India M&A and PE/VC deal activity

Q2 2026

While overall M&A and private equity (PE)/venture capital (VC) deal volumes declined, transaction values surged, reflecting a decisive shift towards fewer, larger and more strategic investments. Investors remained cautious amid global macroeconomic uncertainty, yet continued to back businesses and sectors with compelling long-term growth prospects.

The quarter recorded 565 M&A and PE deals worth USD 36.3 billion, with deal volumes declining 18% quarter-on-quarter (QoQ) but values rising an impressive 128%. Including IPOs and QIPs, overall deal activity reached 592 transactions worth USD 39.7 billion.

The divergence between volumes and values highlights an increasingly mature market where investors are prioritising scale, profitability and strategic fit over broad-based capital deployment.

M&A emerged as the defining feature of the quarter

240 Transactions worth US$27.9bn recorded

making it the highest quarterly M&A value since Q2 2022. Although transaction volumes declined by 11% QoQ, average deal size increased significantly to US$116m, underscoring the growing preference for transformational acquisitions.

Large outbound acquisitions dominated the headlines. Five billion-dollar overseas transactions accounted for 84% of total M&A value, reflecting the increasing global ambitions of Indian corporates.

More importantly, even after excluding these mega deals, M&A values still increased by 23% over the previous quarter, demonstrating that the domestic mid-market continues to remain healthy and active.

Private equity activity, meanwhile, adopted a more measured pace. 325 PE/VC deals worth USD 8.4 billion were announced during the quarter. Although deal volumes declined by 22%, average deal size increased to USD 25.8 million, with the top five transactions accounting for over 40% of total PE value.

The emergence of four new unicorns—Skyroot Aerospace, Square Yards, Sarvam AI and KreditBee, also reinforced investor confidence in India's innovation ecosystem despite tighter funding conditions.

Sectoral insights: Capital flowed towards structural growth themes

Healthcare was the standout sector, accounting for the highest deal value and volume during the quarter.

Key transaction included:

USD 11.7bn

acquisition of Organon & Co. by Sun Pharmaceutical Industries. The largest overseas acquisition ever undertaken by an Indian pharmaceutical company

Beyond its size, the deal reflects a broader trend of Indian pharmaceutical companies expanding globally to strengthen product portfolios, diversify revenues and enhance market access.

Importantly, the sector's momentum extended beyond this single transaction. Excluding the Sun Pharma deal, healthcare still recorded robust growth across pharmaceuticals, diagnostics, biotechnology and health-tech, highlighting sustained investor confidence in India's healthcare ecosystem.

Banking and financial services

USD 2.8bn

62 Deals

Banking and financial services continued to attract strong strategic and financial investor interest.

Key transactions included:

USD 900M Deal

Meta Platforms' investment in CRED

Prudential Plc's

acquisition of Bharti AXA Life Insurance

Private equity investors also remained active, exemplified by Grasim Industries' investment in Aditya Birla Capital, reflecting growing interest in diversified financial platforms benefiting from rising financial inclusion, wealth creation and digital adoption.

Technology, AI and digital infrastructure: Capital becomes more selective

Technology remained central to investor activity, although capital deployment became increasingly selective.

Rather than pursuing growth at any cost, investors focused on businesses with scalable business models, clear profitability pathways and strong digital infrastructure capabilities.

AI, enterprise software, fintech infrastructure, cybersecurity and data centres continued to attract institutional capital. The emergence of Sarvam AI as a unicorn, alongside continued investments in digital infrastructure such as Nxtra Data Ltd., reflects growing confidence in India's AI and cloud ecosystem.

Technology-led mobility platforms also remained attractive, with Rapido's USD 240 million fundraise highlighting continued investor interest in scalable platform businesses.

Manufacturing: Supply-chain diversification drives investment

Manufacturing emerged as one of the quarter's fastest-growing sectors with

USD 3.5bn | **58 deals**

with deal value increasing more than sevenfold over Q1.

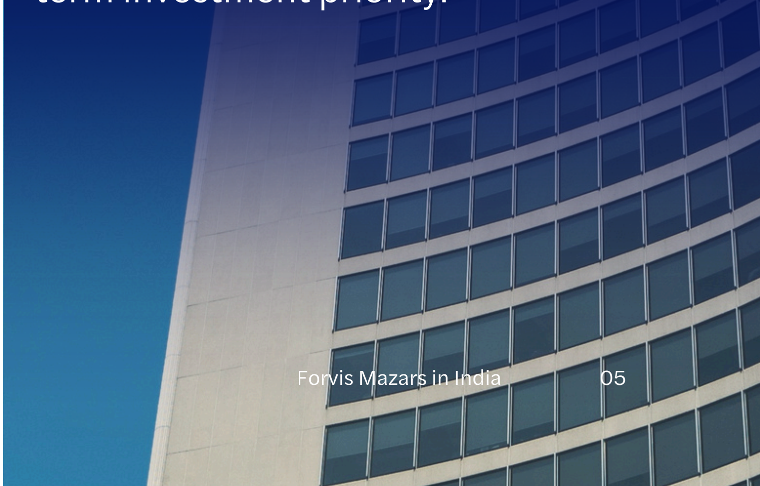
Key transaction included:

USD 2bn

acquisition of Indovida India Pvt. Ltd by EPL Ltd.

highlighting continued consolidation within industrial manufacturing.

The broader investment thesis remains intact. Global supply-chain diversification, India's Production Linked Incentive (PLI) schemes and rising domestic manufacturing capacity continue to position the sector as a long-term investment priority.



Telecom and infrastructure: Long-term assets remain attractive

Infrastructure and telecom witnessed a resurgence, driven by landmark cross-border transactions.

Bharti Airtel's acquisition of Airtel Africa became the largest outbound African acquisition by an Indian corporate and the biggest telecom transaction since 2024, reinforcing India's growing global presence in telecommunications.

Infrastructure management also recorded a sharp increase in deal value, led by VINCI Highways' USD 1.6 billion acquisition of Safeway Concessions and GMR Group's USD 1.05 billion stake sale in GMR Airports Holding.

These transactions demonstrate sustained investor appetite for long-duration infrastructure assets offering stable cash flows and inflation-linked returns.

Real estate and alternative assets regain momentum

Institutional capital continued to flow into commercial real estate, logistics and data centre assets.

Private equity interest remained particularly strong in income-generating commercial assets, illustrated by Mindspace Business Parks REIT and 360 One Alternates' acquisition of Radial IT Park.

The sector is benefiting from improving office demand, expanding logistics infrastructure and increasing digital infrastructure requirements.

Investor sentiment: Discipline over deployment

The defining characteristic of Q2 was disciplined capital allocation.

Investors concentrated capital into fewer, larger and higher-conviction transactions while remaining selective on valuations. Businesses demonstrating strong governance, scalable operating models and resilient cash flows continued to command investor interest.

Healthcare, AI, financial services, manufacturing and digital infrastructure emerged as clear beneficiaries of this strategy. At the same time, continued activity under the Insolvency and Bankruptcy Code (IBC) highlighted investors' willingness to pursue value creation through distressed opportunities.

Outlook: A constructive but selective market

India enters Q3 2026 from a position of relative strength.

Key drivers of continued deal activity:

- Robust domestic economic growth is expected to support deal activity.
- Better financing conditions are making transactions more feasible.
- An active pipeline of strategic deals is expected to sustain momentum.

Investor focus is likely to remain on healthcare, manufacturing, financial services, technology & AI, digital infrastructure, energy transition, real estate

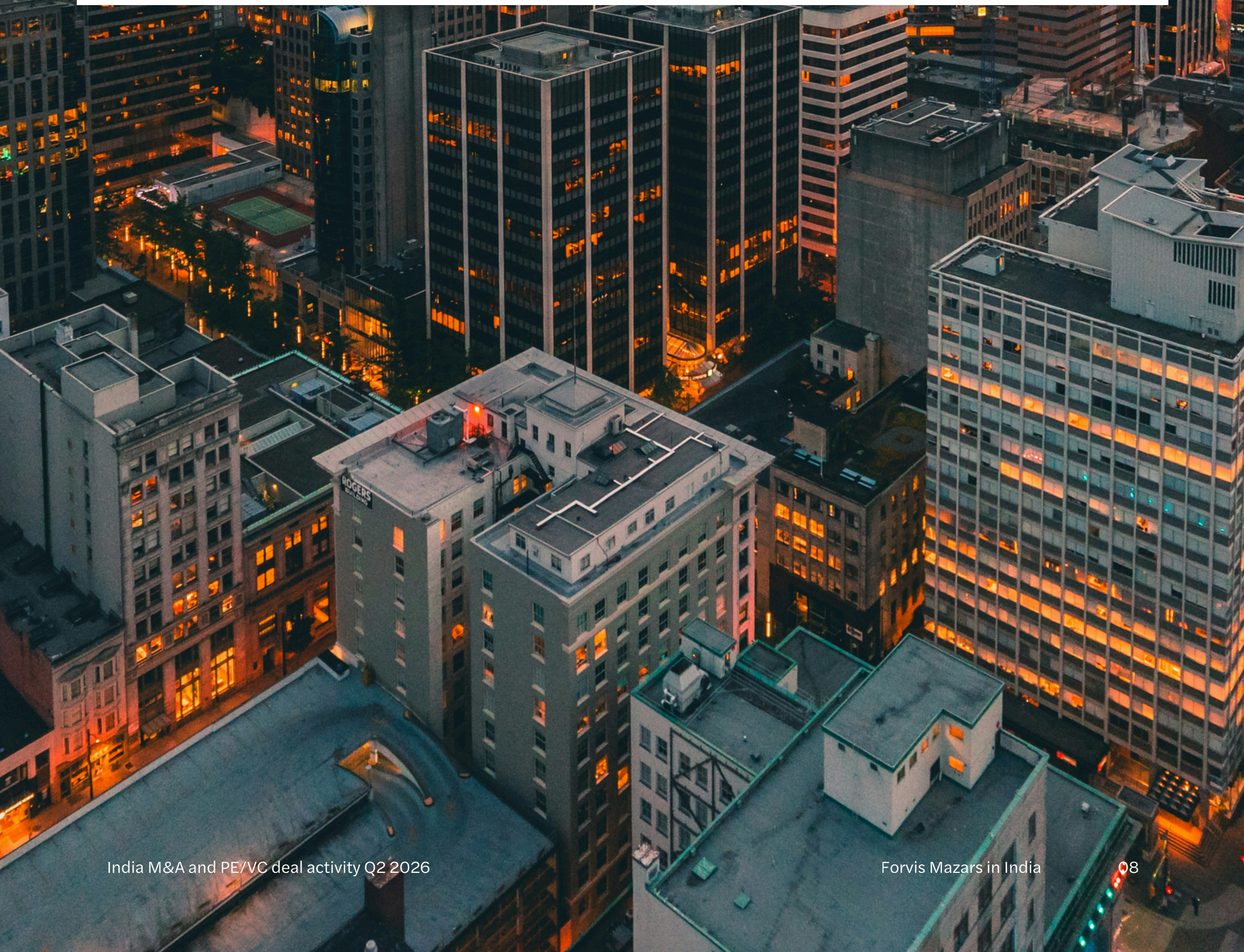
Nevertheless, global trade negotiations, geopolitical developments, interest rate movements and capital market volatility will continue to shape valuation expectations and transaction timelines, particularly for cross-border deals.

Looking ahead

Q2 2026 was not simply a quarter of larger transactions...it marked an evolution in India's dealmaking landscape.

The market is becoming more selective, more strategic and increasingly driven by long-term structural themes rather than short-term momentum. Indian corporates are pursuing ambitious global acquisitions, while private equity investors are deploying capital with greater discipline into businesses positioned to benefit from digital transformation, healthcare innovation, manufacturing expansion and infrastructure development.

For investors, the message is clear: India remains one of the world's most compelling deal markets, not because every sector is booming, but because capital is increasingly flowing to businesses that combine scale, resilience and sustainable growth.



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