M&As, IPOs to keep up momentum in 2025

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Mergers and acquisitions in India saw a 38 per cent increase in 2024 at $109 billion, with large conglomerates accounting for a significant chunk of the transactions, according to Kotak Investment Banking.

Deals by domestic corporates doubled last year to $48 billion, data showed. The M&A activity was led by TMT, consumer and healthcare with deals worth $55 billion, compared to $28 billion year ago. Deals could be more broadbased this year, said Sourav Mallik, MD & Dy CEO, Member of the Board.

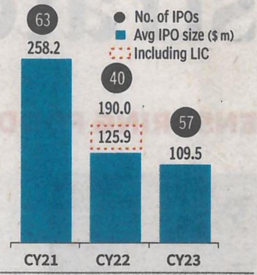
Initial public offers returned, on an average 33 per cent in 2024, and with a pipeline worth $35 billion; the momentum in the primary market is expected to continue in 2025, according to Kotak Investment Banking.

Total funds worth $74 billion were raised in 2024, including through IPOs, follow-ons and selldowns. This was the highest ever so far and was broadbased across sectors with a good balance between new age and industrial sectors, the data showed. This was around 14 per cent of the global equity capital markets.

A few large deals such as the merger of RIL's Viacom with Disney, merger of Aster DM and Quality Care boosted the numbers, and Mallik said the one or two large deals every year had become a norm. He pointed out that Indian conglomerates were driving activity across sectors such as the Adani group in the industrials and infrastructure space, Reliance in TMT and infrastructure and Tatas in consumer and industrials.

Another major theme was that of international strategics divesting stakes in their Indian businesses driven by a reassessment of their global priorities as well as taking some money off the table.

Trend in IPOs



Source: Prime Database, Kotak Intelligence

This paved the way for Indian corporates to acquire key assets. Examples are Brookfield buying American Tower's India assets, and Coca Cola selling its bottling unit Hindustan Coca Cola Beverages to Jubilant Bhartia. While buyout transactions by global PE firms gained pace, a new emerging trend was that of continuation funds, that offer an exit route for Limited Partners while General Partners stay on.

IPOs GALORE

About 50 IPOs are expected to hit the market in the current year with companies such as Tata Capital, Zepto, Pepperfry expected to be among them.

FPIs may be selling in the secondary markets, but in the primary markets they remain robust investors, accounting for a 46.4 per cent share in IPOs and 45 per cent in QIPs. IPOs continue to be a favoured mode of financing and investors have also gained with 71 out of 90 IPOs listing at a premium.

Funds raised via selldowns at $32 billion remained a dominant theme, especially MNCs such as BAT Plc, Vodafone Plc, Singtel and Whirlpool monetising their holdings.