

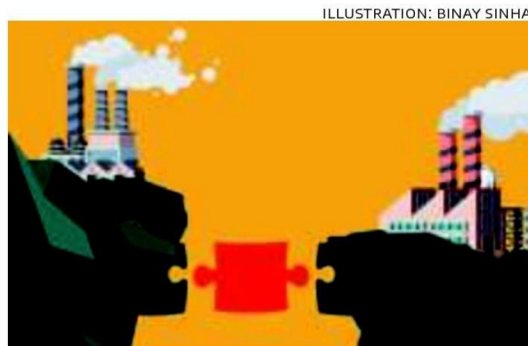
29 deals, over \$40 bn: Demergers in India hit 10-year high in 2025

SACHIN P MAMPATTA
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Companies are demerging divisions into standalone businesses more often in recent years. There have been 50 deals in three years, including the ongoing 2026, shows a *Business Standard* analysis of LSEG data. The total value of these deals is nearly \$43 billion.

Demergers have been in the news with Vedanta's plan to demerge into five entities Vedanta, Vedanta Aluminium, Vedanta Power, Vedanta Iron and Steel, and Vedanta Oil and Gas. Other recent demergers include Tata Motors separating its passenger and commercial vehicles businesses, and Hindustan Unilever demerging its ice cream unit Kwality Wall's (India). Hyderabad-based Natco Pharmaceuticals has announced the demerger of its agrochemicals unit, while Jubilant Agri and Consumer Products has announced the demerger of its agriculture and consumer businesses.

"In India, corporates are increasingly pursuing demergers as promoters and boards are realising the fact that markets no longer reward complexity. Investors prefer focused businesses, streamlined capital allocation, independent management teams, sharper strategic focus, and transparent performance metrics. Demerger allows each business to attract the relevant shareholder base, pursue its own growth strategy and unlock value by removing the conglomerate discount," said Sonia Dasgupta, managing director and chief executive officer (MD & CEO)



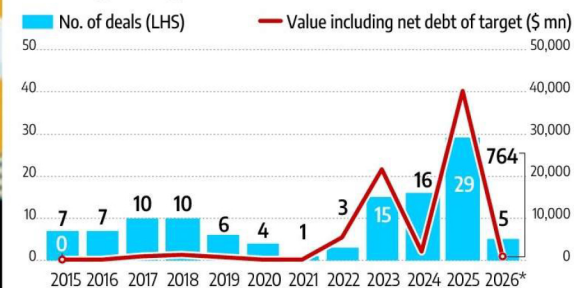
of investment banking at JM Financial.

Mergers are typically viewed negatively since they often do not work out, and saddle companies with various issues, leading to underperformance, but demergers are seen differently, according to independent market analyst Anand Tandon. "It is assumed that post-demergers, most companies do better," he said.

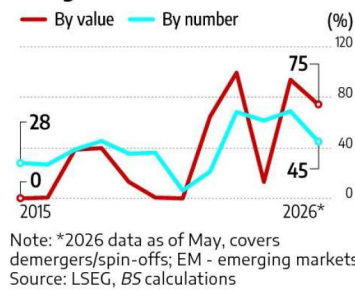
In the unlisted space also, a demerger has been announced involving bathing soap and detergent maker Nirma and Ocular Enterprise. Ocular will hold the operational undertakings of the chemical and consumer businesses, while Nirma will hold investments in Karnavati Holding Inc and Alivus Life Sciences (formerly Glenmark Life Sciences), according to a note from rating agency Crisil.

India recorded demergers worth over \$40 billion in 2025 alone, the highest in LSEG data going back to 2015. The year 2026 has seen an additional five

Strong surge



Rising EM share



demergers worth \$764 million. This accounts for 75 per cent of the emerging market demergers by value in 2026, according to an analysis of the data. There were 11 recorded emerging market demergers worth \$1 billion as of May 6.

Interestingly, the rise in demergers in emerging markets, including India, comes amid a slowdown in developed market demergers. There were 72 deals

worth \$122 billion in 2025, compared to peak annual deal numbers of over 100 in 2015 (139) and 2021 (106) worth over \$200 billion in each year.

Multiple factors may be at play in the increase in India's demergers, according to Tandon. A generational shift and changing corporate structures are key components driving the debate. A wave of new-generation entrepreneurs taking the reins from their older peers appear to have more belief in the idea that simpler businesses may do better.

The market also accords higher valuations to such companies. The older generation, which operated in heavily regulated industries before liberalization, stuck to conglomerates because the model made it easier to navigate the government licence systems. Ironically, increased government regulation in some of the larger sectors such as energy, telecommunications, and others may mean that there is also a case to be made for the old model, said Tandon.