Deals at a glance: Q1 CY26

PwC India

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India's deal market in Q1 CY26 demonstrated resilience in activity even as deal values moderated. The quarter recorded 913 transactions—a modest improvement over the previous quarter. However, the total deal value at $26.1 billion came in softer, reflecting the absence of the large concentrated transactions that characterised Q4 CY25. This divergence between volume and value has been a consistent theme this quarter, and one that we believe reflects a market in transition rather than retreat.

Sectorally, retail & consumer and technology retained their positions as the most active segments, together accounting for over a third of all deals in the quarter. Power stood out as the value leader at $3,616 million, signalling continued and growing conviction in energy infrastructure investment. The broader sectoral picture points to a market where deal-making remains well distributed, with capital finding its way into a wide range of industries.

The macroeconomic backdrop remains supportive. India's GDP grew at 7.8%, backed by strong private consumption and rising investment. This growth trajectory continues to provide a credible foundation for deal activity. The Nifty 50 ended the quarter at 22,331, moderating from its peak mirroring broader global market softness, with other indices also closing the quarter below their prior peaks. The IPO market saw a decent, although lower, number of listings during the quarter.

As we look ahead, the fundamentals that drive deal-making in India remain intact. The trends of Q1 CY26 are encouraging, and with a strong economic foundation and active sectoral pipelines, we expect deal activity to build through the year. The detailed analysis that follows unpacks each of these themes in greater depth, and we hope it serves as a useful reference for your strategic thinking.

Recent PwC advised deals

- **Demifine Fashion Pvt Ltd (PALMONAS)**
  Exclusive financial advisor to PALMONAS on fundraise from Xponentia Capital, Vertex Growth Fund, and Vertex Ventures
- **Polyplex Corporation Limited**
  Exclusive financial advisor to Polyplex Corporation for their acquisition of majority stake in TechNova Printrite Products Private Limited
- **CleanMax Enviro Energy Solutions Limited**
  Advisor to CleanMax Enviro Energy Solutions for pre-IPO preparedness and project management services, and successful listing on NSE and BSE

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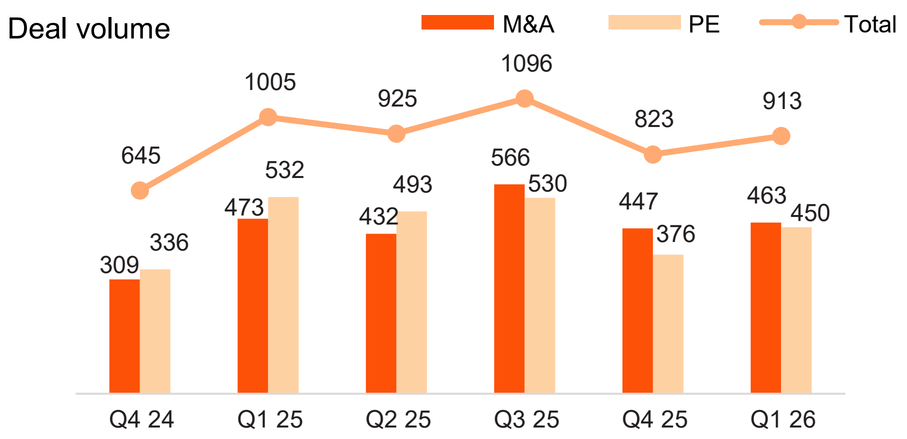
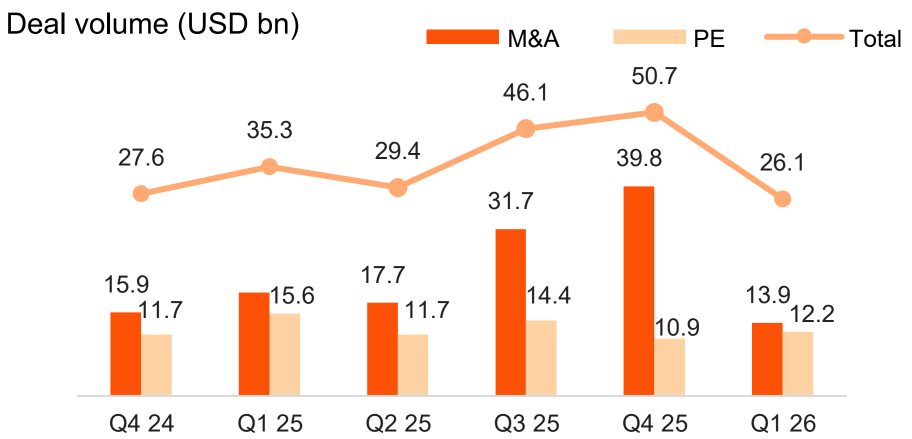
Market snapshot





Q1 CY26 presented an unusual picture where deal activity picked up, but the money behind those deals did not. Total transactions rose to 913—a 11% improvement over Q4 CY25's 823 deals, with private equity leading the recovery at a rise of 20% QoQ. However, total deal value told a different story, falling 49% from $50.7 billion in Q4 CY25 to $426.1 billion—the weakest quarterly value in the last six months. Measured against the same quarter last year, the market was down 26% in value and 9% in volume, making clear that this is not simply a hangover from an unusually strong Q4 CY25, but a broader softening relative to where the market stood twelve months ago.

The reason deal value fell so sharply while deal count held up is the lack of large-ticket deals. Transactions of $500 million and above dropped from 21 in Q4 CY25 to just 9 in Q1 CY26, with billion-dollar-plus deals falling from 12 to 4. This pulled the average M&A deal size down from $134 million in Q4 CY25 to approximately $49 million in Q1 CY26, a 63.6% decline, and even below the Q1 CY25 average of

Q1 CY26 wrap up:

913

Announced deals

$26.1 billion

Disclosed deal value

330

Domestic deals

$1.8 billion

Largest deal

$59 million, suggesting the market is not just correcting from a high base but is genuinely operating at a smaller deal scale than a year ago. PE deal sizes held relatively steady at $31 million on average, continuing a pattern of consistency that has characterised private equity throughout the observed period, in contrast to the volatility seen in M&A.

Looking within M&A, domestic deals remained the backbone of activity at 330 transactions, accounting for 71% of all M&A deals—a share that has been consistent across almost every quarter. Inbound deals were the bright spot, recovering strongly from a low of 49 in Q4 CY25 to 60 in Q1 CY26, the largest percentage gain among M&A sub-types at 22.4% QoQ. Outbound deals moved in the opposite direction, declining for the second consecutive quarter to 74 from a peak of 95 in Q3 CY25 and 80 in Q4 CY25, though they remain above the levels seen before that spike. Interestingly, when viewed on a YoY basis, outbound activity is the only M&A category that is actually higher than Q1 CY25 by 7.2%, while domestic and inbound both trail last year's levels.

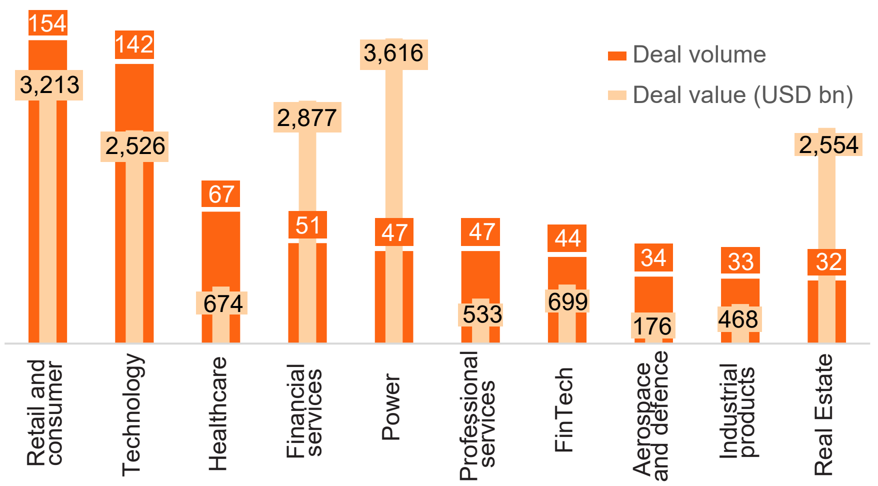
Taken together, Q1 CY26 is best understood as a market that remained open for business but pulled back from the large, headline transactions that defined Q4 CY25. The recovery in deal volumes, particularly in PE and inbound M&A, offers a reasonable base to build on. But a meaningful recovery in overall deal value will depend on whether appetite for larger transactions returns in the quarters ahead—and the current data does not yet show signs of that.

Q1 CY26 Top deals:

Target	Seller(s)	Buyer(s)	Deal type	Deal nature	Deal value (USD million)
Royal Challengers Sports Pvt Ltd	United Spirits Ltd	Aditya Birla Group, Bolt Ventures, Bennett Coleman & Co, and Blackstone	Domestic	PE-backed acquisition	1,775
Jaiprakash Associates Ltd		Adani Enterprises Ltd	Domestic	Insolvency acquisition	1,622
Sapphire Foods India Ltd		Devyani International Ltd	Domestic	Merger	1,073
Nxtra Data Ltd		Carlyle Group, Bharti Airtel, Anchorage Capital Group, and Alpha Wave Global	PE	Growth investment	1,000
Sammaan Capital Ltd		Avenir Investment RSC	Inbound	Open offer	946

Sector watch

Top sectors (Deal volume wise)



Deal activity in Q1 CY26 demonstrated a nuanced picture of sectoral rebalancing, with aggregate volume expanding modestly QoQ even as total deal value contracted sharply across several high-value sectors. Retail and consumer retained its position as the most active sector by volume, growing from 121 deals in Q4 CY25 to 154 in Q1 CY26, a 27% increase, signalling robust and accelerating deal flow in consumer-facing businesses. Technology similarly strengthened, rising from 108 to 142 deals, reinforcing its status as a structural deal-making theme. These two sectors alone accounted for approximately 36% of all transactions in the quarter. Healthcare too saw a rise from 48 deals in Q4 CY25 to 67 deals in Q1 CY26 growing 40% QoQ, though its deal value remained relatively modest at $674 million, suggesting mid-market activity rather than transformative.

The value story, however, diverges sharply from volume trends and merits particular attention. Financial services experienced the most considerable value compression of any major sector, declining from $16,723 million in Q4 CY25 to $2,877 million in Q1 CY26—an 83% decline—a contraction so steep it almost certainly reflects the absence of one or more mega-deals that inflated the prior quarter rather than any structural withdrawal of capital. Stripping out that distortion, the underlying deal count declined more modestly, from 69 to 51 transactions, fall of 26% QoQ, suggesting pipeline activity has cooled but not frozen. Real estate told a similar story. Value fell from $5,283 million to $2,554 million, 52% fall QoQ despite deal count holding relatively firm at 32 versus 48 in Q4. Conversely, power bucked the value compression trend convincingly, rising from $2,386 million to $3,616 million, increasing 52% QoQ while deal volume contracted from 51 to 47 deals, implying larger average transaction sizes and pointed capital deployment into energy infrastructure and generation assets.

Building materials recorded only six deals yet generated $1,637 million in value, down from 11 deals and $2,165 million in Q4, but maintaining a disproportionately high average deal size of approximately $273 million per transaction—the highest of any sector in the quarter. This persistently elevated average strongly implies ongoing large-scale consolidation within the sector, potentially driven by infrastructure spending tailwinds or supply chain integration plays. Media and entertainment surged from 22 deals worth $210 million in Q4 CY25 to 25 deals worth $2,091 million in Q1 CY26—a near 10x increase in deal value—showing an extraordinary spike on the back of the largest deal of the quarter. Electric vehicles, by contrast, saw value nearly triple from $207 million to $505 million QoQ despite a mere decline in deal count from 18 to 17, pointing to larger, more strategic bets being placed in the EV ecosystem even as deal frequency plateaued. At the other end of the spectrum, telecommunications remained persistently subdued with four deals worth $5 million in Q1 CY26. Oil and gas recorded five deals totalling $129 million.

Overall, Q1 CY26 presents a market in selective but purposeful motion. Volume growth in consumer, technology, and healthcare sectos signals broad-based deal appetite at the mid-market level, while the sharp value declines in financial services, real estate, and metals likely reflect the normalisation of an unusually active Q4 CY25 rather than fundamental deterioration. The emergence of power as the quarter's highest-value sector, combined with accelerating activity in EV and FinTech, points to a deal landscape increasingly shaped by energy transition and digital economy themes. This trend, if sustained, is likely to define the sectoral composition of M&A pipelines well into the remainder of CY26.

Q1 CY26 IPO wrap up:

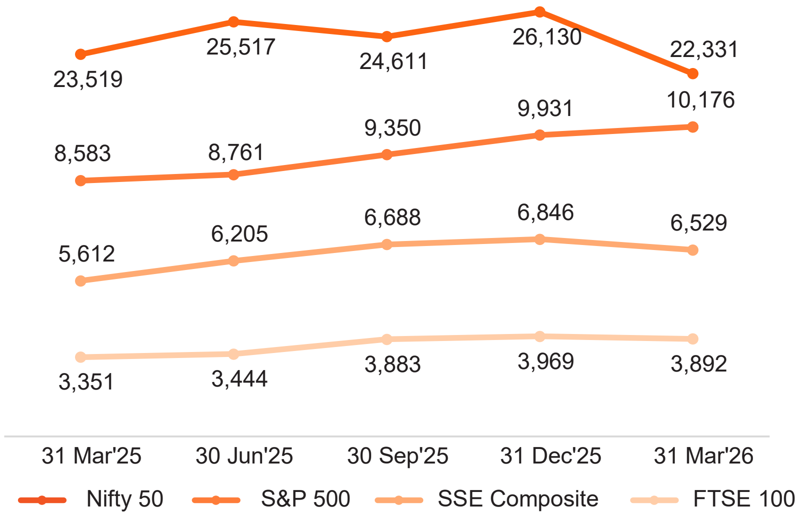
18

Mainboard IPOs

42

SME IPOs

Capital markets snapshot



Data qualifications:

The data used for analysis is as of 31 March 2025. All deal values refer to the announced/disclosed deal values.

*PE includes investment deals from all kinds of financial investors including private equity, venture capital, family offices, investment arms, holding companies etc.

This analysis does not include the following deals:

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

Sources:

- PwC analysis through publicly available sources

Economic snapshot

GDP and expenditure components (at constant prices)							
Key components	**Share (%)**	**Growth (%)**					
		FY24 Q3	**FY25 Q3**	**FY25 Q4**	**FY26 Q1**	**FY26 Q2**	**FY26 Q3**
Private final consumption expenditure (PFCE)	57	5.4	6.0	5.6	9.2	8.0	8.7
Government FCE (GFCE)	9.6	0.9	7.6	3.6	5.8	6.6	4.7
Gross fixed capital formation (GFCF)	30.7	6.2	6.7	6.2	4.9	8.4	7.8
Change in stocks	1.3	131.0	(1.1)	(5.8)	4.6	12.8	17.2
Exports	-1.4	0.9	10.5	5.4	6.6	10.2	5.6
Imports		0.1	2.9	5.5	7.4	5.9	8.6
GDP		**7.1**	**7.4**	**7.0**	**6.7**	**8.4**	**7.8**

Source: Ministry of Statistics and Programme Implementation (MoSPI)

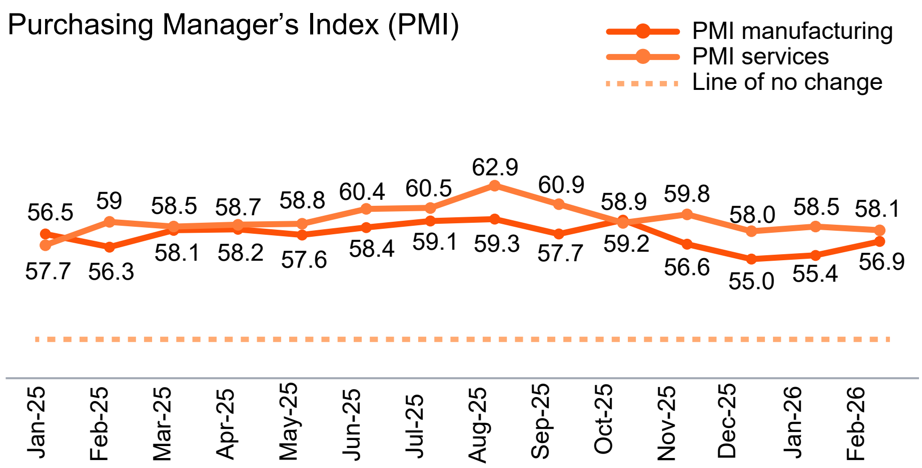
- **7.8% GDP growth in Q3 FY26** on YoY basis, higher than 7.4% in Q3 FY25 and 7.1% in Q3 FY24, driven by strong private consumption and investment, especially higher capital outlay by states and private capital recovery
- **8.7% growth in private consumption (PFCE) in Q3 FY26,** higher than 6% in Q3 FY25 and 5.4% in Q3 FY24, mainly due to GST rate cuts. **4.7% growth in government consumption in Q3 FY26,** on a high base of Q3 FY25 (7.6% growth).
- **7.8% growth in investment in Q3 FY26,** higher than 6.3% in Q3 FY25 and 6.2% in Q3 FY24. Centre's capex was 23% lower in Q3 FY26 compared to last year. State's capital outlay (excluding loans and advances) rose by 11.9% in April–November 2025 and 6.1% rise in new project announcements by private sector in Q3 FY26 over last year, driven by large-ticket investments in renewable energy, data centres and green chemicals, alongside strong volumes in metals and real estate projects.
- **5.6% growth in exports,** slower than 10.5% in Q3 FY25 and 10.2% growth in Q1 FY26, as Q3 FY26 was the first full quarter to reflect impact of US tariff and **8.6% growth in imports in Q3 FY26.**

GVA by economic activity (at constant prices)							
Key components	**Share (%)**	**Growth (%)**					
		FY24 Q3	**FY25 Q3**	**FY25 Q4**	**FY26 Q1**	**FY26 Q2**	**FY26 Q3**
Agriculture, livestock, forestry, and fishing	20	1.4	5.8	3.8	4.2	2.3	1.4
Mining and quarrying	2	1.5	13.1	12.9	4.5	6.1	4.7
Manufacturing	16	15.2	10.8	11.8	10.6	13.2	13.3
Electricity, gas, water supply, and other utility services	2	12.6	0.6	2.1	(1.9)	3.9	1.5
Construction	9	8.7	6.4	8.0	5.4	8.7	6.6
Trade, hotels, transport, communication, and services related to broadcasting	14	8.8	6.7	6.3	9.4	10.4	11.0
Financial, real estate, and professional services	25	4.8	11.1	8.8	8.8	9.9	11.2
Public administration, defence, and other services	12	7.3	4.4	3.2	4.3	6.9	4.5
GVA	**100**	**6.7**	**7.8**	**7.1**	**7.0**	**8.6**	**7.8**

Source: Ministry of Statistics and Programme Implementation (MoSPI)

- **7.8% gross value added (GVA) growth** in Q3 FY26 (YoY), moderation from 8.6% growth in Q2 but in line with 7.8% in Q3 FY25
- **1.4% growth in agriculture & allied sector** (lowest in seven quarters), along with -1.9% nominal growth. This is mainly due to base effect, low food prices, and Kharif crop damages from uneven and unseasonal rains in October and November 2025, especially impacting pulses, cotton, soyabean, maize and paddy.
- **4.7% growth in mining GVA** in Q3 FY26, due to high base of Q3 FY25 (13.1%) and unseasonal rains in October to November 2025, which disrupted open cast mines, especially coal. Iron ore, limestone, and copper concentrate output rose due to strong steel production, and demand from construction, infra, and electrical sectors.

- **13.3% growth in manufacturing GVA,** highest in last seven quarters and **9.5% growth in services sector** in Q3 FY26, second highest in the last 11 quarters
- **Electricity, gas, water supply & other utility eased to 1.5%,** mainly due to rise in renewable power (solar, wind, hydro) and contraction in thermal power generation
- **6.6% growth in construction** in Q3 FY26, fourth lowest in the last 11 quarters, likely due to slowdown in central government capex



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%).

Index of Industrial Production (IIP) growth

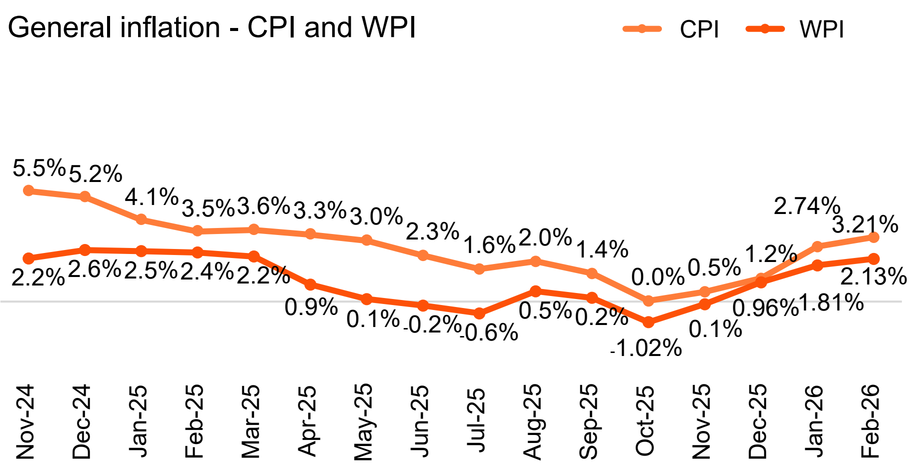
IIP	Annual growth (%)		
	November 2025	December 2025	January 2026
Mining	5.8	6.9	4.3
Manufacturing	8.5	8.4	4.8
Electricity	-1.5	6.3	5.1
IIP (General)	**7.2**	**8.0**	**4.8**
Primary goods	2.2	4.4	3.1
Capital goods	10.1	8.3	4.3
Intermediate goods	7.4	7.8	6.0
Infrastructure/construction goods	13.0	12.8	13.7
Consumer durables	11.2	12.4	6.3
Consumer non-durables	8.0	8.5	-2.7

Source: Ministry of Statistics and Programme Implementation (MoSPI)

- **Manufacturing Purchasing Manager's Index (PMI) rose to 56.9 in February 2026** from 55.4 in January 2026. Output rose at the fastest pace in four months and above its long-run average, due to strong domestic orders, efficiency improvements, healthy underlying demand, rising intakes of new work, and tech investment. However, growth in new export orders was the slowest in 17 months. Employment rose at the quickest pace in four months but stayed generally modest.

- **Services PMI remained almost unchanged at 58.1 in February 2026** compared to 58.5 in January 2026. New orders rose sharply in February, but growth slowed to a 13-month low as strong demand, efficiency gains, rising sales, tech projects, and marketing efforts were partly offset by intensifying competition. International sales expanded at the fastest pace since last August, as services firms reported gains from many. Service firms increased their staffing levels with the rate of job creation higher than in January.

- **Index of Industrial Production (IIP) growth declined to 4.8% in January 2026** from 8% (revised) in December 2025.



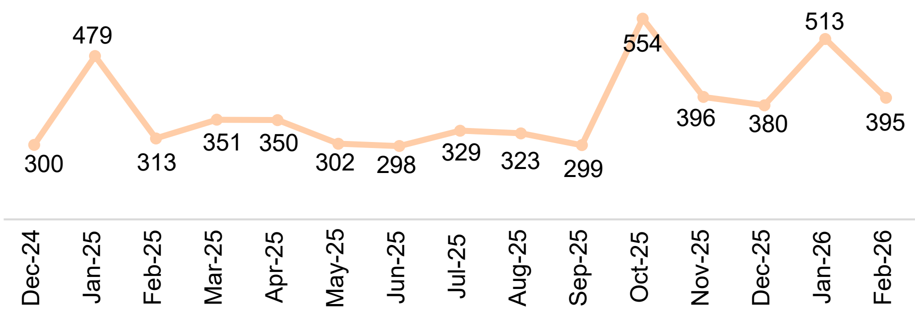
Source: MoSPI; Ministry of Commerce and Industry

- **Consumer Price Index (CPI) inflation rose to 3.21% in February from 2.74% in January 2026.** Food inflation rose to 3.47% in February from 2.13% in January, as per new series while core inflation rose marginally to 3.4% in February from 3.35% in January.

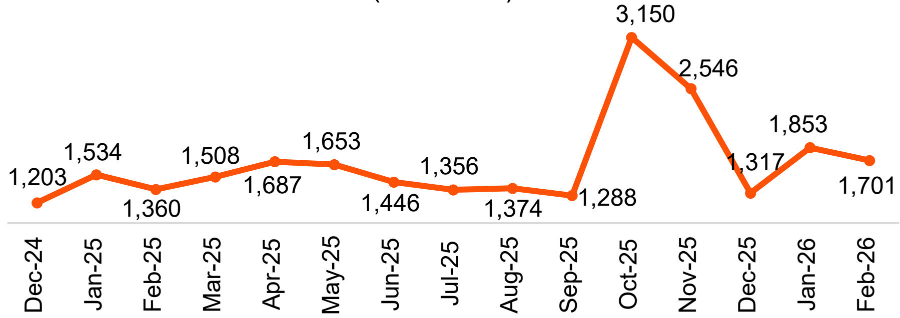
- **Wholesale Price Index (WPI) inflation rose to 11-month high of 2.13% in February 2026.** WPI rose by 0.3% on MoM basis, above long-term February average (0.04%), reflecting stronger seasonal pressure. WPI food inflation rose by 1.8% in February from 1.4% in January.

- **Global crude oil prices surged due to geopolitical tensions** following military action and the closure of the Strait of Hormuz. In India, retail petrol and diesel prices are still held steady as oil marketing companies (OMCs) absorb losses, but LPG prices saw partial pass-through. LPG has been prioritised over petrochemicals, premium petrol and industrial diesel prices been increased, and LPG refill waiting period increased to 25 days.

Retail sales of passenger vehicles ('000 units)



Retail sales of two-wheelers ('000 units)



Source: Federation of Automobile Dealers Associations (FADA)

- **Passenger vehicle (PV) sales grew by 26% in February 2026 (YoY), up from 7.22% in January 2026** driven by improved affordability post GST reform, wedding season demand, and new model launches. Urban sales grew by 21.1%, while rural sales outperformed at 34.2%. Rural demand supported small-car sales, even as SUVs and UVs continued to drive overall volumes. Inventory fell by nearly five days to 27–29 days, reflecting better supply discipline and closer alignment with retail demand.

- **Two-wheeler (2W) sales grew by 25% in February 2026 (YoY) compared to 20.8% in January 2026,** mainly due to improved rural liquidity from good crop output, marketing schemes, better affordability due to GST reforms and lower EMI, wedding season, and new product launches. However, supply constraints in a few models in some regions and board examinations tempered the momentum. Growth remained broad-based, with urban sales rising by 29% and rural sales by 22.2%
- **6.1% (YoY) growth in petrol consumption in February 2026,** same as January 2026, likely due to strong auto sales, wedding season, leisure travel, and rural liquidity.

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