



## Emerging India

# A Snapshot On The India Story

December 2023

# Preface

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Dear Friends,

Seasons greetings!

As we approach the conclusion of 2023, we seize the opportunity to reflect on the narrative of India. Positioned at a distinct inflection point, the nation has experienced significant advancements propelled by robust governance and structural transformations over the past four years. India now stands as a resilient economy, securing a position among the top 5 globally with the highest growth rate among the world's leading economies. This noteworthy achievement is attributed to a combination of domestic and global factors.

On the domestic front, India boasts one of the youngest and largest workforces globally, fostering widespread digital transformation. This shift is underpinned by robust connectivity and internet penetration, facilitated by globally competitive data costs. Key drivers of this digital evolution include foundational digital frameworks such as AADHAR (identity stack), UPI (Unified Payments Interface), the Health stack (Aarogya Setu), initiatives for banking inclusion (Jan Dhan), and tax transformation through GST implementation and faceless assessments.

Simultaneously, India has attracted substantial capital, supporting innovative startups that predicate their models on digital transformation. This has resulted in the emergence of over 110+ Unicorns, deeply penetrating consumer markets, providing market access to farmers and small businesses, and facilitating access to essential services such as health and education. Incentivization for Indian manufacturing has further spurred investments, coupled with significant developments in infrastructure (roads, airports, etc.) and a notable shift towards renewable energy.

This digital metamorphosis, coupled with a thriving startup ecosystem and increased investments in infrastructure and energy, has spurred robust demand creation, improved credit penetration, and overall stronger growth compared to the rest of the world.

On the global stage, amidst the current geopolitical landscape, India stands out in terms of size, growth, and as a compelling alternative for supply chains. With a substantial defense budget and a growing export orientation, India is becoming a crucial player in both consuming and exporting defense products. In agriculture, the country attains substantial self-sufficiency, ranking as the largest global producer of milk, spices, and cotton, among other commodities. Globally, India remains a significant player in technology and outsourcing, providing human resources and top management to the Western world. Additionally, India plays a pivotal role in offering affordable medicines and vaccines to the global community.

Considering these notable developments, it is our belief that India is truly transitioning from its developmental past into a meaningful economy, presenting abundant opportunities for global players both from a market perspective and as a hub for technology and manufacturing.

## **Pankaj Karna**

India Partner-Pandion Partners

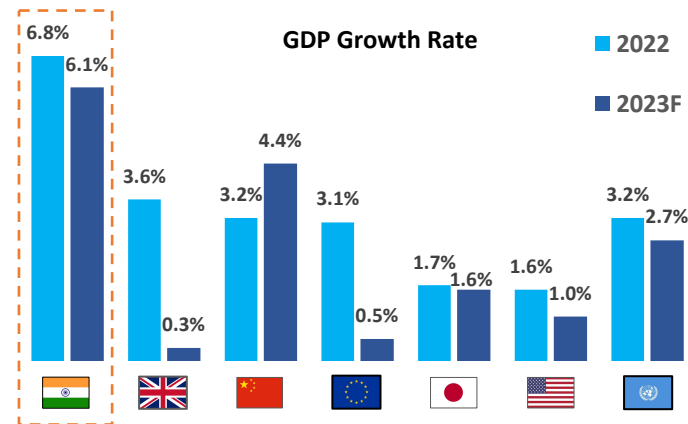
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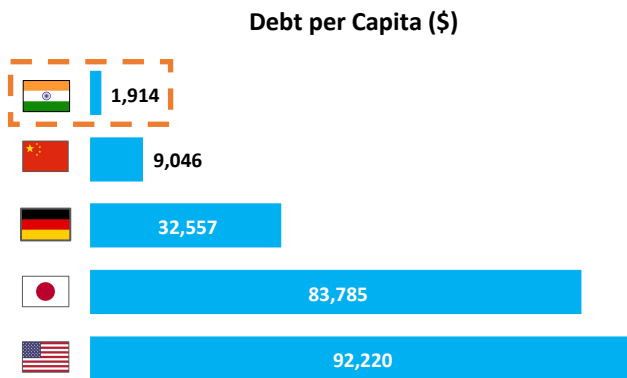
# Emerging India: The New Growth Story

*India is the fastest growing economy in the world with GDP projected to be ~\$7 Tn by 2030*

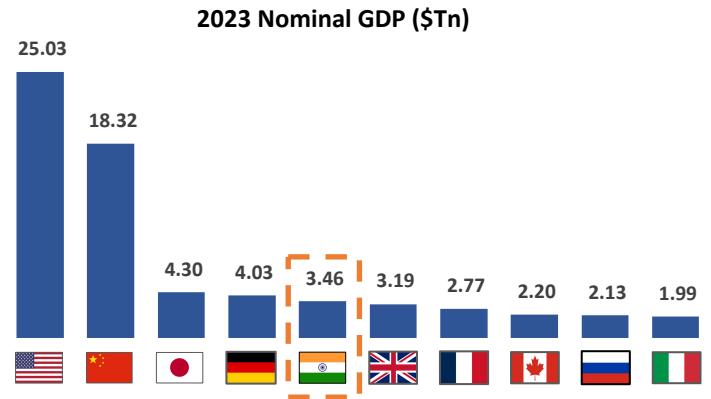


*India is in a unique position in geo politics (G20, etc.); becoming a manufacturing hub globally*

*Compared to the other large economies, India is significantly underleveraged*

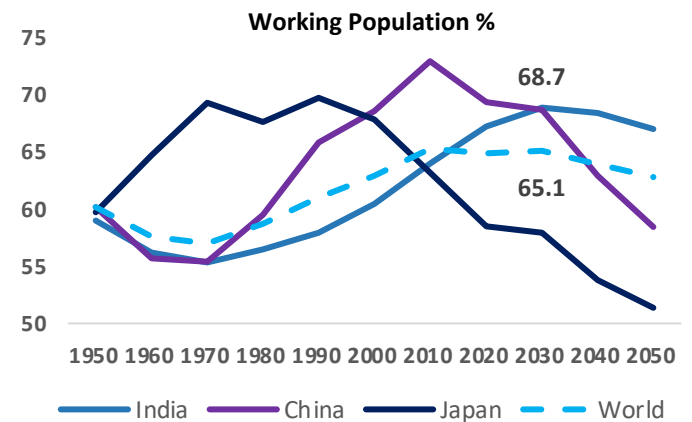


*India is currently the 5<sup>th</sup> largest economy in the world & on track to become #3 by 2026*



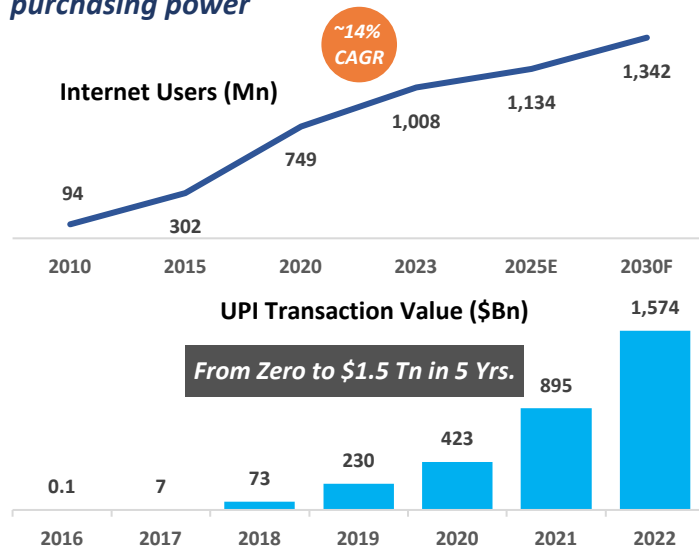
*Transformed E-governance; Financial Inclusion & large capital inflows unlocking India's potential*

*Large working population & young workforce; 65% of total population is under the age of 35*



## India Stack: The Growth Story Of Digital India

*Digital consumer is driving growth with increasing purchasing power*



**~99%**

Adult population has Aadhar Cards (Unique Identification)

**3x Growth**

In indirect tax collection in the past 10 years

**200+ Mn**

Bank accounts opened in last 5 years

**\$~0.6**

Among the lowest per GB internet cost

**880+ Mn**

Internet subscribers in India

**~4x Growth**

In Credit/Debit card transactions value

# Select Sectors: Key Economic Growth Drivers

## Manufacturing

- Government of India has launched **Production linked incentives (PLI) totaling \$33 Bn** across 14 sectors
- Sector includes wide range of industries, including **automobiles, textiles, pharmaceuticals, electronics, etc.**
- India's growing towards becoming the **global manufacturing hub** giving global companies an alternative to **China**

Electronics Manufacturing for Global Players Like:

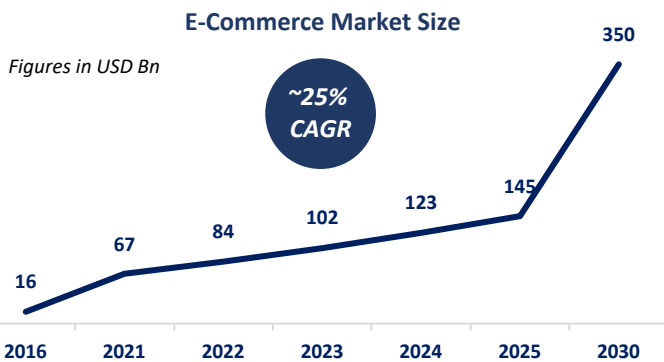


**\$59 Bn**  
FDI Investment in India in 2022

**100%**  
Foreign Investment Is approved

**\$447 Bn**  
Manufacturing Exports in FY23

## Consumer & E-Commerce



### 3<sup>rd</sup> Largest

Online shopper base; growth to be driven by tier 2/3 cities

### Govt. Backing

E-commerce platforms such as Open network for digital commerce

### Fashion & Electronics

Leading categories

### Rising Income

Increasing purchasing power driving demand

## Agriculture

- Top 4 food-producing nations** in the world; **~42%** of India's workforce is employed in the agriculture sector
- Access to several natural resources provides a competitive advantage in the **food processing sector**
- Past 5 years, **2,000+** agritech startups have raised more than **\$3 Bn** in funding

India Is The Largest Producer Of



**Milk Producer**  
210 Mn Tonnes



**Cotton Producer**  
34 Mn Bales



**Spices Exports**  
\$4.2 Bn



**Cropland**  
181 Mn Hectares

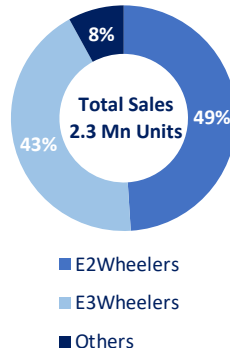
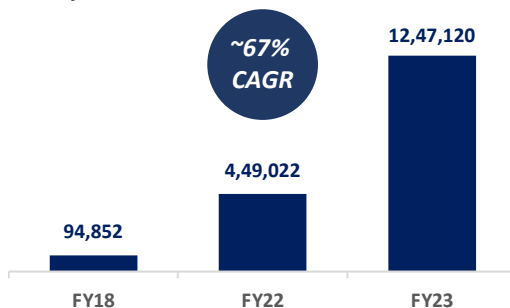


**Livestock (Population)**  
537 Mn

## Electric Vehicles

### Electric Vehicle Market Size

No. of Vehicles Sold



- 2.3 Mn EVs** on Indian roads; **50%** of which were sold in **FY23** recording a **155% Y-o-Y growth**
- EV revolution is underway in India; Projected to grow from **\$3.21Bn** in 2022 to **\$114 Bn** in 2029
- Faster adoption & manufacturing of EVs (FAME), outlays a budget of **\$1.3Bn**; schemes worth **\$2.5 Bn**

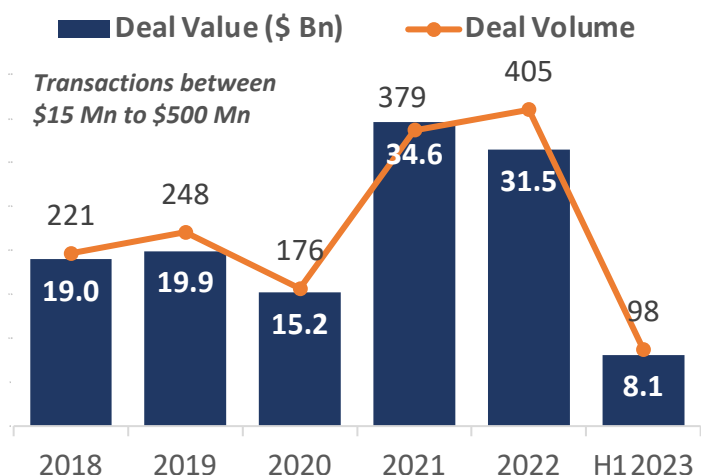
Sources: IBEF, Govt. Of India, Nasscom Report, India Retail market report, Central Electricity Authority, Public sources



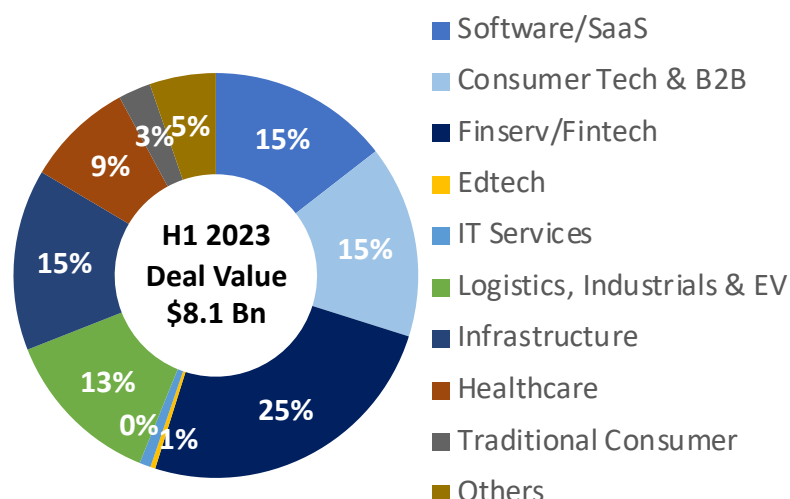


# Funding: Global LPs are Allocating Funds Towards SME\* in India

Total PE/VC Investments



Total PE/VC Investments by Sectors



Select Small and Medium Size PE/VC Deals in India

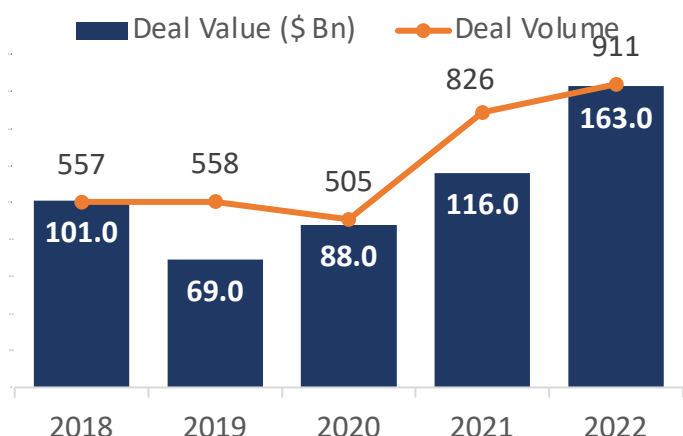
Company	Key Investor	Sector	Amount (\$ Mn)	Deal Stake
<b>Ecom Express</b>	Partners Group WARBURG PINCUS	Logistics & Transport	40	6%
<b>Mintifi</b>	NORWEST ELEVATION	Financial Services	38	34%
<b>ALTIGREEN</b>	SIXTH sense Reliance New Energy	Electric Vehicles	37	39%
<b>caffeine</b>	PARAGON PARTNERS AMICUS CAPITAL PARTNERS	Consumer	30	24%
<b>EULER</b>	GIC ADB alteria capital	Electric Vehicles	30	20%
<b>A Z A D</b>	Piramal Finance	Capital Goods	20	15%
<b>Vedantu</b>	catamaran Accel	Edtech	20	2%
<b>WOW! momo</b>	oaks V'Ocean Investments	Consumer	20	8%
<b>NEOGROWTH</b> Lending simplified. Growth amplified.	FMO Entrepreneurial Development Bank	Financial Services	10	NA
<b>GreenCell mobility</b>	Ever source	Electric Vehicles	10	12%

SME\* - Small & Medium Size Enterprises

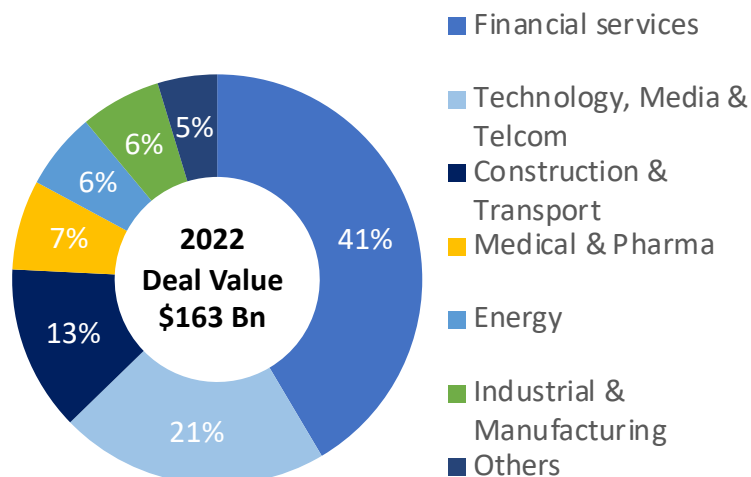
Sources: Deloitte Report, DC Advisory Report, Public Sources

# M&A: Consolidation Momentum And Cross Border Momentum

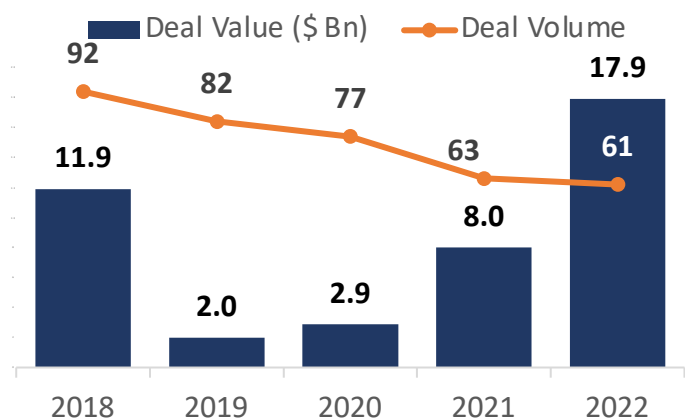
## Total M&A Transactions



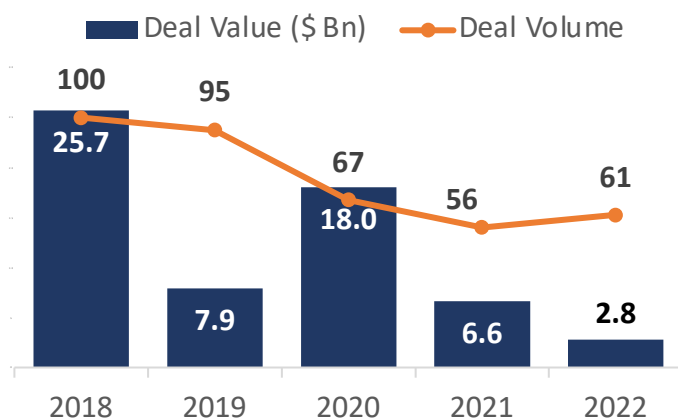
## Total M&A Transactions by Sectors



## Total M&A Outbound Transactions



## Total M&A Inbound Transactions



## Select Small and Medium Sized M&A Deals

Target	Acquirer/Investor	Deal Size
<b>Faurecia India Division</b>	<b>TAFE</b>	\$50 Mn
<b>Savi Jana Sea Foods</b>	<b>adani</b> Ports and Logistics	\$49 Mn
<b>Eruvaka</b>	<b>nutreco</b>	\$49 Mn
<b>Thirdware</b>	<b>Tech Mahindra</b>	\$40 Mn
<b>Acreage Builders</b>	<b>MAX</b> ESTATES	\$40 Mn
<b>HARAPPA</b>	<b>upGrad</b>	\$38 Mn

Target	Acquirer/Investor	Deal Size
<b>IPL Tech Electric</b>	<b>TI Clean Mobility</b>	\$31 Mn
<b>RIVIGO</b>	<b>Mahindra LOGISTICS</b>	\$28 Mn
<b>datawrkz</b>	<b>Nazara™</b>	\$16 Mn
<b>PURINA</b>	<b>Nestle</b>	\$15 Mn
<b>Lotus</b> in the business of pure joy	<b>Reliance</b> RETAIL	\$9 Mn
<b>Securipax PACKAGING</b> PRIVATE LIMITED	<b>JK PAPER LTD.</b>	\$7 Mn

Sources: Deloitte Report, GT Report, Public Sources

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**Accelerator** – Investing in promising early stage scalable tech driven ideas

**Private Equity** - Working closely with PE funds and Advising on induction of equity or like instruments

**LEverage Capital** - Advising on structured debt spectrum covering, acquisition financing, convertibles, special situations

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# About Pandion Partners

The **Pandion Partners S.L.** advisory group, founded in 2000, consists of independent companies dedicated to M&A, Corporate Finance and Strategy & Business Advisory Services.



The growing group offers these services globally through its offices in Austria, Belgium, Brazil, Canada, China, Colombia, Croatia, Czech Republic, Estonia, Finland, France, Germany, Hong Kong, India, Israel, Italy, Lithuania, Mauritius, Poland, Spain, Switzerland, The Netherlands, and the USA.

We have more than 25 years of experience in seeking and/or mediating with potential transferors (buyers) or transferees (sellers) of companies, parts or specific assets of companies, firms, shares, or other forms of parts of companies and/or activities, and this at national and international level. We likewise mediate in the seeking of investments, funding, and corporate financing.

Due to our long careers in different industry sectors and different levels of responsibilities internationally we have a special focus on the Future Strategy of our clients helping and advising them to refine these to facilitate better their growth projects, whether this is for organic growth or for growth by acquisition, financing, or divesting.

- Pandion Partners has more than **120 experienced professional M&A advisors** in various sectors,
- Members of Pandion Partners have completed more than **350 transactions** with a total value of more than **€6 billion** since 2015,
- Pandion Partners attaches great importance to a personalized service, high level negotiation, and assistance.

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