IT Services and BPO M&A Pulse: India
April 2026

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TH Global Capital Market Wrap-Up: India

- India's M&A market is pushing toward a recurring US $100 bn annual run-rate, as digital data rooms and DPDP-driven compliance reshape deal execution economics
- AI is shifting from experimentation to strategic infrastructure, with Sarvam AI's near-unicorn raise and education-budget allocations for Centres of Excellence seeding domestic model and talent pipelines
- Fintech remains a global bright spot: India's 87% consumer adoption, coupled with regulatory fragmentation risks, is forcing frameworks that balance innovation, cross-border scalability and systemic stability
- Budget 2026's data-centre incentives and long-dated tax holidays aim to convert India's data-rich status into physical AI infrastructure, targeting USD 90 billion of pledged investments
- Deep-tech and IP-heavy startups are moving centre stage, with funds like Ideaspring backing semiconductors, quantum and AI infrastructure rather than copycat consumer apps
- AI is increasingly embedded in industry workflows, from API-led banking modernization at Karnataka Bank to AI-native marketing platforms like Skill Metaverse creating sustained demand for IT services and BPM partners

Select IT & BPO Services M&A Activity in India: March 2026

Date	Companies	Investors	Deal Rationale	Deal Type	Employee #	Country
31-Mar-2026	Sain Software Systems	Hi-Tech Pipes	Provides in-house IT backbone for Hi-Tech Pipes' operations.	Strategic		
31-Mar-2026	RNIT AI Solutions	Undisclosed Investors	Funds expansion of AI- and IoT-driven govtech and enterprise platforms.	Strategic	63	
30-Mar-2026	SkyWave	adani Airports	Bolsters Adani Airports' OOH advertising and airport tech capabilities.	Strategic		
26-Mar-2026	STRATUS	Infosys	Strengthens Infosys' insurance technology consulting capabilities	Strategic	450	
25-Mar-2026	L&T Smart World	AMI Paradigm Solutions	Creates scaled smart-city, 5G and cybersecurity system-integration platform.	Strategic	700	
19-Mar-2026	ASMAITHA	ASM Technologies	Expands ASM into design-led embedded, firmware and wireless manufacturing.	Strategic	63	
11-Mar-2026	DEV IT Simplified	XDuce	XDuce takes strategic stake to deepen global delivery collaboration.	Strategic	924	
09-Mar-2026	JKV Solutions	MENA MANI	Adds digital transformation and analytics services to Mena Mani.	Strategic	26	
03-Mar-2026	Kaar	playbook	Growth capital to scale SAP-led digital transformation across industries.	PE	3,000	

TH Global Capital Director's Column: Abhishek Vaish

India IT Services: When Your biggest Client is Your Own Base

India's US $283 bn IT services industry is entering an unusual phase where the next leg of growth comes from disrupting itself. For an India-based investment-banking director, the story is less about generic digitisation and more about who can monetise this internal arbitrage at scale

The first fault line is AI-native automation aimed squarely at legacy ADM and migration work. Emergent, a no-code AI startup, has raised **US $70 mn** led by SoftBank Vision Fund and Khosla Ventures, hitting **US $50 mn ARR and 5 million** users in just seven months. This is not another horizontal SaaS play; the model is to let non-technical users ship production-grade applications, compressing the labour-intensive layers on which traditional offshore practices were built. AI-first startups are now explicitly positioned to transform the 283-billion-dollar IT services base by automating applications and boosting margins, effectively providing both a disruption map and an M&A target list

The second shift is fiscal: New Delhi is subsidising the stack that makes this automation exportable. **Union Budget 2026** offers a zero-tax holiday through 2047 for foreign cloud providers selling services abroad, provided workloads run from Indian data centres, with an ambition to attract US $200 bn of investment. NVIDIA's endorsement and committed capex from Google (US $15 bn), Microsoft (US $17.5 bn dollars) and Amazon (US $35 bn) anchor India as a high-density AI and data-centre hub rather than just a low-cost delivery location. That changes the profile of targets: infra-ops, AI-ops and managed platform players with India-resident capacity become more strategic than pure-play body-shopping vendors

India IT & BPO: AI Arbitrage Triangle

AI-Native Disruption

Emergent: $70M raised, $50M ARR, 5M users in 7 month

AI-first firms automate legacy migration, development, maintenance

IMPACT: Margin compression, AI IP/tuck-in targets

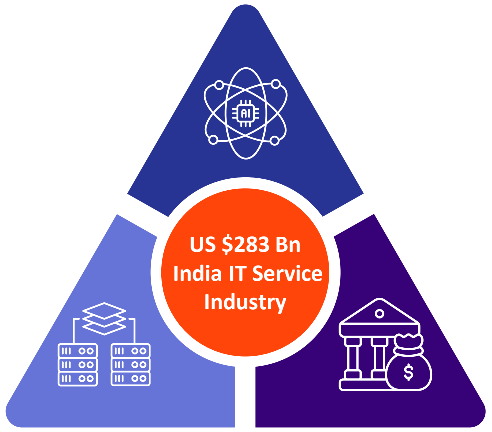
Fiscal and Infra Stack

Zero tax on foreign cloud exports until 2047.

Target: US $200 bn data-centre and AI infra investment

Google US $15 bn, Microsoft $17.5 Bn, Amazon $35 Bn

IMPACT: India-resident infra-ops, AI-ops, managed platforms



Capital Markets & Deep Tech

Bankers: hunt assets at intersection of AI, infra, regulated flows.

CXOs: re-allocate from body-shopping to platform and ops deals

Founders: design for India-resident infra and eventual listing

The third axis is **capital-markets signalling**. Fractal Analytics closed an IPO valuation of about ₹144.5 billion (roughly 1.6 billion dollars), positioned as India's first pure-play AI-focused listed firm, with proceeds earmarked for generative-AI R&D and expansion. PhonePe, already processing close to 10 billion UPI transactions worth over ₹12 lakh crore every month, has SEBI approval for a US $15 bn fintech IPO. Alongside this, the government's new "deep tech" definition allows IP-heavy startups to retain that status for up to 20 years with turnover up to ₹300 crore, acknowledging longer payback cycles..

For IT services and BPO dealmaking, this triangulation matters. The most attractive assets over the next 24–36 months are likely to be those that (a) use AI to eat into traditional ADM/BPO cost pools, (b) are architected on India-resident, tax-advantaged cloud and data-centre infrastructure, and (c) sit close to regulated, high-volume transaction flows where public-market validation is now visible.

TH Global Capital Transactions
Track Record: Recent IT Services Transactions

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MAR 2026
quantiphi (Multiples Portfolio Company)
Has acquired
Candyspace
Digital Product Engineering

DEC 2025
The Cloud People (Longship Portfolio Company)
Has been acquired by
NTT Data
ServiceNow Consulting

NOV 2025
Social Element
Has been acquired by
MarketFully (Lightview Capital Portfolio Company)
Social Media & Digital Marketing Agency

NOV 2025
ignitarium
Has been acquired by
neurealm (Kedaara Portfolio Company)
Semiconductor Engineering Services & Embedded Systems

NOV 2025
TestDevLab
Has been acquired by
xoriant (ChrysCapital Portfolio Company)
AI led Software Testing & Test Automation IP

OCT 2025
aQurance
Has been acquired by
EY
Strategic Veeva Services Partner

SEP 2025
FORTEZZA
Has been acquired by
Capital-A Investment Partners
MSP, Data & Microsoft Consulting

AUG 2025
INDEAVR
Has been acquired by
marlabs
Digital, Data & Cloud Engineering

JUL 2025
Adsmurai
Minority Investment by
SEAYA Andromeda
AI Marketing Technology

JUL 2025
Spectrum Groupe
Has been acquired by
parquest
Cloud & DevOps, Atlassian Consulting

APR 2025
themissinglink
Has been acquired by
Infosys
Cybersecurity

APR 2025
TMLABS
Has been acquired by
Coforge
ServiceNow Consulting

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