

Aventis Advisors

M&A in India

Choosing your next investment destination

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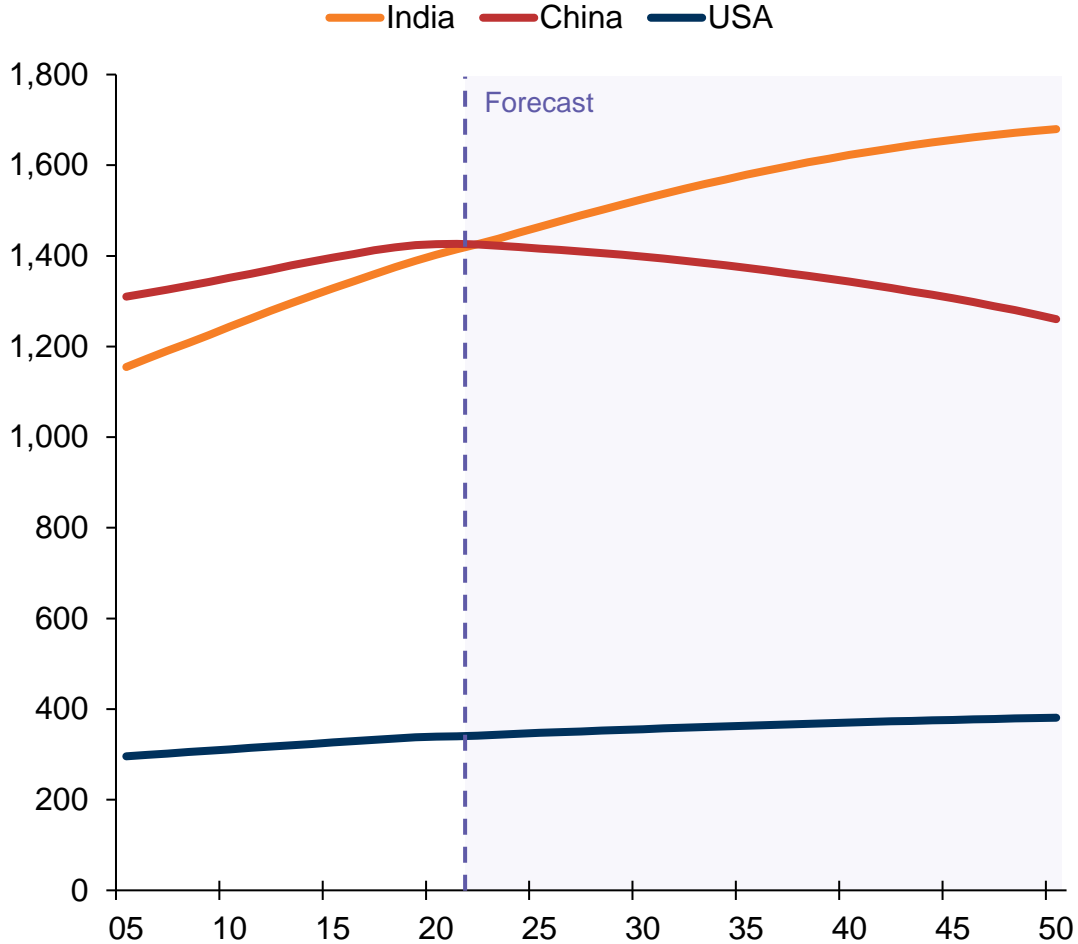
1. M&A in India: Economic outlook
2. M&A in India: Deal activity
3. M&A in India: Valuations



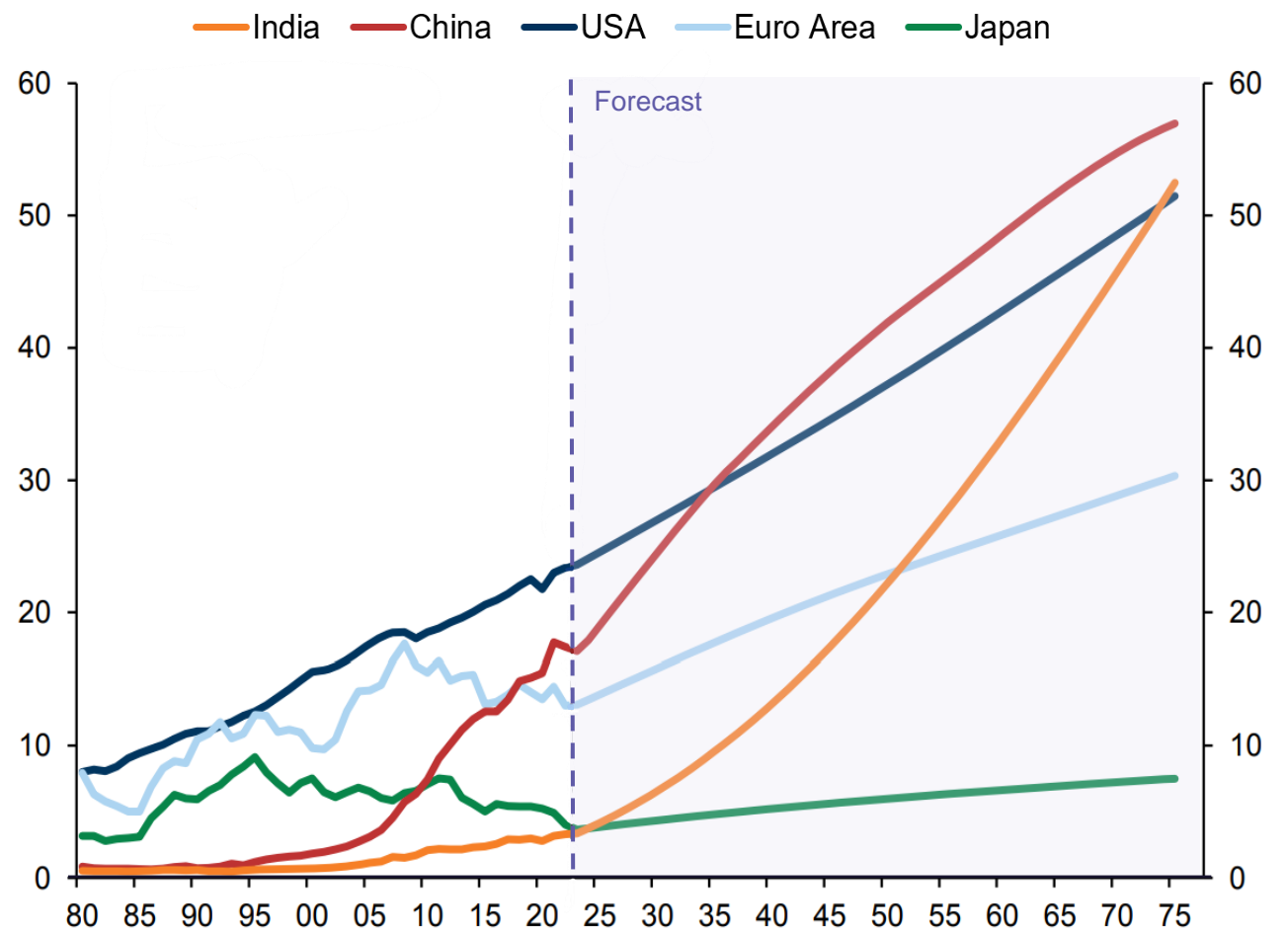
M&A in India: India's Economic Outlook (1/2)

India has overtaken China in population and is expected to become the second largest economy by 2075

Population forecast in selected economies, m



Real US\$2021 GDP, USD trn



M&A in India: India's Economic Outlook (2/2)

India is one of the fastest growing economy, combining robust GDP growth with improving macroeconomic stability, making it a prime destination for both strategic and financial acquisitions and investments

Key Economic Statistics

1.3 billion

Population, 2023

\$3.5 trillion

GDP, 2023, international \$

\$10,176

GDP per capita (PPP), 2023, international \$

4.2%

Unemployment rate, 2023

5.7%

Inflation, 2023

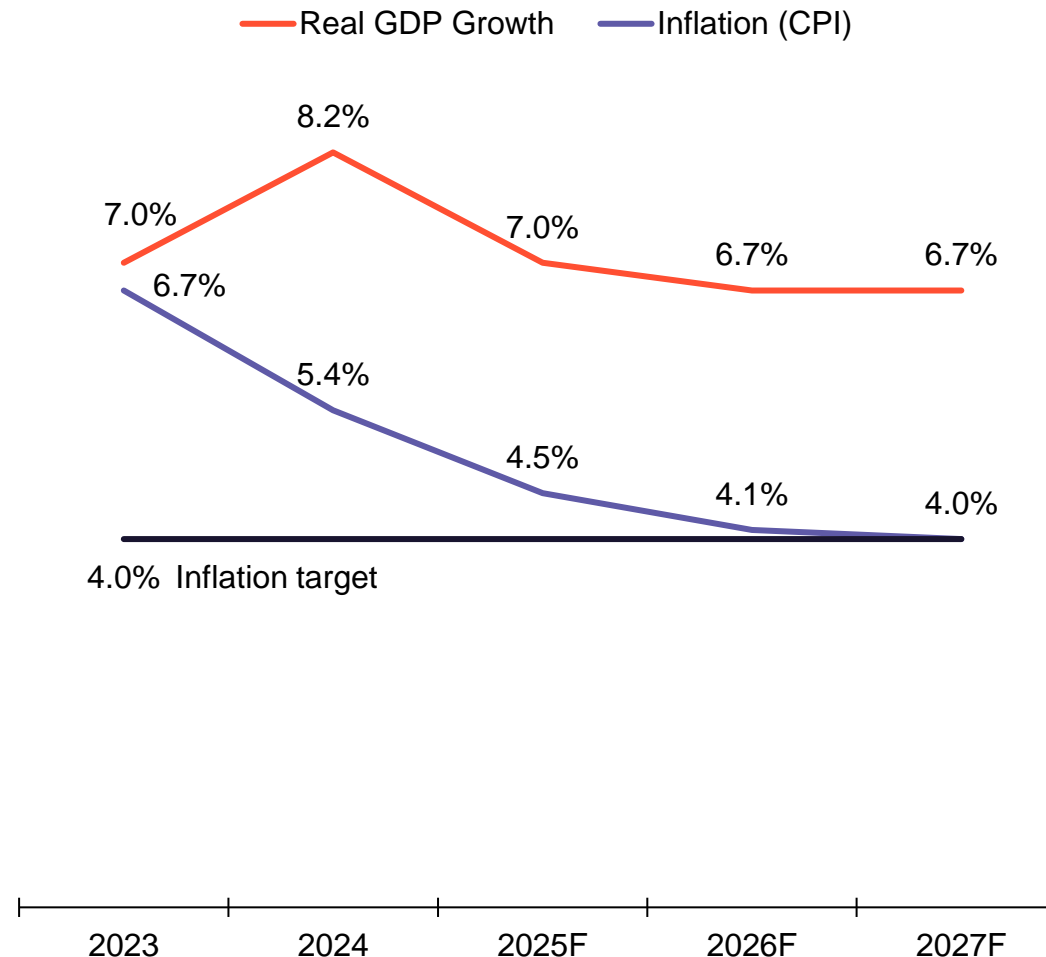
83.5

Avg. exchange rate USD/INR¹⁾

1,093

Annual M&A deals, 2023

Real GDP growth and Inflation



Key Learnings

- While Real GDP growth moderates from 8.2% (FY23/24E) to 6.7% (FY26/27F), India remains one of the fastest-growing major economies, signaling continued opportunities for market expansion
- CPI inflation declines to 4.0% by FY26/27F, reflecting effective monetary policy and a stable price environment conducive to business planning
- The combination of strong growth and controlled inflation suggests a low-risk environment, supporting long-term investment and strategic acquisitions
- Declining inflation and currency stability enhance predictability for foreign investors, positioning India as a strategic hub for international acquisitions

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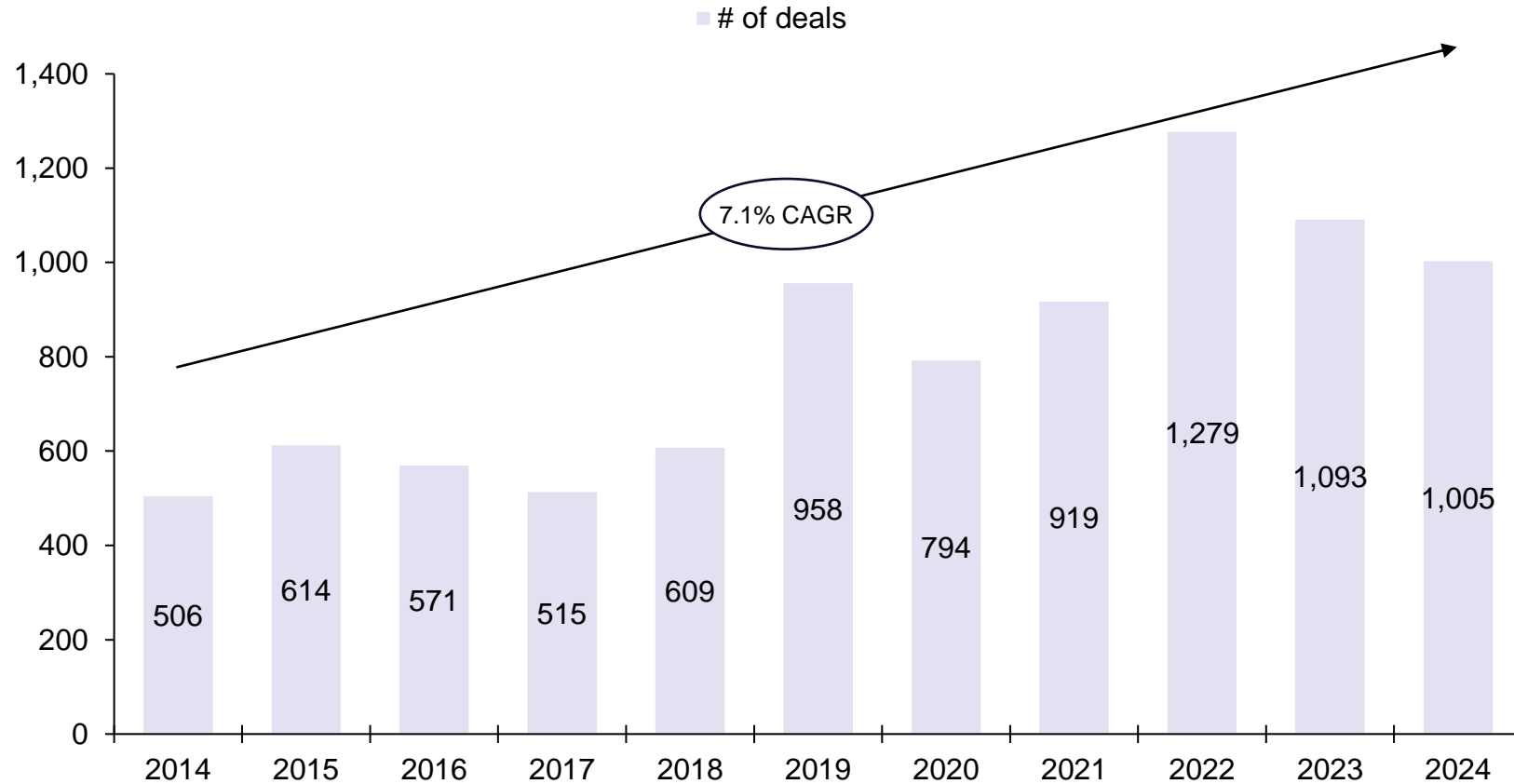
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M&A in India: Total Deal Volumes, 2014-2024

Despite encountering some fluctuations, India's acquisition market remains poised for sustained growth

Number of M&A deals in India, 2014-2024, #



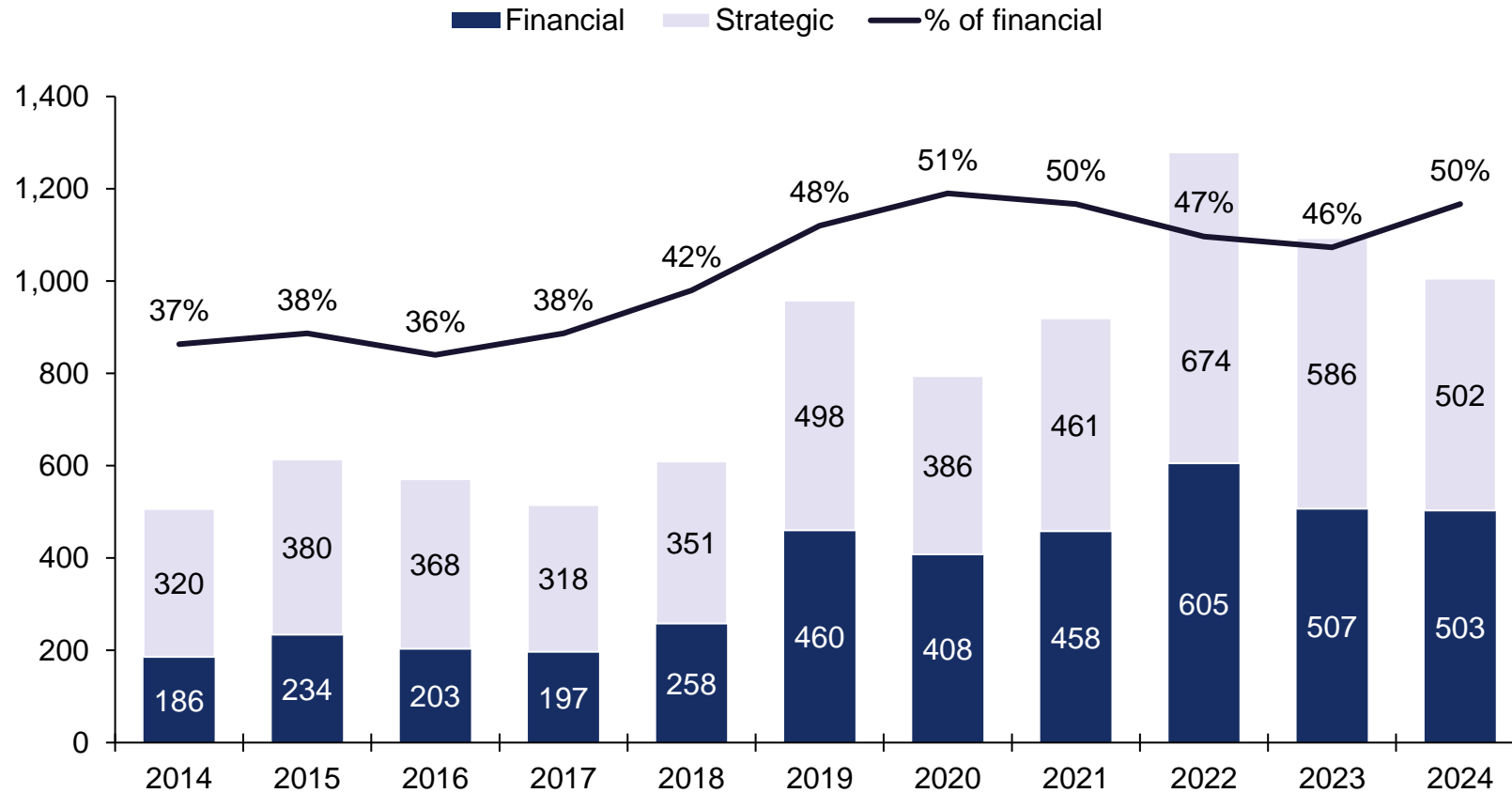
Comment

- The number of M&A deals in India grew steadily over the past decade, with notable spikes in 2019 and 2022, driven by strong investor confidence and sectoral growth opportunities
- Deal volume declined to 1,093 in 2023 and 1,005 in 2024, reflecting a market correction after the 2022 peak, alongside global economic uncertainty, rising interest rates, and geopolitical tensions
- **Outlook for 2025 remains optimistic**, with expectations of a rebound driven by improving economic conditions, stabilizing financial markets, and renewed strategic investments
- Despite recent fluctuations, India's M&A market is well-positioned for long-term growth, supported by strong economic fundamentals and favorable regulatory policies

M&A in India: Strategic vs. Financial Acquisitions, 2014-2024

India's acquisition market shows growing share of financial investors

Number of acquisitions in India by investor type



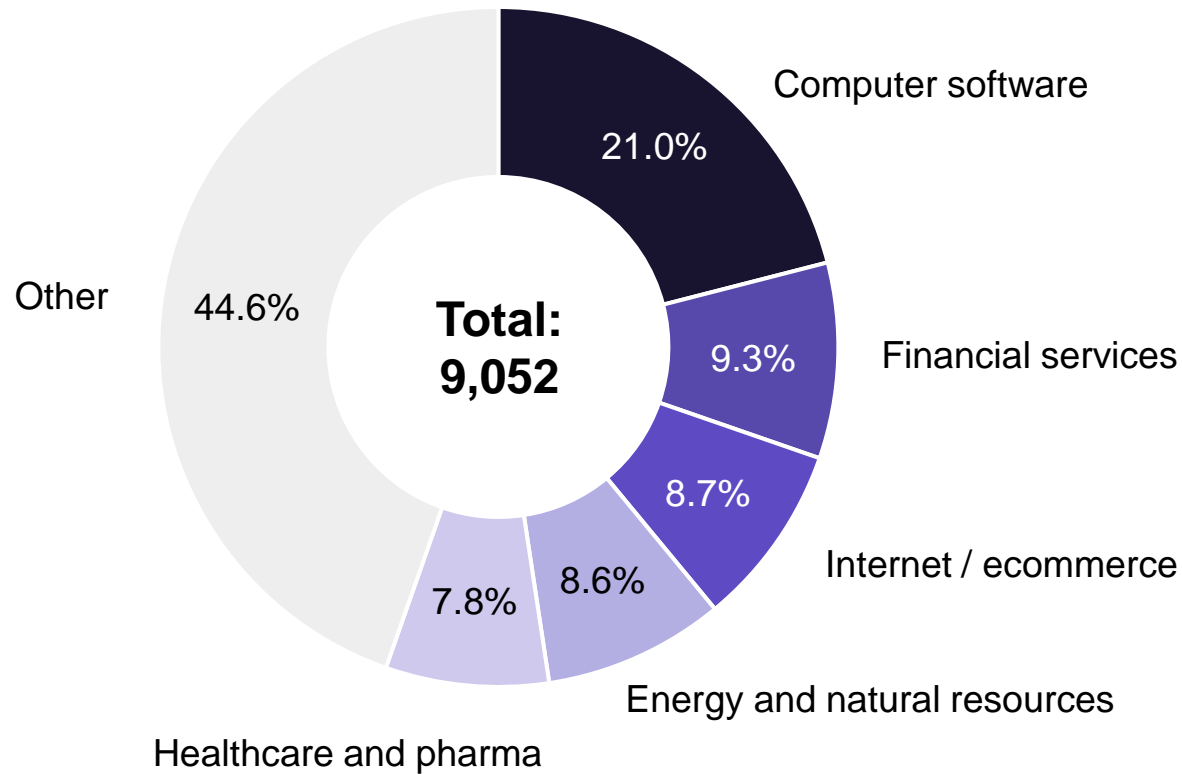
Comment

- The number of financial acquisitions consistently grew from 186 in 2014 to 605 in 2022, reflecting a rising interest from financial investors, including private equity and venture capital
- The significant increase in deal volume in 2019 was fueled by a **surge in computer software acquisitions** and a **sharp rise in Internet and e-commerce deals**, highlighting the growing impact of digital transformation on India's M&A landscape
- After peaking in 2022, the number of acquisitions in 2023, with both financial and strategic acquisitions experiencing a decrease
- While strategic acquisitions have remained dominant, the **gap between financial and strategic acquisitions narrowed significantly** in recent years, with financial acquisitions accounting for a half of total deals in 2024

M&A in India : Total Deals by Industry

India's M&A activity is primarily driven by computer software, with strong contributions from financial services, tech, energy, and healthcare

Percentage of Acquisitions in India, 2014-2024, by industry, %



Comment

- Computer software is the largest sector, accounting for 21.0% of acquisitions, reflecting the rapid growth of India's **digital transformation** and increasing demand for **tech-driven solutions**
- Financial services (9.3%) and Internet / e-commerce (8.7%) show significant deal-making activity, driven by India's expanding fintech ecosystem and the ongoing boom in **online retail and digital services**
- The majority of deals within computer software, financial services, and Internet / e-commerce were, by far, **financial-driven acquisitions**, highlighting the dominance of financial motivations in these sectors
- Energy and natural resources (8.6%) and healthcare and pharma (7.8%) are sectors with strong deal activity, driven by investments in **sustainability, renewable energy, and healthcare innovation** for long-term growth

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M&A in India: Valuation multiples

Over the past ten years, median transaction multiples have averaged 1.9x Revenue, 11.9x EBITDA, and 13.2x EBIT

Multiple	Sample (n)	1st quartile	Median	3rd quartile
EV/Revenue	594	0.9x	1.9x	4.2x
EV/EBITDA	254	7.3x	11.9x	19.5x
EV/EBIT	204	8.2x	13.2x	27.3x

Search criteria:

Relevant acquisitions in India

Deal value is disclosed, including non-qualifying deals

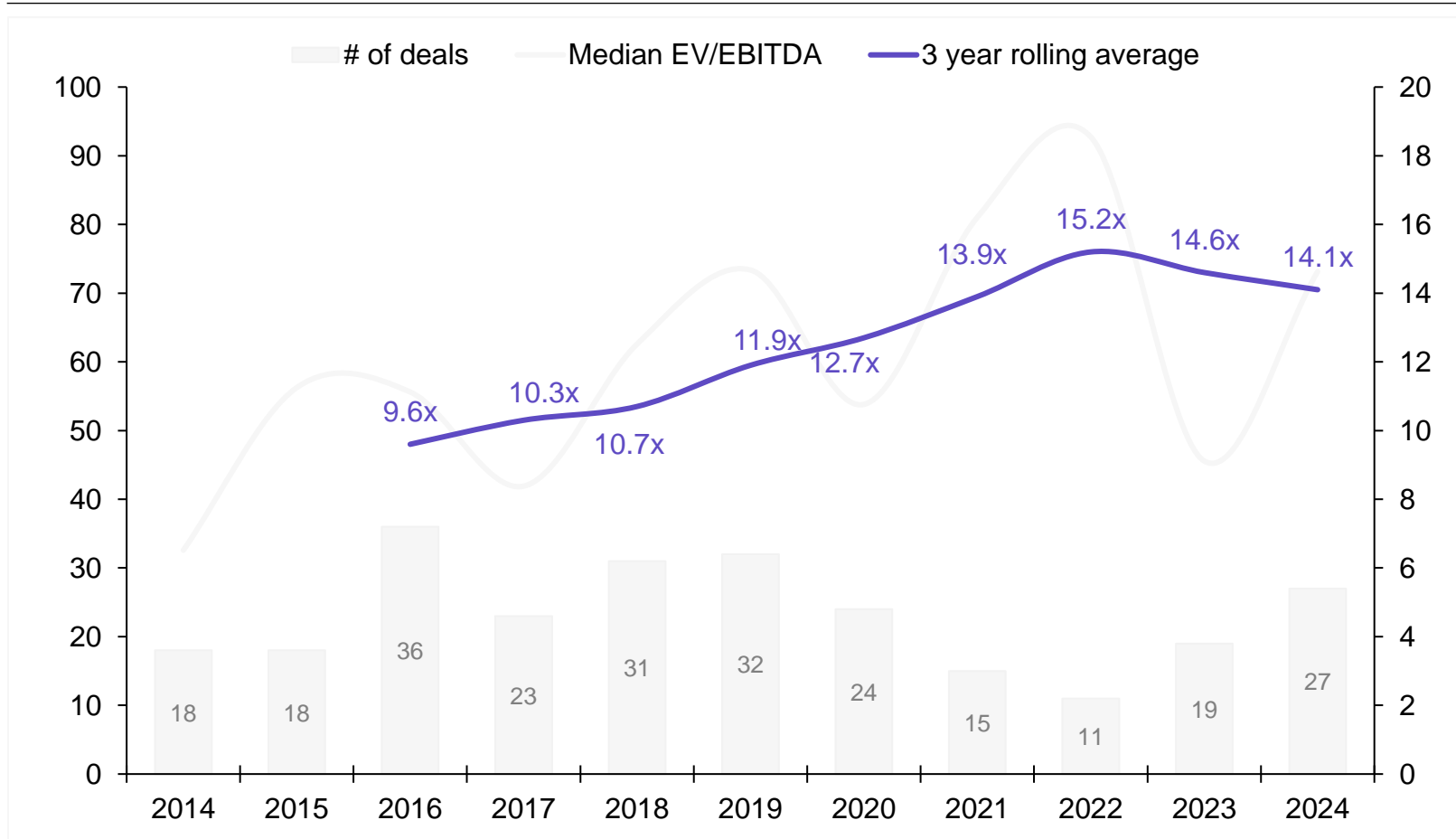
Period: 01.01.2014 – 31.12.2024

N=602 transactions

M&A in India: Median EBITDA Multiple

The data shows that EV/EBITDA multiples fluctuated over the period from 2014 to 2024, but generally followed an upward trend, reflecting growing investor optimism and increasing valuations

Median EV/EBITDA in Acquisitions in India, 2014-2024 (m EUR)



Comment

- While EV/EBITDA multiples fluctuated, they generally grew over the period, reaching their peak at 18.5x in 2023, as investors sought high-growth opportunities in sectors like **technology**, **e-commerce**, and **healthcare**
- The sharp rise in multiples to 16.2x in 2021 was fueled by investor confidence in fast-growing sectors, which led to premium valuations, particularly in computer software and e-commerce
- After the peak in 2021, multiples dropped to 9.1x in 2023, reflecting a market correction, but **in 2024 we are seeing a rebound to 14.6x**, suggesting growing confidence and stabilization in the M&A market
- Despite periodic fluctuations, the general upward movement in EV/EBITDA multiples highlights an overall increase in valuations, driven by both sector-specific demand and the broader economic recovery post-COVID

M&A in India: Size effect on multiples

Median EV/EBITDA, EV/Revenue, and EV/EBIT multiples in India generally increase as revenue size increases

Revenue size (m USD)	Sample	Median EV/Revenue	Sample	Median EV/EBITDA	Sample	Median EV/EBIT
<5	74	6.6x	32	29.5x	25	16.0x
5-20	152	2.1x	63	8.1x	51	8.5x
20-50	113	1.6x	49	11.5x	38	14.7x
50-100	69	1.7x	30	10.6x	28	8.4x
100-500	143	2.2x	56	11.1x	45	12.4x
500+	44	2.0x	21	16.1x	16	20.8x
Total	596	1.9x	254	11.9x	204	13.2x

Search criteria:

Relevant acquisitions in India

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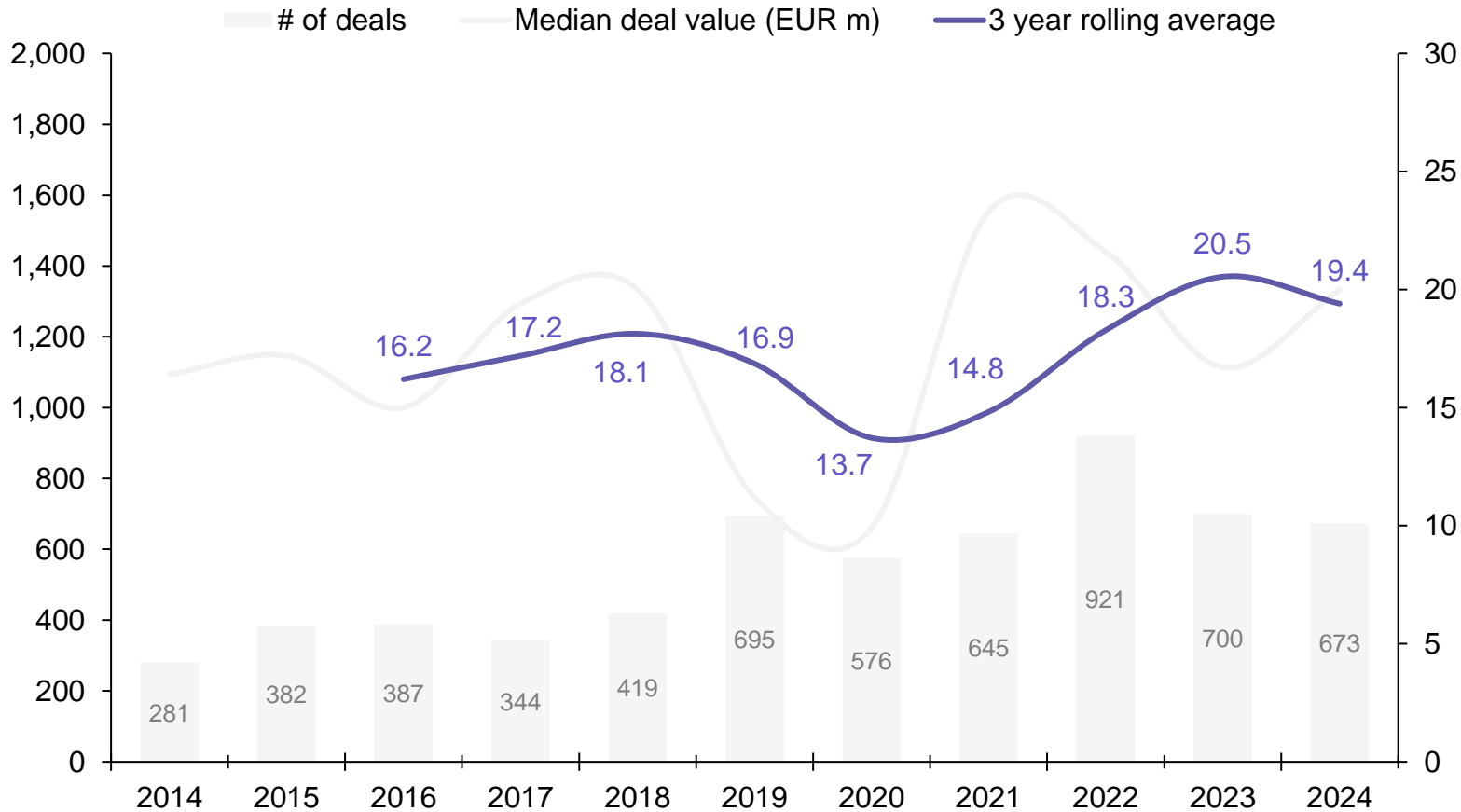
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N=602 transactions

M&A in India: Median Deal Value

India's M&A activity peaked in 2022, with median deal values reaching their highest in 2021 followed by a dip in 2023, and a rebound in 2024

Median Deal Value in Acquisitions in India, 2014-2024 (EUR m)



Comment

- Over the period from 2014 to 2024, while the number of acquisitions generally increased, **median deal values fluctuated significantly**, with a notable peak in 2021, followed by a dip in 2023, signaling a cooling-off after the pandemic-driven surge
- The peak in valuations in 2021 can be attributed to a **demand spike during COVID**, particularly in **computer software** and **e-commerce**, as investors sought opportunities in high-growth, digital-driven sectors
- Median deal values are anticipated to rise further in 2024, reflecting a steady recovery from the 2023 decline, bolstered by growing investor confidence in high-growth sectors such as **technology**, **healthcare**, and **digital**, alongside expanding opportunities for consolidation as the market continues to stabilize and strengthen

About Aventis Advisors

We are an M&A advisor focusing on **technology and business services companies**. We advise on company exits, acquisitions, and larger capital-raising deals.

Over the years, we have developed a distinctive operating philosophy driven by a set of values.

- We believe the world would be better off with fewer (but better quality) M&A deals done at the right moment for the company and its owners.
- We start with a simple rule: we take the time to carefully listen and understand each client's unique needs and goals.
- We then provide honest, insight-driven advice clearly laying out all the options before you – including the one to keep the status quo.



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