

Auto M&A, PE deals fall to \$1.46 b in H1

Amit Vijay Mohile
Mumbai

The automotive sector recorded 55 mergers, acquisitions and private equity (PE) transactions worth \$1.46 billion in the first half of 2026, against 59 deals valued at nearly \$2.8 billion in the preceding six months, signalling a sharp slowdown in capital deployment despite only a modest decline in deal volumes.

The June quarter reinforced the trend, with transactions falling to 20 from 35 even as deal value eased only to \$717 million from \$745 million, according to Grant Thornton Bharat's latest *Automotive Dealtracker*.

The contrast between a 7 per cent decline in deal volumes and a nearly 48 per cent fall in investment value suggests capital has not disappeared from India's automotive sector — it has become far more concentrated, flowing primarily to businesses with scale, proven business models and differentiated technology. Public-market fundraises by Ather Energy (\$156 million) and Ola Electric (\$81 million), together with a handful of marquee transactions, helped cushion the decline in overall investment during the June quarter.

CAPITAL DISCIPLINE

Grant Thornton said the industry entered 2026 amid evolving trade policies, geopolitical tensions, supply-chain realignment and tighter capital allocation, prompting investors to back businesses with proven op-

Automotive dealtracker

Metric	H1 2025	H1 2026	% Change	What it means
H1 deal volume	59 deals (H2 2025)	55 deals (H1 2026)	▼ 7	Activity remained relatively stable
H1 deal value	~\$2.8 b	\$1.46 b	▼ 48	Capital deployment slowed sharply
Q2 total deals	35	20	▼ 43	Lowest quarterly volume since Q2 2023
Q2 total value	\$745 m	\$717 m	▼ 4	Larger deals cushioned the decline
Private equity deals	28	13	▼ 54	Lowest PE activity since Q1 2021
Private equity value	\$702 m	\$341 m	▼ 51	Investors became more selective
M&A deals	7	5	▼ 29	Strategic acquisitions slowed
M&A value	\$43 m	\$138 m	▲ 221	Driven by KPIT-Cymotive acquisition

Source: Grant Thornton Bharat

erating performance, differentiated products and clearer paths to profitability rather than broad exposure across the automotive value chain.

Excluding the two QIPs, the sector recorded 18 M&A and PE transactions worth \$479 million, down 36 per cent from the previous quarter. Private equity activity saw the sharpest correction, with deal volumes falling to 13 from 28 and investment value dropping to \$341 million from \$702 million, marking the weakest quarterly PE activity since Q1 2021. Overall deal volumes during Q2 were the lowest since Q2 2023.

"While deal activity slowed during the quarter, investment remained focused on businesses driving the future of mobility. We are seeing continued interest in EVs, mobility platforms and automotive technologies, with investors backing companies that have demonstrated scale, differentiated

capabilities and a clear growth path," said Saket Mehra, Partner and Auto & EV Industry Leader, Grant Thornton Bharat.

KEY DEALS

The five largest PE transactions accounted for nearly 96 per cent of total PE value, led by Rapido's \$240-million fundraise from Prosus, WestBridge Capital and Accel. JBM Ecolife Mobility followed with a \$47-million investment, while Exponent Energy, Simple Energy and Astranova Mobility completed the list of the quarter's largest fundraises.

The report also highlighted a divergence within the EV ecosystem. Electric-vehicle companies accounted for 54 per cent of PE deal volumes, but mobility-as-a-service captured 84 per cent of investment value, suggesting investors are increasingly backing scalable mobility platforms and recurring-revenue business models alongside vehicle

electrification. M&A activity followed a different trajectory.

Although the number of acquisitions declined to five from seven, reported value rose to \$138 million from \$43 million, driven largely by KPIT Technologies' \$120-million acquisition of Israeli automotive cybersecurity specialist Cymotive Technologies, which accounted for 87 per cent of total M&A value.

Cross-border acquisitions accounted for 60 per cent of M&A volumes and 94 per cent of reported value, underscoring the growing importance of overseas software, cybersecurity, connected mobility and advanced engineering capabilities as automakers prepare for software-defined and electric vehicles.

OUTLOOK

Grant Thornton expects investment to remain focused on electrification, mobility platforms and software-led automotive businesses even as companies navigate evolving emission regulations, critical mineral security and geopolitical risks.

It also expects the recently concluded India-UK Comprehensive Economic and Trade Agreement (CETA) to improve market access for Indian component makers and engineering companies while encouraging deeper cross-border collaboration in manufacturing, technology and R&D.

"As the sector evolves, technology-led investments are expected to continue shaping deal activity," Mehra said.