

M&A activity in slow lane, deal value down 43%

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Mergers and acquisitions (M&As) in India have moved into the slow lane, dropping 43 per cent in terms of deal value to touch \$13.37 billion since January this year to date, compared to the same period in the last year.

According to data sourced from Bloomberg, Indian companies reported deal value worth \$23.5 billion between January and March 22, 2023.

Data Infrastructure Trust's acquisition of American Tower Corporation's India telecom towers business for \$2.5 billion was the top deal for the ongoing quarter so far, followed by the Highway Infrastructure Trust's acquisition of PNC Infratech's road projects for \$1.08 billion.

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Merger and acquisitions from Jan 1-Mar 22

	Deal count	% chg Y-o-Y	Amount (\$ bn)	% chg Y-o-Y
2020	455	-2.8 ▼	21.8	-7.2 ▼
2021	495	8.8 ▲	28.8	32.1 ▲
2022	935	88.9 ▲	28.6	-0.7 ▼
2023	547	-41.5 ▼	23.5	-17.8 ▼
2024	675	23.4 ▲	13.4	-43.1 ▼

Source: Bloomberg

In terms of the number of deals, India Inc, however, witnessed 675 deals since January to date, compared to 547 deals, a growth of 23.4 per cent reported in the same period last year.

The acquisition of the US major Paramount Global minority stake in Viacom18 by Reliance Industries for

\$518 million was among the top five transactions in the year so far, according to Bloomberg data.

"The slowdown in M&As is a global phenomenon with most of the Indian companies conserving their cash right now. Uncertainties related to two ongoing wars, the Red Sea supply chain disruption, and general

elections in India are some of the reasons why M&A deals are in a slow lane this year," Prabal Banerjee, a strategic finance consultant, said.

Bankers said once the elections are over, M&A deals would see an uptick as Indian companies will become more confident of writing cheques.

"We expect to see some big deals in the second half of 2024 as negotiations on several deals are currently underway," a banker said asking not to be quoted.

Aurojyoti Bose, an analyst at GlobalData, said India is a key Asia-Pacific region market for deal activity, including venture capital funding, and stands just next to China in terms of volume.

It has seen a decline in deals in January and February.

A similar trend was visible in the Asia Pacific region, which reported 1,843 deals (mergers & acquisitions, private equity, and venture financing deals) during January-February 2024, a year-on-year (Y-o-Y) decline of 19.6 per cent compared to the 2,292 deals announced during the same period in the previous year, according to Global Data, a data and analytics firm.

