



# Deals at a glance

PwC India



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India's macro-economic indicators come as a glimmer of hope as we see early signs of improvement. Though deal activity in H1 has been muted, much like the global trend, it is known to follow economic cycles which makes us optimistic for the second half of the year.

Deal count and deal value continued to fall in Q2 2023 as we observe the lowest volume and value in the past six quarters. However, the start-up ecosystem in India has been consistently drawing significant capital, especially in the growth and late-stage funding rounds, owing to the sustained surge in private equity deals over M&A deals. The market indices too are in line with the recovery of the market, with Nifty 50 hitting a record high on the close of Q2 following S&P 500.

Government spending and capital expenditures continue to drive economic stimulus and there are preliminary indications of multiplier effects from higher private sector investment announcements as well. The second half of the year looks promising with the price indices dropping, inflation cooling off and consumption rising. There has been growth in industrial production, mainly manufacturing, due to strong performance of basic metals, machinery, electrical equipment and pharmaceuticals.

It will be interesting to observe how the final two quarters of 2023 unfold, both globally and in India.

## PwC advised deals

### SARE Gurugram

Corporate resolution plan under IBC for sale to KGK Realty (India) and Dhoot Infrastructure Projects

### Unimark Remedies Ltd

Corporate resolution plan under CIRP for sale to Intas Pharmaceuticals and Shamrock Pharmachemi

### Blue Tokai

M&A advisory for raising funds from A91 Partners and existing investors

### The Souled Store

M&A advisory for raising funds from Xponentia Capital and existing investors

## PwC Thought Leadership



Global M&A Industry Trends:  
2023 mid-year update



Start-up Perspectives



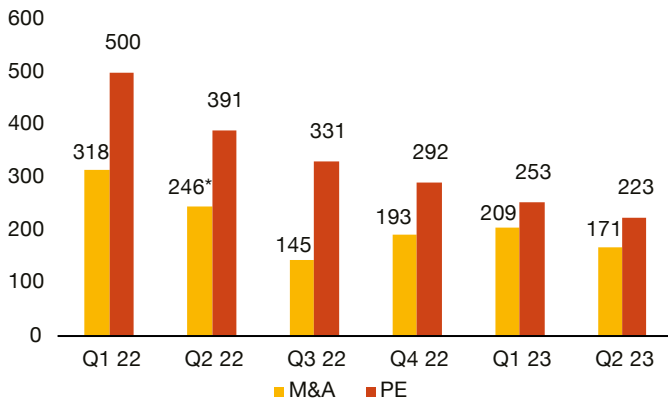
Deals landscape:  
Infrastructure in India



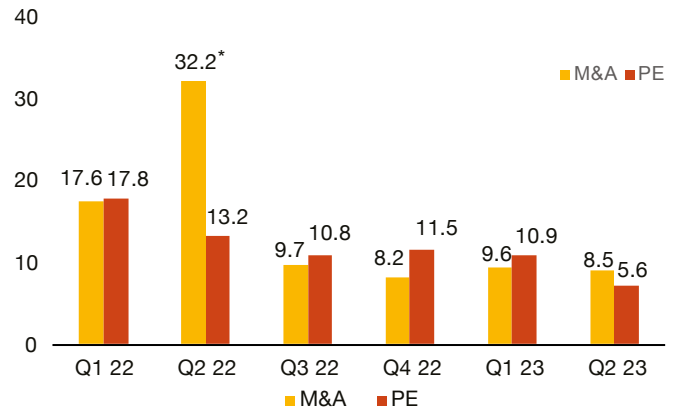
Private Equity Responsible  
Investment Survey

# Market snapshot

Deal count



Deal value (in USD billion)



\*Does not include the HDFC merger (USD 60 billion)

There has been a sluggishness in the global market, and this does reflect in the Indian deal space. Markets appear to be tough so far as we see a prolonged decline in this quarter as well; but this appears to be a transient phenomenon.

The total announced deals decreased by 15% compared to the last quarter. Of these, domestic deals continue to reign with 56% and deal value of USD 4.1 billion, and M&A deals comprising 48% of the total. Inbound deals were a close second, totaling up to USD 3.8 billion.

There was a clear spike in deal value last year as compared to this year, accruing to a few large deals, eight of which were in Q2CY22. This is not the case this year as 2023 continues to miss big-ticket deals with only five deals above USD 1 billion in the first half, only two in Q2CY23.

The total disclosed deal value fell 31% from the last quarter. This decline was steered majorly by PE deals as PE deal value fell to almost half of last quarter even though the volume continue to surpass M&A. There was significant activity in the deal range of below USD 10 million owing to the early-stage fundings in start-ups.

## 2023 Q2 wrap up:

**394**

Announced deal count

**USD 14 billion**

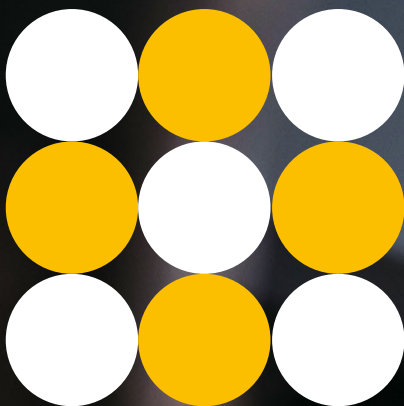
Disclosed deal value

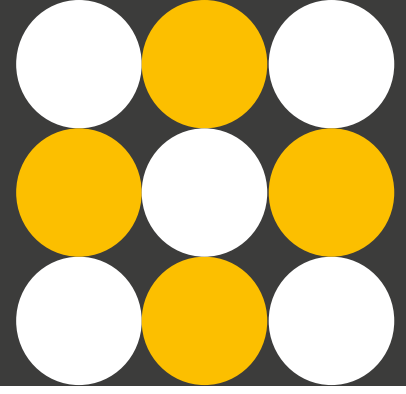
**96**

Domestic deals

**USD 1.6 billion**

Largest deal





## Sector watch

Technology continues to be the one of the most active sectors this quarter too in terms of number of deals. Despite there being an overall decline in the deal count in all sectors, retail and consumer stood out as the only sector to see growth, making it the top sector with maximum number of deals this quarter.

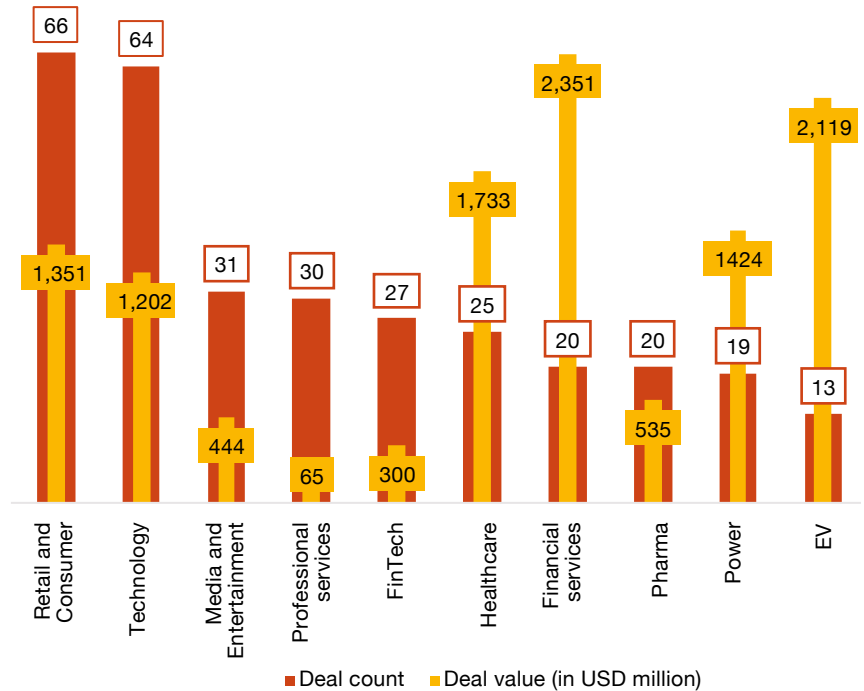
The financial services (non-FinTech) sector did not see many deals but showed prominence value 'wise' with five deals above USD 100 million and a total of over USD 2 billion. The largest deal this quarter was in the healthcare sector, wherein Sheares Healthcare, a unit of Singapore's Temasek, has agreed to buy a controlling stake in Manipal Health Enterprises.

## Start-up watch

A lot of the deal activity was driven by the start-ups with SaaS, D2C and FinTech continuing to be the top invested sectors in both funding and M&A activity.

Funding activity has significantly increased in D2C, online gaming and FoodTech sectors. Lenskart and FreshToHome raised more than USD 100 million during H1CY23, putting D2C as the second highest invested sector. Online gaming grew three times while FoodTech grew four times in H1CY23.

### Top sectors (deal count wise)



#### Data qualifications:

This analysis does not include the following deals:

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

#### Sources:

- Mergermarket
- VCCEdge
- Venture Intelligence
- PwC analysis
- PwC's Start-up Perspectives
- <https://www.chittorgarh.com/report/ipo-in-india-list-main-board-sme/82/>

## 2023 Q2 Successful IPOs

6

Mainboard IPOs



34

SME IPOs



## Economic snapshot

GDP growth for FY23 propelled to 7.2% by net exports and investments

### GDP and expenditure components (at constant prices)

Key components	FY23 Share (%)	FY23 (Growth %)				FY23 over FY22 (%)	Avg growth FY13-19 (%)
		Q1	Q2	Q3	Q4		
Private consumption	60.6	19.8	8.3	2.2	2.8	7.5	7.0
Government consumption	10.3	1.8	-4.1	-0.6	2.3	0.1	2.0
Investment	29.2	20.4	9.6	8.0	8.9	11.4	5.5
Exports	-3.7	19.6	12.2	11.1	11.9	13.6	4.4
Imports		33.6	23.1	10.7	4.9	17.1	2.3
GDP	100	13.1	6.2	4.5	6.1	7.2	6.7

Source: Provisional estimates of National Income 2022-23, Ministry of Statistics and Programme Implementation (MoSPI)

Construction, trade, hotels, transport and related services supported GVA growth of 7% in FY23 over FY22

### GVA by economic activity (at constant prices)

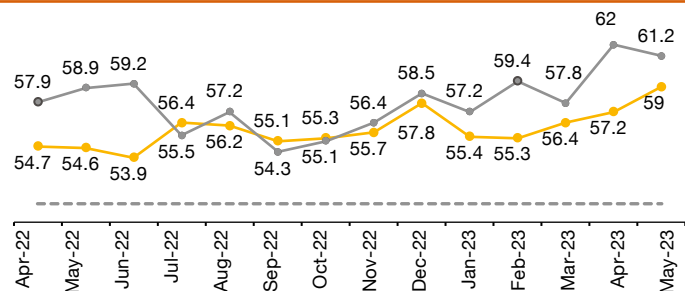
Industry (Growth rates %)	FY23 Share (%)	FY23 (Growth %)				FY23 over FY22 (%)	Avg growth FY13-19 (%)
		Q1	Q2	Q3	Q4		
Agriculture, forestry and fishing	15.1	2.4	2.5	4.7	5.5	4.0	3.2
Mining and quarrying	2.2	9.5	-0.1	4.1	4.3	4.6	4.7
Manufacturing	17.7	6.1	-3.8	-1.4	4.5	1.3	7.0
Electricity, gas, water supply, other utilities	2.3	14.9	6.0	8.2	6.9	9.0	6.0
Construction	8.4	16.0	5.7	8.3	10.4	10.0	4.5
Trade, hotels, transport, communication, services related to broadcasting	19.0	25.7	15.6	9.6	9.1	14.0	8.8
Financial, real estate and professional services	22.5	8.5	7.1	5.7	7.1	7.1	7.0
Public administration, defence, other services	12.7	21.3	5.6	2.0	3.1	7.2	5.8
GVA		11.9	5.4	4.7	6.5	7.0	6.2

Source: Provisional estimates of National Income 2022-23, MoSPI

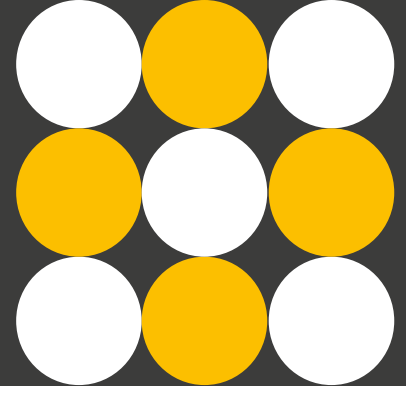
### GVA by economic activity (at constant prices)

Index of Industrial Production (IIP)	Annual growth (%)		
	Feb-23	Mar-23	Apr-23
Mining	4.8	6.8	5.1
Manufacturing	5.6	1.2	4.9
Electricity	8.2	-1.6	-1.1
IIP (General)	5.8	1.7	4.2
Primary goods	6.9	3.3	1.9
Capital goods	10.5	9.1	6.2
Intermediate goods	0.7	1.7	0.8
Infra/Construction goods	8.4	7.0	12.8
Consumer durables	-4.1	-8.1	-3.5
Consumer non-durables	12.1	-2.7	10.7

### Purchasing Manager's Index (PMI)



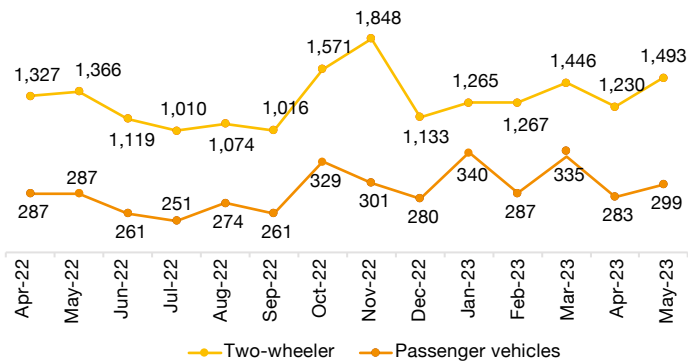
The IIP and PMI prints indicate demand resilience. IIP growth (YoY) increased to 4.2% in April 2023. Manufacturing PMI showed a 31-month high of 58.7 and service PMI declined to 61.2 but reflected the second-strongest growth in almost 13 years, in May 2023.



- EV sales surpassed 150k for first time in May.
- FMCG value sales increased by 1.4% in May 2023 from May 2022.

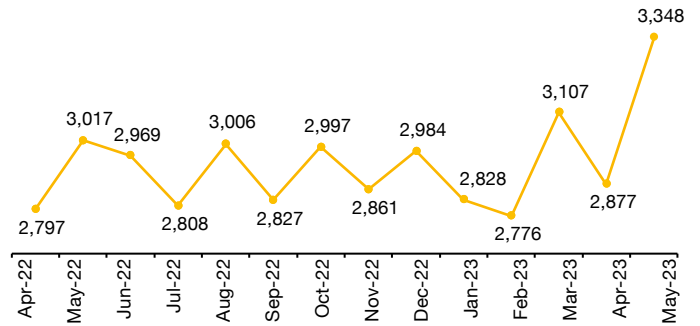
Positive signs of demand resilience from high-frequency consumption indicators

### Retail sales of vehicle (thousand units)



Source: Federation of Automobile Dealers Associations (FADA)

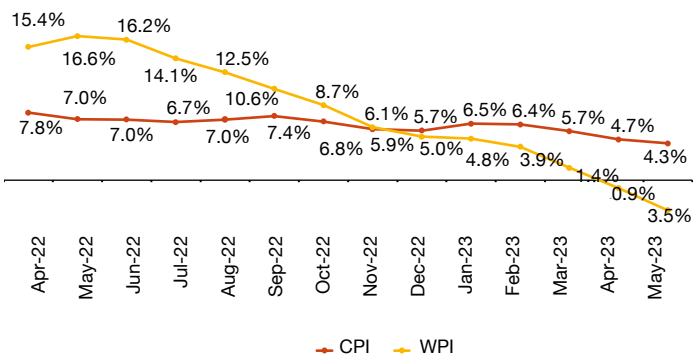
### Petrol consumption (thousand metric tonnes)



Source: Petroleum Planning & Analysis Cell (PPAC)

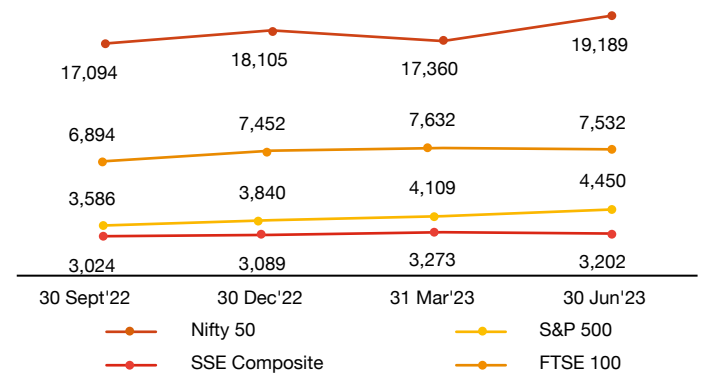
- Negative WPI growth to provide cushion for MPC to continue with policy rates unchanged for CY23

### General inflation: CPI and WPI



Source: MoSPI, Ministry of Commerce and Industry

### Stock market trend



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