

Average M&A value halves in 2024

Adani deal is 15x the average deal value for the year

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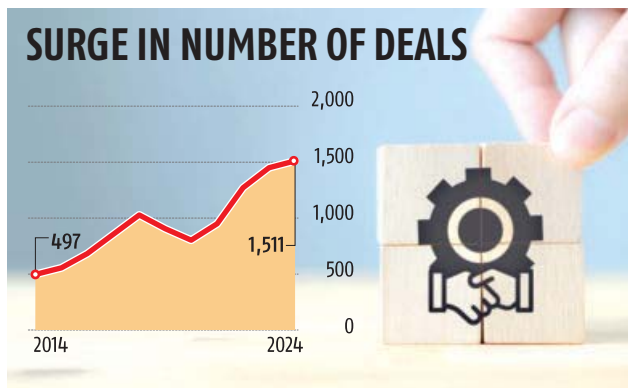
Domestic mergers and acquisitions (M&As) saw the average deal value nearly halving in 2024.

According to the latest figures by LSEG Deals Intelligence, the average deal value was at \$29 million, which was 48 per cent lower than the \$56 million seen in 2023. The year 2022 had seen \$138 million, a recent peak. The current value of \$29 million is the lowest it has been since at least 2014.

The number has been buoyed by the Adani group company's acquisition of a 47 per cent stake in Orient Cement, which was announced on Tuesday. The value of the deal is \$450.91 million, with additional stake purchases intended, according to LSEG Deals Intelligence data. This makes it more than 15 times larger than the average deal size seen so far in 2024. The analysis considered data from the beginning of January to October 22 for each year. The current value remains the lowest despite a rise in the number of transactions.

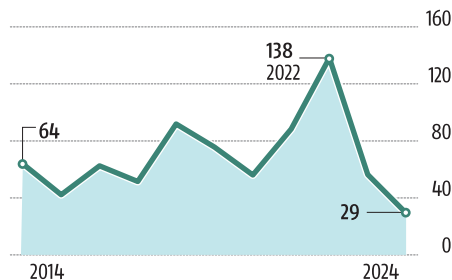
The total number of transactions is the highest since at least 2014. There were 1,511 domestic mergers and acquisitions announced during the year, higher than the previous year's 1,450 transactions.

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DROP IN AVERAGE VALUE (\$ million)

Note: Domestic mergers and acquisitions data from January 1 to October 22 for each year.
Source: LSEG Deals Intelligence



M&A deal volume rises 4.2%

This marks a 4.2 per cent increase in the number of deals, even as the total value of these transactions has fallen by 38.8 per cent year-on-year.

This suggests an increase in small deals, such as start-ups acquiring others in the space as part of a growth strategy. For example, personal care company Good Glamm Group acquired Sirona Hygiene for ₹450 crore (around \$60 million) earlier this month.

However, large deals have not been absent. For instance, Viacom18 Media announced a \$3.1 billion acquisition of Star India in February. In the oil and gas space, Gujarat Gas announced a deal to acquire the Ahmedabad-based natural gas distributor Gujarat State Petronet Ltd (GSPL) for \$2.9 billion in August. Ambuja Cements, which announced the Orient Cement deal on Tuesday, had earlier announced the acquisition of Penna Cement Industries for \$1.4 billion in June.

If the scope of the analysis is widened beyond domestic

mergers and acquisitions to include deals with any Indian involvement, the total deal value has declined from \$78 billion to \$62 billion as of October 2024. This suggests greater activity in domestic M&As than in overall deals.

Key sectors witnessing traction include industrials, financials, high technology, materials, and health care. Each of these sectors has seen deals worth around \$6.5 billion to \$7.8 billion in 2024.

Globally, lower interest rates are said to be a tailwind for deal-making, according to a June 2024 note, Global M&A Industry Trends, from PwC.

“Recent interest rate cuts announced by Switzerland, Sweden, Canada, and the European Central Bank may signal that further rate cuts are coming. These long-awaited interest rate cuts will be welcomed by dealmakers seeking to fund acquisitions via debt. Today’s higher interest rates squeeze returns, putting a greater emphasis on a potential deal’s value creation story,” it said.

