Press Release

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**Deal flow between India and Europe positioned to grow, says PwC**

A potential surge in M&A deals between India and Europe is on the cards, according to a PwC report. It concludes that India remains at the top of investors’ lists of target markets, and Indian investors are leaders among emerging market buyers for western companies.

The report – ***India deals: taking stock of the tiger*** – focuses on the two-way M&A flows between India and Europe, drawing on an analysis of the deals from the last seven years. It looks at factors driving M&A choices by Indian and European buyers and sellers, such as often contradictory forces on valuations in the Indian market, and implications of India’s regulatory and tax reforms.

India’s growth has raised tens of millions out of poverty and given rise to an affluent middle class. The new spending power is opening numerous opportunities, from education and leisure to personal care, loans, transport, communications and travel. In fact, total consumer spending is expected to quadruple by 2020.

To date, the majority of the very high value transactions have been in the telecom, automotive and industrial products sectors. And a large proportion of all deals fall under the €100m mark. When it comes to location, the UK leads its fellow European states for M&A to and from India – but nearly all European countries have seen an increase in Indian investment, and increased their investment into India over the past years.

The PwC report shows that in the years 2006 - 2012 there were about 875 cross-border deals between Europe and India worth about €90 billion. After a drop in 2009, M&A volume from Europe to India remained at about 65 deals a year from 2009-2011. The figure fell to 51 in 2012, as the Eurozone problems dented investor confidence.

But, says Nick Page, Emerging Markets leader in PwC UK’s Transaction Services, India’s investors are appearing more ready to mobilise resources when a good opportunity arises:

“Indian companies are using M&A not just to grow their business by entering new markets abroad, but to also to seize opportunities at home. Some are acquiring brands to meet the needs of well-informed consumers with international tastes; whilst others are buying into state of the art technology to make the transition from low-cost to higher value manufacturing.”

From the point of view of buying into India, the country offers growth through its rising middle class, and young and increasingly educated workforce, and is open to foreign investors. Says Mukesh Rajani, Head of PwC UK’s India Business Group:

“The Indian government has a very full agenda, as it attempts to push through reforms before campaigning for the 2014 general election begins. Beyond what has already been achieved in the retail and aviation industries, we see the spread of reforms to other sectors as having great potential to growth and deals.

“From our analysis, we can see that even with current uncertainties around growth or reform, both Indian and international investors are taking the medium to long-term view to doing business in India.”

Says Devean George, a senior manager in PwC UK’s Transaction Services:

“Despite its inherent challenges, India remains at the top of investors’ lists of target markets and Indian investors are leaders among emerging market buyers for western companies. Deal flow to and from India Inc and Europe Plc looks set to thrive.”

*ENDS*

**Notes**

A full copy of the PwC ***India deals: taking stock of the tiger*** reportcan be found at [www.pwc.co.uk/indiadeals](http://www.pwc.co.uk/indiadeals)

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