

Q2 Dealtracker

Providing M&A and PE deal insights

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Deal snapshot



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Q2 2024 continued to witness the upward trend quarter-on-quarter with 470 deals totaling USD 15.9 billion. The quarter marked the highest quarterly volumes since Q2 2022, primarily driven by robust PE activity. If the USD 8.5 billion, Reliance-Disney merger witnessed in the previous quarter is excluded, Q2 2024 witnessed a 30% increase in values.

Adani group's acquisitions in the industrial materials and ports and terminals segment drove the M&A activity, which witnessed four high value deals collectively valued at USD 3.2 billion and accounted for 47% of the overall M&A values. Indian corporates are increasingly investing domestically, reflecting strong confidence in the local investment climate. Despite the

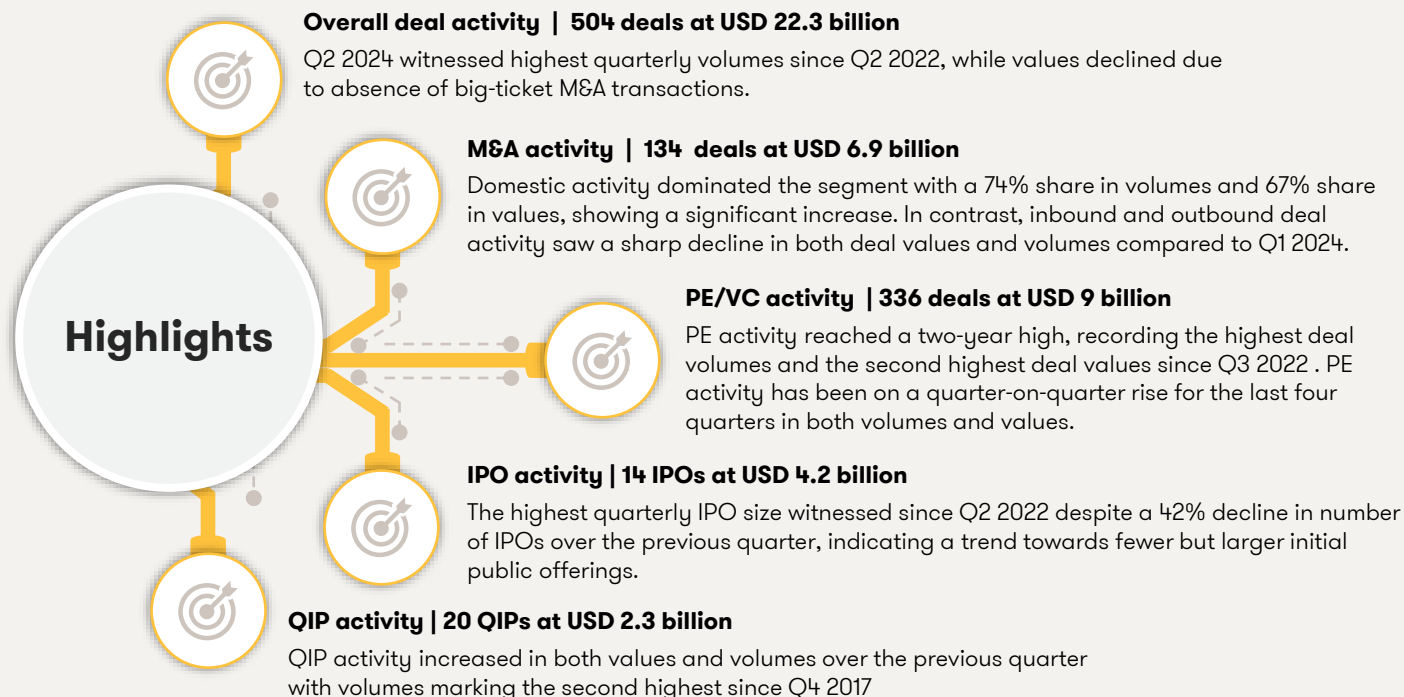
overall decline in deal values, traditional sectors backed the deal activity and grew in volumes over the previous quarter. However, cross-border deals have been declining over the past four quarters due to geopolitical instability and global economic uncertainties.

The PE sector remained strong, recording the highest quarterly deal activity in the last two years with 22 high-value deals (\geq USD 100 million), which accounted for 68% of total PE values.

Within traditional sectors, pharma and manufacturing recorded the highest values in Q2 2024, collectively contributing 48% of the overall values. Sector-specific niche deal flows were witnessed,

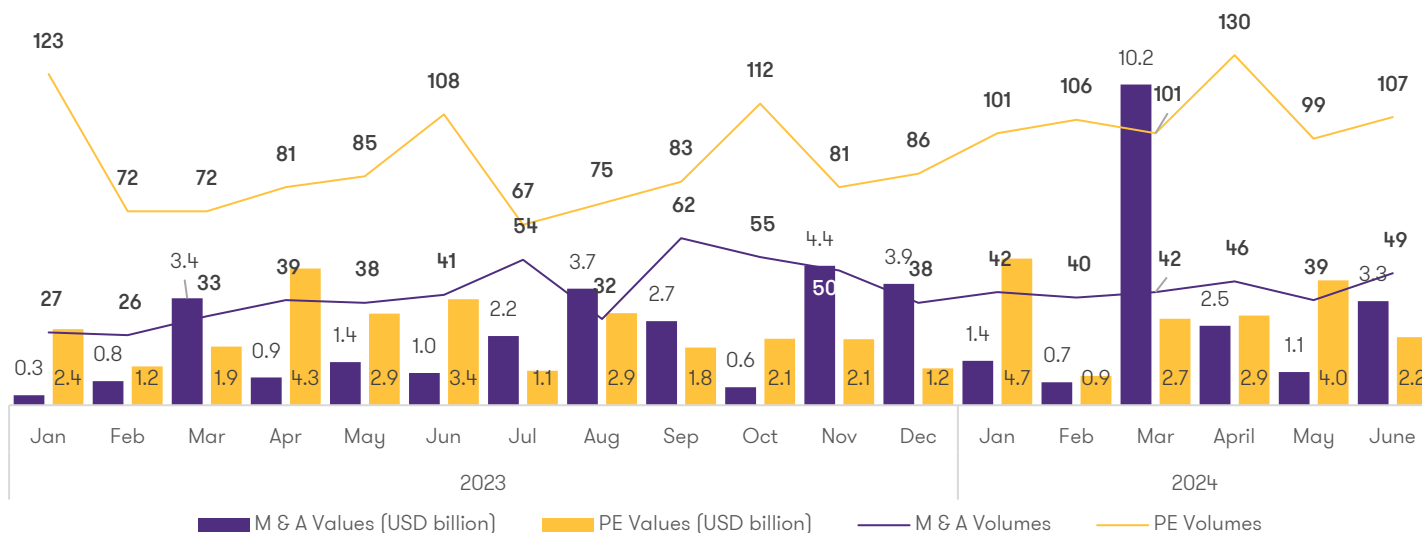
particularly in EVs, industrial materials, pharma & biotech, energy & renewables, infrastructure, and defence segments.

Looking ahead, the deal landscape for the next six months appears optimistic, driven by the recent election results while policy clarity is expected from the upcoming final budget for the year. The political stability following the elections is expected to boost investor confidence, potentially leading to an increase in overall deal activity. Despite some economic challenges, the mix of government policy support and political stability paves the way for deal-making.



Deal snapshot

Monthly deal trend



Deal summary	Volume			Value (USD million)		
	Q4 2023	Q1 2024	Q2 2024	Q4 2023	Q1 2024	Q2 2024
Domestic	96	79	99	4,723	1,898	4,603
Inbound	25	21	16	3,100	1,062	1,200
Outbound	22	24	18	1,047	9,391	1,089
Total M&A	143	↓ 13% 124	↑ 8% 134	8,870	↑ 39% 12,351	↓ 44% 6,892
PE	279	↑ 10% 308	↑ 9% 336	5,387	↑ 55% 8,349	↑ 8% 8,988
Grand Total	422	↑ 2% 432	↑ 9% 470	14,257	↑ 45% 20,700	↓ 23% 15,880

Notable trends:

- Q2 2024 reported 470 deals totaling USD 15.9 billion, reflecting a 9% increase in volumes but a 23% decline in values. This was primarily due to the USD 8.5 billion Reliance-Disney mega-merger, in the previous quarter. The quarter featured one billion-dollar deal and 32 high-value deals (at and over USD 100 million), marking a 74% increase in number of high-value deals compared to the previous quarter, which had only 19 high-value deals including three billion-dollar deals. PE activity dominated the overall deal activity, accounting for 71% of the total deal volume and 57% of the total values.
- M&A activity recorded 134 deals valued at USD 6.9 billion with a marginal increase in volumes but a significant 44% decline in values. Domestic activity led both volumes, up by 25%, and values, up by 2.5 times over Q1 2024, mainly driven by four high-value deals by the Adani group in the industrial materials and ports segments, contributing 47% of the overall M&A values for the quarter. In contrast, cross-border activity reported a decline in both volumes, down by 22%, and values, down by 78% compared to Q1 2024.
- PE activity continued its upward trend since Q3 2023, recording 336 deals worth USD 9 billion. There were 22 high-value deals (at and over USD 100 million), accounting for 68% of the values in the PE space. Small-ticket transactions (under USD 7 million) dominated deal volumes with a 53% share but contributed only 4% to the values.
- The retail, IT, banking, and pharma sectors led in terms of volumes, with a combined 61% share in the quarter. Meanwhile, the pharma, manufacturing, banking, retail, and real estate sectors dominated in values, contributing 86% of the total.
- Deal of the quarter: Ambuja Cement's acquisition of a 100% stake in Penna Cements worth USD 1.3 billion. This deal will increase Adani Cement's market share by 2% across India and 8% in South India.

Newsmakers

Top M&A deals of the Quarter constitute to 63% of the deal values

Acquirer	Target	Sector	USD million	Deal type	% stake
Ambuja Cement Ltd	Penna Cement Industries Ltd	Manufacturing	1,256	Acquisition	100%
Adani Group	Ambuja Cement Ltd and ACC Ltd	Manufacturing	997	Increasing stake to 70%	4%
Adani Group	Ambuja Cement Ltd and ACC Ltd	Manufacturing	803	Increasing stake to 67%	4%
Zurich Insurance Company Ltd	Kotak General Insurance Company Ltd	Banking and financial services	670	Increasing stake to 70%	19%
Dr.Reddy's Laboratories Ltd	Haleon Plc - Northstar switzerland SARM	Pharma, healthcare and biotech	633	Acquisition	100%

Top PE deals of the Quarter contributes to 29% of the deal values

Investor	Investee	Sector	USD million	% stake
Brookfield India Real Estate Trust	Bharti Enterprises Ltd- four grade A assets	Real estate	723	50%
Glade Brook, Nexus, StepStone, Goodwater, Lachy Groom, Avenir, Lightspeed and Avra	KiranaKart Technologies Pvt Ltd- Zepto	Retail and Consumer	665	N.A.
Warburg pincus - Mango Crest Investment Ltd	Shriram Housing Finance Ltd	Banking and financial services	558	100%
Advent international	Merged entity- Keimed Ltd and digital healthcare business apollo 24/7	Pharma, healthcare and biotech	328	12%
Advent international	Apollo HealthCo Ltd	Pharma, healthcare and biotech	298	N.A.



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Partner and Private Equity Group & Deals Tax Advisory Leader

The first half of 2024 has shown robust private equity activity in India, with significant investments across key sectors such as telecom, healthcare, and consumer goods. We saw a total of 644 deals worth USD 17.3 billion involving private equity funds. In line with the momentum from Q1, Q2 ended on a high note with a 8% increase in deal value and a 9% increase in volume, witnessing 22 high-value deals (estimated at USD 100 million or more) in Q2 alone, and a total of 33 high-value deals in the first six months overall.

Reflecting on the year so far, we entered 2024 with GPs sitting on significant dry powder and adopting a cautious yet confident approach to investing in businesses available at reasonable valuations. The trend in high-value deals indicates that investors are strengthening their positions in businesses with proven models driven by consumer demand. Notable fresh investments include Zepto (USD 665 million), Lenskart (USD 200 million), Apollo Health, and Meesho (USD 275 million), from a mix of existing and new investors. There is continued interest from sovereign wealth funds in long-term real assets and fundamentally strong businesses, highlighted by ADIA's investment in Prestige Estates, Mubadala's investment in Avanse & Manipal Health, and follow-on investments from Softbank (Meesho) and CDPQ (Pharameasy).

Looking at the historical trend, H1 2024 saw a 19% increase in volume and a 7% increase in value compared to the first half of 2023, where the deal values stood at USD 16.2 billion with 541 deals. Retail and consumer led the deal volumes with 164 deals worth USD 2.4 billion, followed by IT & ITes with 106 deals worth USD 1.1 billion, similar to what we saw in H1 2023. Notably, the telecom sector led in deal values with just 3 deals worth USD 3.4 billion for H1 2024, driven by Brookfield's Data Investment Trust acquiring a 100% stake in ATC India Tower Corporation, compared to Banking & Financial Services leading the previous year.

This year has seen multiple uncertainties globally, with economic growth, inflation, and elections. India's election did not go as anticipated, bringing greater focus on the outcome of policy announcements, the first being the Budget for 2024 from the coalition government.

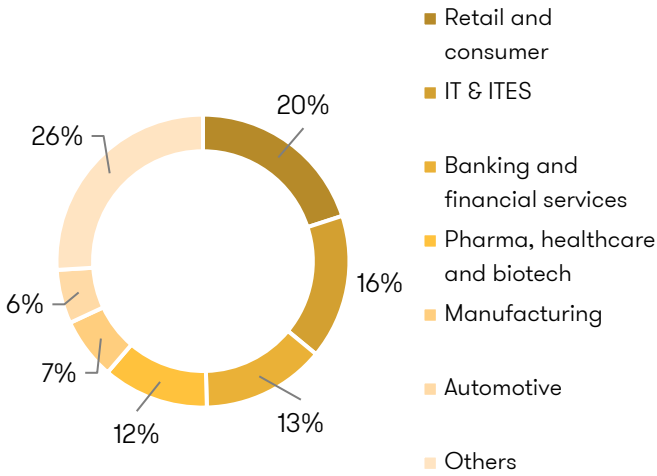
We expect the second half of the year to be quite eventful. While any slowdown in reforms or business-friendly policies could lead to a major correction in investor interest, even a business-as-usual approach, signaling continuity from the past, could be greeted with more investor confidence. Even if there are no significant announcements on the current tax regime and limited blockbuster announcements, it may not dampen investor sentiment, as long as the message is consistent, and steers clear of populist measures.

Overall, we expect PE funds to continue investing with an ever-sharper focus on quality companies with a clear path to scale and profitability.

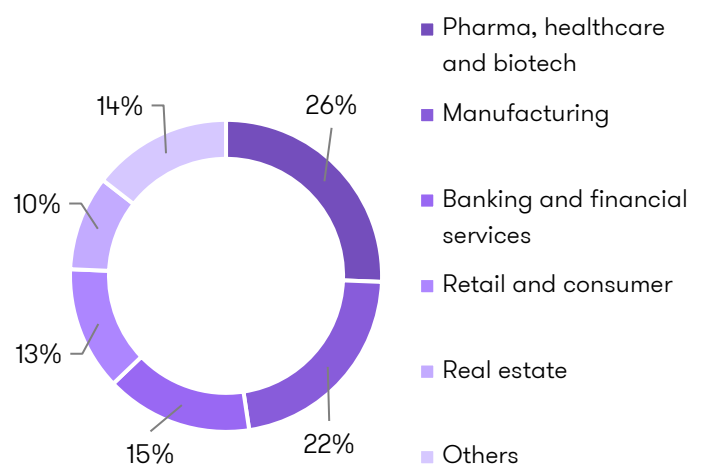
Sector trends

M&A and PE trends by sectors

Top sectors based on deal volumes



Top sectors based on deal values



Retail and consumer sector led deal volumes while pharma sector dominated in terms of values for the quarter

- The retail and consumer sector topped in terms of overall volumes but witnessed a marginal 7% decrease in volumes while an 18% increase in values over the previous quarter. The textiles, apparels and accessories segment led the sector contributing to 28% of the deals valuing USD 370 million, while the e-commerce segment led the values with 20 deals, contributing 69% of the sector's value at USD 1.4 billion.
- Followed by the retail sector, IT & ITes contributed to 16% of the overall deals for the quarter with a marginal 9% increase in volumes, while values declined over the previous quarter, resulting the drop in the average deal value from USD 10.9 million in Q1 2024 to USD 9.7 million this quarter. The tech start-ups led the sector in terms of both volumes and values with a 47% and 36% contribution, respectively.
- The pharma, healthcare and biotech segment led the values for the quarter with USD 4.1 billion across 55 deals driven by 11 high-value deals that contributed nearly 84% of the sector's values. PE investments were strong, accounting for 67% of the volumes and nearly 69% of the values. The health tech segment led in volumes, while the pharma and biotech segment dominated the sector values with 33% followed by medical devices space with a 26% share.
- Followed by the pharma sector, manufacturing led the values for the quarter, witnessing a 28% increase in volumes while values increasing by 9x over the previous quarter, valuing USD 3.5 billion. This was mainly due to three high-value deals (over USD 500 million) by the Adani group in the industrial materials segment, constituting 87% of the sector's values. The industrial materials segment also led in volumes with 41% of the deals.
- The professional and business services and aviation sector attracted some traction in the quarter while witnessing muted activity in Q1 2024. Agriculture, transport & logistics, real estate apart from the top sectors witnessed significant increase in the deal activity. In contrast, the infrastructure management, education, hospitality and leisure and media and entertainment sector witnessed significant decline in overall numbers in Q2 2024 over the previous quarter.

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