

# Consumer and retail Dealtracker

Providing M&A and PE deal insights

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# Deal snapshot



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Investor optimism surges as India's consumer market shows resilience amidst stabilising global commodity prices and promising economic indicators (manageable inflation of around 5-6% and positive industrial growth of 3.8%). From the escalating demand for healthy snacks to the innovative strategies of digital growth companies, opportunities are ripe for transformative investments. The quarter witnessed some increased deal activity with 102 deals at USD 1,748 million.

### F&B and snacking industry

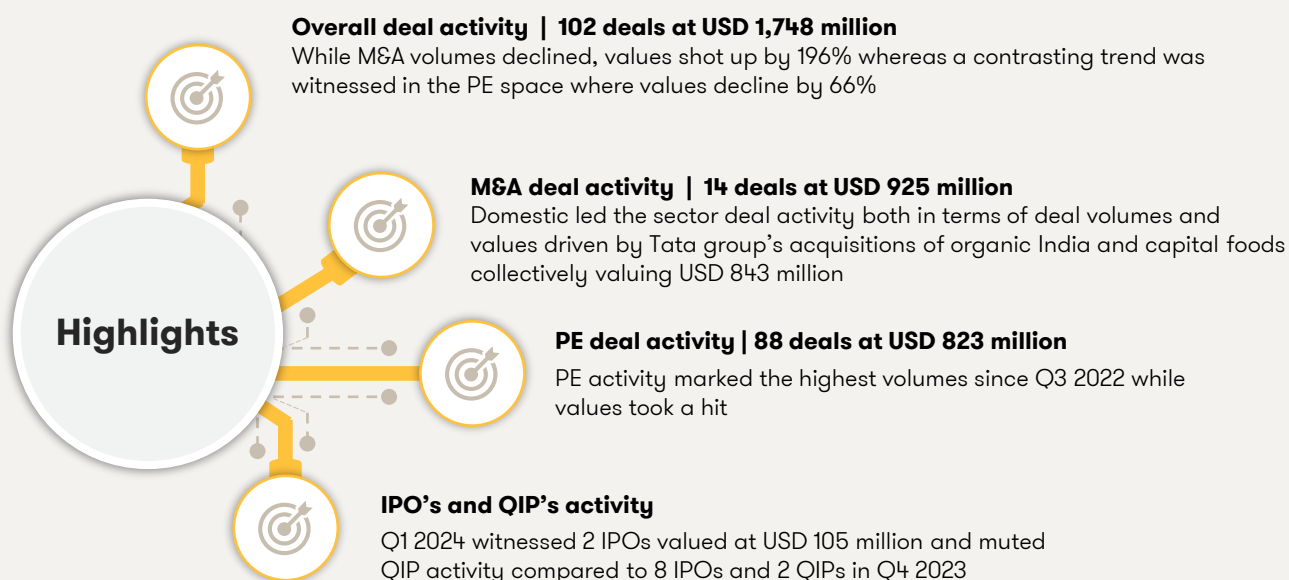
Fueled by a growing healthy food market in India (expected to reach USD 30 billion by 2026), established players actively seek acquisitions of niche brands catering to specific dietary needs (gluten-free, vegan) or premiumization trends (organic products). The F&B industry is also anticipating an enhanced demand owing to upcoming Indian vacation season, traditionally a time for increased snack consumption. The government's focus on promoting travel and tourism only strengthens this trend, creating a prime opportunity for companies to capitalize on. We expect to see companies ramping up their efforts to capture this market.

### FMCG and Retail

Inflation stability, as highlighted by recent government efforts, is keeping prices in check, further boosting consumer sentiment. Leading FMCG players are emphasizing value-added products and rural market penetration. Retail companies are also prioritizing private label brands and omnichannel retail experiences as a multi-pronged approach, aimed to cater to diverse consumer needs. This along with companies increasingly resorting to M&As to gain a competitive edge, positions the industry for a strong year.

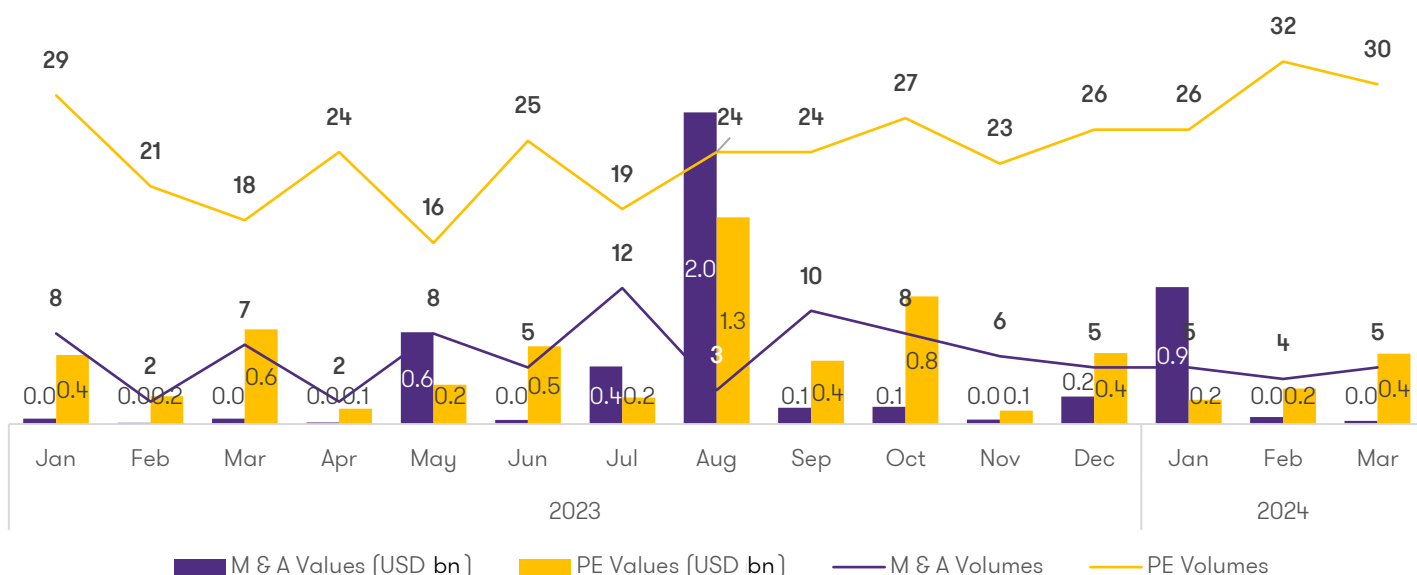
### Digital growth companies

The industry is expected to be dynamic with a major push coming from quick commerce resurgence. There is an increased focus on new product catalogs, now encompassing a wider range of categories, such as clothing, household items, gifting items, electronics, and stationery and office supplies. Companies are also targeting new markets in smaller cities, adding local stores and using tech for better logistics to solidify their positions and attract a larger customer base. Global players are also tapping into the growing opportunity with optimal delivery timelines and an array of products. The Quick Commerce market worldwide is expected to grow by 9.77% between 2024 and 2028, resulting in a market volume of USD 251.5 billion by 2028.



# Deal snapshot

## Monthly deal trend



Deal summary	Volume			Value (USD million)		
	Q3 2023	Q4 2023	Q1 2024	Q3 2023	Q4 2023	Q1 2024
Domestic	22	15	11	973	96	910
Inbound	2	2	0	1,405	11	0
Outbound	1	2	3	55	207	15
<b>Total M&amp;A</b>	<b>25</b>	<b>↓ 24%</b> 19	<b>↓ 26%</b> 14	<b>2,433</b>	<b>↓ 87%</b> 313	<b>↑ 196%</b> 925
PE	67	<b>↑ 13%</b> 76	<b>↑ 16%</b> 88	1,873	<b>↓ 29%</b> 1,338	<b>↓ 38%</b> 823
<b>Grand total</b>	<b>92</b>	<b>↑ 3%</b> 95	<b>↑ 7%</b> 102	<b>4,306</b>	<b>↓ 62%</b> 1,651	<b>↑ 6%</b> 1,748

## Notable trends

- The retail sector recorded the highest quarterly volumes since Q3 2022 with a marginal increase in values by 6% over the previous quarter. M&A contributed a majority share of 53% of the overall deal values with two high value deals (> USD 100 million) and only 14 deals in total, while PE contributed to 86% of total deal volumes valued at USD 823 million.
- Overall Q1 2024 witnessed only two high value deals (> USD 100 million) valued at USD 843 million as compared to four high value deals valued at USD 1,215 million in Q4 2023 covering both M&A as well as PE. These four deals contributed to 74% of the overall values in the last quarter.
- M&A activity witnessed 14 deals valued at USD 931 million. While the inbound activity stayed muted, Indian companies remained relatively active making outbound acquisitions in the US and France, particularly in the food processing segment. Domestic deals dominated both in terms of volumes and values owing to Tata group's acquisition of organic India and capital foods collectively valuing USD 843 million making up for almost 91% of the total M&A deal values.
- While PE activity recorded the highest quarterly volumes since Q3 2022 with 88 deals valued at USD 823 million, volumes increased by only 16% and values declined by 66% over the previous quarter. This was due to an increased number of small ticket transactions in the quarter. The small value deals (< USD 7 million) contributed to 52% of PE deal volumes. Late-stage companies raising their Series B rounds or above contributed significantly to the deal activity.

# Newsmakers

## Top M&A deals of the quarter

Acquirer	Target	Sub-sector	USD million	Deal type	% stake	Domestic/ Cross-border
Tata Consumer Products Ltd	Capital Foods Pvt. Ltd.	Food Processing	614	Acquisition	100%	Domestic
Tata Consumer Products Ltd	Organic India Pvt. Ltd	Food Processing	229	Acquisition	100%	Domestic
S.P. Apparels Ltd	Young Brand Apparel Pvt Ltd and land parcel situated at SIPCOT	Textiles, Apparel and accessories	27	Acquisition	100%	Domestic
Onsite Electro Services Pvt. Ltd – Onsitego	Qdigi services Ltd	Others	10	Minority stake	N.A.	Domestic
Affle (India) Ltd	Explurger Pvt. Ltd	Consumer Services	5	Minority stake	9%	Domestic

## Top PE deals of the quarter

Investor	Investee	Sub-sector	USD million	% stake
Samara Capital and Convergent finance LLP	Agro Tech Foods Ltd	Food Processing	78	52%.
Finnest	Loyal Hospitality Pvt. Ltd- Kitchens@	Retail Tech	65	N.A.
Tiger pacific capital and Kirin Holdings of Japan	B9 Beverages Pvt Ltd- Bira 91	Food Processing	50	N.A
Blume Ventures, Steadview Capital, Nexus Venture Partners, Alpha Wave Incubation and angel investor	Ultrahuman Healthcare Pvt Ltd	Consumer electronics & Equipment's	35	N.A.
Lighthouse India IV AIF	Kushal's Retail Pvt Ltd	Textiles, Apparel and accessories	34	N.A.

## Highlights

- Q1 2024 witnessed Tinna Trade's acquisition of Fratelli Wines that will transform it into India's second-largest wine maker, sparking interest across the wine and beverages industry.
- The overall top-five deals in the sector accounted for 59% of the values with only 5% of the volumes, valued to USD 1,036 million. Out of the top-five deals in the sector, four deals belonged to the food processing segment.

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Businesses seems to be more focused on achieving operational efficiencies and transformation considering the end of the financial year channeling resources on the operations. Despite this, the sector outlook continues to be strong and as businesses realign strategic priorities with the new financial year, an increase in deal activity in the sector may be expected.



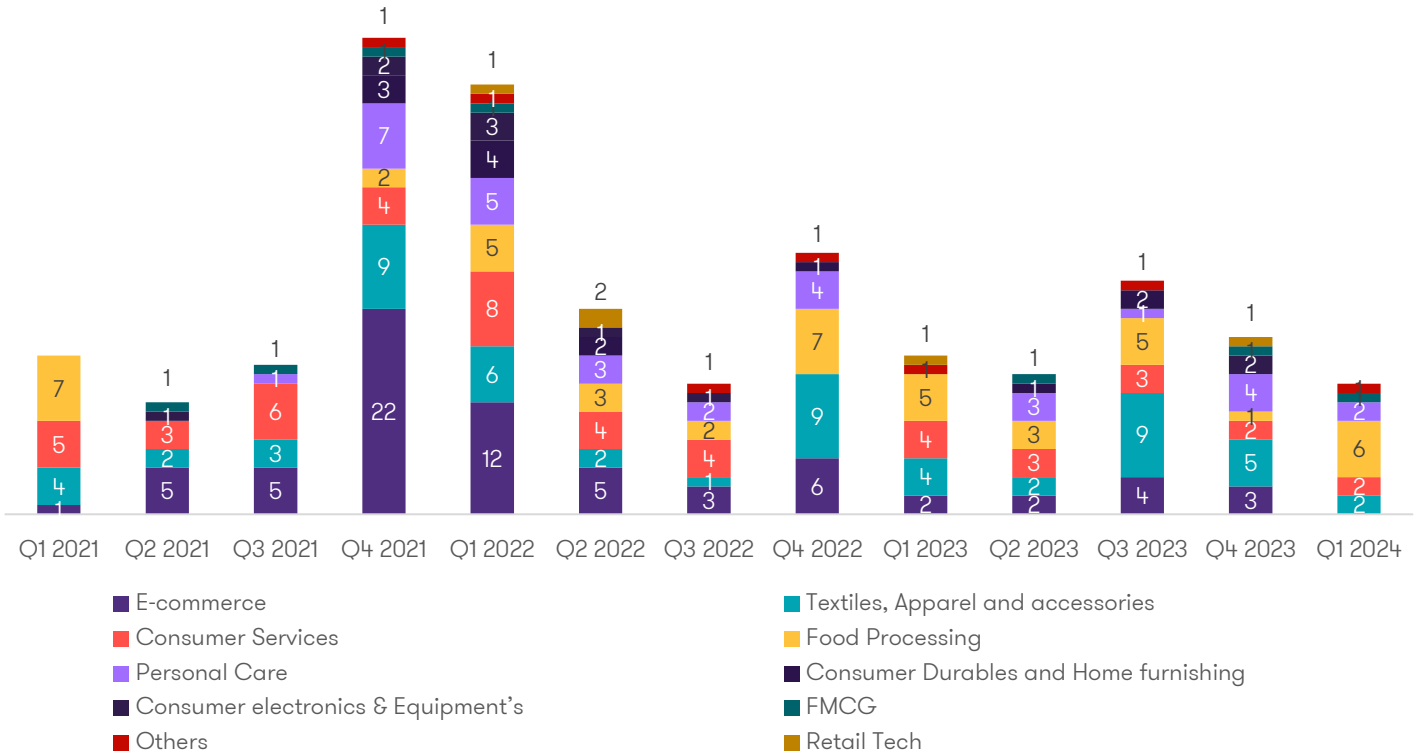
**Priyanka Duggal**

Partner  
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# Sector trends

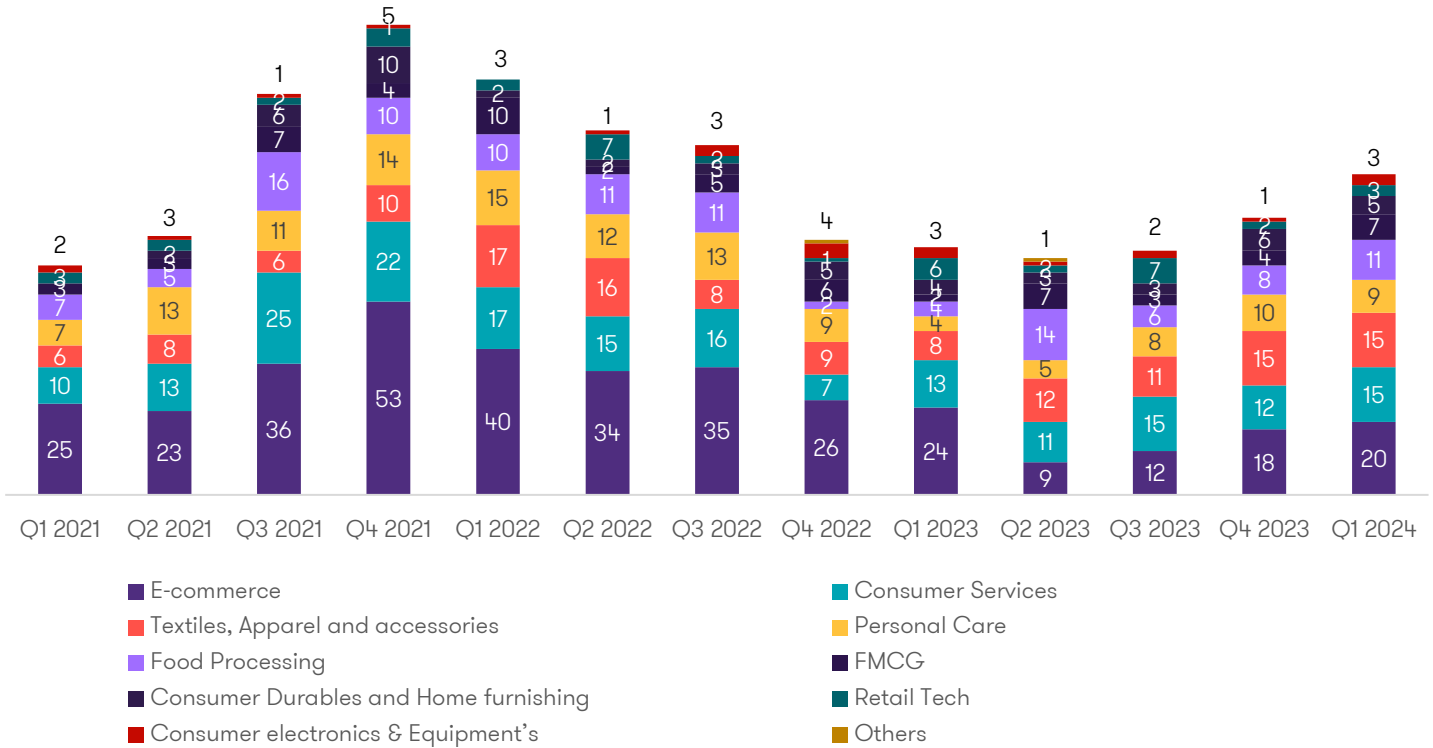
## M&A trend by sub-sectors



- The consumer industry reported a decline in M&A activity compared to Q4 2023 with volumes declining to 14 deals from 17 deals in Q4 2023. This is potentially an outcome of the impending elections leading the businesses to adopt a cautious approach, coupled with sluggishness in consumer spending, leading to slow revenue growth. However, it evidenced substantial increase in terms of deal value, primarily driven by Tata Consumer Goods' acquisition of Capital Foods valued at USD 615 million and Organic India valued at USD 229 million. Together these two deals contributed to a 91% share in M&A values, at USD 843 million.
- Notably, the food processing segment experienced a significant surge in activity this quarter, witnessing six deals valued at USD 859 million. This marked a substantial increase of 500% in volumes and 442% in values as compared to the previous quarter. In contrast, e-commerce and consumer electronics sectors experienced subdued activity this quarter, compared to three deals valued at USD 11 million and two deals valued at USD 10 million, respectively in Q4 2023.
- Food processing led the sector in terms of values followed by textiles, apparel and accessories and consumer services segments. The segment contributed to a 97% share in terms of M&A values, valued USD 906 million.
- India has significant potential to emerge as a dominant force in global food processing exports due to its abundant agricultural resources, advantageous geographical positioning near food-importing countries, and a comprehensive infrastructure of food processing education, academia, and research institutions. Therefore, these companies are eager to invest in the segment, which was clearly indicated by this quarter's numbers.

# Sector trends

## PE trend by sub-sectors



- E-commerce reported the maximum traction in terms of values as well as volumes, despite a decline of 60% in terms of values as compared to Q4 2023, volumes increased by 11%. The largest deal in the segment was led by a consortium of investors including Jungle Ventures, SIDBI Ventures, Anicut Capital, Sharrp Ventures and angel investors in The Ayurveda Experience for USD 27 million in a late-stage Series C round.
- Textiles, apparels and accessories and Consumer services segment marked the second-highest deal volumes collectively contributing to a 34% of the share together valued at USD 192 million.
- With the exception of personal care and consumer durables, which experienced a marginal decline in volumes as compared to the previous quarter, all other segments witnessed an increase in volumes. Textiles, apparels, and accessories segment remained stable.
- Food processing, retail tech, consumer services, personal care, consumer electronics, and FMCG segments experienced a significant increase in values compared to the previous quarter, totaling USD 490 million and contributing 60% to the overall PE values within the sector.
- PE deal of the quarter was led by Samara Capital and Convergent finance in Agro Tech Foods in the food processing segment acquiring a 52% stake for USD 78 million. Furthermore, they will also pay an additional USD 44 million for 26% of the outstanding shares through mandatory open offer.

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Chief Executive Officer  
Grant Thornton Bharat

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