

# What's Market in Indian Private Equity Deals 2025





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# Perspective

We are elated to present the third edition of our “What’s Market in Indian Private Equity Deals”. This report captures the current landscape on definitive agreements, highlighting key trends that shape the future of one of the world’s most exciting markets.

Despite a global slowdown, India’s Private Equity (PE) landscape remained remarkably resilient through 2024 and into 2025. While deal-making globally reached decade lows, India emerged as a standout, attracting significant investment in PE/VC investments in 2024. Sectors like infrastructure, financial services, technology, and warehousing-led real estate saw strong inflows, with growing buyouts.

Exit activity also gained momentum, buoyed by a surge in open market exits and PE-backed IPOs. Global investors reaffirmed their confidence in India, with foreign funds accounting majority of the deal value in early 2025—up from the previous year.

Interestingly, India strengthened its position as the Asia-Pacific region’s second most preferred PE/VC destination, with a share of ~1/5<sup>th</sup> of the total investment being invested in India.

India’s PE/VC investment outlook remains cautiously optimistic, underpinned by solid GDP growth, moderating inflation, and supportive policy measures such as interest rate reductions and targeted tax incentives to boost private consumption. Investor appetite is expected to remain strong in financial services, healthcare, and real estate, while the consumer and retail sectors are poised for a rebound as consumption trends improve. Nonetheless, ongoing global trade tensions, and geopolitical tensions with Pakistan continue to pose a potential risk to the broader investment climate.

This edition also explores the growing depth and vibrancy of Indian economy, now the 4<sup>th</sup> largest globally, surpassing Japan. This coupled with a robust capital market provides impetus to grow and liquidity for financial sponsors, fostering increased PE activity.

With India’s PE/VC market on a steady growth path, 2025 offers a mix of opportunities and challenges, requiring market participants to adopt a disciplined yet adaptive approach.

Your valuable feedback is essential to us. Please feel free to share your thoughts and suggestions as we continue to refine and expand this report in future editions. We aim to establish it as a comprehensive resource for navigating the Indian PE landscape.

Private Equity Group | Khaitan & Co

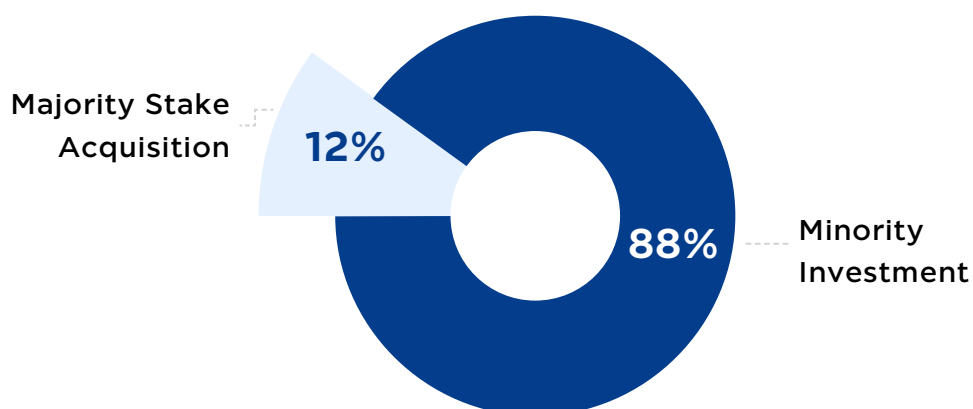




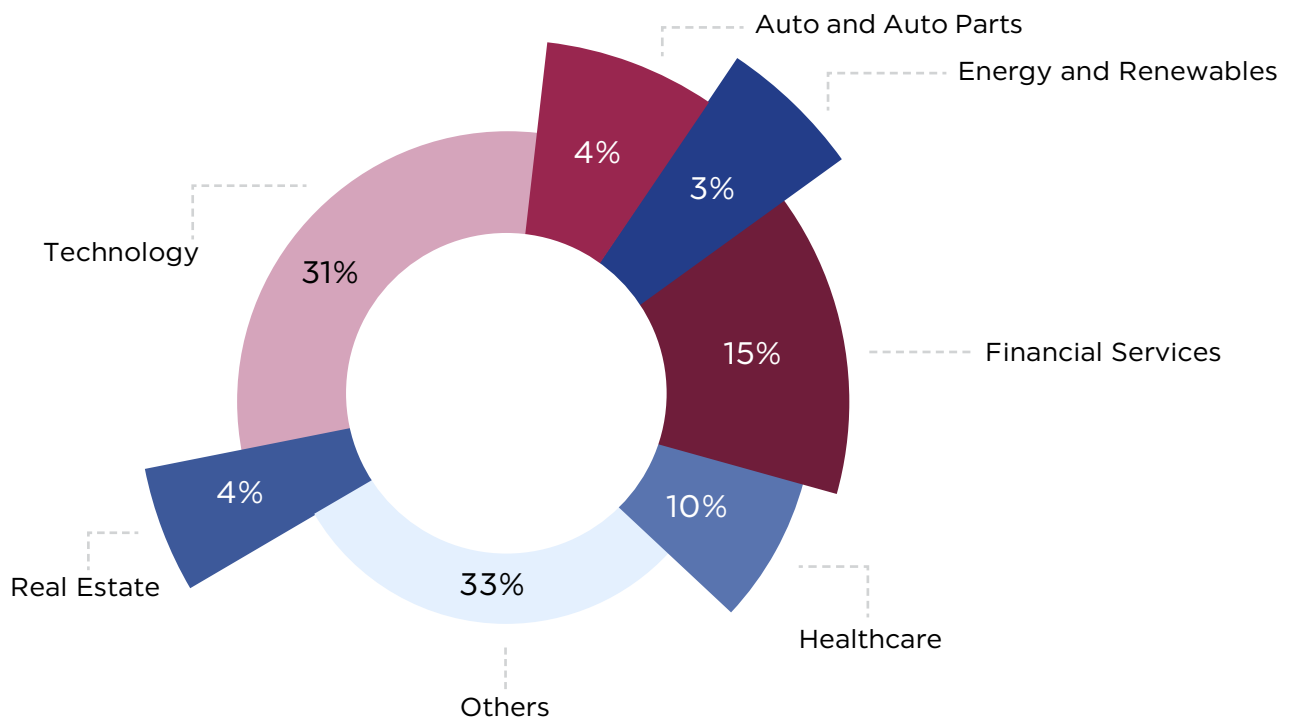
## Methodology

This study is based on 440 PE and VC transactions that Khaitan & Co has advised on over the last 3.5 years. Among sectors, energy, technology, automotive and auto-components, healthcare, financial services and real estate witnessed most deal traction. Other sectors with high volume of deals included industrial goods, retail, media and telecom.

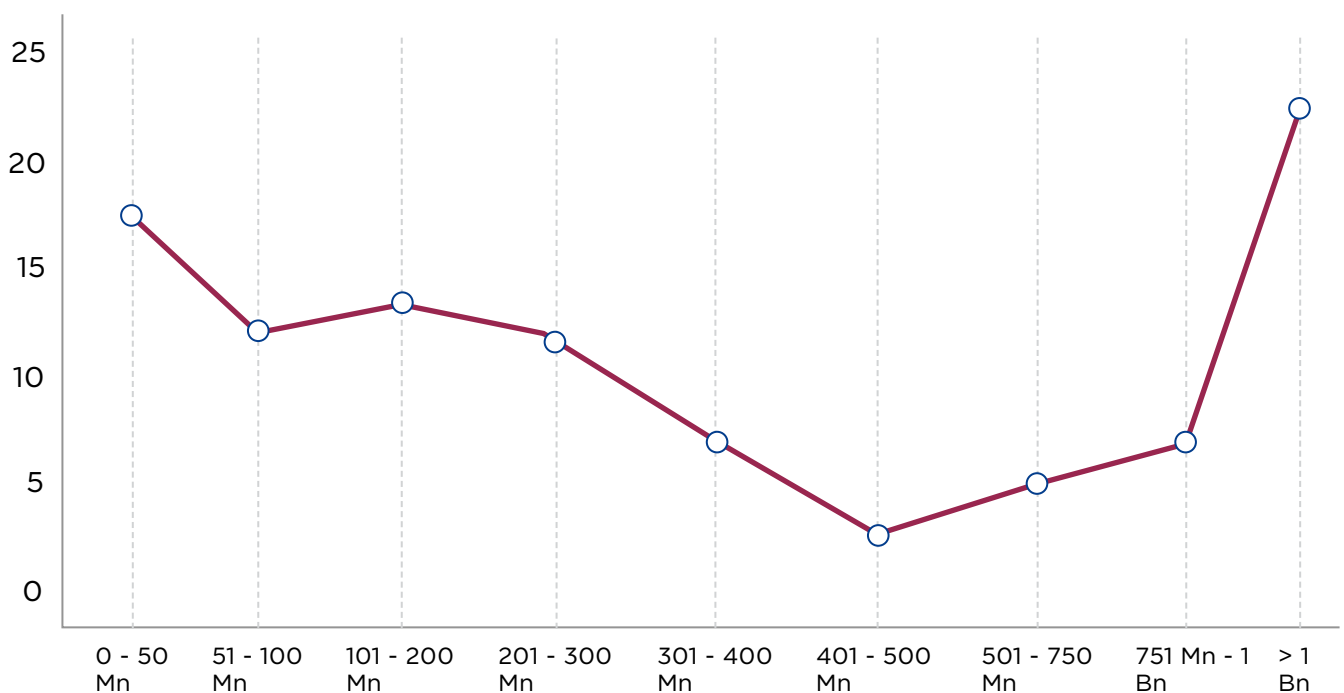
Deal sizes across the spectrum added interesting perspective to this analysis, with deals having deal value of more than USD 1 Billion comprising 24% of the data set.



# Deal Details



**Deals by Industry (%)**



**Deals by Value (%)**



# Purchase Price Adjustments

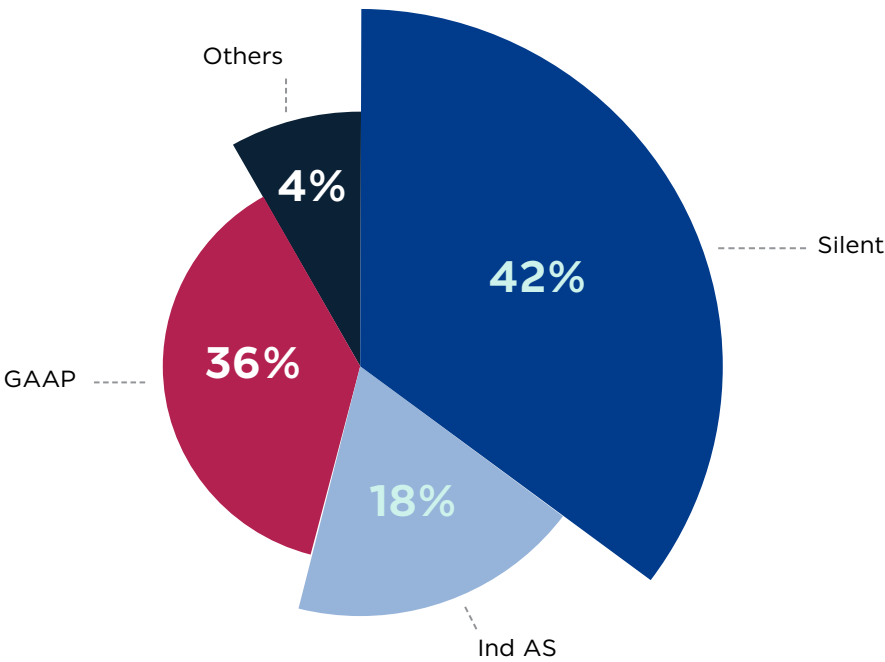
12% of the transactions under review featured adjustments to the purchase price. In terms of timing, 55% of such transactions included provisions for post-closing adjustment, while 45% of the transactions accounted for pre-closing adjustment. 42% of the transactions did not prescribe principles for the method of preparation of accounts. Around 18% and 36% of the transactions contemplated the adoption of Ind AS and GAAP as the accounting principles for preparing the closing accounts, respectively.



**12%** Purchase Price Adjustments



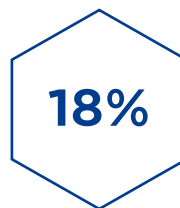
Purchase Price Adjustments – Timings



Accounting Principles

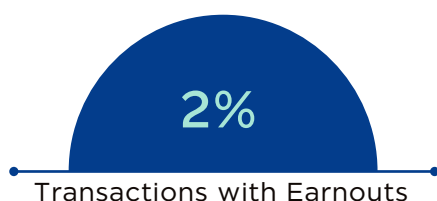
## Locked Box

Locked box constructs are becoming increasingly popular in transactions, and around 18% of the transactions included a locked box construct.



Transactions with Locked Box Construct

## Earnout



There has been a rise in transactions with earnouts, however, only 2% of the transactions included earnouts.

## Break Fee and Reverse Break Fee

Less than 1% of the transactions involved break fee and reverse break fee constructs. This aligns closely with the approach taken in response to enforceability challenges in India concerning break fee and reverse break fee provisions.



1%

Transactions with Break Fee and Reverse Break Fee

## Holdback and Escrow Agreements

4%

Transactions with Escrow Arrangements



4%

Transactions with Holdback Arrangements



Majority of transactions continued to involve full upfront payment of the purchase consideration, with only a small fraction incorporating escrow or holdback arrangements. In cross-border transactions, Indian exchange control regulations impose conditions on escrow arrangements and deferred consideration, which appear to be the primary reason for their limited adoption especially with non-resident investors.



# Interim Conduct | Between Signing and Closing

Out of the transactions under review, 64% included standards to safeguard business interests during the period between signing and closing. A majority of the deals included 'ordinary course of business standard' as a part of standstill covenants.

**64%**

Deals with Interim Conduct Covenants



**82%**

Deals with Ordinary Course of Business Covenants



## Standard of Conduct

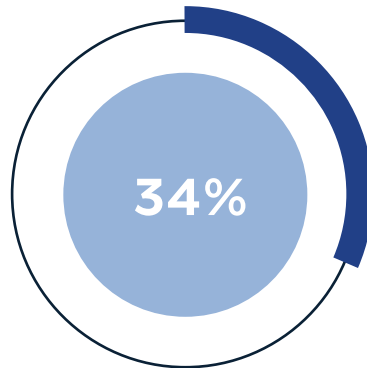
Based on market trends, "best efforts" was the more commonly adopted standard in transaction covenants, appearing in 65% of the reviewed deals, while "reasonable efforts" was used in 35% of the transactions. This suggests a preference among parties for a higher standard of diligence and commitment in fulfilling obligations, particularly during the interim period between signing and closing.





## Affirmative Consent Matters

Interestingly, a comparatively smaller proportion of definitive agreements (34% of the transactions under review) linked standstill covenants to affirmative consent matters. This outcome might have been influenced in light of the increased concerns of affirmative matters being perceived as 'gun jumping' under antitrust laws.



Transactions with Standstill Covenants with Specific Affirmative Consent Matters

## No Shop & No Talk



**44%**

Existence of 'No Shop' Provision



**46%**

Existence of 'No Talk' Provision

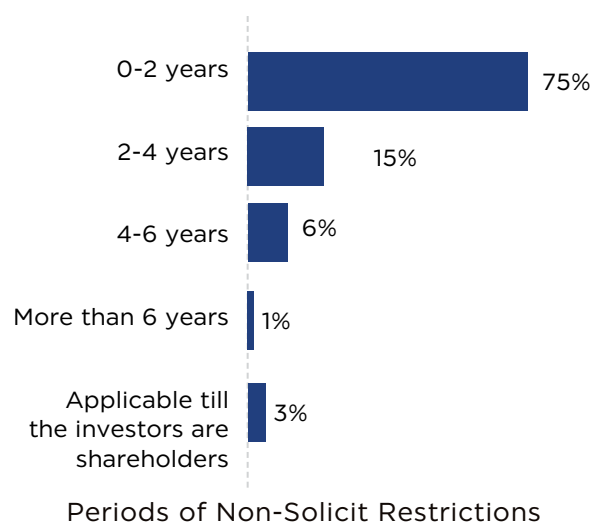




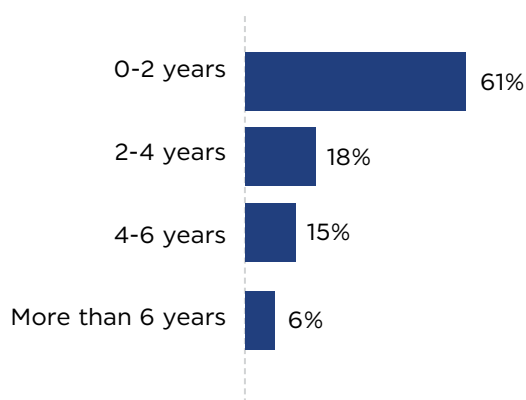
# Non-Solicit and Non-Compete

## Non-Solicit

Non-compete and non-solicit provisions on employees and customers were equally common in transactions. 55% of the transactions included a non-solicit restriction for period between 0 and 2 years.

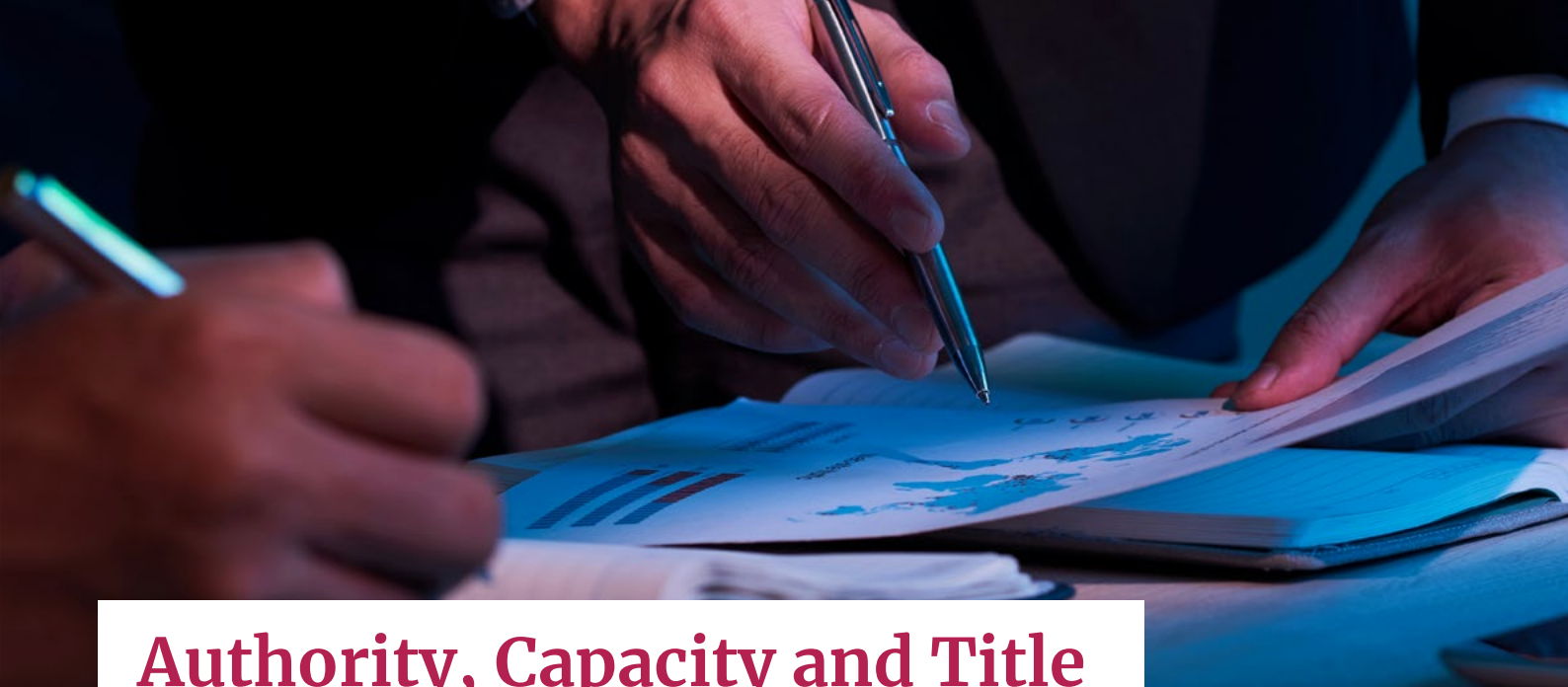


## Non-Compete



A significant portion of the transactions (46%) included non-compete restrictions.

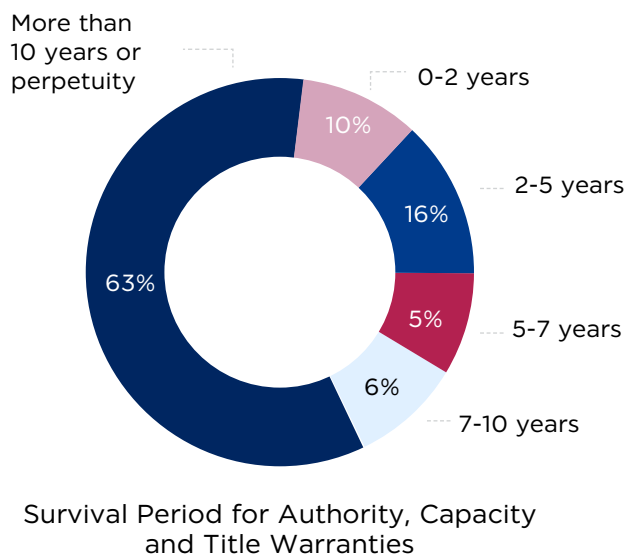
Majority of non-compete provisions are associated with either employment arrangements or the sale of goodwill. In terms of duration, ~61% of the non-compete clauses had a validity of up to 2 years, followed by 18% with a duration between 2 to 4 years, and 15% ranging between 4 to 6 years. Only 6% of the transactions included non-compete restrictions extending beyond 6 years.



# Authority, Capacity and Title Warranties, and Indemnities

The findings underscored the continued emphasis by buyers on obtaining, and by sellers on furnishing, representations and warranties concerning contracting authority and ownership of securities.

## Survival Period



Survival periods for indemnity claims related to authority, capacity, and title warranties showed a broad range, reflecting varying risk appetites and negotiation outcomes across transactions. Notably, the most common survival period exceeded 10 years, appearing in 63% of the transactions. Periods of 2 to 5 years were observed in 16% of cases, while 5 to 7 years and 7 to 10 years were less frequently used, featuring in only 5% and 6% of the transactions, respectively. This wide distribution highlights the absence of a standardized approach and highlights how deal-specific considerations shape.

## Monetary Cap

A substantial proportion (69%) of the transactions capped the monetary liability to 100% of deal value for breach of authority, capacity and title warranties.





## ABAC and AML Warranties, and Indemnities

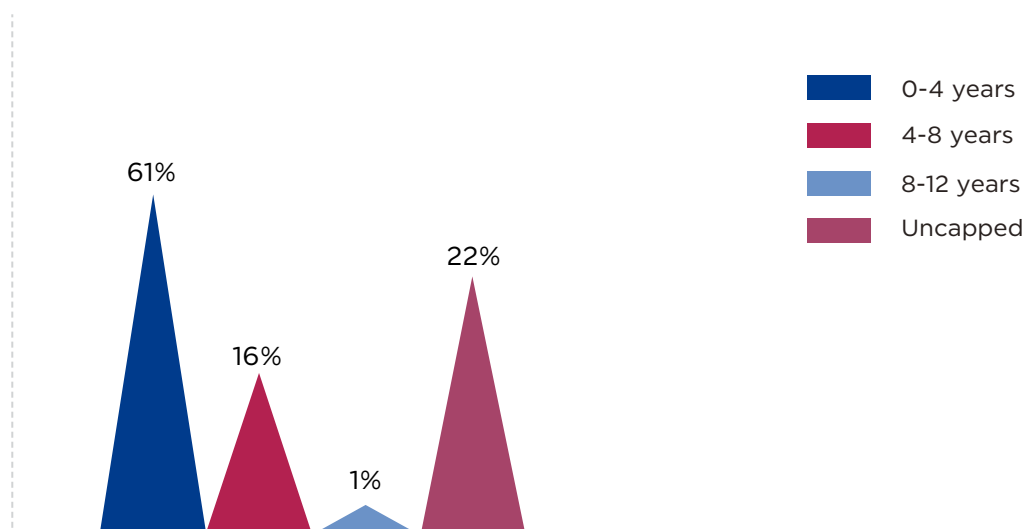
66% of the definitive agreements incorporated specific warranty and indemnity coverage for ABAC and AML matters. This demonstrated the strong rising preference of financial sponsors to seek robust warranties on these topics.

66%

Deals that have Specific Warranties and Indemnities on ABAC and AML

### Survival Period

As anticipated, ABAC and AML warranties had longer survival periods as compared to business / operational warranties. 61% of the deals had survival period of upto 4 years and 22% of the deals provided for uncapped survival periods.



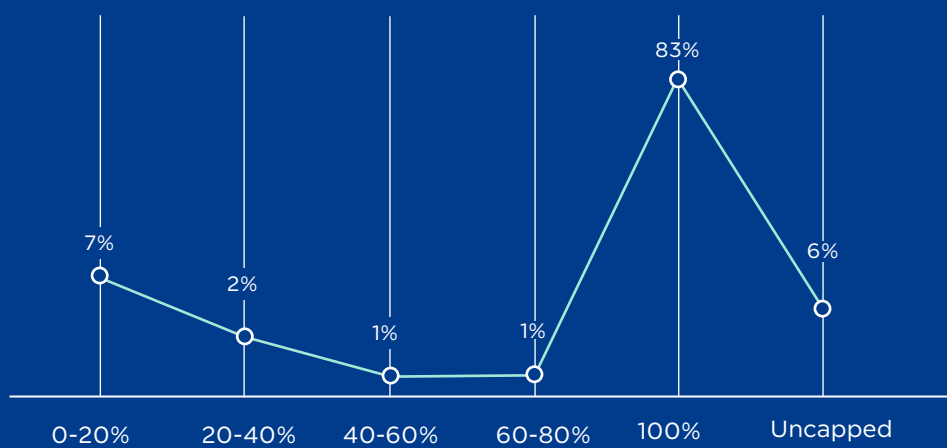
Survival Periods for Indemnity Claims on ABAC and AML Warranties



## Monetary Cap

Approximately 83% transactions under review had a monetary cap equal to the purchase consideration. In approximately 6% transactions liability was uncapped. Surprisingly, in 7% of the transactions, the ABAC and AML warranties were capped at an amount of upto 20% of the consideration.

### Monetary Caps on ABAC and AML Warranties and Indemnities





## Business Warranties

75% transactions included warranties on business and operational matters.

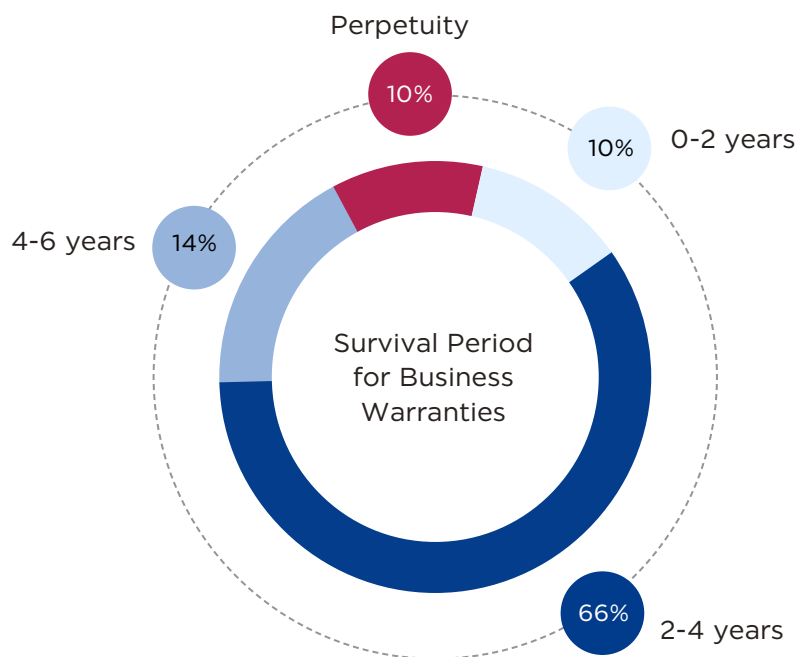


**75%**

Deals included Business Warranties and Indemnities

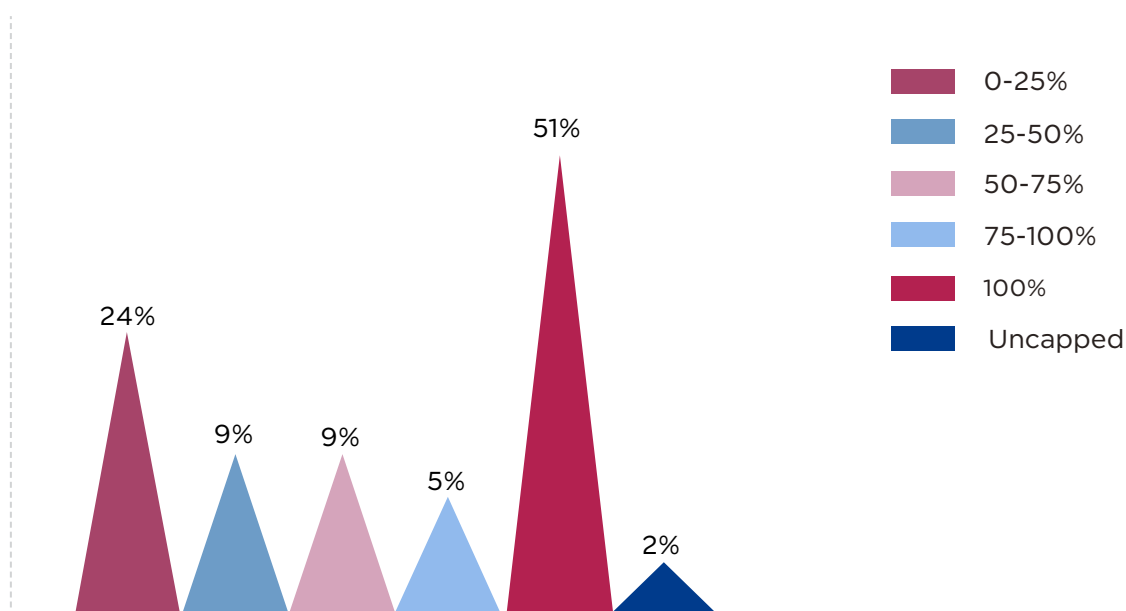
### Survival Period

76% transactions had coverage of upto 4 years from closing date as claim period.



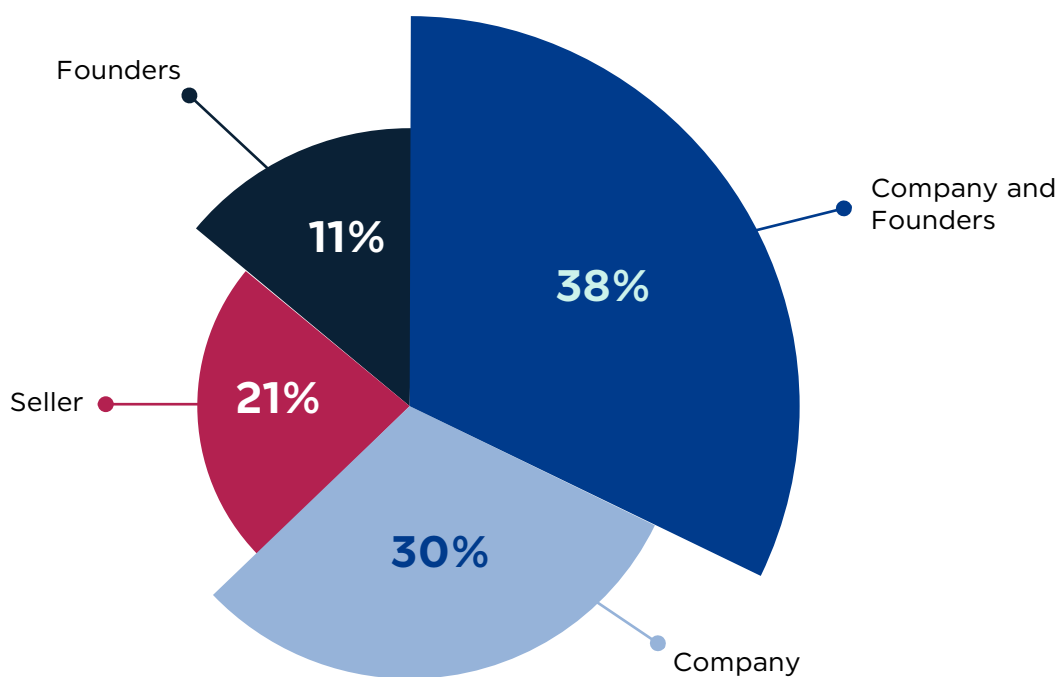
## Monetary Cap

Majority of the transactions (51%) linked the monetary cap for business warranties to 100% of purchase consideration, while 33% transactions reflected upto 50% of purchase consideration, and only 2% of the transactions had uncapped liability.



Monetary Caps for Business Warranties and Indemnities

## Business Warrantors

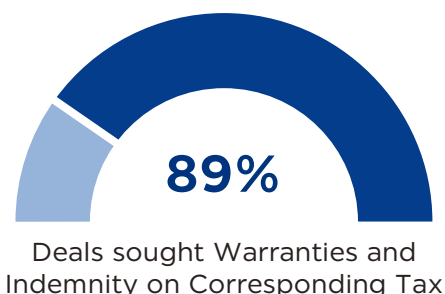


Provider of Business Warranties



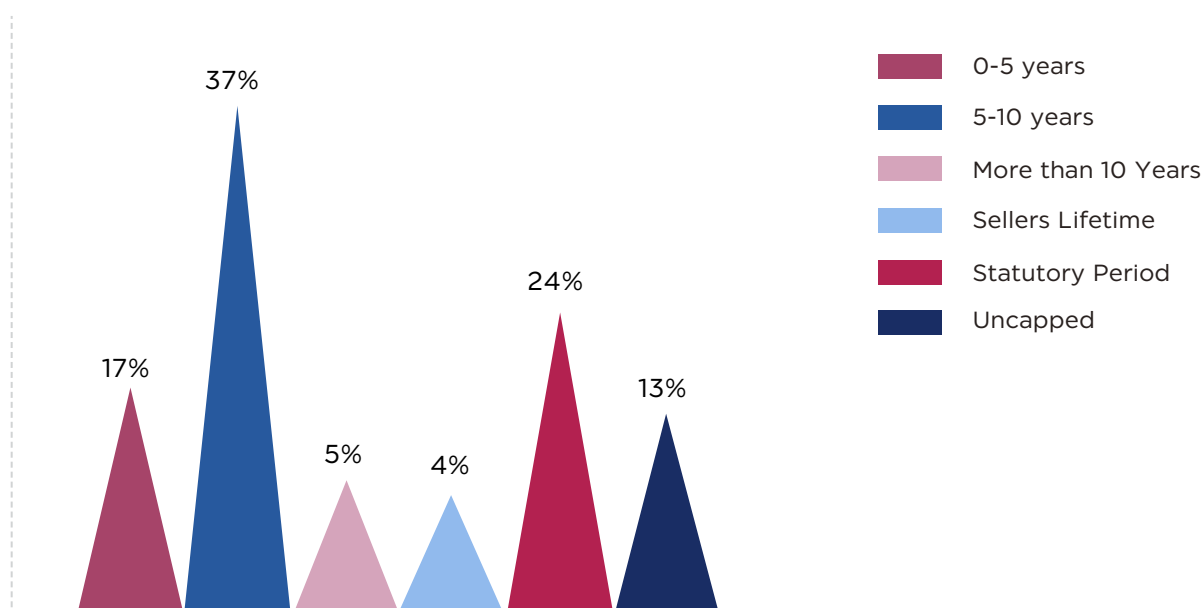
## Target Tax Warranties and Indemnities

A substantial proportion of deals (89%) had target tax warranties and associated indemnities.



### Survival Period

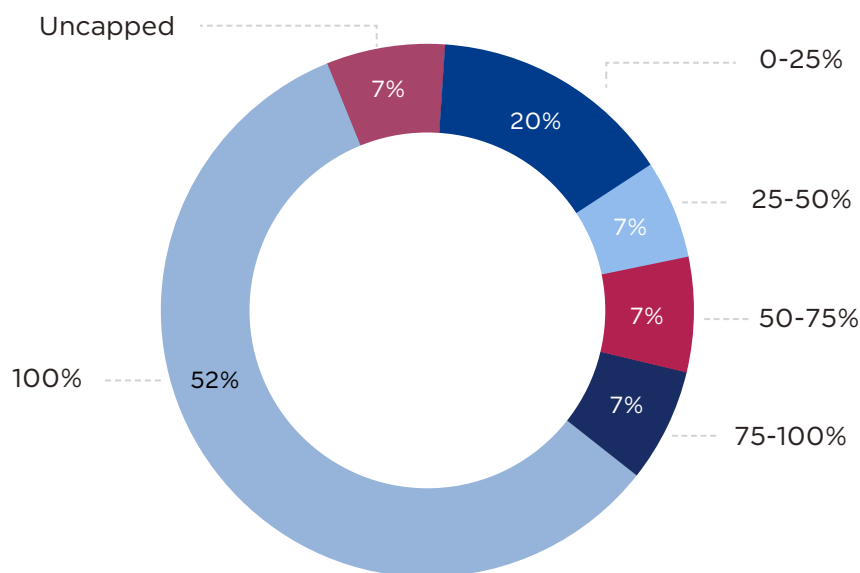
A duration of 5-10 years appeared to be the most 'market' in terms of survival period for tax warranties (37%), followed by 24% transactions linking the time period to statutory period and in a peculiar trend, 4% deals linked the liability to the lifetime of seller. 13% transactions kept the survivability uncapped and 5% transactions provided for more than 10 years of survival period.





## Monetary Cap

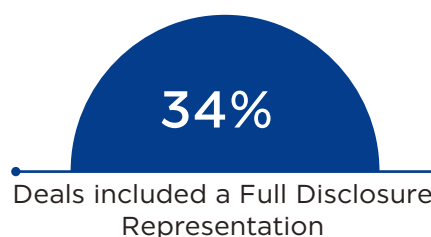
100% of consideration was the most common cap for target tax warranties in 52% transactions, followed by 25% of consideration as cap in 20% transactions. Only 7% transactions kept such liability uncapped.



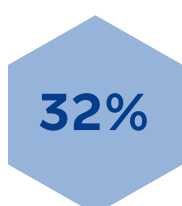
Monetary Caps for Indemnity Claims on Target Tax Warranties

## Full Disclosure Representation

Majority of the transactions (66%) did not include a full disclosure representation. Full disclosure representation is a key anti-fraud representation that focuses on preventing materially misleading disclosure or omission to the investor / buyer and is akin to '10b-5' representation seen in the US market.



## Knowledge Qualifier | Full Disclosure Representation



Deals where Full Disclosure Representation was Qualified by Knowledge

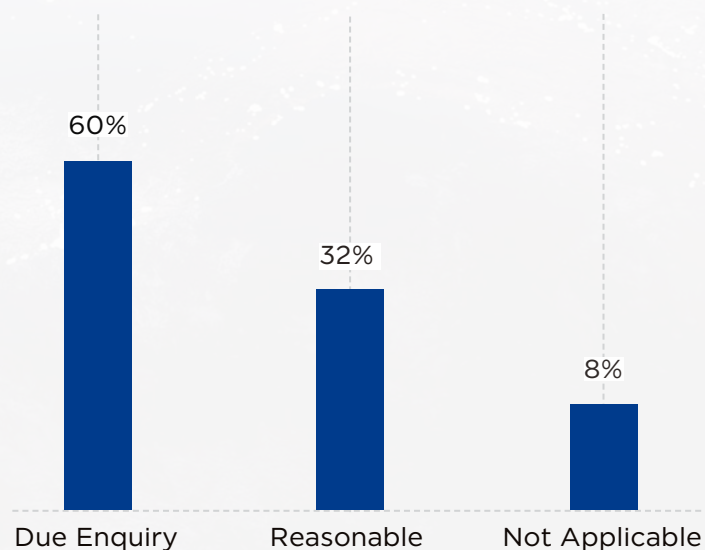
A notable trend emerged in the treatment of full disclosure representations—only 32% of these were qualified by knowledge. This indicates a general preference for unqualified full disclosure obligations, suggesting a shift toward greater seller accountability in a majority of transactions

## Universe of Knowledge

The use of 'actual' knowledge standard outpaced the 'constructive' knowledge standard—where parties are presumed to have certain knowledge—with 47% of the deals opting for the former compared to 25% for the latter.



Out of the agreements that included the concept of constructive knowledge, 60% of the deals conditioned knowledge on facts that should have been discovered after 'due enquiry'.

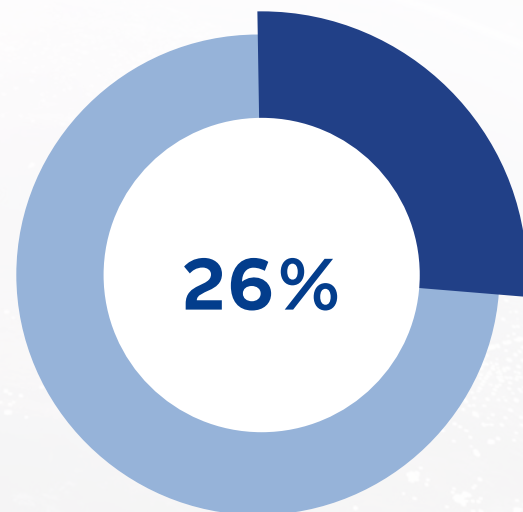
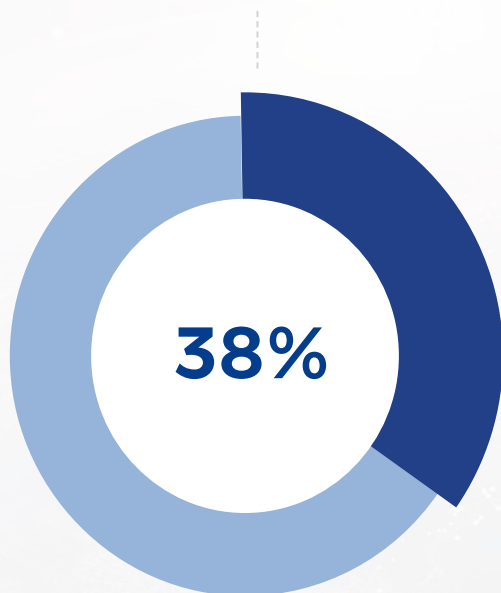


# Universe of Knowledge

## Knowledge of Identified Individuals

62% of the transactions did not limit knowledge to one or more specifically identified persons. While surprisingly, 38% of the transactions did limit knowledge to specifically identified persons.

Deals providing for Knowledge  
of Identified Individuals



Deals providing for Role-based  
Deemed Knowledge

## Role-Based Deemed Knowledge

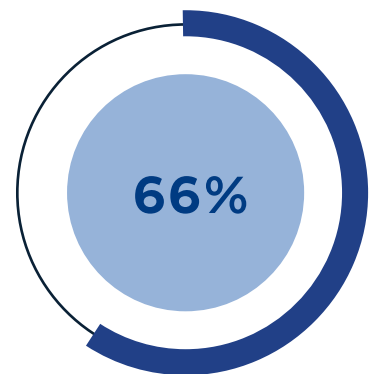
Similarly, a majority of definitive agreements (74%) did not include role-based deemed knowledge. While 26% of the transactions included role-based deemed knowledge.

The study revealed a common theme of omitting reference to specific individuals who are most likely to possess knowledge of relevant facts.



## Indemnity for Breach of Covenant

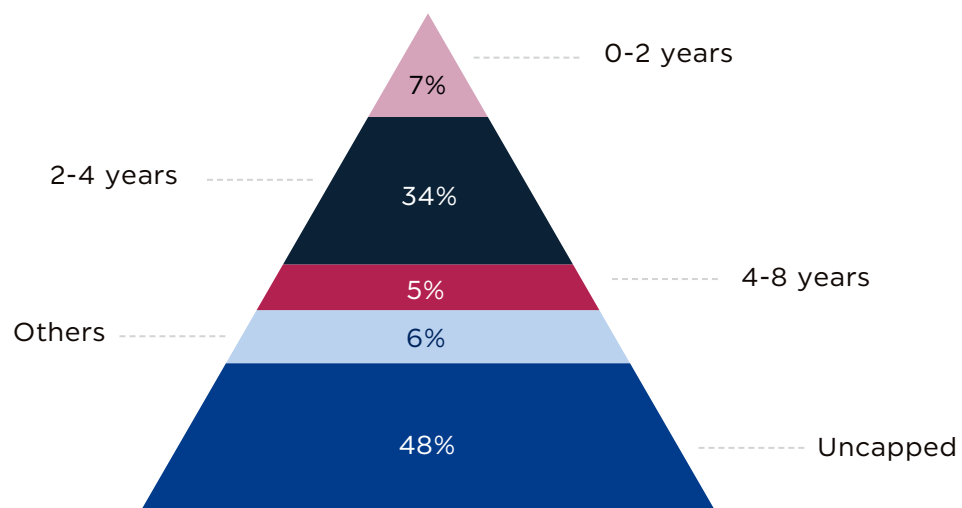
For breach of covenants, indemnity was provided in almost 66% of the transactions but based on our study, such indemnity was typically for key identified covenants in the transaction documents.



Deals provided for Indemnity for Breach of Covenants

### Survival Period

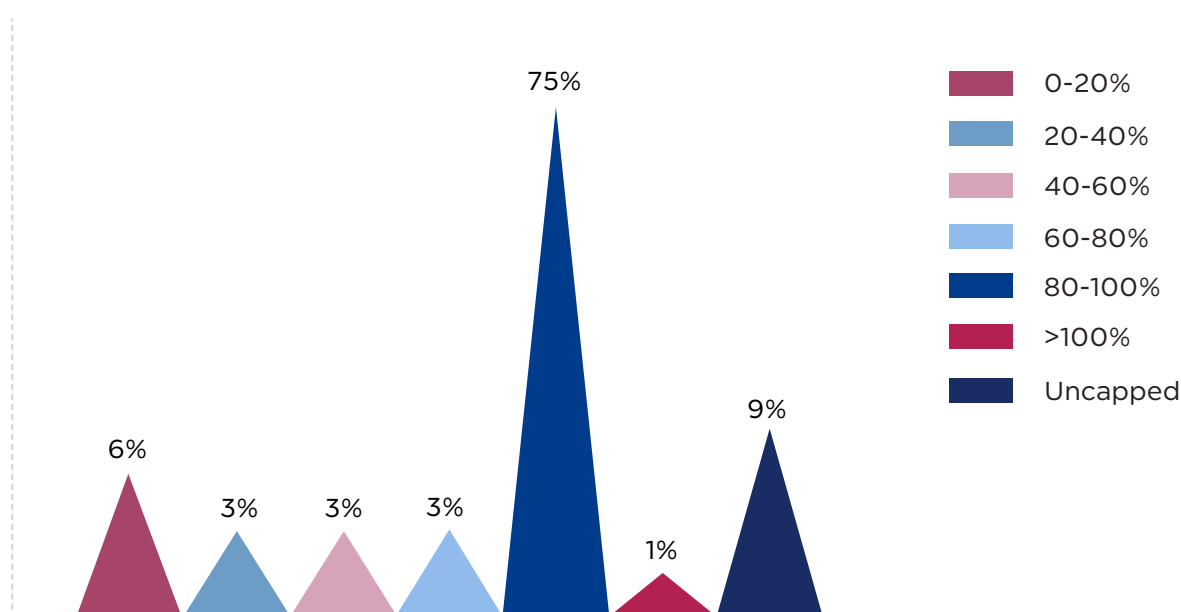
Indemnity for covenants in significant number of the transactions (48%) had an uncapped claim period, followed by 0 to 4 years for 41% transactions and 4 to 8 years for 5% transactions.





## Monetary Cap

75% transactions provided 80% to 100% of the deal value as monetary caps for breach of covenants, with liability in a handful of transactions (9%) being uncapped. The study indicates that while most sellers were generally amenable to leaving the indemnity period uncapped for breaches of specifically identified covenants in the transaction documents, they typically sought to impose a monetary cap—ranging from 80% to 100% of the purchase consideration—to limit overall liability.



## Indemnity as Sole Monetary Remedy

Remarkably, there was a near balance between transactions that expressly recognised indemnity as the sole monetary remedy (54%) and those that did not include this provision (46%).



**54%**

Deals that included Indemnity as the Sole Monetary Remedy

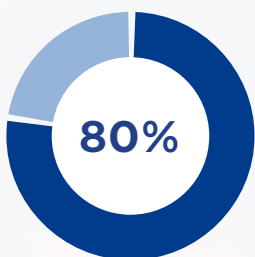
## Universe of 'Indemnified Persons'

While investors / buyers are typically included as indemnified parties, it is 'market' to also have their affiliates, directors, agents / representatives and employees within the universe of indemnified parties. Further, few number of transactions (18%) included shareholders of the investors / buyers within the bucket of indemnified persons.

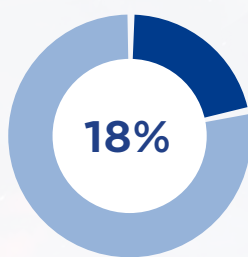


17%

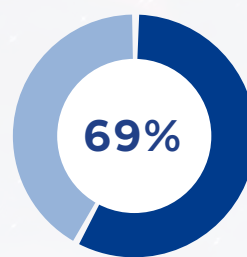
Deals with Subsidiaries as Indemnified Party



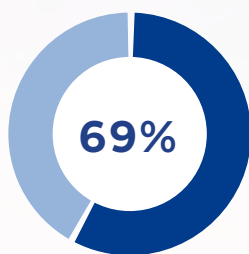
Deals with Directors as Indemnified Party



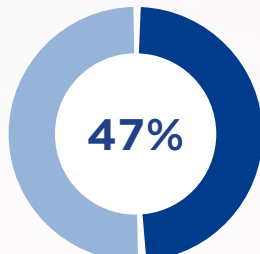
Deals with Shareholders of Investor as Indemnified Party



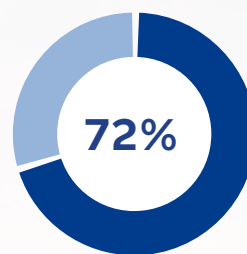
Deals with Affiliates, Directors and Employees as Indemnified Party



Deals with Affiliates as Indemnified Party



Deals with Agents / Representatives as Indemnified Party



Deals with Employees of the investor as Indemnified Party



## Pro-Sandbagging and Anti-Sandbagging

Seller or target, in a 'pro-sandbagging' provision, acknowledges that investor's pre-closing knowledge will not affect the investor's ability to bring a claim post-closing, whereas in an 'anti-sandbagging' provision, an investor cannot bring legal action against seller or target if there is a breach of warranty that the investor was aware of pre-closing.

The study revealed that 'pro-sandbagging' provisions are more 'market', as 35% transactions provided for 'pro-sandbagging' provisions, while only 8% deals provided for 'anti-sandbagging' provisions.



**8%**

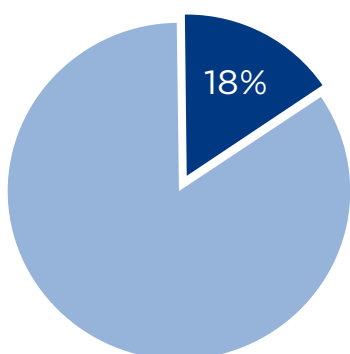
Deals with  
Anti-Sandbagging  
Clause



**35%**

Deals with  
Pro-Sandbagging  
Clause

## Materiality Scrape



Definitive Agreements  
included Materiality Scrape

A materiality scrape provision ensures no double materiality in cases where the indemnification obligations of a party are subject to basket / de-minimis thresholds. It allows the indemnified party the right to exclude materiality, material adverse effect, or other similar qualifications contained in the representations and warranties for indemnification purposes. Interestingly, only 18% of the transactions reviewed provided for a materiality scrape provision.



# Disclosures

## Data Room as General Disclosure

The study revealed a growing trend for data room as a general disclosure. That said, in a significant portion of deals (91%), the buyers did not accept data room as a general disclosure.

**9%**

Deals that accepted Data Room as General Disclosure



## DD Reports

**88%**

Deals that did not accept General Disclosure of DD Reports

In a sizable number of the transactions (88%), due diligence, whether undertaken by vendors or by investors, was not accepted as a general disclosure.

## Public Records

A substantial portion of the deals (84%) did not recognise information in the public domain (including public searches, whether on the Ministry of Company Affairs, the Registrar of Sub-assurances, stock exchanges or otherwise), as a standard of general disclosure.

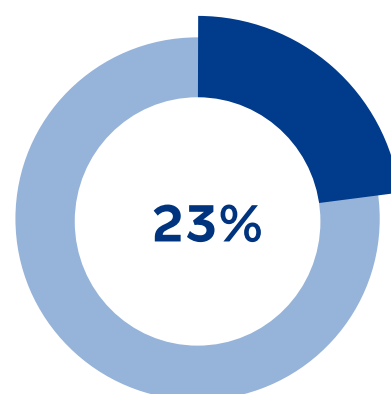
**84%**

Deals that did not accept General Disclosure of Publicly Available Information



## Accounts

In contrast to other forms of general disclosures, audited accounts were accepted as general disclosures in 23% of the transactions under review. In a sizeable number of deals (76%), accounts were not included as general disclosures.



Deals that accepted General Disclosure of Accounts

## Updated Disclosure Letter



Approximately half of the transactions under review featured the ability of the target / seller / promoter to update the disclosure letter prior to / at closing. This is interesting as inability in this regard poses legal risk for sellers and/or target in case where the time gap between signing and closing is significant, not allowing the sellers and/or the target to disclose the changes that may have occurred during this period.

## Interim Matters Update



**61%**

Deals with Updated Disclosure Letter only for Matters between Execution Date and Closing Date

## Fundamental Warranties Update

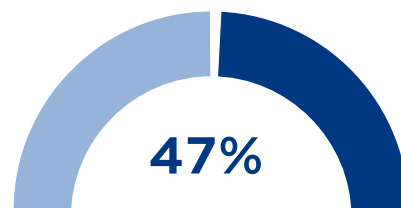


**19%**

Deals without Update for Fundamental Warranties in the Updated Disclosure Letter

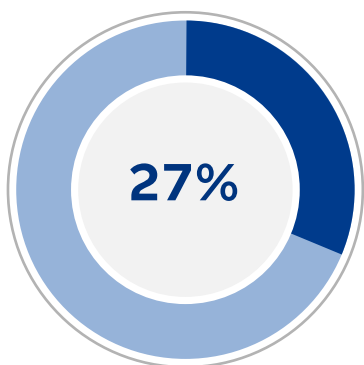
## Disagreement on Updated Disclosure Letter

47% of the transactions under review provided the buyer / investor the right to walk away if disclosures made in updated disclosure letter were not acceptable to the buyer / investor.



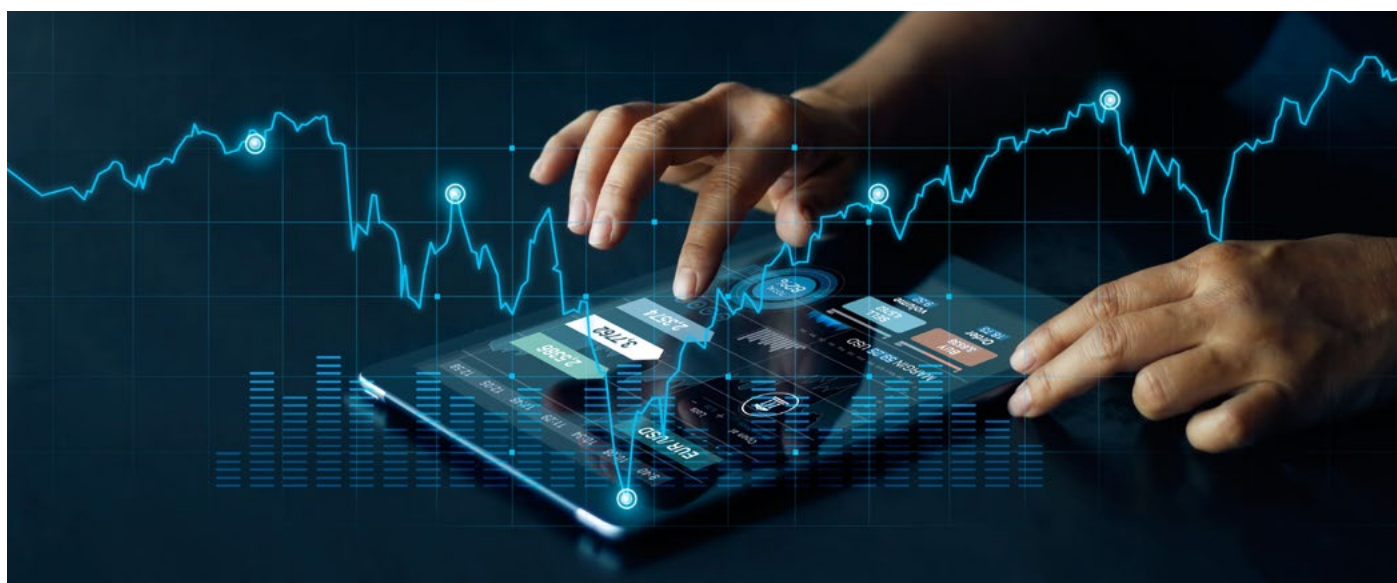
Deals with express ability to the Investor to terminate if Updated Disclosures are unacceptable

## Ability to Close with Specific Indemnity



Deals moving to Closing basis Specific Indemnity

If disclosures are not agreeable under Updated Disclosure Letter, a little over a quarter of transactions (27%) provided an ability to close by offering specific indemnities.





## Other Limitations and Exclusions

### Basket

Slightly more than half (57%) of the transactions under review included a basket for indemnification claims. This is notable as baskets provide significant protection to sellers / target.



**57%**

Deals with Basket for Indemnification Claims

### De-Minimis

Approximately 58% transactions include the concept of de-minimis.

**58%**

Deals with De-Minimis for Indemnification Claims

### Tipping or Deductible

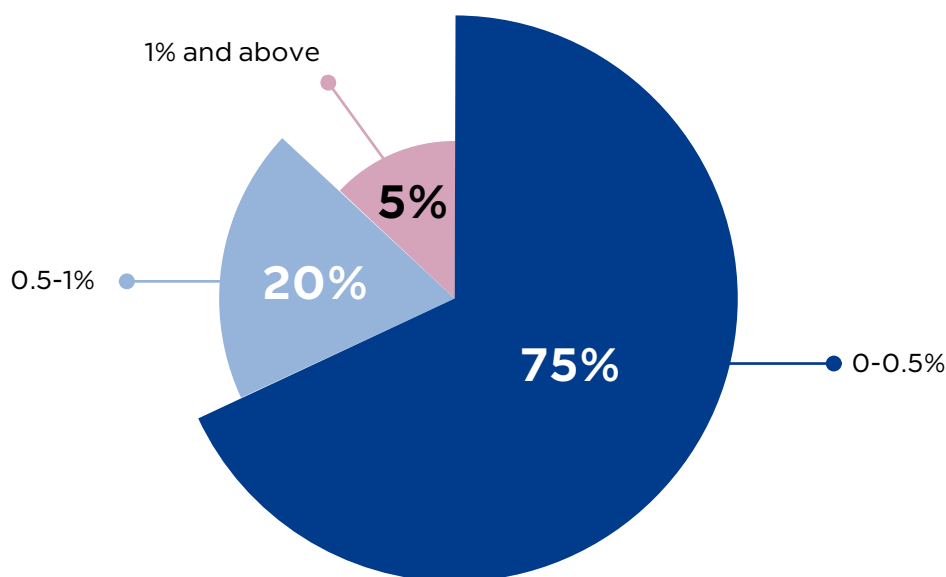
**81%**

Basket - Tipping

Interestingly, more than 3/4<sup>th</sup> (81%) of the transactions, which included basket construct incorporated the construct of tipping basket. In a 'deductible' basket, only claims that exceed agreed amount are submitted, whereas in a 'tipping' basket, first dollar can be claimed once aggregate basket exceeds the agreed amount.

## Basket Threshold

Interestingly, the basket thresholds for indemnity claims exhibited diverse trends. The thresholds varied from upto 0.5% of the consideration to beyond 1% in certain circumstances.



Basket as Percentage of Consideration

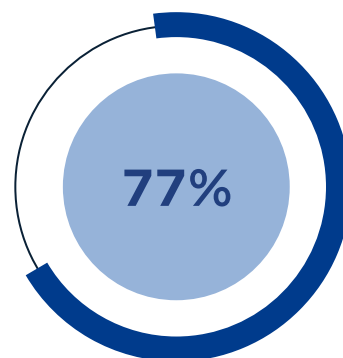
Surprisingly, out of the data set reviewed, de-minimis threshold was at 2.6% of the purchase consideration, as opposed to the general market trend of 0.1%.



**2.6%**  
De-minimis

## Fraud Exclusion

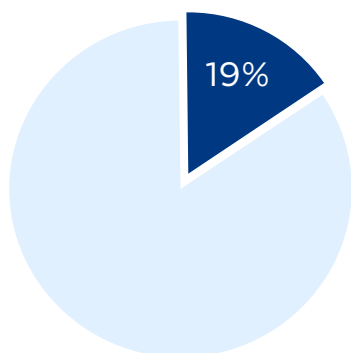
Slightly more than 3/4<sup>th</sup> of the transactions excluded fraud from limitations of liability. Standard of 'fraud' is high and burden to prove rests on the party making a claim.



Deals excluded Fraud from Limitations of Liability

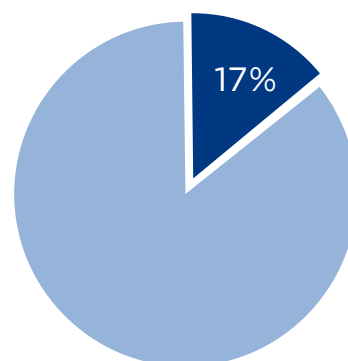


## Diminution in Value



Deals with Diminution in Value as a Specific Element in Definition of 'Loss'

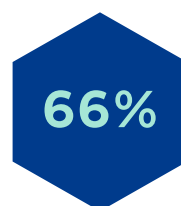
## Consequential Loss



Deals with Consequential Loss Expressly Covered in Definition of 'Loss'

## Gross-Up for Tax

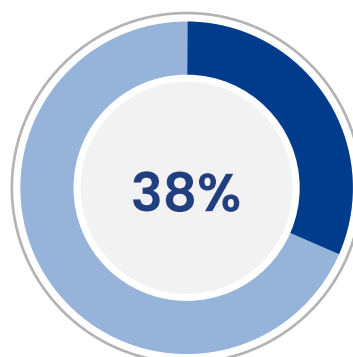
Around 66% of transactions incorporated provisions for grossing-up to account for tax that may be attracted on any indemnity payments.



Deals with Tax Gross-Up

## Gross-Up for Shareholding

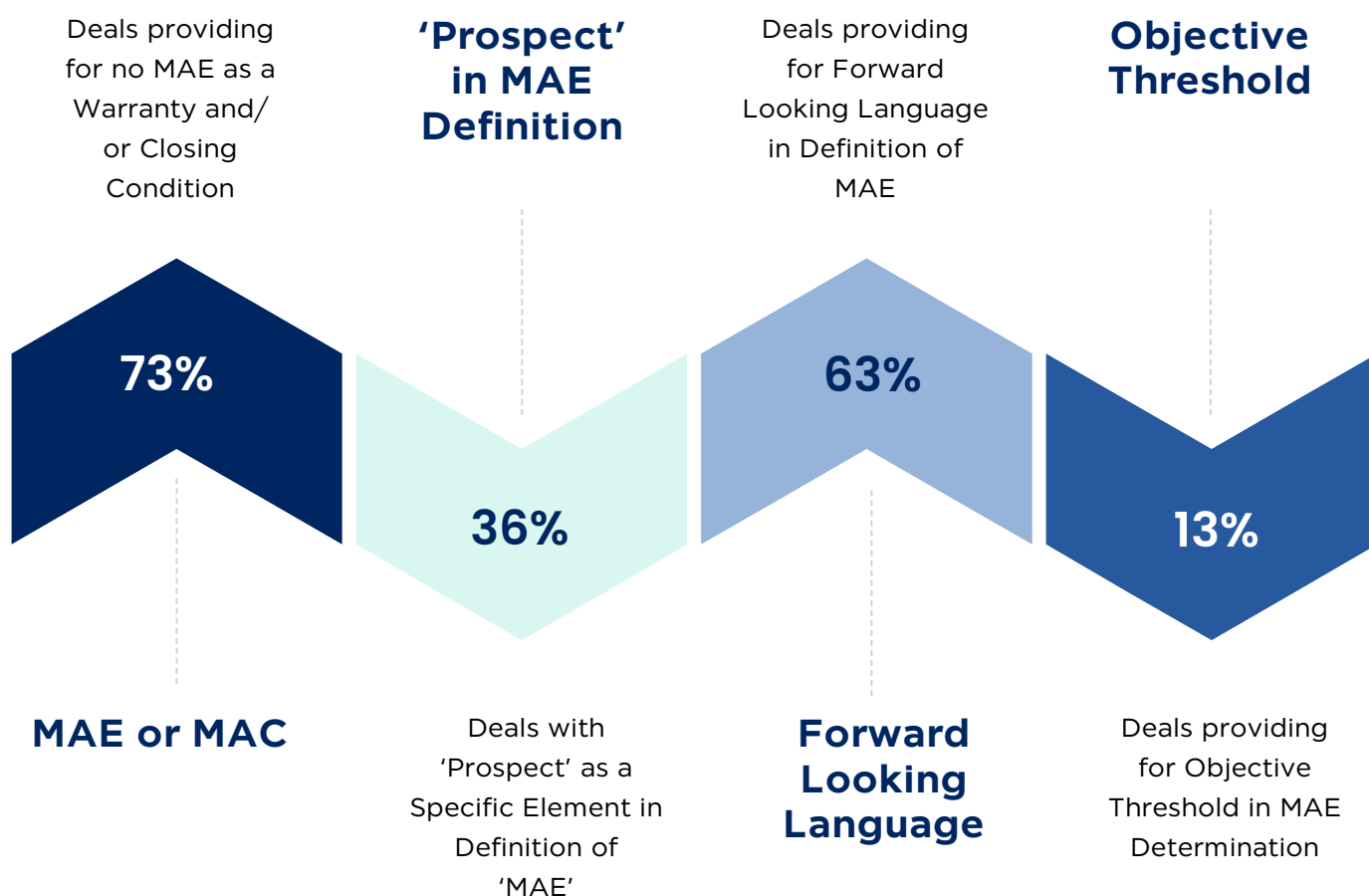
Among the definitive agreements in which indemnity pay-outs could be made by target, only 38% transactions provided gross-up for investor's / purchaser's shareholding.



Deals with Shareholding Gross-Up

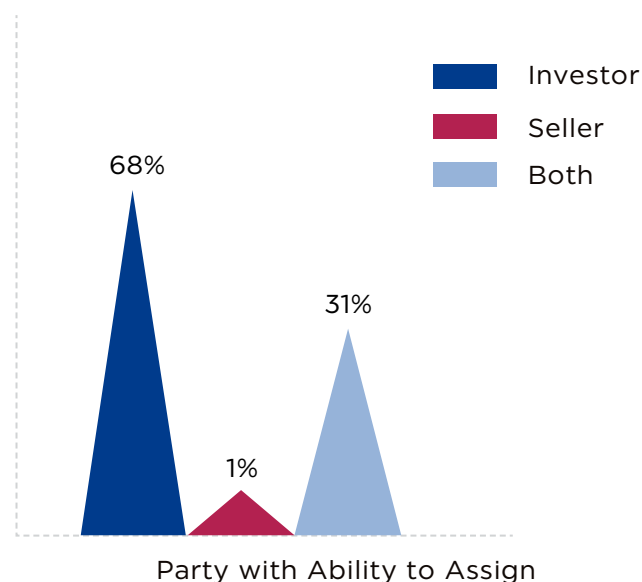
# Material Adverse Change

Material Adverse Change (MAC) provisions continue to find their way into a significant number of Indian investment transactions. There is no significant Indian judgment that has tested the ability of a party to walk-away from a definitive agreement on grounds of MAC. Objective thresholds, as one of the limbs to determine MAC, continue to be rare (at 13%).



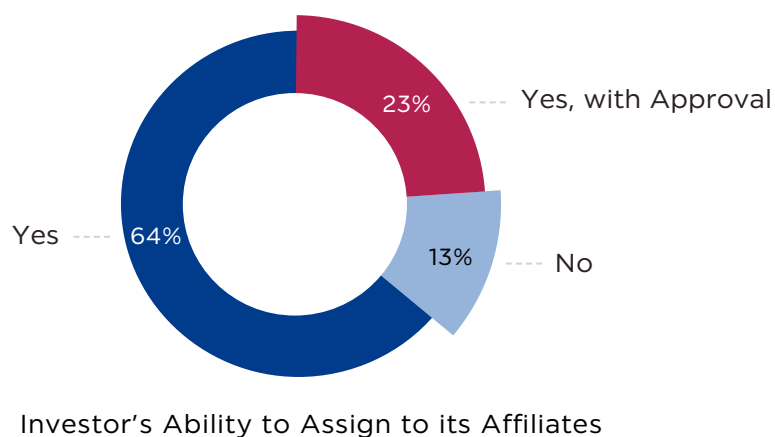
# Universe of Assignment

For a significant majority of the transactions (68%), only the buyer had the ability to assign rights under definitive agreements, followed by ability of assignment available to both buyer and seller (31%).

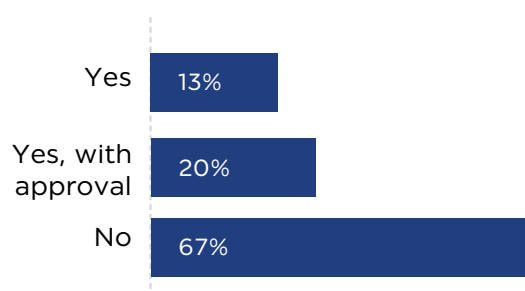


## Affiliates

Majority (64%) of the definitive agreements included the Investor's / Buyer's ability to assign to its affiliates without approval, and a few (23%), with approval. That said, 13% of transactions did not allow for assignment to affiliates.



## Financing Sources



Assignment to Financing Sources

A substantial portion of the deals under review (67%) did not provide for the assignment of rights by the investor / buyer to financing sources. Only a handful of agreements (13%) gave flexibility to an investor to assign definitive agreements and rights under them to its financing sources, while 20% agreements required specific approval from other parties.

## Confidentiality Inclusion

74% of transactions allowed sharing of confidential information with affiliates, directors, partners, and employees.



**74%**

Confidentiality Inclusion  
- Affiliates

**44%**

Confidentiality Inclusion - Finance Sources



**36%**

Confidentiality Inclusion - Future Buyer

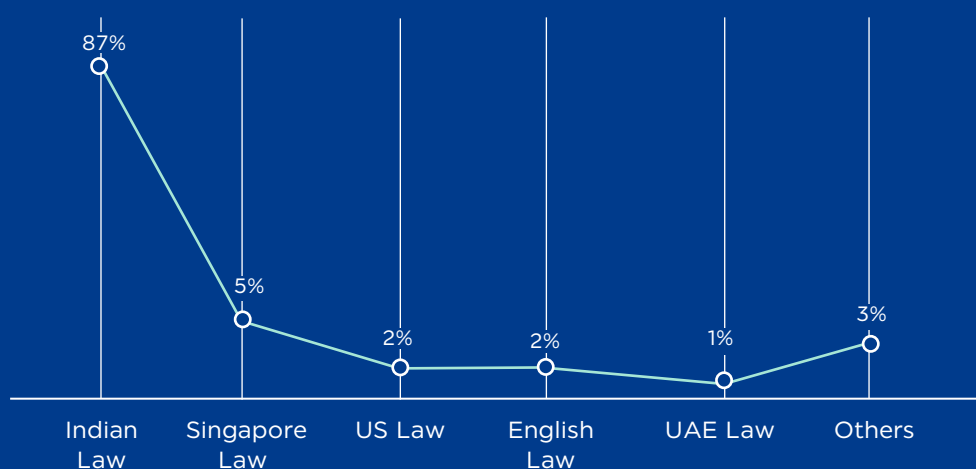




# Governing Law and Arbitration

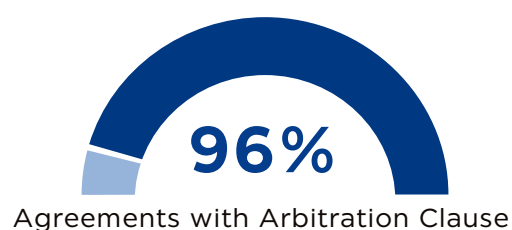
Expectedly, Indian law was the most common law governing definitive agreements (87%). Singapore law stood second at 5%, and the English and the US laws jointly governed approximately 4% of definitive agreements.

## Law Governing Definitive Agreement



## Dispute Resolution by Arbitration

In nearly all transactions (96%), disputes arising between parties of the agreement were directed to arbitration. This highlights the prevailing preference for arbitration over traditional court litigation.



## Arbitrator

In a majority of transactions (72%), disputes were featured to be resolved by a tribunal of arbitrators (rather than a single arbitrator).



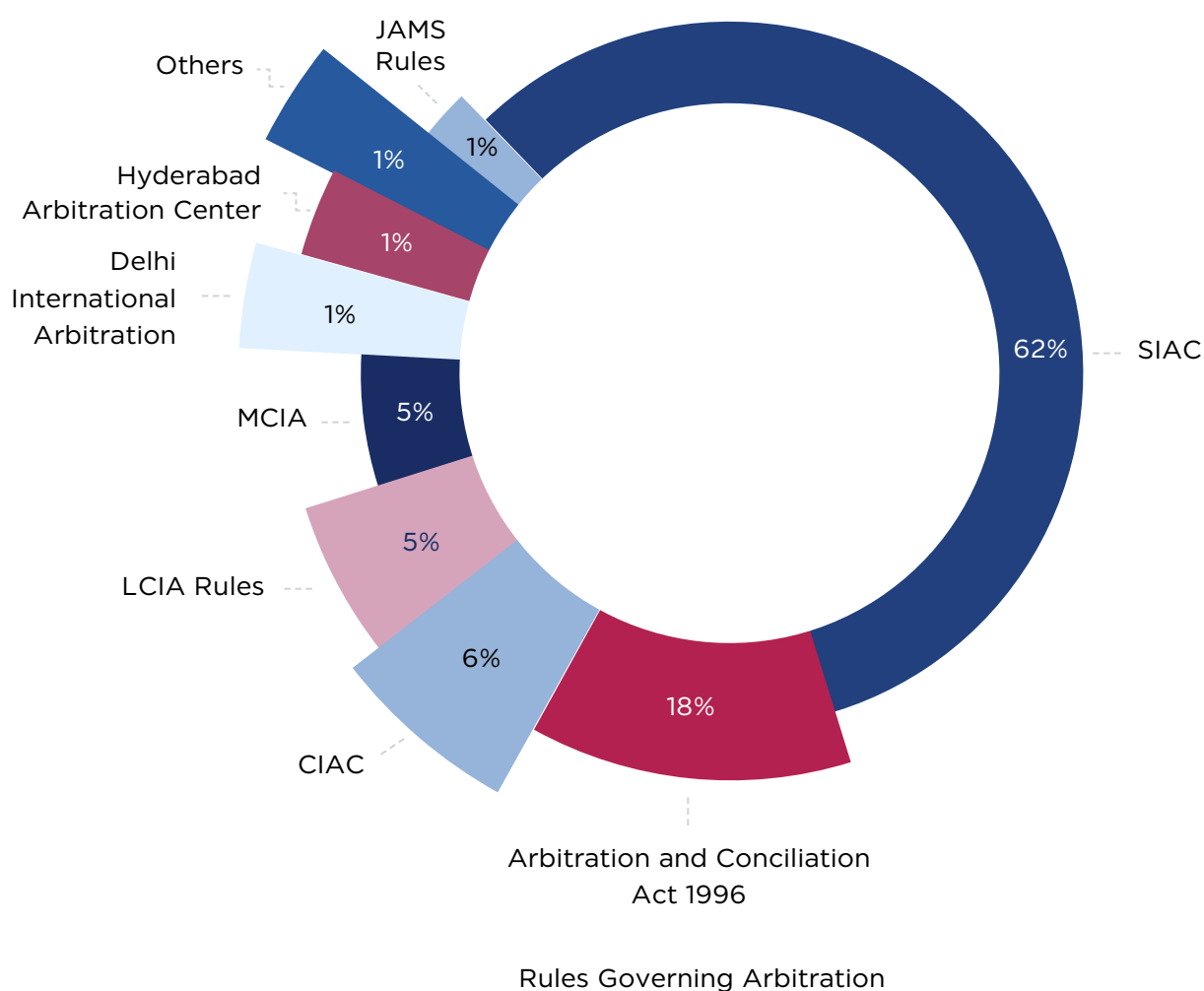
72%

Arbitration - Tribunal

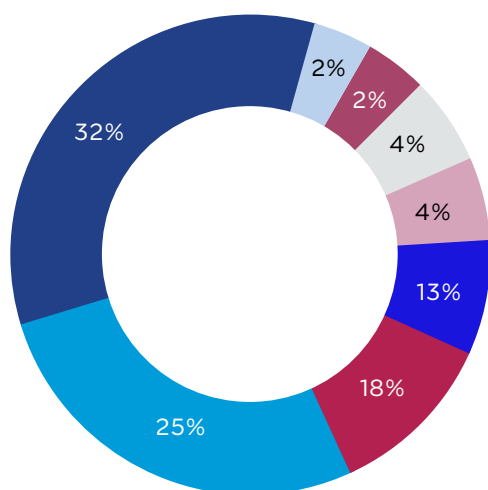


## Arbitration

SIAC continued to remain as the preferred institution for administration of arbitration with around 62% of the transaction under review providing for SIAC administered arbitration.

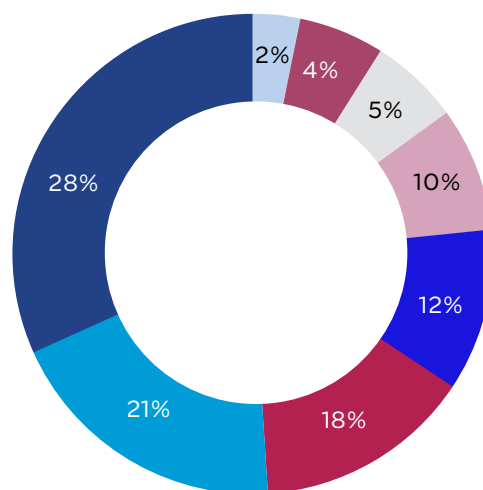


## Arbitration Venue



Preferred Arbitration Venue

## Arbitration Seat

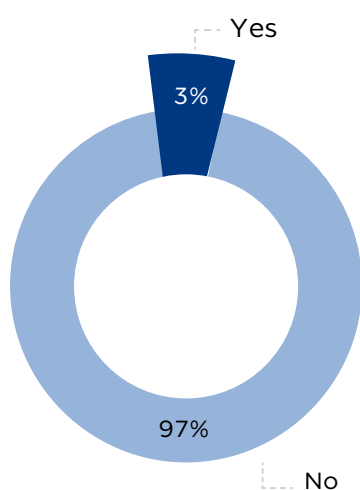


Preferred Arbitration Seat

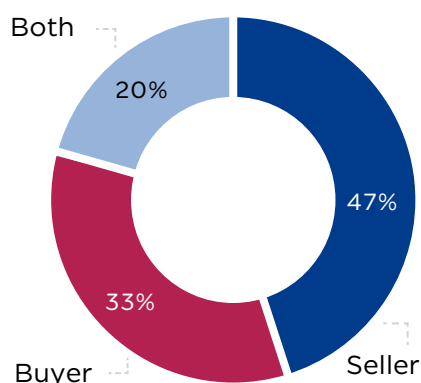
■ Singapore ■ Bengaluru ■ Mumbai ■ New Delhi ■ London ■ Ahmedabad ■ Chennai ■ Others

## Tax Insurance

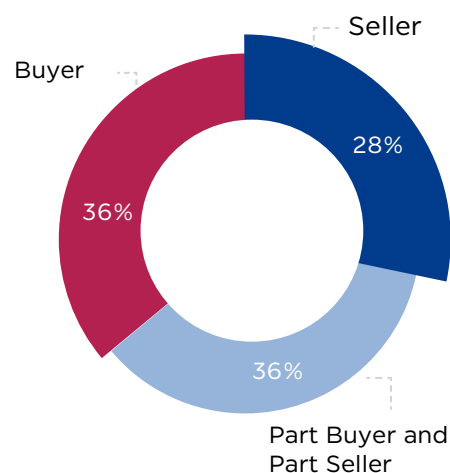
Insurance policies for tax were rare and were only featured in 3% of the transactions. In cases involving tax insurance, sell-side tax insurance policies were more prevalent (47%). In 62% of transactions, either the buyer solely or the buyer and seller jointly, agreed to bear the insurance premium.



Tax Insurance



Who Obtains Tax Insurance



Cost of Tax Insurance

# Glossary

TERMS	DEFINITION
ABAC	Anti-bribery and anti-corruption
AML	Anti-money laundering
CIAC	Construction Industry Arbitration Centre
Closing	Completion of actions for consummation of a transaction
DD	Due Diligence
EV	Enterprise Value
English Law	Laws applicable to the United Kingdom
GAAP	Generally Accepted Accounting Principals
Ind AS	Indian Accounting Standards
Indian Law	Laws applicable to the Republic of India
JAMS	Judicial Arbitration and Mediation Services
LCIA	London Court of International Arbitration
MAE / MAC	Material Adverse Effect / Material Adverse Change
MCIA	Mumbai Centre for International Arbitration
NBI	Non-binding indication
SIAC	Singapore International Arbitration Centre
UAE	United Arab Emirates
US	United States
USD	United States Dollar
W&I	Warranty and indemnity



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