Deals at a glance: Annual review 2024

PwC India

Dinesh Arora
Partner, Deals Leader
PwC India

With a 42% increase in overall transactions, 2024 was a year of revival following the corrections in 2023. Merger and acquisitions (M&A) witnessed 52% increase while there was a 34% rise in private equity (PE) investments. The combined disclosed deal value reached an impressive USD 112 billion which can be attributed to a 67% jump in the number of deals valued over USD 1 billion.

We observed a prominence of domestic deals within M&A which constituted about 70% of the volume. This makes the market consolidation efforts more evident within the domestic landscape. The retail and consumer sector led in terms of transaction volume, while non-power infrastructure had the highest deal value, with tech and innovation playing a pivotal role amongst all the top sectors – be it e-commerce, FinTech or advancements in biotech.

Another space that drew the limelight was India's credit growth trajectory that remained positive, with activity in real estate sector and advancements in deal structuring while Insolvency and Bankruptcy Code (IBC) saw significant progress with regulatory amendments.

Indian economics saw a mixed performance in 2024. India's gross domestic product (GDP) growth slowed down to 5.4% in Q2 FY25 from 6.7% in Q1 FY25. This was affected by factors like slowdown in capex, weak consumption growth, decrease in investment and lower growth in exports. This was compensated by private and government consumption. We saw an increase in foreign direct investment (FDI), with India is shaping up as the fastest-growing G20 economy, with a 7% growth rate in 2024 driven by robust domestic demand. By 2040, India aspires to become the second-largest economy by leveraging government initiatives, infrastructural developments, improved ease of doing business and young, skilled workforce working in its favour.

As we look forward to 2025, the shifting dynamics and evolution of the economic and deal factors will be important, and we remain optimistic about 2025 being the year to initiate the path to sustainable progress with India becoming a top choice for global investors.

Recent PwC advised deals

JSW Energy Neo Ltd

Exclusive transaction advisor to JSW Energy Neo for the acquisition of O2 Power

Magpet Polymers Pvt Ltd

Exclusive financial advisor to Magpet Polymers for raising an investment from British International Investment

PwC thought leadership reports

Global M&A industry trends: 2025 outlook

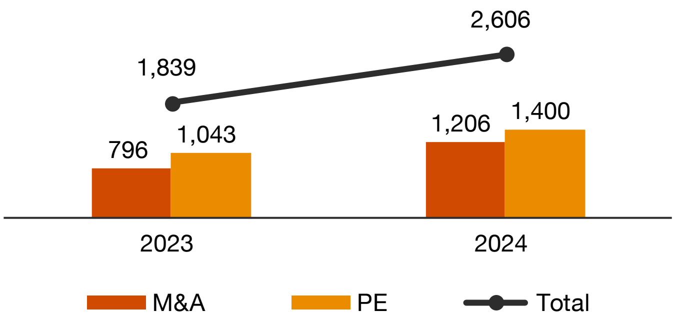
28th Annual Global CEO Survey: India perspective

Bridging the gaps to cyber resilience

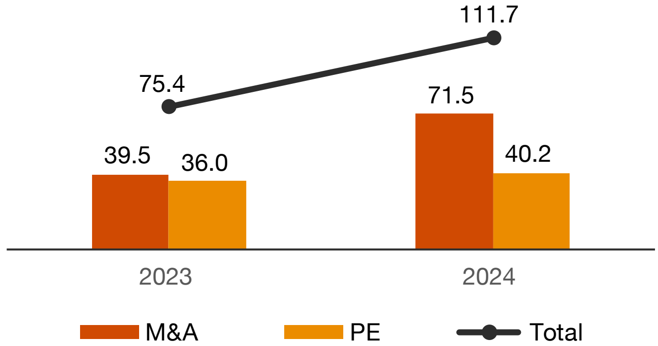
Deals at a Glance: Q3 CY24

Market snapshot

Deal volume



Deal value (USD billion)



In 2024, deals in India experienced a significant uptick in both M&A deals and PE investments, in terms of both volume and disclosed deal value after 2023, the year of corrections.

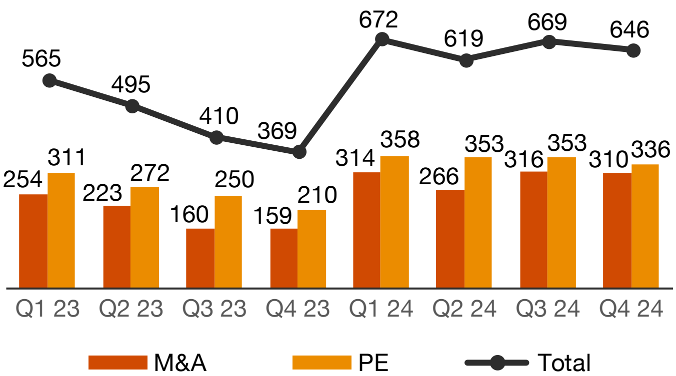
The total number of deals announced in 2023 was 1,839 which grew 42% in 2024 to 2,606. M&A transactions saw a rise of 52%, while PE transactions grew by 34%. On the other hand, the total disclosed deal value for M&A surged to a significant 81%, to USD 71.5 billion, while PE deals value saw a modest 11.7% increase to USD 40.2 billion, making the combined disclosed deal of USD 111.7 billion. This is 48% higher than the previous year, reflecting an overall stronger confidence on the market and a specific focus on long synergies through the way of strategic realignments favouring M&A.

In Q4 2024, the total volume for deals was 646, with a combined deal value of USD 27.8 billion. While M&A value decreased from Q3, PE saw a substantial increase, signaling an improved outlook for the PE space. The overall deal volume in Q4 2024, although lower than the peak in Q1 2024, provided a strong finish to the year. M&A volume almost doubled as compared to Q4 in 2023, echoing the yearly trend of focusing on strategic transactions. The total transaction volume and disclosed deal value of this quarter had a slight decline from Q3 CY24 but remained well above the quarterly numbers of 2023.

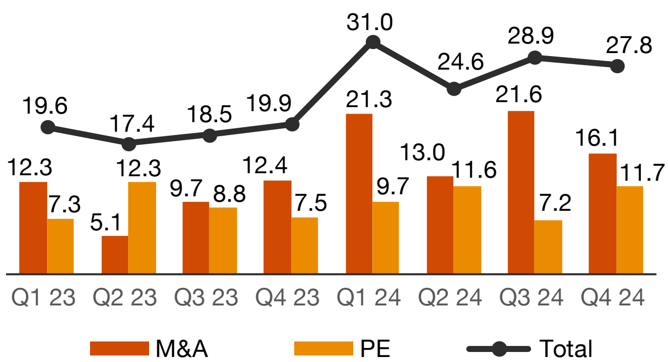
Notably, the total M&A deals in 2024 constituted about 70% domestic deals as opposed to 63% in 2023. This increased preference for domestic transactions underscores a strategic focus on consolidating market share and expanding the business within the existing markets. The quarterly trend shows that Q1 2024 had the highest number of domestic transactions at 225, followed by a slight decline in Q2 to 185. The numbers stabilised in Q3 and Q4, at 214 and 213, respectively, suggesting increasing importance of domestic growth and integration, largely steered by the economic conditions and strengthening local market positions. Inbound deals followed a similar trend. On the contrary, outbound deals showed an upward trajectory, with 35 deals in Q1, followed by a steady rise to 37 in Q2, 49 in Q3 and peak at 51 in Q4.

The average ticket size for M&A transactions came down to USD 91 million from USD 100 million in 2023, observing a dip of 9%. On the other hand, the average PE ticket size dropped 26% from USD 46 million to USD 34 million. Looking at the quarterly trend, Q4 2024 saw M&A average ticket sizes dropping aggressively to USD 68 million from USD 116 million, but the PE ticket size still increased to 47% to USD 37 million from USD 25 million in Q3 CY24, showing a stark contrast with the overall trend.

Deal volume



Deal value (USD billion)

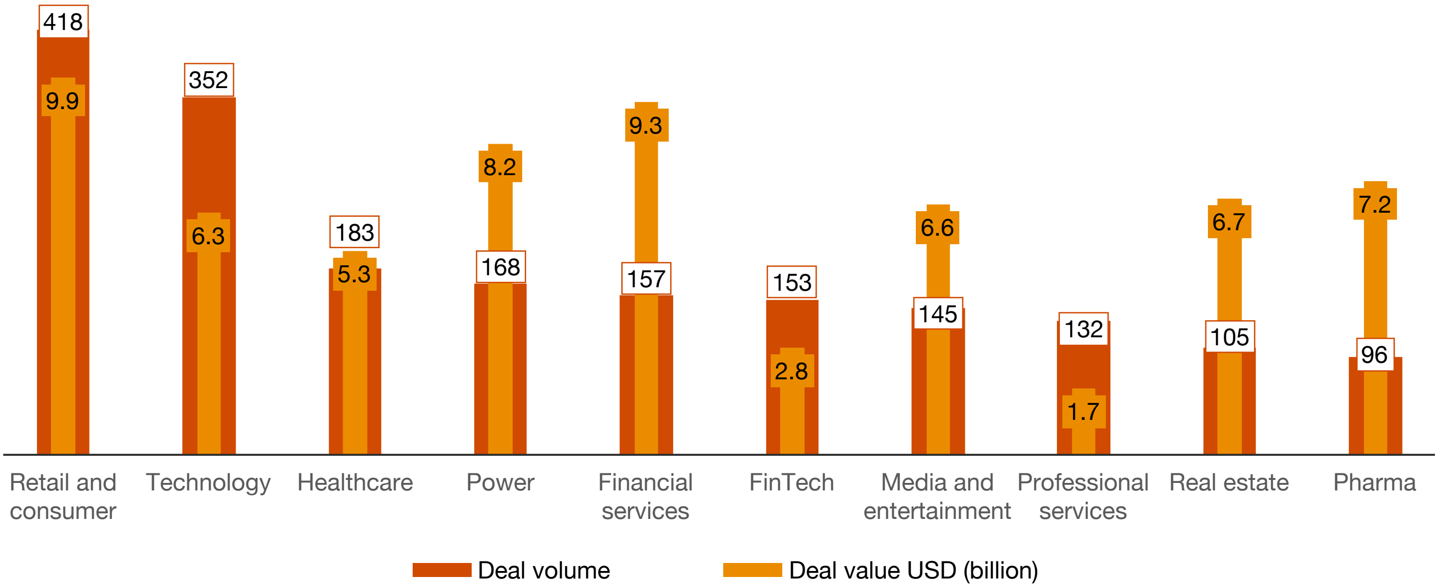


2024 wrap up:

2,606	**USD 112 billion**	**800+**	**USD 5.65 billion**
Announced deal volume	Disclosed deal value	Domestic deals	Largest deal

Sector watch

Top sectors (Deal volume wise)



Top sectors

The retail and consumer sector witnessed the highest deal volume with 418 transactions with a total value of USD 9.9 billion. This comes as no surprise as we saw the same trend in 2023 and throughout 2024 as well. Although the deal volume of non-power infrastructure sector was low with only 69 deals, it stands out with the highest deal value of USD 10.3 billion with two deals above USD 1 billion.

Technology sector followed with 352 deals with a value of USD 6.3 billion, highlighting its importance and significant role in innovation and digital transformation across industries. All the top sectors in the market have technology as an integral part, such as e-commerce in retail, MedTech and biotech in healthcare and pharma or FinTech as a whole. Within these, private equity deal activity experienced fluctuations, with significant investments directed towards high-growth sectors like technology and infrastructure.

Healthcare sector saw 183 deals with a value of USD 5.3 billion. This is driven by advancements in medical technology and increased emphasis on health. Healthcare and pharmaceutical sectors are poised for transformative growth, potentially doubling market size in the next 5–7 years, steered by digital adoption and innovation and increased R&D.

The financial sector, a combination of both traditional as well as FinTech, remains active, showing signs of consolidation and expansion strategies coupled with smaller, disruptive innovations within financial technology. Traditional companies are also venturing into the FinTech space in order to compete in the market. Oil and gas recorded the lowest deal volume but still achieved a significant value of USD 6 billion, suggesting few but large, capital-intensive projects.

Large deals

There are 19 deals exceeding USD 1 billion, accounting for 34% of the total disclosed deal value. About 25% of the total disclosed deal value comes from the top 10 deals alone.

It is interesting to notice that the top 10 transactions were all M&As, with three specifically being mergers.

The largest deal of the year comes from the oil and gas sector, where Gujarat State Petronet and Gujarat State Petroleum Corp merged into Gujarat Gas. This was followed by a deal from the media and entertainment sector, where Reliance Industries and Disney formed a joint venture by merging the businesses of Viacom 18 and Star India creating a media giant across TV broadcasting, streaming, movies and sports.

Overview and outlook

M&A in 2024 focused on consolidation and integration of tech, particularly in infrastructure and renewable energy. The outlook is promising with expectations for continued activity in cement, renewables, consumer and pharma sectors in 2025. Industrials market is anticipated to grow, fueled by strong corporate balance sheets and global supply chain reorganisation, and a focus on electrification and decarbonisation. We foresee considerable capital targeting large deals in e-commerce, renewable energy, technology and healthcare, emphasising on sustainability and ESG factors.

Top deals 2024

Target	Seller(s)	Buyer(s)	Deal type	Deal nature	Deal value (USD billion)
Gujarat State Petronet Ltd, Gujarat State Petroleum Corp Ltd	-	Gujarat Gas Ltd	Domestic	Merger	5.65
Star India Pvt Ltd	Walt Disney Co	Reliance Industries Ltd; Viacom 18 Media Pvt Ltd (Media Undertaking)	Domestic	Joint venture	4.53
BT Group plc	Altice UK Sarl	Bharti Enterprises (BhartiTeleventures UK)	Outbound	Strategic investment	4.06
Nidar Infrastructure Ltd	-	Cartica Acquisition Corp	Inbound	Merger	2.75
Quality Care India Ltd	TPG Capital LP; Blackstone Inc	Aster DM Healthcare Ltd	Domestic	Merger	2.13
TS Global Holdings Pte Ltd	-	Tata Steel Ltd	Outbound	Strategic acquisition	2.10
ATC Telecom Infrastructure Pvt Ltd	American Tower Corp	Data Infrastructure Trust	Domestic	Strategic investment	1.98
Seven Toll Road projects concession	National Highways Authority of India (NHAI)	NHIT Eastern Projects Pvt Ltd	Domestic	Asset acquisition	1.89
Bharat Serums & Vaccines Ltd	Advent International LP	Mankind Pharma Ltd	Domestic	Strategic acquisition	1.62
Hindustan Coca Cola Holdings Pvt Ltd	Coca-Cola Co	Jubilant Bhartia Group	Domestic	Strategic acquisition	1.48

2024: Blockbuster year of initial public offerings (IPO)

91
Mainboard IPOs

240
SME IPOs

- **A total of 91 Indian companies raised INR 1,59,784 crore, an all-time high, via mainboard IPOs in 2024.** This is more than thrice the amount raised in 2023 which had INR 49,436 crore mobilised by 57 IPOs. The average deal size doubled to INR 1,756 crore, compared to INR 867 crore in 2023.
- **The activity in the small and medium enterprises (SME) segment saw a significant increase in 2024 with 240 SME IPOs raising a total of INR 8,761 crore**. This was 87% higher than INR 4,686 crore from 182 IPOs in 2023. The average amount saw a six-fold jump in four years, from just INR 6 crore in 2020 to INR 36 crore in 2024.

Sources:

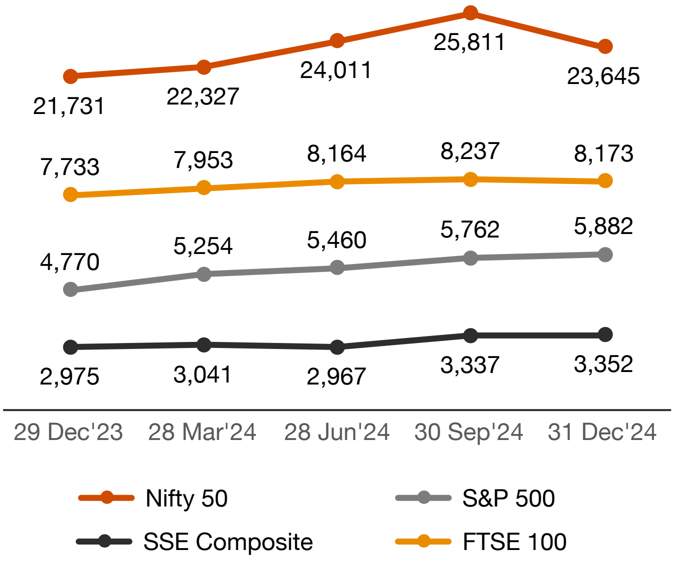
- PwC analysis
- Mergermarket
- Prime Database
- VCCEdge
- Venture Intelligence

Data qualifications:

The data used for analysis is as of 31 December 2024. This analysis does not include the following deals:

- Individual and undisclosed bidders with deal value < USD 10 million
- Buybacks/delisting
- Parent entity investing in non-significant stake

Stock market trend



- Nifty 50 index showed a growth of about 9% year-on-year (YoY), exhibiting the strength of the Indian market over the year, while S&P 500 showed an even larger growth of about 23%. This brings to light a strong global investment climate, with the global indices performing particularly well.
- Looking at the last quarter closely reveals a much weaker and slowed momentum of the Indian indices. Nifty 50 dropped to almost 8%, highlighting the potential volatility or the overall corrections in the Indian capital market towards the end of the year.
- In comparison, S&P 500 continued its positive trajectory although at a slower pace, with an increase of about 2%.
- The broader market trends, as indicated by the SSE Composite and FTSE 100, showed a flatter, more plateaued performance with minor fluctuations.
- Overall, we observed mixed sentiments across global markets.

India's growing private credit landscape

15-16% growth in value and volume in 2024

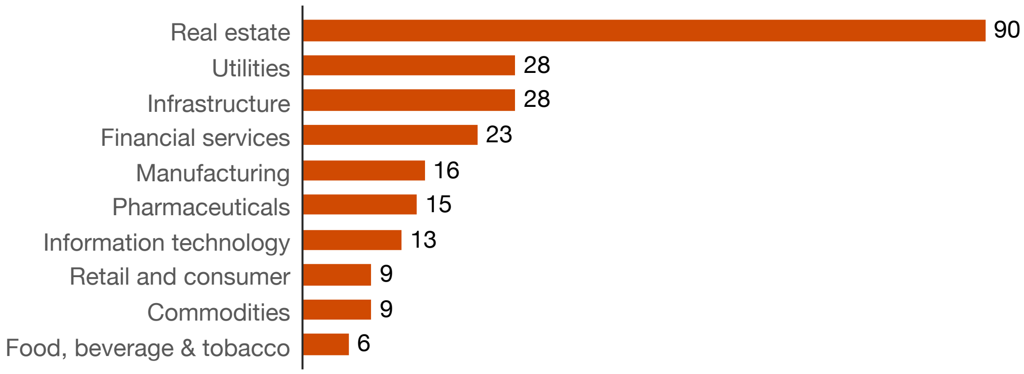
Forecasted growth rate of **about 25-30%** in private credit

India to continue offering opportunities at 12-24% internal rate of return (IRR)

Continued ability to get flexible and competitive rates and deal structures

- India's credit growth landscape has garnered the interest of many recently. In 2024, it saw transactions of about USD 10 billion and an average deal size of USD 29 million. Out of the 230 deals seen this year, 114 were less than USD 10 million. Private credit has also seen huge growth over the past decade globally, becoming an important component of the market.
- In 2024, India saw some strong credit investments, more so in the real estate sector. This alone made up 28% of the total deal volume, followed by investments in utilities sector (15.7%) and infrastructure (10.7%). Additionally, there was interest in other sectors as well such as renewables, healthcare and pharmaceutical. In 2023, private credit funds predominantly focused on real estate, accounting for about 29% of the total deal volume, followed by sectors like metals and mining, and utilities.
- This year not only saw private credit as an upcoming option but also marked a year full of advancements in deal structuring. This was characterised by complex high-yield offerings, flexible structures with redemption premiums and performing credit. Considerable participation was seen from non-banking financial companies (NBFCs) and family offices, in addition to the private credit funds in the private credit space.
- Domestic funds exhibited an increased interest, showing significant activity in 2024 as compared to 2023. This is an effort to enhance their market share as compared to the offshore funds.

Top 10 sectors by credit deals volume – 2024



Real estate
>USD 1,500 million

Utilities
>USD 1,000 million

Infrastructure
>USD 500 million

IBC – looking back at 2024 and expectations from 2025

The IBC has evolved and improved constantly, with 2024 being no exemption. This year, the Supreme Court of India gave clarity on several issues like statutory set-off not being applicable to the Corporate Insolvency Resolution Process (CIRP) except in specific cases. There was high emphasis on 'substance over form'. There was also a distinction between arbitration and insolvency applications with different remedies. The court also ruled that the 'right to maintenance' is superior to creditor claims and that IBC should not override statutes like slum redevelopment. The high courts confirmed that the National Company Law Tribunal (NCLT) cannot override other courts in any non-insolvency matters.

Initiatives and future path for insolvency by IBBI

In 2024, Insolvency and Bankruptcy Board of India (IBBI) focused highly on the continuous improvement and outcome measurement of the insolvency framework currently present in India. A central auction platform was introduced, in addition to releasing discussion papers and regulatory amendments. This allowed the role of Insolvency Professional Entities (IPEs) to expand and mandated meetings in personal guarantor insolvencies. The liquidation regulations led to enhanced oversight, monthly meetings and a director's certification in case of voluntary liquidations.

The discussion papers released by IBBI proposed standardisation of progress reports, self-certification for auction bidders and voluntary liquidation with uncalled capital if the creditors' interests are secure. Further, suggestions included mediation for the operational creditors, rationalising the valuers and simplifying the complete micro, small and medium enterprise (MSME) insolvency process. IBBI is expected to adopt many of the proposals, including group insolvency and potential out-of-court mechanisms in 2025, but cross-border insolvency may remain territorial unless benefits justify the proposed change. We might have further clarity on unresolved issues like dissenting financial creditors' rights and distribution mechanisms in insolvency waterfalls later in the year.

Emerging challenges and institutional improvements in insolvency

With all the recent changes, there are chances of some new legal challenges rising on account of the Digital Personal Data Protection Act 2023, specifically regarding data valuation and moratorium applicability in cases of data reclamation. There are also chances that introducing mediation in insolvency proceedings could pose challenges, including whether mediation acceptance by operational creditors indicate a pre-existing dispute, or if this affects their ability to file for insolvency.

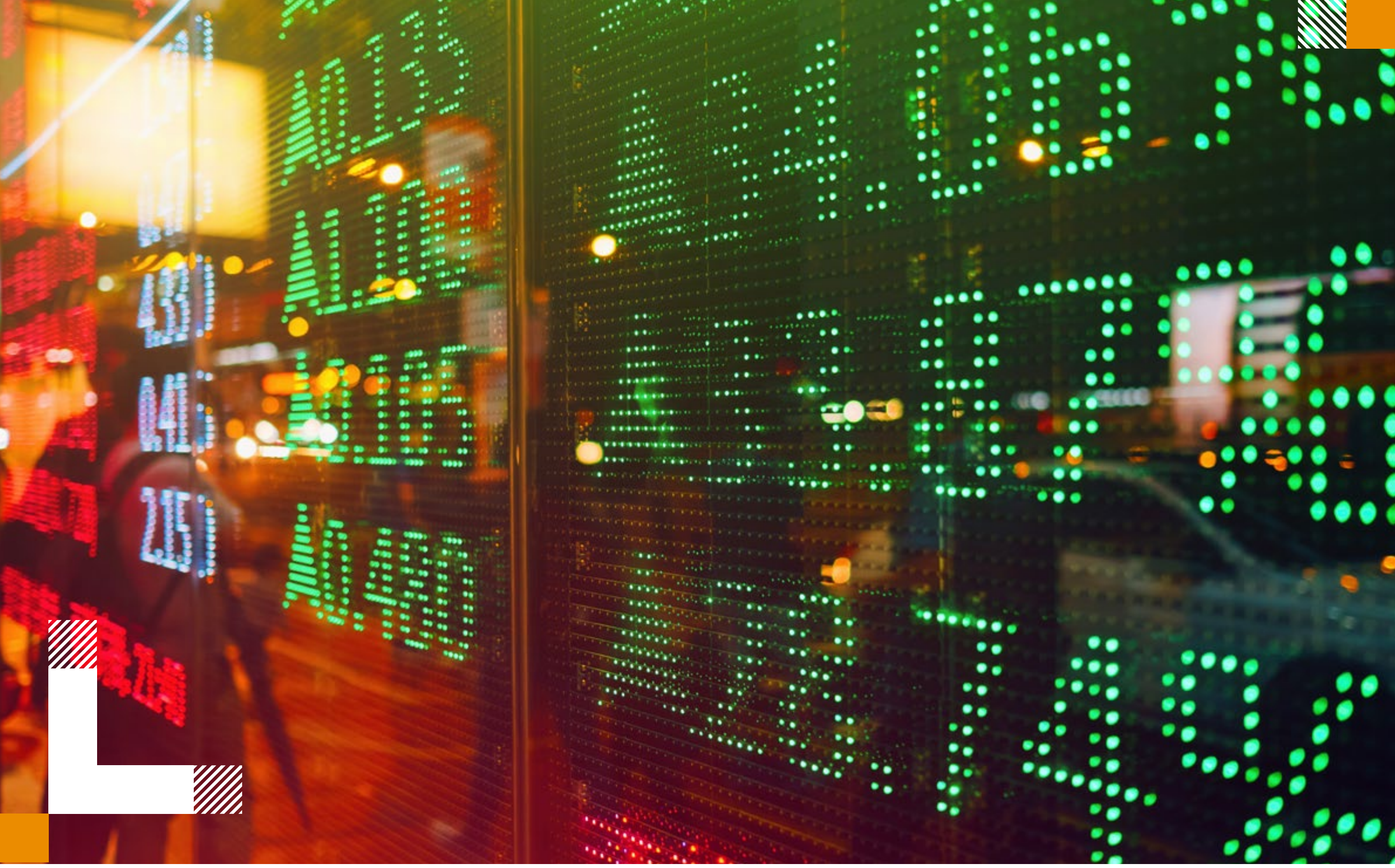
NCLT has been a weakness of IBC, hence the Standing Committee on Finance has emphasised on the dire need to address infrastructure and human capacity gaps in NCLT. As this year progresses, resolving these shortcomings will be important for IBC's success and this was reiterated in two instances in 2024. In the Jet Airways case, the Supreme Court emphasised on prioritising the appointment of tribunal members with domain expertise and addressing the infrastructure needs. Then, the Standing Committee on Finance's report on 'Demands for Grants (2024-25)' noted that any delays in insolvency resolutions, particularly during admission and adjudication at the NCLT, remains as a bottleneck.

It is good to see positive steps being made like the appointment of new members in 2025 and addressing NCLT deficiencies, enhancing IBC outcomes.

> "As one of Indian economic structure's strong pillar, the IBC keeps evolving consistently, expressing a strong dedication to improve the bankruptcy procedures and handling challenges with ease. In 2025, the flexibility of IBC and its focus on balancing the interests of all stakeholders will be very crucial for effectively navigating the complex legal and regulatory environment."
>
> **Devendra Mehta**
> Partner - Deals, PwC India

Outlook

At the start of 2025, we expect to see the appointment of new members. If openings are promptly filled and the necessary upgrades are made to the infrastructure, IBC outcomes are sure to improve. However, it is hard to predict if NCLT capacity and infrastructure will improve this soon, as the problem has been brewing for some years now. Other flaws in the IBC would not be noticeable if these shortcomings of NCLT are fixed, and then we can focus on additional development.



Economic snapshot

- **YoY growth in GDP fell to 5.4% in Q2 FY25** from 6.7% in Q1 FY25 and 8.1% in Q2 FY24, due to a dip in investment growth and weak exports.
- **While private consumption grew by 6% in Q2**, it was on a lower base of Q2 of FY24 (2.6%) and lower than the FY13-24 Q2 average of 6.4%.
- **About 4.4% growth was seen in government consumption in Q2, higher than 0.2% degrowth in Q1 FY25**, due to the pick-up in the government's revenue expenditure (RE). Centre's RE (excluding interest and subsidies) grew by 7.23% in Q2 FY25 over 2023, while the same expenditure for the top 23 states rose by 8.3%.
- **Investment growth slowed to 5.4% in Q2** compared to 7.5% in Q1 FY25 and the FY13-24 Q2 average of 5.9%. H1 FY25 Central Government capex is 15% lower than H1 FY24 with a significant ramp up in the capex in Q2, which is 10.3% higher compared to the previous year.
- **Exports grew by 2.8% in Q2**, lower than 8.7% in Q1 FY25 and the FY13-24 Q2 average of 6.3% while **imports fell by 2.9% in Q2**, contrasting with 4.4% growth in Q1 FY25 and 5.7% average during Q2 FY13-24.

GDP and expenditure components (at constant prices)

Key components	Share (%)	Growth (%)				
		FY23 Q2	FY24 Q2	FY25 Q1	FY25 Q2	Average FY13-FY24 Q2
Private final consumption expenditure (PFCE)	55.8	8.2	2.6	7.4	6.0	6.4
Government FCE (GFCE)	9.5	3.4	14.0	-0.2	4.4	4.0
Gross fixed capital formation (GFCF)	33.5	4.7	11.6	7.5	5.4	5.9
Change in stocks	1.1	8.7	10.2	5.6	1.3	41.7
Exports	22.7	11.7	5.0	8.7	2.8	6.3
Imports	-25.0	16.1	11.6	4.4	-2.9	5.7
GDP		5.5	8.1	6.7	5.4	6.2

Source: Ministry of Statistics and Programme Implementation (MoSPI)

- **Gross value added (GVA) grew by 5.6% in Q2 FY25**, lower than 6.8% in Q1 and FY13-24 average of 6.1% due to low growth of mining, manufacturing, electricity and utilities.
- **Agriculture and allied sector grew by 3.5% in Q2**, higher than 2% in Q1 FY25 and 1.7% in Q2 FY24. This was mainly due to good rains and strong sowing.
- **Mining growth declined by 0.1% in Q2, significantly lower than 7.2% in Q1** mainly due to temporary disruptions in mining activity caused by excessive rainfall. **Manufacturing sector grew by 2.2% in Q2**, significantly lower than 7% in Q1 and FY13-24 Q2 average of 6.4%.
- **Electricity, gas, water supply and other utility services grew by 3.3% in Q2**, down from 10.4% in Q1, owing to lower power demand from cooler weather and excess rains.
- **Construction grew by 7.7%, lower than 10.5% during Q1 but higher than FY13-24 Q2 average of 4.6%**, possibly due to pick up in Central Government capex and private investment in Q2.
- **Services sector grew by 7.1%** which is slightly higher than long term Q2 average (6.9%).

GVA by economic activity (at constant prices)

Key components	Share (%)	Growth (%)				
		FY23 Q2	FY24 Q2	FY25 Q1	FY25 Q2	Average FY13-FY24 Q2
Agriculture, livestock, forestry and fishing	14.5	2.3	1.7	2.0	3.5	4.2
Mining & quarrying	2.1	-4.1	11.1	7.2	-0.1	1.8
Manufacturing	17.3	-7.2	14.3	7.0	2.2	6.4
Electricity, gas, water supply and other utility services	2.4	6.4	10.5	10.4	3.3	6.5
Construction	9.0	6.9	13.6	10.5	7.7	4.6
Trade, hotels, transport, communication & services related to broadcasting	18.6	13.2	4.5	5.7	6.0	6.6
Financial, real estate & professional services	23.3	8.7	6.2	7.1	6.7	8.0
Public administration, defence & other services	12.7	7.3	7.7	9.5	9.2	5.7
GVA	100	5.0	7.7	6.8	5.6	6.1

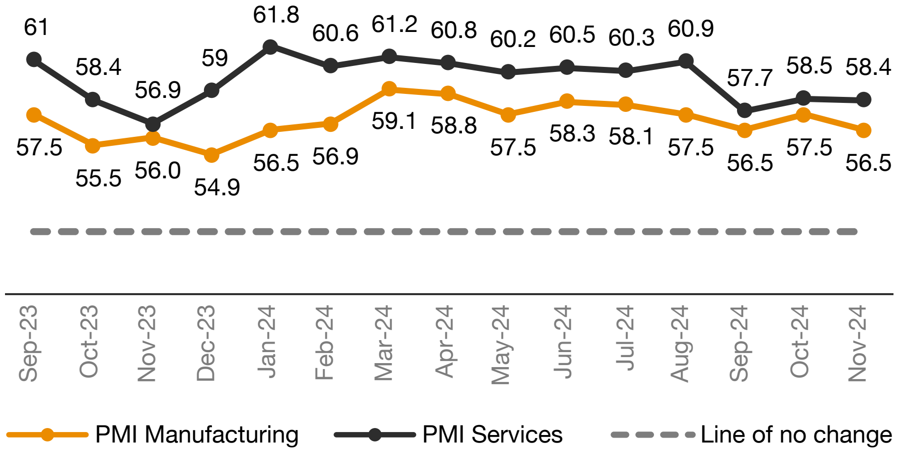
Source: Ministry of Statistics and Programme Implementation (MoSPI)

Index of Industrial Production (IIP) growth

IIP	Annual growth (%)		
	August 2024	September 2024	October 2024
Mining	-4.3	0.2	0.9
Manufacturing	1.1	3.9	4.1
Electricity	-3.7	0.5	2.0
IIP (General)	-0.1	3.1	3.5
Primary goods	-2.6	1.8	2.6
Capital goods	0.5	3.6	3.1
Intermediate goods	3.0	3.6	3.7
Infrastructure/construction goods	2.2	3.2	4.0
Consumer durables	5.3	6.5	5.9
Consumer non-durables	-4.5	2.2	2.7

Source: Ministry of Statistics and Programme Implementation (MoSPI)

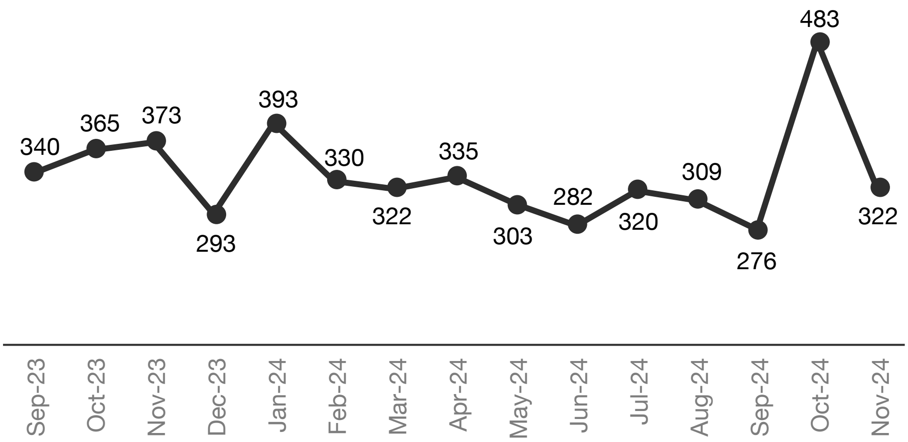
Purchasing Manager's Index (PMI)



The PMI is a weighted average of the following five indices: New Orders (30%), Output (25%), Employment (20%), Suppliers' Delivery Times (15%) and Stocks of Purchases (10%).

- **IIP grew by 3.5% in October 2024** compared to 3.1% in September 2024 on a YoY basis.
- **Mining IIP** rose by 0.9% in October 2024 compared to 0.2% in September 2024. **Manufacturing** growth rose to 4.1% in October 2024 from 3.9% in September 2024 and **electricity IIP** rose by 2% in October 2024 compared to 0.5% in September 2024.
- **Manufacturing PMI dropped to 56.5** from 57.5 while **services PMI declined marginally to 58.4** from 58.5 in November 2024 from October 2024.

Retail sales of passenger vehicle ('000 units)

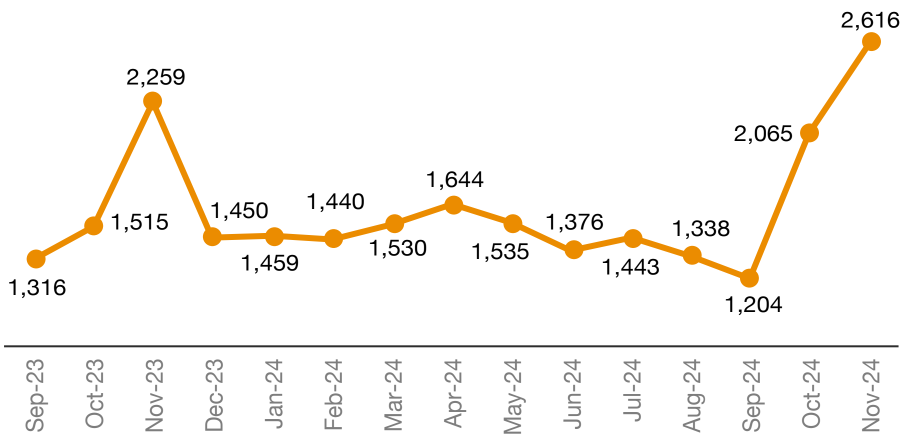


Source: Federation of Automobile Dealers Associations (FADA)

- **Passenger vehicle (PV) sales declined by 13.7% (YoY) and 33.4% (MoM) in November 2024** due to weak market sentiment, low product variety and insufficient new launches. Both rural and urban sales witnessed degrowth with pace of decline being strong for urban sales (16%) compared to rural market (10.1%). Inventory levels with dealers reduced by about 10 days but remained high at 65-68 days. Overall, PV sales increased by only 4.2% during April to November 2024 compared to the same period in 2023.

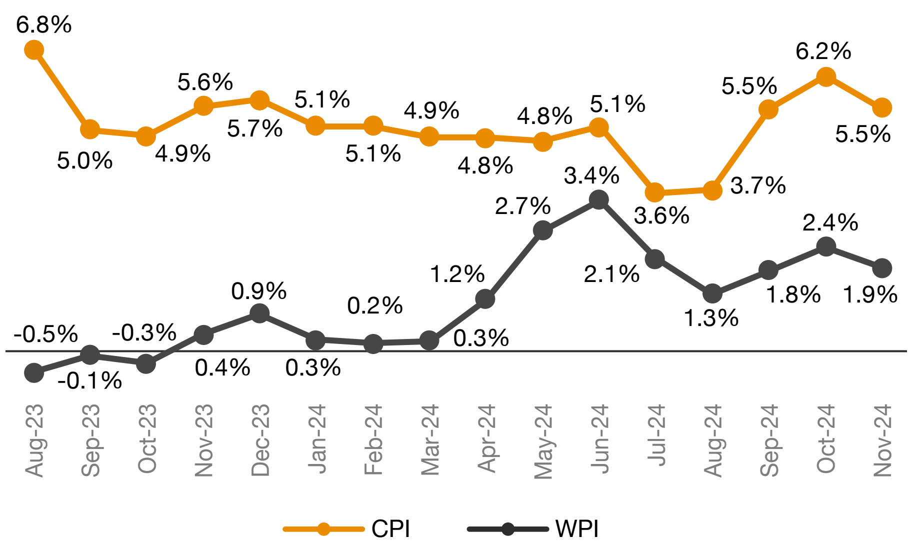
- **Two-wheeler (2W) sales rose by 15.8% in November 2024 and achieved a record registrations** due to extension of festive demand due to occurrence of Diwali, counterbalancing the weak marriage season demand. Majority of the 2W sales growth driven by rural sales, which grew by 19.9% in November 2024 compared to previous year, while urban sales rose by 9.1% only. Overall, 2W sales increased by 14% during April to November 2024 compared to the same period in 2023.

Retail sales of two-wheelers ('000 units)

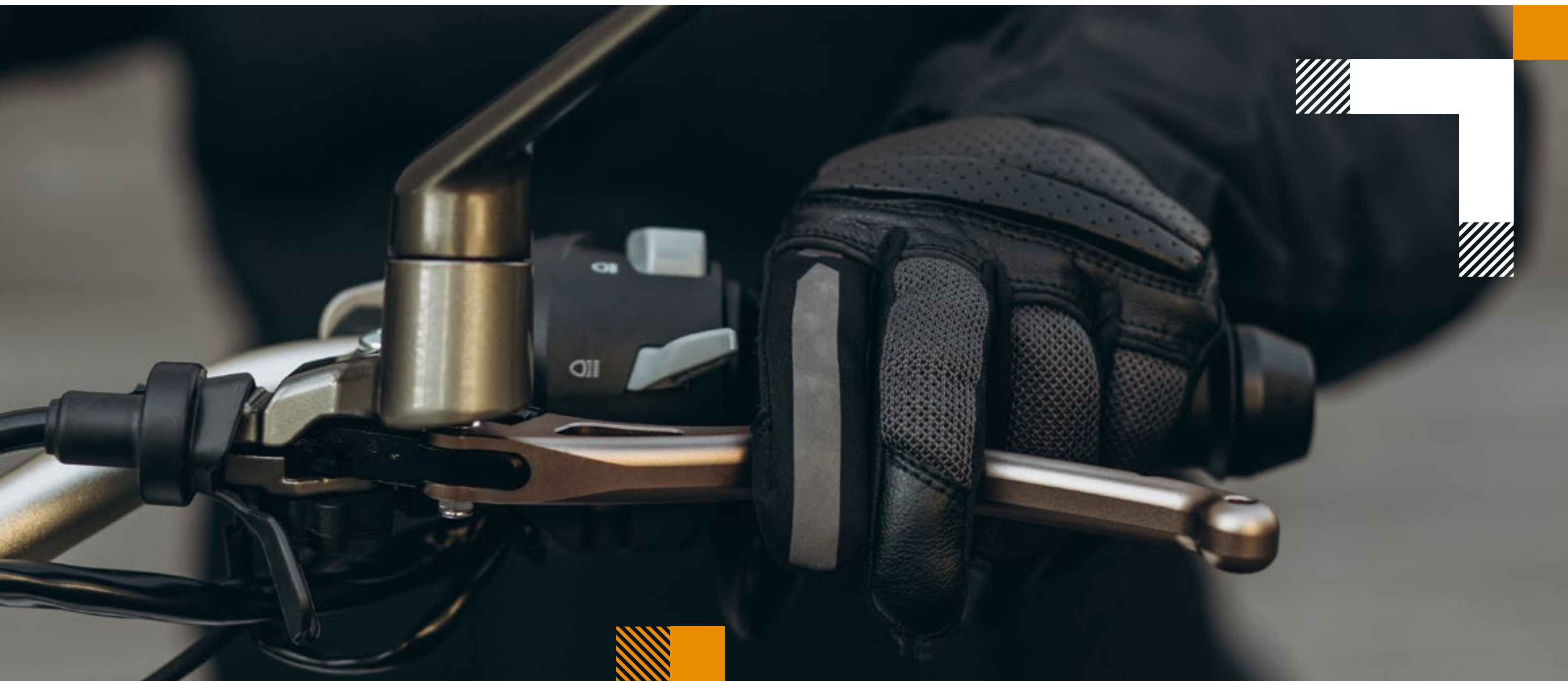


- **Weak FMCG growth but strong growth in petrol consumption and air passenger traffic:** FMCG value growth of 4-5%, with volume growth of around 3%
- **Petrol consumption reached six-month** high in November 2024 due to continued festive demand and state elections. It rose by **9.6%** YoY in November 2024, up from 8.7% growth in October 2024 and average growth of 7.6% during April-October 2024.
- **Unemployment rate reduced to 8%** in November 2024 from 8.7% in October 2024.
- GMR reported **record passenger traffic** at seven Indian airports in November 2024, with **14.3% YoY growth in domestic traffic and 11.3% in international traffic**. The Indian aviation sector also set a record with **over 5 lakh domestic passengers departing in a single day** on 17 November 2024.

General inflation - CPI and WPI



- **Consumer Price Index (CPI) inflation moderated to 5.48% in November** from a 14-month high of 6.2% in October 2024. Food inflation reduced to 9% in November from 10.87% in October. However, inflation for edible oils rose, possibly due to costlier imports and high demand due to festive and wedding season.
- Among non-food segments, fuel and light, transport and communication and personal care of effects witnessed reduction in inflation rate. However, inflation rate increased for clothing, housing, household goods and services, health and recreation.
- **Core inflation**, which excludes food and fuel, **remained stable at 3.7%** in November.
- **Wholesale Price Index (WPI) inflation eased to 1.89% in November from 2.36% in October**, driven by the slowdown in prices of food products, especially vegetables and fruits.



Global M&A trends

Signs of recovery are emerging as the global M&A landscape comes out of a period of stagnation. A possible rebound in M&A activity is suggested by the fact that the economic and geopolitical uncertainties that had hampered the market in recent years are starting to fade.

The number of deals exceeding USD 1 billion rose from 430 in 2023 to over 500 in 2024, boosting average deal sizes by 11%. This trend is driven by corporate dealmakers utilising highly valued stock and PE funds seeking larger transactions. Megadeals, especially in sectors like technology, energy and banking expanded significantly, with notable activity also emerging in insurance and media. Even with making up 1% of the almost 50,000 M&A deals announced worldwide in 2024, big deals have a significant impact on the overall market sentiments. High-profile transactions frequently serve as a catalyst for others in the market to aggressively explore M&A strategies in an effort to maintain competitiveness and seize expansion prospects. The drop of 18% in smaller and mid-sized transactions tempered with the overall optimism, giving conflicting signals to dealmakers.

Three key trends intensifying in the market:

Focus on growth and business transformation with M&A as the growth strategy and divestiture driving transformation

Artificial intelligence (AI) as a catalyst for change and reinvention supercharging investments and attracting capital

Higher PE exits due to increasing pressure to exit mature portfolio company investments

The newfound M&A impetus is supported by a number of factors, such as a CEO-driven emphasis on development and transformation in the face of AI, increased easy access to financing, and an expanding pool of assets from corporate divestitures and PE portfolios.

Dealmakers, however, need to be on the lookout for a few wildcards that could affect M&A activity. After policy changes, geopolitical unpredictability poses persistent difficulties. Furthermore, even if central banks have lowered interest rates and inflation has decreased, long-term rates are rising again, making refinancing more difficult and reducing possible profits. The situation is further complicated by high valuations, especially in the US, which may lead investors to look for value in other markets.

Although there are still many unknowns, the alignment of a number of elements points to a positive outlook for M&A in 2025. The M&A landscape may be ready for a big uptick, fueling the promise for a strong recovery with large deal activity encouraging the market momentum.

Sources:

- PwC's 28th Annual Global CEO Survey
- PwC's 28th Annual Global CEO Survey: India perspective
- Global M&A industry trends: 2025 Outlook

What to expect: The year ahead

- M&A as a growth and transformation strategy in sectors like technology, energy and banking
- High valuations pushing investors to undertake strategic deals
- Increased reliance on equity financing or more creative deal structures due to rise in long-term interest rates making financing more expensive
- Concentrated activity with potential for megadeals in the media, finance, insurance, energy and technology sectors
- Growing supply of assets from PE exits and corporate divestitures, increasing acquisition opportunities
- Expanding pool of assets via corporate divestitures and PE exits, creating more acquisition opportunities
- Promising sectors:
  - E-commerce
  - Renewable energy
  - Technology (AI and semiconductors)
  - Healthcare and biotechnology
  - Banking, financial services and insurance
  - Infrastructure
  - EVs and EV infrastructure (manufacturing, charging, batteries and energy storage)

About PwC

At PwC, our purpose is to build trust in society and solve important problems. We're a network of firms in 151 countries with over 360,000 people who are committed to delivering quality in assurance, advisory and tax services. Find out more and tell us what matters to you by visiting us at www.pwc.com.

PwC refers to the PwC network and/or one or more of its member firms, each of which is a separate legal entity. Please see www.pwc.com/structure for further details.

Contact us

Dinesh Arora
Partner, Deals
dinesh.arora@pwc.com

Ranen Banerjee
Partner, Economic Advisory Services
ranen.banerjee@pwc.com

Shruti Bansal
Associate Director, Deals
shruti.b.bansal@pwc.com

Srishti Sharma
Associate, Deals
srishti.sharma@pwc.com

pwc.in

HS/February 2025 - M&C 43834