

India's outbound deal value second highest in a decade

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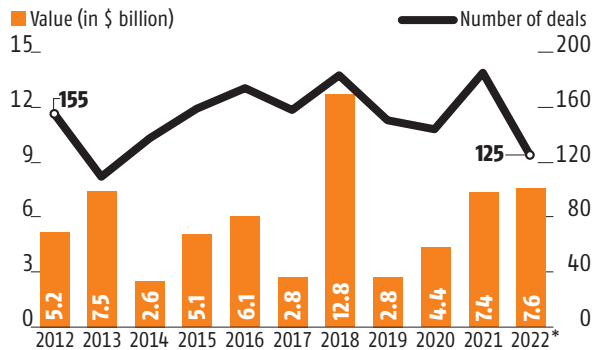
India has spent more on overseas mergers and acquisitions (M&As) by August than in the whole of 2021.

The total \$7.6 billion in outbound M&As represents the third straight year of rising deal value, reveals data from tracker Refinitiv — a part of the London Stock Exchange Group tracking such transactions internationally. The government announced a move on Monday to ease overseas investments.

“In view of the evolving needs of businesses in India, in an increasingly integrated global market, there is a need for Indian corporations to be part of the global value chain. The revised regulatory framework for overseas investment provides for simplification... various overseas investment-related transactions that were earlier under the approval route are now under the automatic route,” read a government statement dated August 22.

The data shows there were \$7.4 billion worth of deals in 2021, \$4.4 billion in 2020, and \$2.8 billion in 2019. Year 2018

OUTBOUND DEALS' VALUE HIGHEST SINCE 2018



*Data as on 24 August

Source: Refinitiv

saw \$12.8 billion worth of outbound deals. This is still lower than the 2010 value of \$29.1 billion.

Health care was the biggest target for outbound deals. It accounted for 17 transactions worth \$3.5 billion. Industrial was second with 13 transactions worth \$1.5 billion. High-technology (tech) companies accounted for 43 deals worth a

total of \$1.4 billion, revealed the data.

Biocon's \$3.3-billion acquisition of US-based Viartis accounted for a bulk of health care transactions. Adani Group's \$1.2-billion acquisition of Israel's Haifa port with the local Gadot business group is the second-biggest outbound transaction, according to Refinitiv data.

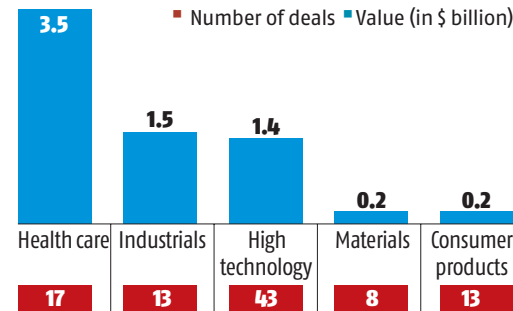
High-tech companies were the big-

gest targets for outbound transactions in 2021. There were 36 deals worth \$2.6 billion as of the same date (August 24) in 2021. They accounted for 73 deals worth \$3.6 billion, if one considers the whole of 2021. Telecommunications was the significant driver of transactions in 2010 — it alone accounted for deals worth \$11.2 billion.

ILLUSTRATION: BINAY SINHA



SECTORAL DIVISION OF OUTBOUND TRANSACTIONS



Data as on 24 August. Other sectors including telecommunications, financials, retail, media and entertainment, consumer staples, energy and, power account for 31 deals worth over \$750 million.

Source: Refinitiv

The US displaced the UK as the largest target country for outbound deals in 2022. It accounted for 53.5 per cent of transactions so far in 2022.

The UK had accounted for 44.6 per cent of transactions by value as of the same time last year. The US share is also higher than the pre-pandemic 2019 levels of 42.5 per cent.

The UK is still the biggest buyer of Indian concerns. It accounted for 38 deals worth \$2.2 billion in 2022. This is followed by Canada (22 deals worth \$2.1 billion) and Singapore (47 deals worth \$1.8 billion). Singapore was the biggest source of inbound M&As in 2021. It accounted for 63 deals worth \$6.2 billion.

The net foreign direct investment (FDI) figure has broadly shown a rising trend in India. This is a measure of other countries' India investments after deducting India's investments in other countries. The total net FDI in India was \$27.5 billion in 2021, shows the monthly Reserve Bank of India data. It was \$53.2 billion in 2020.

The average net FDI inflows has averaged \$40.4 billion for 2020 and 2021. The average over the previous five years was \$34.6 billion. It has been \$23.7 billion in the first five months of 2022, indicative of a slowdown of inbound activity amid global risk aversion.

The value of inbound M&As has dropped to \$24.3 billion in 2022 as of August 24, shows Refinitiv data, compared to \$42.4 billion in the same period last year.