ISSN (O): 2584-2196

INTERNATIONAL JOURNAL OF LEGAL AFFAIRS AND EXPLORATION

Volume 3 | Issue 2

2025

Website: www.ijlae.com

Email: editor@ijlae.com

ISSN (O): 2584-2196

COMPARATIVE ANALYSIS: INDIA'S MERGERS AND ACQUISITION PERFORMANCE VERSUS GLOBAL TRENDS IN 2025

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ABSTRACT

Mergers and Acquisitions means two companies joining hands or one taking over another. It deals with buy, sell or merge companies to grow, expand, survive or dominate the financial markets.

"The most successful acquisitions are driven by strategy, not synergy." — McKinsey & Co. This quote finds one of its strongest reflections in India. Once merely an observer, in global M&A deals, India has, a decade later, emerged as one of the strongest names in the world of mergers and acquisitions. Amid rising tensions within the global economies and their public policies, India proves to be one of the most profitable investments for the companies of the world. Outperforming its Asian peers, India remains as one of the few bright spots at a time when deals have shrunk globally. Vital areas such as Tech, Renewables, Quick e-Commerce and Healthcare have witnessed landmark deals, making India a magnet for specific-sector investment. With a 27.5 billion dollar value and a striking 29.6% year on year growth in M&A deals within just the first quarter of 2025, the Indian economy shines bright with its brilliant financial performance. India has played a remarkable role in both international and domestic deals, showcasing not only its entrepreneurial strength but also its expertise in financial planning and execution. This precision has propelled India upward among the top-performing economies. Fuelled by a young skilled workforce and a booming start-up ecosystem, India's M&A success is as much about ambition as it is about execution.

INTRODUCTION

In 2015, Snapdeal had acquired Freecharge for an estimated $400 million, making it the biggest acquisition in the history of India's internet industry. Today, exactly a decade later, India's private equity deal activity saw a record high of $7.5 billion in February 2025, making the

biggest single month deals in value the country has ever done. This reflects the country's journey to become one of the strongest players in the global dynamic space.

What does this mean in simple economic terms? Any acquiring company before investing, meticulously evaluates the financial performance of the company they want to invest in. India's rise in M&A volume in February 2025 represents a 67% increase in volumes and 5.4-fold increase[1] in values compared to February 2024. This shows an excellent and robust financial trajectory of Indian companies. This is also affirmed by the fact that despite global economic uncertainties like foreign investment in Indian market, looming over the nation, as many as 85 new M&A deals, worth $4.8 billion were announced in February 2025.

Mergers and Acquisitions of companies are dealt with on several grounds. These include companies' focus on financial growth, increased supply of assets, greater capital availability, private equity portfolio of the companies in the market and recently emerged and very important, company's integration of AI. Now on the basis of how companies perform on these grounds, they attract investment. In layman terms, more money is circulated in the domestic market of the invested company. Public and domestic policies of a country play a huge role in making this happen. The recent imposition of high tariff by the United States on imports from major economies has created uncertainty in global trade flows. Additionally high interest and inflation concerns in the US and Europe have tightened capital availability making large transactions more expensive.

During this time, India's $27.5 billion transactions in M&A value deals within just the first quarter reflects its resilient capital markets, attractive valuations and a step ahead in its journey to become the world's biggest Financial market.

INDIA'S JOURNEY SO FAR IN THE M&A WORLD

Just a decade ago, India's position in the global deal making arena was of an observer, and in 2024, India saw over $112 billion worth of M&A deals- its highest ever and a 66% jump from the previous year. A hub of start-ups where there's an entrepreneurial pursuit in every corner of the country, our economy is giving wings to all these dreamers. Once small visions in co-

[1] Available at: https://www.livemint.com/market/stock-market-news/ma-private-equity-deals-hit-record-high-of-7-2-billion-in-feb-largest-monthly-volumes-in-3-years-11742050827796.html

working spaces, are now merging with global players, creating not only opportunity but also a great sense of pride.

Even so, India did not have a very rosy beginning. In 2014, a year prior to the great SnapDeal's acquisition, most deals in India were domestic and most in scale. Foreign investors were a lot more hesitant to invest in India companies for various reasons including FDI caps, Lack of clear exit mechanisms and Tax uncertainties especially considering the Vodafone Tax case that year which created a lot of investor anxiety. That year the total value deal in M&A only stood at $29 billion with over 75% of the deals being domestic in nature.

2015 became the year when India finally started breaking out of its shell. The government opened up key sectors to 100% FDI under automatic route including, defence, railways, telecom, insurance and e-service. The Insolvency and Bankruptcy Code of 2016 brought speed, transparency and accountability to acquisitions and enabled ground-breaking acquisitions like JSW Steel's takeover of Bhushan Power and Steel, and Tata Steel's acquisition of Bhushan Steel.

With Walmart's $16 billion acquisition of Flipkart in 2018, the largest e-commerce acquisition globally at the time, we knew we had cemented our position in the global M&A market. Global investors do not just look at India for growth, they see it as a partner in progress, why? Resilience rooted in a billion dreams, innovation born in humble garages and workforce that is built last and lead. In just half a decade, the country has evolved into one of the most attractive destinations for M&A, driven by economic reforms, a vibrant ecosystem and an unmatched market potential. This financial boom is reflected in the significant deals such as the $8.5 billion Reliance Industry and Walt Disney Merger, $4.08 billion acquisition in stake of BT group by Bharti Airtel and several other deals.

INDIA'S POSITION IN THE GLOBAL CHARTS OF M&A

In 2020, amid the global pandemic uncertainty, India's M&A deal values stood at around $47 billion. While global deal-making fell to its lowest opening period since 2020, the start of the Covid-19 pandemic, M&A activity involving India witnessed a strong start as the first quarter period reached a four-year high. The acquisition of technology and healthcare, availability of private equity and abundant cash reserves as well as historically low interest rates were key factors pushing the M&A growth so far this year.[2] Deal value for U.S.-based companies

[2] Available at: https://www.financialexpress.com/business/industry-mergers-acquisitions-in-times-of-pandemic-india-remains-hottest-destination-for-deal-making-2488486/

ISSN (O): 2584-2196

through July 9, 2020, was down 64% compared to the same period in 2019. Additionally, aggregate deal value between Q1 and Q2 2020 fell by more than 40%.[3] In Europe, in 2020, the pandemic halted M&A activity in the first half of the year, dropping the median deal value to a mere EUR 10.0 million.[4] Amid this economic paralysis, a new force had begun to emerge, while the world was struggling to find footing, India pivoted. It recorded a historic high of attracting $81 billion in FDI in FY21.

In May 2022, India officially crossed the 100 unicorn (start-ups valued at over $1 billion) mark, it became a land of agile founders and digital-first companies, drawing attention from all over the world. With M&A giants like US and China facing regulatory bottlenecks and economic cooling, India recorded over $150 billion in deal value in 2022-2023 alone. While developed economies were walking on eggshells around the recession, India maintained a significant 6-7% GDP growth, fuelling investor confidence.

Several major global economies, such as Canada, France, Germany, and South Korea are facing political instability, and many have national elections in 2025. The impact of the Russia–Ukraine war, the potential calming of the conflict in the Middle East, and the collapse of the Assad regime in Syria are events that also have a significant economic impact on the countries involved and their neighbours. We also can't ignore the role of China on the geopolitical stage, given its position as the world's second-largest economy and heightened political tensions in its relations with several countries.

The impact of the US election, in particular, is reverberating around the world, and the new administration's policies may have significant—but at times contradictory—implications for M&A, not only in the US but also globally.[5] In these times of distress a developing economy like India has generated an impressive $27.5 billion in M&A deal value reflecting a remarkable 13.6% growth over last year. The country stands as a tall beacon of optimism, keeping the global spirit of markets alive and thriving.

[3] Available at: https://www.axios.com/2020/07/16/mergers-acquisitions-democrats-coronavirus
[4] Available at: https://aventis-advisors.com/ma-in-europe/
[5] Available at:https://www.pwc.com/gx/en/services/deals/trends.html

ISSN (O): 2584-2196

CONCLUSION - WHAT IS THE FUTURE OF M&A IN INDIA?

The robust growth of India in the M&A sector can be attributed to several positive factors including:

- Steady Growth
- Re-election of a stable government
- New Wave of entrepreneurial spirit
- Strengthened ties with US and Europe
- Reforms in key sectors such as Infrastructure, Technology, Real Estate and Energy.

Government reforms and incentives are expected to attract substantial investments in 2025, with sectors such as Manufacturing, Infrastructure, and Healthcare likely to witness significant growth. As India continues its journey towards economic growth, the deals segment is set for transformative growth, driven by government policy reforms, corporate repositioning, and improving economic conditions.[6]

As we look ahead, India's momentum in M&A is set to stay strong, powered by emerging technologies, and progressive governance that are redefining the very fabric of business. With Jio launching its own generative AI, "Jio Brain" and allocation of $1.25 billion towards AI by the Indian Government makes the sector of generative AI and language models to be one of the key contributors in growth of M&A sector. Similarly SEBI's support in promotion of cryptocurrencies, Income tax Appellate Tribunal Of India's ruling in treatment of cryptocurrencies as capital assets may promote a lot of acquisitions in India. We may also see mergers of small companies or rather big corporations participating in the Indian adoption of blockchain and crypto promoting an increased activity in the M&A sector of the country.

India's upcoming M&A journey seems to be a confident one fuelled by its investment in Technology and backed by its and dreams of people. We are no longer catching up with the economies of the world, we are setting the pace for the most ground-breaking deals of the world. And behind, every deal, every leap, is the spirit of the nation that dares to believe, build and become. We're no long approaching excellence, we're working towards bolstering it.

[6] Available at: https://www.grantthornton.in/en/insights/thought-leadership/annual-dealtracker-2025/