

Deals at a glance

PwC India



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In the dynamic landscape of deal-making, the first quarter of 2024 marks a notable resurgence, signalling a shift from the declining trend observed throughout the preceding year.

With 455 deals, this quarter showcases a 24% rise in deal volume as compared to Q4 CY23. Moreover, merger and acquisition (M&A) deal value soared by 60%, reaching USD 19.6 billion while private equity (PE) deal value experienced a slight dip. Nevertheless, the overall deal value for Q1 2024 stands at a USD 25.6 billion, marking a significant increase from both the previous quarter and the corresponding period last year.

Sector-wise, traditional sectors took the lead, drawing significant investments in the changing deal-making scenario. The media and entertainment sector tops the charts in terms of value, while the retail and consumer sector continues to lead in terms of the deal volume.

Meanwhile, the Indian economy stands as a beacon of resilience, boasting a robust gross domestic product (GDP) growth rate of 8.4% in Q3 of FY24, fueled by increased investments. Despite challenges such as sluggish private consumption and investment, as well as tempered export growth, the overall outlook remains positive.

Q1 has been profitable for the capital markets, as cemented by the 29% and 28% increase in Nifty 50 and S&P 500 respectively, since December 2023.

Overall, the first quarter of 2024 reflects a landscape ripe with opportunities. There's an overarching sense of optimism and anticipation, as deal makers, businesses and investors look forward towards the rest of the year.

On a separate note, I would like to extend a warm thanks to all our clients for trusting us and making us the #1 private equity transactions advisor in India for the tenth year in a row!



Select PwC advised deals

Ind-Swift Laboratories Ltd

Exclusive financial advisor to Ind-Swift for sale of API and CRAMS business to Synthimed Labs

Paradeep Phosphates Ltd

Exclusive financial advisor to Paradeep Phosphates for the proposed merger with Mangalore Chemicals and Fertilisers

Vidal Health

Exclusive financial advisor to Vidal Health for proposed sale to Bajaj Finserv

PwC thought leadership reports



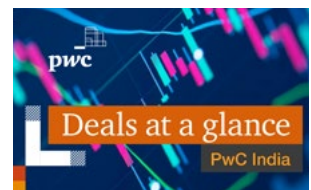
Global M&A Industry Trends:
2024 outlook



Global entertainment and
media outlook: India
perspective

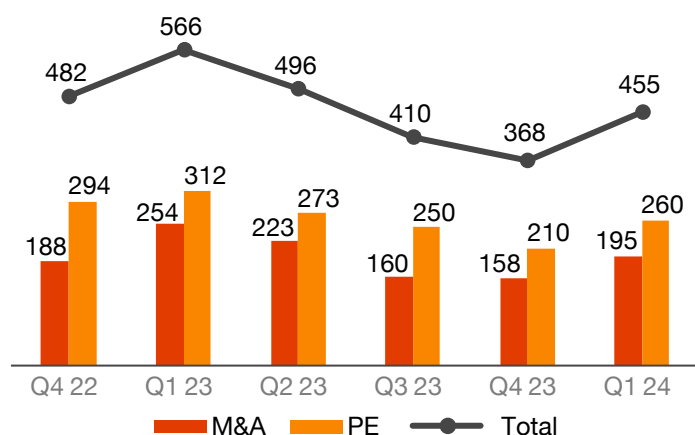


How India shops online



Deals at a glance 2023

Deal volume

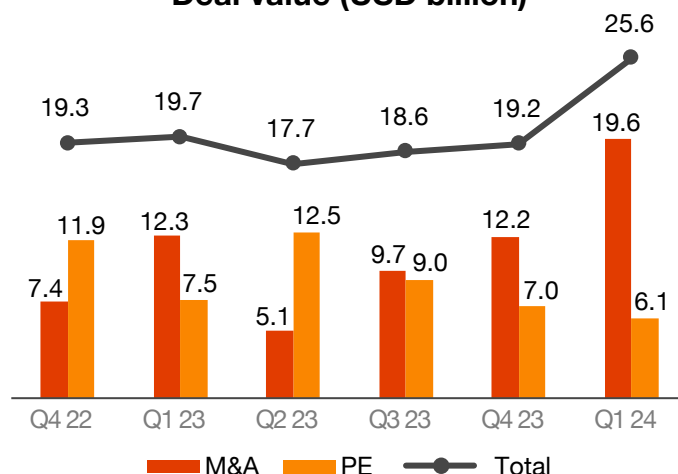


Dealmakers breathe a sigh of relief as deal volumes break the downward trend we saw quarter on quarter last year. Total deal volume stands at 455, showcasing robust activity in deals for the quarter overall. In Q1 2024, the market activity, in terms of volumes, shows a significant uptick compared to the last two quarters. M&A deals and PE investments rose by 23% and 24% respectively.

The total deal value exhibits a significant rise this quarter. This was led by M&A deals, where deal value soared from USD 12.2 billion in Q4 CY23 to USD 19.6 billion in Q1 CY24, marking a 60% increase. Despite a slight dip in PE deal value from USD 7 billion to USD 6.1 billion this quarter, the overall total deal value for Q1 2024 stands at USD 25.6 billion – 33% higher than Q4 CY23. This is also 30% higher than that in Q1 CY23.

Q1 CY24 showcases the best figures in the last six quarters owing to the momentum of the market and large-ticket deals. This hints at a bold appetite for strategic expansion and

Deal value (USD billion)



market dominance. We observed 14 deals with value over USD 500 million, as compared to just nine such deals in Q4 CY23. Out of these, 12 are M&A transactions.

Although the value increased, the average ticket size for M&A deals remained at USD 142 million, same as the Q4 CY23, and 42% higher than Q1 CY23. Conversely, the average ticket size for PE investments saw a decline of 39%, from USD 44 million in Q4 CY23 to USD 27 million in Q1 CY24. This indicates that although the number of deals is higher, majority of these deals had smaller ticket sizes. As anticipated at the start of the year, most deals with disclosed values are in the lower- and mid-market segment, with around 80% of the total deals below USD 50 million.

Domestic deals grew by 44% since Q4 CY23, while cross-border deals fell by 10%. With this growth, domestic deals continue to make up the majority with 73% share of the total M&A deals.

Q1 CY24 wrap up:

| | | | |
|-------------------------------------|---|----------------------------------|--|
| 455 Announced deal volume | USD 26 billion Disclosed deal value | 143 Domestic M&A deals | USD 4.5 billion Largest deal |
|-------------------------------------|---|----------------------------------|--|

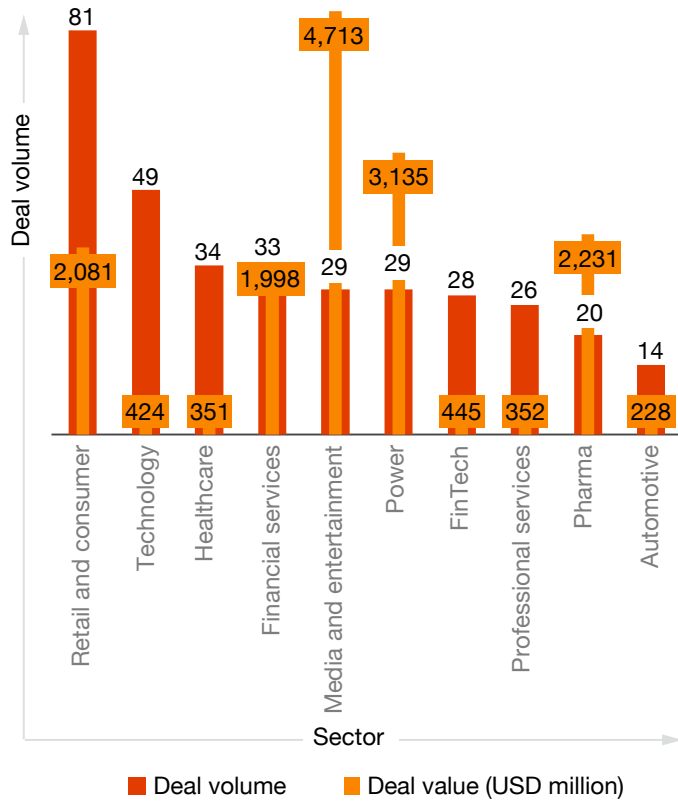
Top announced deals Q1 2024

| Target | Seller(s) | Buyer(s) | Deal type | Deal nature | Deal value (USD billion) |
|-------------------------------------|---------------------|--|----------------|----------------------|--------------------------|
| Star India Pvt. Ltd | Walt Disney Co. | Viacom 18 Media Pvt Ltd (media undertaking) | Domestic | Joint venture | 4.53 |
| ATC Telecom Infrastructure Pvt. Ltd | American Tower Corp | Data Infrastructure Trust | Domestic | Strategic investment | 1.98 |
| 12 Highway Assets | PNC Infratech Ltd | Highways Infrastructure Trust | Domestic | InvIT | 1.10 |
| Cohance Lifesciences Ltd | - | Suven Pharmaceuticals Ltd | Domestic | Merger | 1.02 |
| Sael Ltd | - | ADB, Norfund, Tata Cleantech Capital, US International DFC | Private equity | Fundraise | 1.00 |

Sector watch

In Q1 FY24, the media and entertainment sector led the market in terms of deal value, amounting to USD 4.7 billion across 29 deals. This was followed by the power sector, which stood at USD 3.1 billion across 29 deals. Pharmaceuticals, retail and consumer, and financial services are the other sectors that saw a high deal value showcasing substantial investment in traditional sectors.

Top 10 sectors: Deal volume wise



Sources:

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

The retail and consumer sector continues to display a high deal volume, with 81 deals this quarter, reflecting diverse transactions, albeit with a lower total deal value of USD 2 billion. The technology sector, with 49 deals, shows a modest total deal value of USD 424 million, indicating more frequent, smaller transactions – particularly in early-stage fundings within the start-up ecosystem.

Healthcare and pharmaceuticals too secure positions among the top sectors on the basis of volume. This indicates the shift in consumer priorities towards a more health-conscious and preventive mindset post the pandemic.

The emerging sector of FinTech has continuously exhibited promise, standing amongst the top sectors with 28 deals and a deal value of USD 445 million this quarter. This signals towards the increasing interest and investment in the evolving industry and the wave of digitalisation.

The largest deal of the quarter comes from the media and entertainment sector, where Reliance Industries signed a binding agreement with Disney to form a joint venture, combining the businesses of Viacom 18 and Star India. This will create a media behemoth across TV broadcasting, streaming, movies and sports.

Data qualifications:

The data used for analysis is as of 31 March 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

Q1 CY24 successful IPOs:

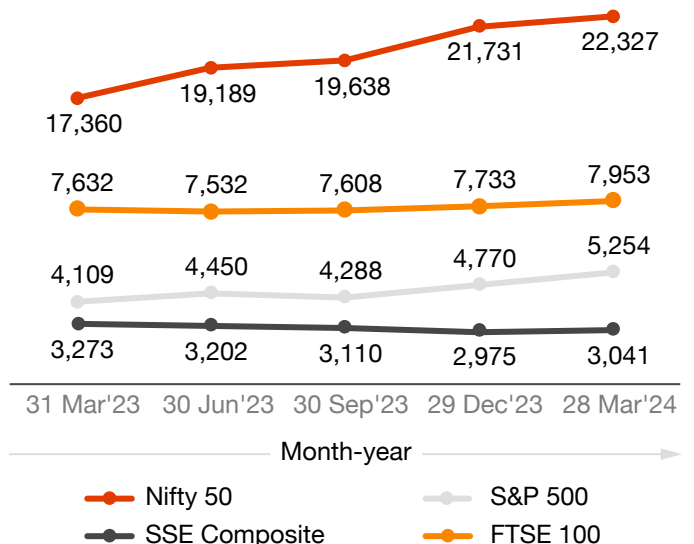


23 Mainboard IPOs



61 SME IPOs

Stock market trend



Economic snapshot

- **8.4% GDP growth** on year-on-year (YoY) basis, due to growth in investment and base effect.
- **3.5% growth in private consumption**, lower than average Q3 growth during FY13-23 (6.3%). Factors suggest inflation, weak rural consumption and stress at the bottom of the income pyramid as possible reasons.
- **Government consumption lower by 3.2%** due to high base (7.1% growth last year), lower transfer to states and spends by Department of Revenue, Ministry of Housing and Urban Affairs, Civil Aviation, and Women and Child Development.
- **10.6% growth in investment** due to strong growth in capex. However, value of projects in private sector declined by 48% from last year.
- **3.4% growth in exports** driven by services export. Goods exports impacted by global economic slowdown and trade route disruption in Red Sea region. About 8.3% growth in imports, due to increase in imports of electrical machinery and equipment, coal, limestone, iron ore and precious and semi-precious stones.

GDP and expenditure components (at constant prices)

| Key components | Share (%) | Growth (%) | | | | |
|--|------------|------------|------------|------------|------------|------------|
| | | FY23 Q3 | FY23 Q4 | FY24 Q1 | FY24 Q2 | FY24 Q3 |
| Private final consumption expenditure (PFCE) | 58.6 | 1.8 | 1.5 | 5.3 | 2.4 | 3.5 |
| Government FCE (GFCE) | 7.8 | 7.1 | 13.9 | -0.1 | 13.8 | -3.2 |
| Gross fixed capital formation (GFCF) | 32.4 | 5.0 | 3.8 | 8.5 | 11.6 | 10.6 |
| Change in stocks | 1.1 | 11.5 | 18.2 | 1.6 | 10.7 | 7.9 |
| Exports | -1.7 | 10.9 | 12.4 | -6.5 | 5.3 | 3.4 |
| Imports | -1.7 | 4.1 | -0.4 | 15.3 | 11.9 | 8.3 |
| GDP | 100 | 4.3 | 6.2 | 8.2 | 8.1 | 8.4 |

Source: Ministry of Statistics and Programme Implementation (MoSPI)

- **6.5% gross value added (GVA) growth**, due to strong performance of manufacturing and construction sectors and favourable base effect.
- **Gap between GVA and GDP growth was 190 basis points (bps)** – higher than average Q3 gap of 51 bps during 2012-23 – owing to lower disbursement of food and fertiliser subsidy compared to last year.
- **Manufacturing sector saw a 11.6% growth**, mainly due to low base of previous year (-4.8% growth during Q3 FY23).
- **Nearly 0.8% degrowth in agriculture and allied sector**, due to decline in crop production owing to erratic rainfall. As per second advance estimates, production of foodgrains in 2023-24 is projected to decline by 6.2%, with 10% decline in pulses and 5.8% decline in cereals over previous year's figures.

GVA by economic activity (at constant prices)

| Key components | Share (%) | Growth (%) | | | | |
|--|------------|------------|------------|------------|------------|------------|
| | | FY23 Q3 | FY23 Q4 | FY24 Q1 | FY24 Q2 | FY24 Q3 |
| Agriculture, livestock, forestry and fishing | 17.6 | 5.2 | 7.6 | 3.5 | 1.6 | -0.8 |
| Mining and quarrying | 2.1 | 1.4 | 2.9 | 7.1 | 11.1 | 7.5 |
| Manufacturing | 16.4 | -4.8 | 0.9 | 5.0 | 14.4 | 11.6 |
| Electricity, gas, water supply and other utility services | 2.3 | 8.7 | 7.3 | 3.2 | 10.5 | 9.0 |
| Construction | 9.1 | 9.5 | 7.4 | 8.5 | 13.5 | 9.5 |
| Trade, hotels, transport, communication and services related to broadcasting | 19.0 | 9.2 | 7.0 | 9.7 | 4.5 | 6.7 |
| Financial, real estate and professional services | 20.6 | 7.7 | 9.2 | 12.6 | 6.2 | 7.0 |
| Public administration, defence and other services | 12.9 | 3.5 | 4.7 | 8.2 | 7.7 | 7.5 |
| GVA | 100 | 4.8 | 6.0 | 8.2 | 7.7 | 6.5 |

Source: Ministry of Statistics and Programme Implementation (MoSPI)

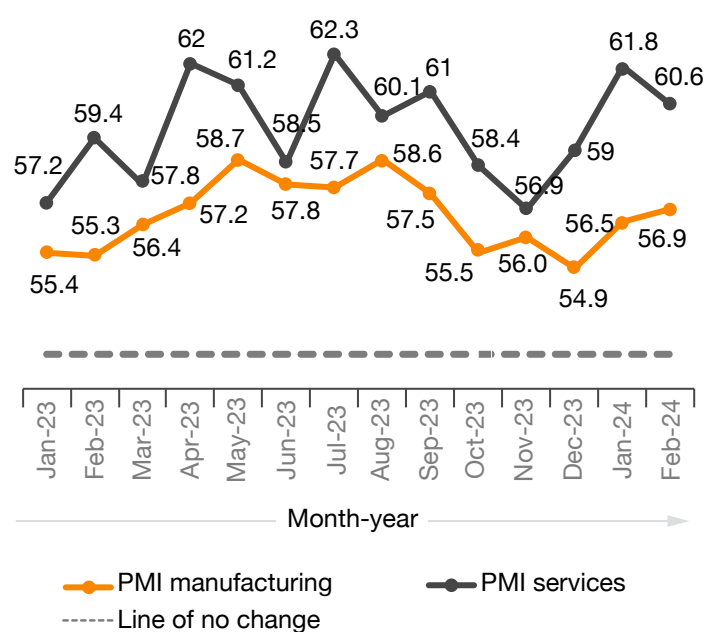


Index of Industrial Production (IIP) growth

| IIP | Annual growth (%) | | |
|---|-------------------|---------------|--------------|
| | November 2023 | December 2023 | January 2024 |
| Mining | 7.0 | 5.2 | 5.9 |
| Manufacturing | 1.2 | 4.5 | 3.2 |
| Electricity | 5.8 | 1.2 | 5.6 |
| IIP (General) | 2.4 | 4.2 | 3.8 |
| Primary goods | 8.5 | 4.8 | 2.9 |
| Capital goods | -1.1 | 3.6 | 4.1 |
| Intermediate goods | 3.1 | 3.9 | 4.8 |
| Infrastructure /construction goods | 1.7 | 5.1 | 4.6 |
| Consumer durables | -5.5 | 5.3 | 10.9 |
| Consumer non-durables | -3.3 | 2.4 | -0.3 |

Source: Ministry of Statistics and Programme Implementation (MoSPI)

Purchasing Manager's Index (PMI)



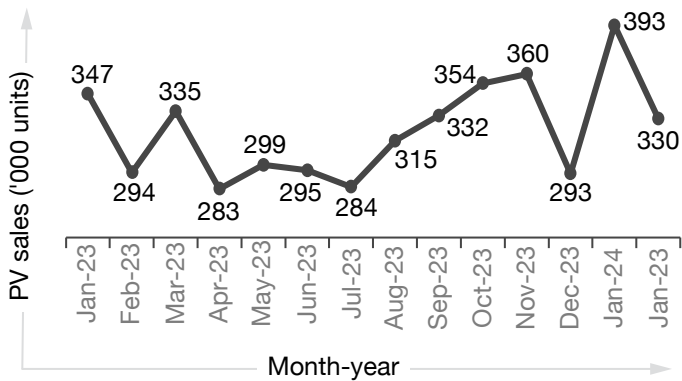
The PMI is a weighted average of the following five indices: New orders (30%), output (25%), employment (20%), suppliers' delivery times (15%) and stocks of purchases (10%).

- **YoY growth of IIP dropped to 3.8% in January 2024** from 4.2% in December 2023 (revised estimate) due to slowdown in manufacturing IIP growth to 3.2% from 4.5%.
- **Manufacturing PMI rose to 56.9** in February 2024 from 56.5 in January.
- **Services PMI eased to 60.6** in February 2024 from the six-month high of 61.8 in January 2024.

- **Passenger vehicle (PV) sales rose by 12.4% on YoY basis in February 2024**, achieving the highest sales figures for the month of February ever recorded.
- This was driven by strategic introduction of new products, especially models with high demand, enhanced vehicle availability and favourable customer sentiment.
- The utility vehicle (UV) segment has been a key driver of PV growth in recent years due to change in customer preferences.
- **Two-wheeler sales (2Ws) rose by 13.3% in February 2024** compared to the previous year.
- This growth was spearheaded by rural market with increased demand for both premium models as well as entry-level segments.
- In addition, availability of wider range of products, attractive promotions and wedding season also contributed to sales growth.
- **Other high-frequency indicators of consumption hinted towards an improvement in consumption:**
 - 8.9% YoY increase in petrol consumption compared to 9.7% last month
 - 12.5% YoY increase in GST compared to 10.4% growth in January 2024.

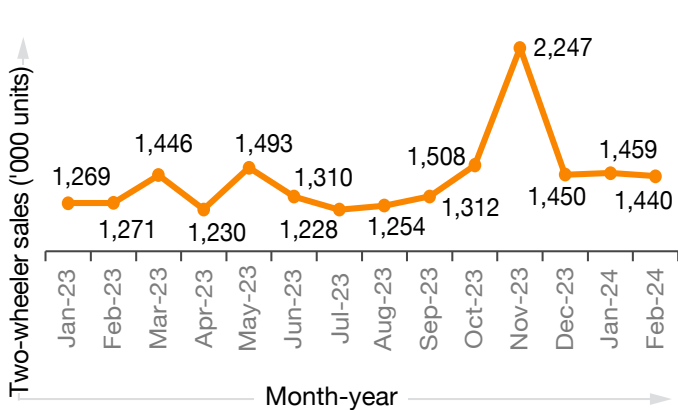


Retail sales of PVs ('000 units)

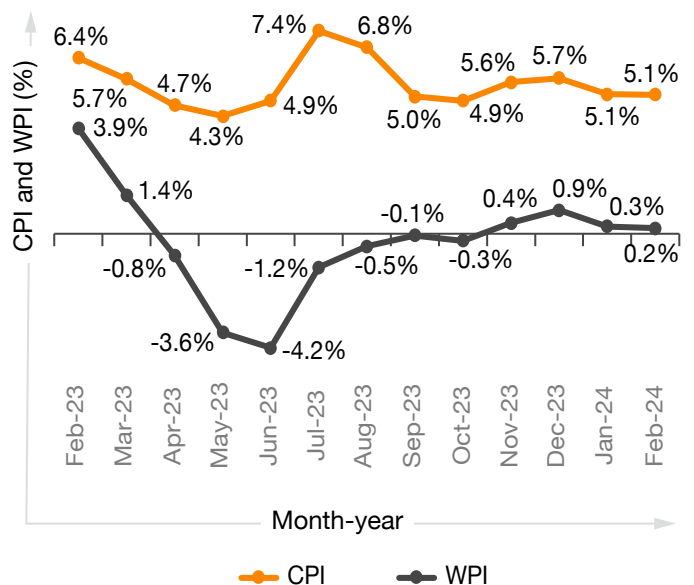


- Consumer Price Index (CPI) eased marginally to 5.09% in February from 5.10% in January. Retail food inflation rose to 8.7% from 8.3% last month. Inflation rate for all non-food categories reduced in February from January 2024.
- Wholesale Price Index (WPI) inflation eased to a four-month low of 0.2%. WPI food inflation rose to 4.1% from 3.8% in January while inflation for non-food articles rose in February from January.
- Core inflation, which excludes food and fuel, dropped to 3.36% from 3.56% in January 2024, indicating the impact of monetary policy tightening on services and manufactured goods.

Retail sales of two-wheelers ('000 units)



General inflation: CPI and WPI



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Data Classification: DC0 (Public)

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HS/April 2024 - M&C 36686