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## NAVIGATING CROSS BORDER MERGERS IN THE AGE OF ARTIFICIAL INTELLIGENCE

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### ABSTRACT

M&As between a company in a given country and one in another country, have become key tools of internationalizing and strategic expansion. Nevertheless, regulatory inconsistencies, cultural barriers and elaborate due diligence procedures tend to question these transactions. It is a time of transformation in the world of international deal-making with the advent of the Artificial Intelligence (AI). Not only is AI making due diligence and valuations faster, it is also transforming the modus operandi through which businesses find targets, evaluate risks and post merger integration activities across jurisdictions.

**Keywords:** Mergers and Acquisition, Artificial Intelligence, Cross border

### INTRODUCTION

Cross-border mergers and acquisitions (M&As) have become major elements in the world that has become increasingly interconnected as companies are keen to increase their presence in the world, access new technologies and explore new markets. These strategic deals enable companies to pool resources, enhance their operations and have competitive advantages. Nevertheless, cross-border transactions are plagued with issues of legal and regulatory challenges, as well as cultural and operational integration. Artificial Intelligence (AI) is a new aspect of international deal-making that has been brought to the scene by the digital revolution. The AI is transforming the M and A process at all levels, starting with the deal sourcing and due diligence to valuation and integration of the merged companies with its unparalleled ability to process and analyze large amounts of data, identify trends, and make

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predictive recommendations. Artificial intelligence is even more essential in the contexts of cross-border, where regulations differ, and data is complex. The current paper will explore the effects of AI on cross-border M&As as it streamlines the processes by making transactions more efficient, data-driven, and strategic. It also discusses the changing legal and regulatory issues presented by the implementation of AI in M&A procedures, especially in the Indian legal framework. With AI still gaining momentum in the deal-making arena, it becomes necessary to be aware of the potential transformative power of AI and why it should be deployed in a responsible and transparent manner.

## **MERGERS AND AMALGAMATIONS**

The term ‘merger’ is not defined under the Companies Act, 2013 (“CA 2013”) or under the Income Tax Act, 1961 (“ITA”). As a concept, a ‘merger’ is a combination of two or more entities into one; the desired effect being not just the accumulation of assets and liabilities of the distinct entities, but the organization of such entities into one business. The possible objectives of mergers are manifold - economies of scale, acquisition of technologies, access to varied sectors/ markets etc. Generally, in a merger, the merging entities would cease to exist and would merge into a single surviving entity. The ITA does, however, define the analogous term ‘amalgamation’<sup>2</sup> as the merger of one or more companies with another company, or the merger of two or more companies to form one company. The ITA goes on to specify certain other conditions that must be satisfied for an ‘amalgamation’ to be eligible for benefits accruing from beneficial tax treatment . Sections 230-234 of CA 2013 (the “Merger Provisions”) deal with the schemes of arrangement or compromise between a company, its shareholders and/or its creditors. Commercially, mergers and amalgamations may be of several types, depending on the requirements of the merging entities. Although corporate laws may be indifferent to the different commercial forms of merger/amalgamation, the Competition Act, 2002 does pay special attention to the forms.<sup>3</sup>

The use of Artificial Intelligence (AI) in cross-border Mergers and Acquisitions (M&A) is quickly changing the market dynamics of the deals. AI is transforming the manner in which international businesses adopt the M&A strategies in terms of identification of investment opportunities down to the risk assessment and speed up the transaction timelines.

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<sup>2</sup> The Income Tax Act, 1961, § 2 (1B), No. 43, Acts of Parliament, 1961 (India).

<sup>3</sup>Mergers & Acquisitions An Indian Legal, Regulatory and Tax Perspective Nishitt Dessai, [https://www.nishithdesai.com/fileadmin/user\\_upload/pdfs/Research\\_Papers/Mergers\\_\\_\\_Acquisitions\\_in\\_India.pdf](https://www.nishithdesai.com/fileadmin/user_upload/pdfs/Research_Papers/Mergers___Acquisitions_in_India.pdf), (last visited Oct 12, 2025).

Nevertheless, its use should also be complemented with human skills and strong regulatory controls to overcome such risks as data inaccuracies and security breach.

### **ADVENT OF AI IN CROSS BORDERS MERGERS**

AI is transforming the M&A transactions by automating operations, providing accuracy and better strategic decision-making in the following ways<sup>4</sup>:

*Due diligence:* AI-powered tools have also made an important contribution to due diligence, in which thousands of legal and financial documents are quickly analyzed and key clauses, risks, and obligations are identified with more accuracy than during manual analysis.

Automation of contract analysis and red flags like regulatory non-compliance and litigations that are still pending, through AI, allow dealmakers to perform more effective and swift risk assessment.

*Valuation and financial analysis:* AI is more useful in valuation and financial analysis, where it analyses large volumes of data, past financials and market trends to give the correct projection. The machine learning algorithms enhance the accuracy of earnings projections, synergy prospects, and cost of integration besides providing more comparative information among industries and geographies. This enables M&A teams to take decisions that are more financially transparent.

*Success probability assessment:* The AI-based predictive analytics is also useful in determining the probability of a deal success through examining previous deals, market behaviours, and integration factors that may arise. It predicts the risks associated with the post merger like cultural differences and inefficiencies as well as the areas that can be saved on costs and increase in revenues. This helps firms to maximise on the structuring of deals and the reduction of risks before the transaction finalises.

*Target identification and deal sourcing:* In target identification and deal sourcing, AI searches both through structured and unstructured data to identify acquisition opportunities that match the strategic goals of an acquirer. AI appraises financial performances, competition and industry trends, to outline potential targets. It is also able to forecast troubled firms, fast-growth startups, or under-priced assets, enhancing the effectiveness and accuracy of deal sourcing.

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<sup>4</sup>Fernando moreira, M&A in the Age of AI: A New Paradigm, LinkedIn <https://www.linkedin.com/pulse/ma-age-ai-new-paradigm-fernando-moreira-tlkbf/> (last visited Oct 12, 2025).

*Negotiation and regulatory compliance* AI is instrumental in negotiation and regulatory compliance where it is used to optimize negotiation strategies by analysing the terms of deals, pricing trends, and counterparty behaviour of the past. It also follows changing world regulations, where it complies with competition legislations, tax laws, as well as industry-related regulations. AI automates regulatory filings which, in turn, decreases administrative load and eliminates the chances of reporting errors.

*Cohesive integration after a merger:* AI can support the smooth integration after the merger by determining the areas of operation and redundancy and possible cultural clash. Artificial intelligence applications are used to read worker emotions in order to align the expectations of workers and machine learning algorithms are used to optimize supply chains and IT infrastructure to improve efficiency. Artificial intelligence-driven customer analytics also help retain the market share and enhance brand positioning after the merger.

*Regarding cross-border M&A:* AI facilitates the complicated cross-jurisdictional transactions through observing foreign laws, translating the legal documents and evaluating geopolitical risks. AI offers businesses the opportunity to be more confident when experiencing international expansions by analysing political and economic factors in target markets. Also, sentiment analysis, which is conducted by AI, assesses the overall social opinion and possible regulatory challenges prior to the deals being finalized.

## **DUE DILIGENCE**

Due Diligence means research and analysis of a company or organization done in preparation for a business transaction (such as a corporate merger or purchase of securities)<sup>5</sup> Due diligence has been an imperative of M&A, yet it is infamously man-intensive and susceptible to human error. You are on the clock to complete a deal, the one that can transform the path of your organization. The due diligence process is already underway and the virtual data room is flooded with mountains of financial reports and operation data and legal documents. It is a high stake game and the clock is ticking. However, rather than having to use spreadsheets that would go on and on and manual analyses, AI intervenes to bring sanity out of the mess. AI is transforming that dynamic by automating the document review process, detecting inconsistencies and uncovering red flags that would otherwise be overlooked using traditional methods. State-of-the-art machine learning models are capable of processing

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<sup>5</sup> Definition of Due diligence, Merriam Webster Dictionary, <https://www.merriam-webster.com/dictionary/due%20diligence>, (last visited Oct 12, 2025).

millions of data points in hours-identifying anomalies, forecasting compliance risks, and pointing untapped synergies with accuracy.

Using the example of a Brazilian fintech startup. With a stiff competition to provide funds to purchase a strategic company, the company resorted to AI to facilitate the due diligence issue. They used AI tools to analyze the market data and financial statements and, thus, they were able to detect the potential risks and opportunities sooner than their rivals. This did not only help speed up the deal timeline, but also provided them with a strong negotiating advantage. Cross-Border Clarity Now, assume a family business in Europe that wants to take another step and enter the international market via acquisitions. Intercountry transactions introduce new challenges such as different regulatory systems, cultural subtleties, and unseen operational risks. In our example, AI-based tools were useful in making the situation more coherent, as they emulated different compliance variants to guarantee that no compliance obstacle was evaded. The family business also shortened due diligence schedules by 40 percent, and was able to gain access to important market opportunities faster without losing thoroughness. Closing with Confidence The importance of quicker due diligence lies well beyond the benefits of saving time-and leaders are now in a position to make deals more confidently. When AI can give real-time information about anything related to a prospective acquisition, decision-makers will have the opportunity to concentrate on strategy instead of being caught dealing with last-minute shocks. As the modern markets are highly competitive, and speed is a key factor that defines success, AI is not only an advantage, but a requirement. It transforms the bottleneck of the usual due diligence process into a trigger of smarter and faster decisions. AI-based due diligence is not about the substitution of human expertise it is about augmenting it. The leaders who love these tools are not simply closing deals, they are redefining the nature of deals. In the section below, we will continue discussing the way AI is transforming valuations.

*More Intelligent Valuations: AI as a prism of Future development.* Admittedly--it is a game of high stakes always to value a company. Conventional ways, such as discounted cash flow and EBITDA multiples, may inform you of the current position of a firm. But what about tomorrow? What about new trends, technology attacks or new market opportunities? Merging and acquiring comes at even greater cost, as a lapse of perception in such events can cost millions of dollars -or lead to a deal that shapes the future of an industry. It is here that AI comes in and makes the valuation a dynamic and predictive process. Suppose you are in the valuation meeting and AI-driven insights are right there in your fingers. Machine learning

algorithms are not only predicting future performance, tracking market trends, and discovering latent opportunities but instead of scanning through a mountain of financial information and stagnant metrics. The use of AI rethinks the valuation procedure and transforms a one-dimensional picture into a three-dimensional perspective of the growth of potential and underlying hazards. These insights are no longer luxurious in a world that has turned into one in which uncertainty is the order of the day.

*Predictive Models based on AI: A Fresh Prism of Valuation.* The capacity to look forward into the future is something that AI is able to offer which, in traditional methods, is impossible. Developed algorithms process unorthodox sources of data, including the sentiment of the consumers, the actions of the competitors, and the dynamics in the supply chain discovering the opportunities and risks that otherwise could not be perceived. This translates to more actionable and deeper decisions with regards to leaders.<sup>6</sup>

## **FUTURE IMPLEMENTATION AND SCOPE**

The emergence of AI in M&A is yet to be embraced, but it is gaining momentum. Due to a recent survey by Bain & Company of more than 300 M&A experts, the prevalence of generative AI in deal-making has risen to 21% compared to 16% in 2023, and one out of three experts expects to adopt it by the end of the year. With the ever-evolving AI technology, its influence on international deal-making shall be increasingly felt more so on cross-border deals, where the use of AI-driven insights is already transforming the process by which companies discover and analyze acquisition targets.<sup>7</sup> AI is transforming how companies and especially the IT sector profiles potential targets of M&As. Multinational technology companies such as IBM or Accenture are using AI-based insights to buy Indian IT and SaaS companies, which will improve their technical and consulting services. AI has greatly fast-tracked deal sourcing and now companies can find acquisition target that fits their strategic expansion agenda. Applications such as GrowthPal serve as AI-based investment bankers, that identify possible acquisition opportunities to its buyers within only two weeks. This has resulted in an increase in micro-fit M&As, bolt-on acquisitions, and cross-border acquisitions especially in the IT services industry. Indian IT firms are also acquiring small

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<sup>6</sup> Arindam Sarkar et al. ,The integration of Artificial Intelligence (AI) in cross-border Mergers and Acquisitions (M&A) is rapidly transforming the deal-making landscape , Mondaq, <https://www.mondaq.com/india/maprivate-equity/1591196/impact-of-ai-in-cross-border-mergers-and-acquisitions-transactions>, (last visited Oct 12, 2025).

<sup>7</sup> Generative AI in M&A: You're Not Behind—Yet, 4 February 2025, Jeff Haxer, Maja Omanovic, Ben Siegal, and Brooke Houston, <https://www.bain.com/insights/generative-ai-m-and-a-report-2025/> (last visited Oct 12, 2025).

and mid size IT services firms across the globe in an effort to get access to new clients, increase their geographical presence, onshore and near shore staff and enhance global presence.

There are other laws that might need to be changed to include the role of AI in processing of deals, making decisions, and automation of compliance. The Competition Commission of India (CCI) might have to perfect its appraisal threshold to accommodate AI-based market focus speculations and forecast risk evaluation. Introduction of more rigorous disclosure standards on AI-assisted transactions might be necessary by the Securities and Exchange Board of India (SEBI) to keep the transactions transparent and ensure that the algorithms do not cause biases in structuring deals. Tax authorities might also re-examine current structures in an attempt to determine the impact of AI-driven valuations and transfer pricing models on the cross-border taxation. With the increased use of AI in M&A it will be necessary to have a moderated regulatory solution one that encourages innovation but at the same time regulates fair competition and protects the investors. The essence of AI is redefining cross-border M&A through the efficiency, accuracy, and vision of strategy. The deal sourcing and due diligence applications of AI are speeding up the transaction, as demonstrated by GrowthPal, and allowing businesses to consider lower-risk frequent acquisitions. The use of generative AI in M&A is likely to take a new dimension in the near future, and as a result, it will further increase on the automation of negotiations, compliance, and integration of mergers. Nevertheless, even though AI creates new opportunities and helps lower the cost of transactions, new limitations, including hallucinations, algorithmic biases, or privacy risks, require close human supervision and regulatory adjustment. The changing legal landscape in India, especially DPDP Act should change towards a balancing innovation with compliance. An innovative and proactive regulation strategy will be crucial to access the full potential of AI and protect the transparency, competition, and confidence of investors in international transactions.<sup>8</sup>

## CONCLUSION

Introducing Artificial Intelligence into transnational mergers and acquisitions is a crucial change in terms of how international transactions are carried out and managed. AI will

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<sup>8</sup> Arindam Sarkar et al. ,The integration of Artificial Intelligence (AI) in cross-border Mergers and Acquisitions (M&A) is rapidly transforming the deal-making landscape , Mondaq, <https://www.mondaq.com/india/maprivate-equity/1591196/impact-of-ai-in-cross-border-mergers-and-acquisitions-transactions>, (last visited Oct 12, 2025).

improve the speed, precision, and strategy of all operations of an M&A process, including identifying the right target and conducting full due diligence, predicting integration issues and maximizing valuation equations. It gives organizations the strength to negotiate the natural intricacies of international dealings with increased certainty and clarity. Nevertheless, the advantages of AI in M&A are not riskless as there are some risks. The lack of regulatory clarity, the potential bias of algorithms, and the privacy of data have to be mitigated by careful policy development and effective laws. Rather than reacting to the consequences of AI in deal-making, India and other jurisdictions need to be proactive, a regulation that can promote innovation but at the same time will be accountable, fair, and transparent. Finally, AI is not a substitute of human judgment, but a strong augmentation tool. A hybrid model of human expertise being complemented with AI-driven insights will be the future of cross-border M&A. Business enterprises and the regulators should go hand in hand with the technology in order to harness the full potential of technology and make sure that international transactions are not only quicker and more intelligent, but also safer and more fair.