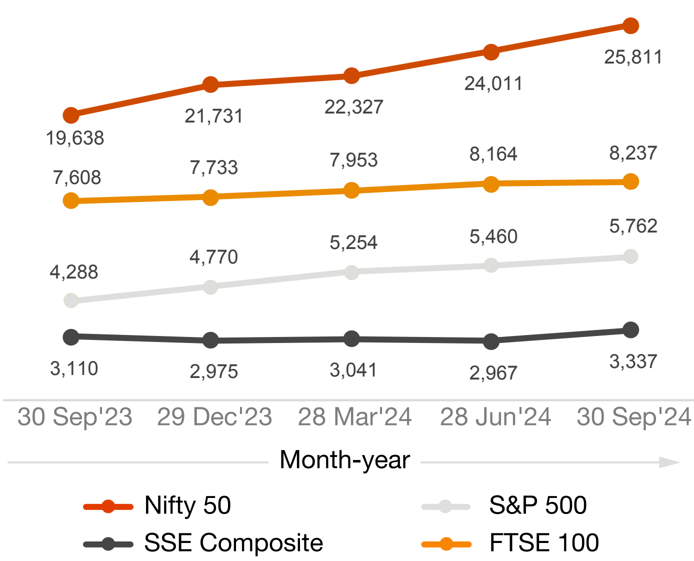
Capital market watch

- The Indian IPO market saw a significant boom with the highest volume in a single quarter this year.
- Total number of IPOs saw a 54% rise in Q3 CY24 from the last quarter.
- Mainboard IPOs spearheaded the overall growth with an 86% increase from 14 while SME IPOs saw a 47% spike from 60 in Q2 CY24.

26 Mainboard IPOs

88 SME IPOs

Stock market trend



Economic snapshot

- **GDP growth in Q1 FY25 eased to 6.7%** on YoY basis, compared to 8.2% growth in Q1 FY24, mainly due to low Government spending on both consumption and capital items due to elections and severe heatwaves.
- **Private consumption grew by 7.4%** in Q1 FY25, surpassing the average Q1 growth during FY13-24 (5.8%) mainly due to rural consumption growth and shift in festival days.
- **A 0.2% degrowth in Government consumption in Q1 FY25 was observed,** mainly due to slowdown in the Government's revenue expenditure (RE). Centre's RE (excluding interest payment and subsidies) posted YoY 1.5% drop in Q1 FY25, while the same expenditure for top 25 states increased by 7.8%.
- **Investment growth slowed to 7.5% in Q1 FY25,** below the FY13-24 Q1 average of 8.6%, primarily due to a 35% reduction in central government capital expenditure (capex) and 22.5% decrease in state government capex.
- **Export grew by 8.7% Q1 FY25,** outpacing the average growth of 5.8% from FY13 to FY23 while imports grew by 4.4% in Q1 FY25, below the FY13-24 average of 6.7%.

GDP and expenditure components (at constant prices)

Key components	Share (%)	Growth (%)				
		FY22 Q1	FY23 Q1	FY24 Q1	FY25 Q1	Average FY13-FY24 Q1
Private final consumption expenditure (PFCE)	56.3	18.0	18.5	5.5	7.4	5.8
Government FCE (GFCE)	9.5	-8.2	9.8	-0.1	-0.2	6.4
Gross fixed capital formation (GFCF)	34.8	66.5	13.9	8.5	7.5	8.6
Change in stocks	1.1	753.8	19.6	1.2	5.6	61.2
Exports	-4.7	46.5	19.6	-6.6	8.7	5.8
Imports		45.1	26.1	15.2	4.4	6.7
GDP	**100**	**22.6**	**12.8**	**8.2**	**6.7**	**6.2**

Source: Ministry of Statistics and Programme Implementation (MoSPI)

- **Gross value added (GVA) grew by 6.8% in Q1 FY25 over the previous year,** above FY13-24 average of 6.1%, mainly due to the strong performance of mining, electricity and utilities, and construction sectors.
- **GVA growth exceeded GDP growth in Q1 FY25,** mainly due to normalisation of indirect tax growth and positive growth of central government subsidies in Q1 FY25 after the previous three quarters of negative growth.
- **Agriculture and allied sector grew by 2% in Q1,** which is lower than FY13-24 Q1 average of 3.7%. Mining grew by 7.2% in Q1 due to strong growth in the production of coal, natural gas, iron ore, limestone and manganese ore. The manufacturing sector grew by 7% in Q1, higher than FY13-24 Q1 average of 6.3% but lower than the growth rates observed during last three quarters of FY24.
- **Construction grew by an unexpected 10.5% during Q1,** despite the usual slowdown in sector during the election period and contraction in capex of both central and state governments.
- **Services sector grew by 7.2%** which is in line with the long-term Q1 average.

GVA by economic activity (at constant prices)

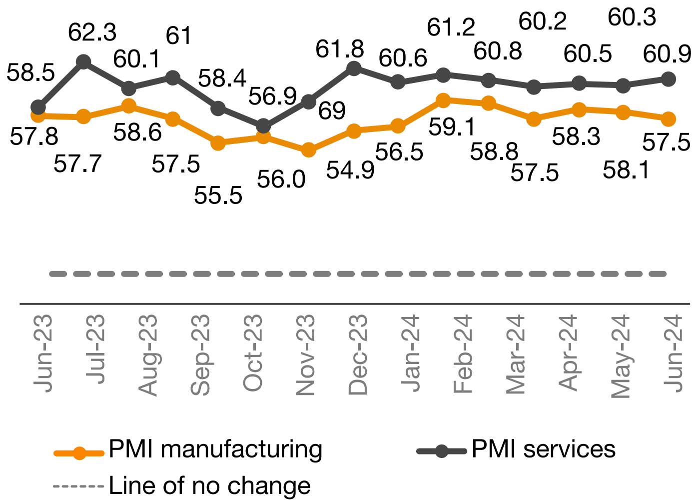
Key components	Share (%)	Growth (%)				
		FY22 Q1	FY23 Q1	FY24 Q1	FY25 Q1	Average FY13-FY24 Q1
Agriculture, livestock, forestry and fishing	13.1	4.6	2.7	3.7	2.0	3.7
Mining and quarrying	2.3	11.5	6.6	7.0	7.2	2.4
Manufacturing	16.8	50.1	2.2	5.0	7.0	6.3
Electricity, gas, water supply and other utility services	2.5	16.8	15.6	3.2	10.4	6.4
Construction	9.1	87.0	14.7	8.6	10.5	8.3
Trade, hotels, transport, communication and services related to broadcasting	16.7	44.2	22.1	9.7	5.7	8.1
Financial, real estate and professional services	26.7	3.7	10.5	12.6	7.1	8.1
Public administration, defence and other services	12.7	4.0	23.6	8.3	9.5	6.4
GVA	**100**	**21.3**	**11.3**	**8.3**	**6.8**	**6.1**

Index of Industrial Production (IIP) growth

IIP	Annual growth (%)		
	May '24	June '24	July '24
Mining	6.6	10.3	3.7
Manufacturing	5.0	3.2	4.6
Electricity	13.7	8.6	7.9
IIP (general)	**6.2**	**4.7**	**4.8**
Primary goods	7.3	6.3	5.9
Capital goods	2.9	3.8	12.0
Intermediate goods	3.9	3.0	6.8
Infrastructure/construction goods	6.3	7.1	4.9
Consumer durables	12.6	8.7	8.2
Consumer non-durables	2.5	-1.5	-4.4

Source: Ministry of Statistics and Programme Implementation (MoSPI)

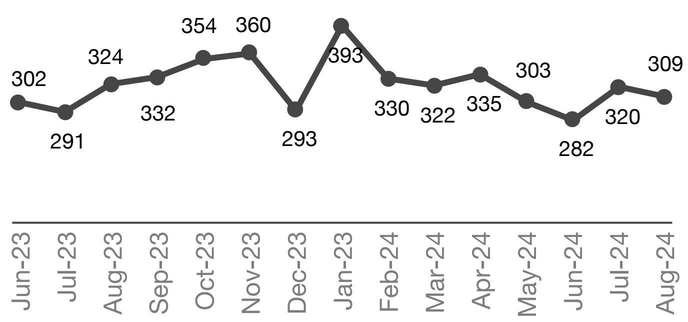
Purchasing Manager's Index (PMI)



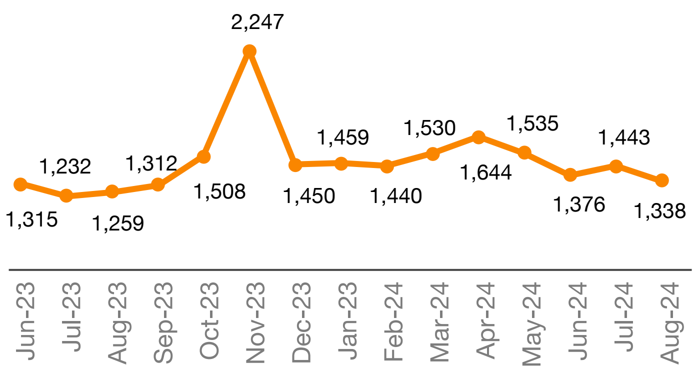
The PMI is a weighted average of the following five indices: New Orders (30%), Output (25%), Employment (20%), Suppliers' Delivery Times (15%) and Stocks of Purchases (10%).

- **YoY growth of IIP** improved to 4.8% in July compared to 4.7% (revised) in June 2024 due to pick-up in manufacturing output.
- **Manufacturing Purchasing Manager's Index (PMI) reduced to 57.5 in August from 58.1** in July due to softer increase in new business, output and exports compared to the previous seven months. However, firms increased input purchases to a record high to prevent potential shortages. **Services PMI rose to 60.9 in August from 60.3 in July, which is highest since March 2024.** Finance and insurance emerged as the best performing sub-sector in terms of both output and new business.

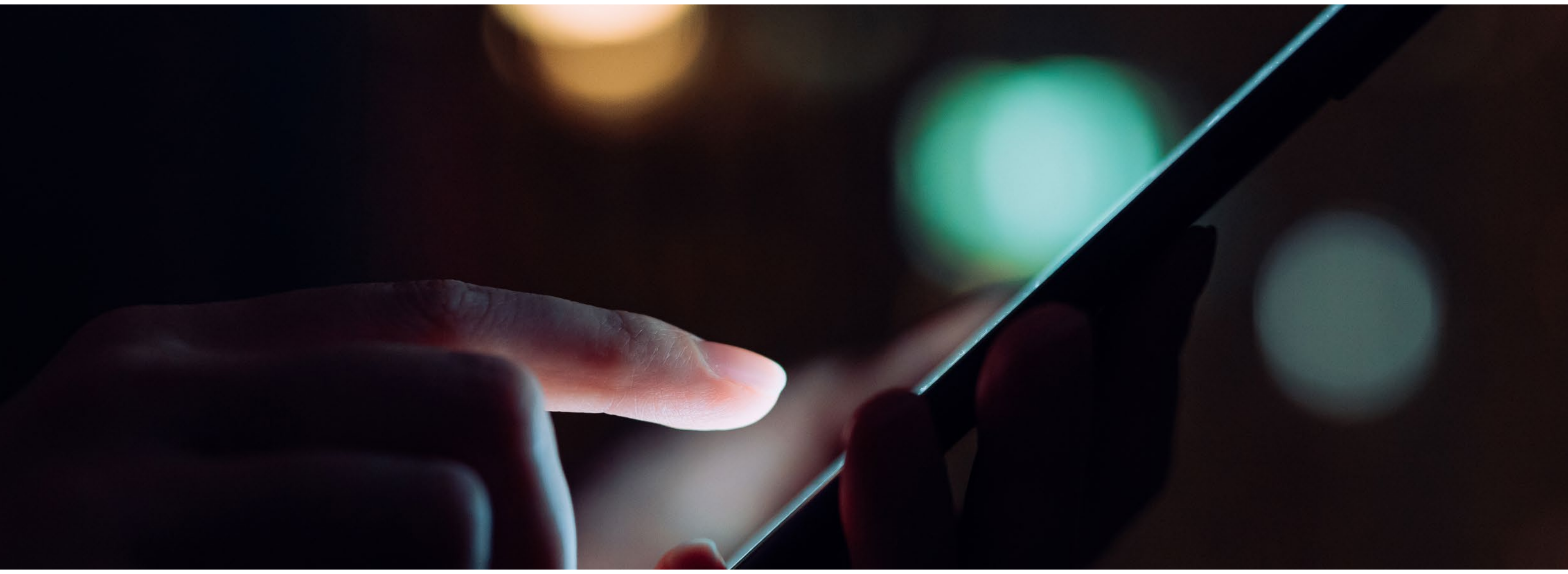
Retail sales of passenger vehicles (‘000 units)



Retail sales of two-wheelers (‘000 units)

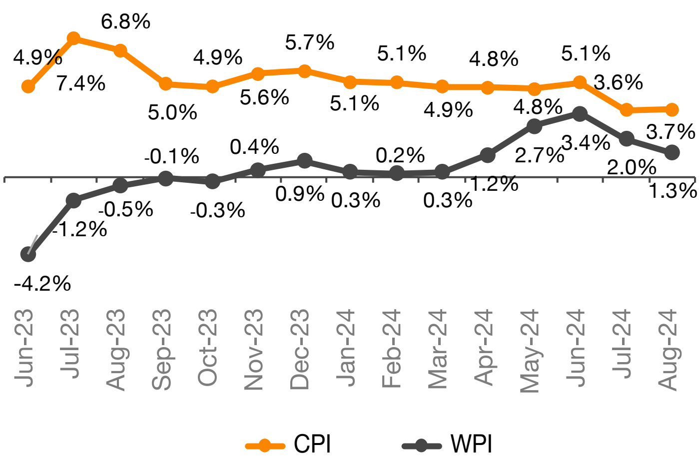


- **Passenger vehicle (PV) sales declined by 4.53% (YoY) in August.**
  - This decline was mainly due to delayed customer purchases, poor consumer sentiment and heavy rains, despite occurrence of several festivals in the month.
  - PV inventory with dealers has increased to 70-75 days compared to 58-63 days in August 2023.
- **Two-wheeler sales increased by 6.3% (YoY) in August.**
  - This increased due to improved stock availability, festive season and improved rural sentiment compared to last year.
  - However, sales declined by 7.3% on month-over-month (MoM) basis largely due to excessive rains and flooding, which disrupted demand across various regions.
- **Other consumption indicators presented muted consumption growth in August.** Overall retail sales growth was muted at 2% in August 2024, which was same as July. Food and grocery (7%) and jewellery (5%) led sales growth.
- **Petrol consumption rose by 8.6% YoY in August 2024,** possibly due to several festivals in August.
- **Unemployment rate rose to 8.5% in August** from 7.9% in July.



- **CPI rose marginally to 3.65% in August from 3.60% in July (revised).** Though consumer food price index fell by 0.4% on MoM basis, the decline was less than that of last year (-0.67%), mainly due to lower reduction in vegetable prices (-2.5% compared to -5.9%). Conversely, price indices of all non-food items increased, except for ‘personal care and effects’, which fell by 0.3%.
- **Core inflation, which excludes food and fuel,** fell to 3.3% in August from 3.4% in July.
- **Wholesale Price Index (WPI) inflation eased to a 4-month low of 1.31%** in August, because of the reduction in food and fuel inflation. WPI food articles index reduced by 1.8% on MoM basis with decrease in prices of fruits, vegetables, egg, fish, milk, and condiments and spices. Price index of ‘crude petroleum and natural gas’ fell by 1.8% in August.

General inflation: CPI and WPI



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