

# Pharma and healthcare Dealtracker

Providing M&A and PE deal insights

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# Deal snapshot



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Q1 2024 marked a period of cautious optimism. While the Indian Healthcare and Pharma sector experienced a significant decline in Q4 2023, the trend continued into Q1 2024, with 47 deals totaling USD 409 million, reflecting a decrease of 82% in value and a 15% in volume compared to Q4 2023.

When comparing this trend to the same period last year, in Q1 2023, we saw 39 deals valued at over USD 1.25 billion. Although there was a 12% increase in volume, the value dropped by 67%, primarily due to a few large transactions in Q1 2023.

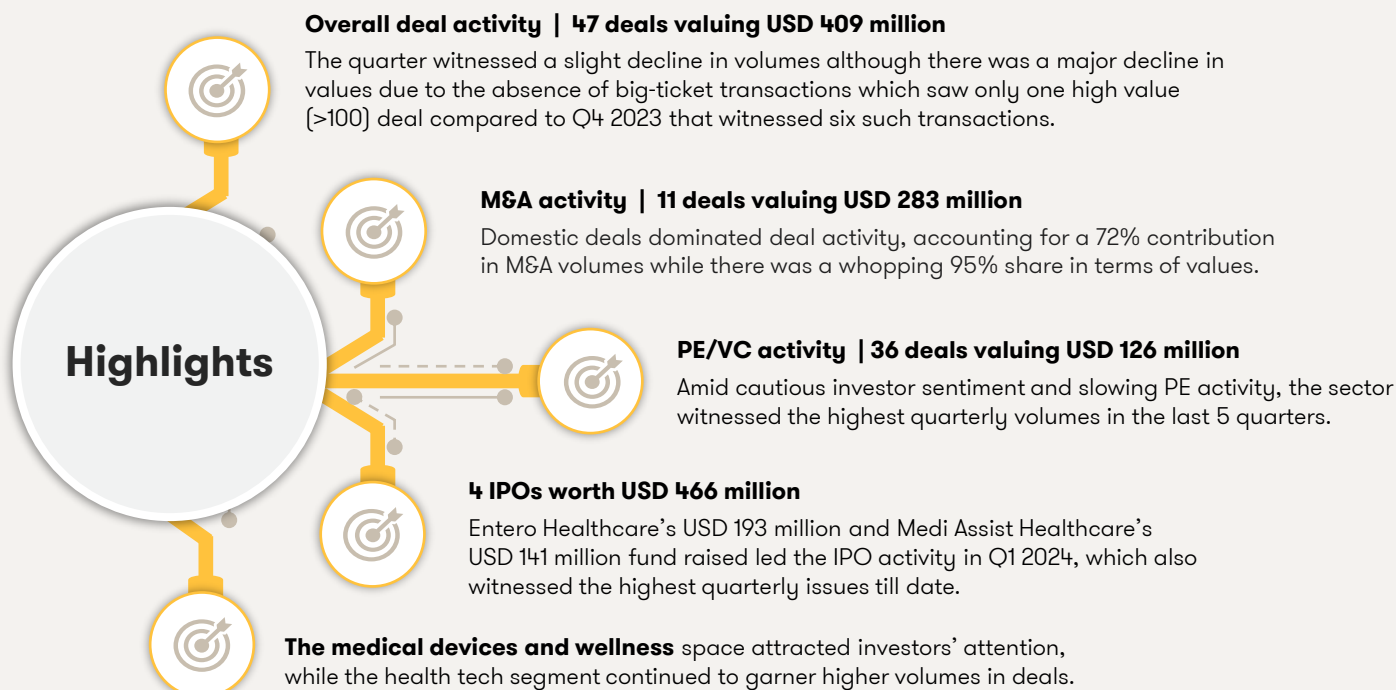
The deal between Eris Lifesciences and Biocon Biologics, the biosimilar arm of Biocon for USD 150 million, was the

highest valued deal of Q1 2024. Specific sub-segments such as Health Tech, Wellness, and Medical Devices had multiple small-sized deals. Investor interest is likely to continue in biosimilar and API segments of the Pharma sector, while we may see consolidation in the hospitals segment. Both trends are driven by strong domestic market demand and the aspiration of domestic players to expand their presence in regulated markets.

The announcements in the Interim Budget 2024 also hold promising developments for healthcare, with a focus on preventive health and women's health through various initiatives, including vaccination. There

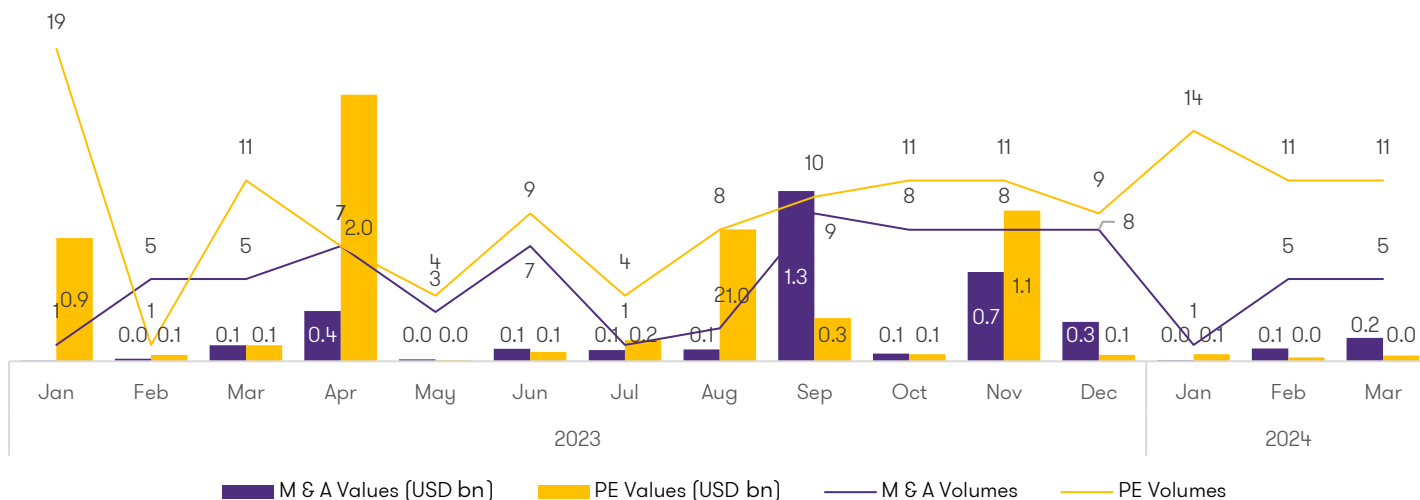
have been a few PE deals in the health tech and wellness segments, indicating potential growth opportunities in preventive care, including the vaccines segment, supported by the government's Atmanirbhar initiatives.

While the immediate future might see a measured pace of deals, the long-term outlook remains positive, driven by strong domestic fundamentals and the potential for strategic international partnerships. Looking forward, with the anticipation of a stable government post-elections and the potential for further market stability, we remain optimistic about the sector's trajectory, foreseeing a path paved with growth and strategic collaborations.



# Deal snapshot

## Monthly deal trend



Deal summary	Volume			Value (USD million)		
	Q3 2023	Q4 2023	Q1 2024	Q3 2023	Q4 2023	Q1 2024
Domestic	10	15	8	1,373	619	268
Inbound	1	3	1	90	15	5
Outbound	1	6	2	8	403	10
<b>Total M&amp;A</b>	<b>12</b>	<b>↑ 100%</b> <b>24</b>	<b>↓ 54%</b> <b>11</b>	<b>1,471</b>	<b>↓ 30%</b> <b>1,037</b>	<b>↓ 73%</b> <b>283</b>
PE	22	<b>↑ 41%</b> <b>31</b>	<b>↑ 16%</b> <b>36</b>	<b>1,495</b>	<b>↓ 16%</b> <b>1,249</b>	<b>↓ 90%</b> <b>126</b>
<b>Grand total</b>	<b>34</b>	<b>↑ 62%</b> <b>55</b>	<b>↓ 15%</b> <b>47</b>	<b>2,966</b>	<b>↓ 23%</b> <b>2,286</b>	<b>↓ 82%</b> <b>409</b>

## Notable trends

- The pharma and healthcare sector witnessed 47 deals valuing USD 409 million, translating to a decline of 82% in terms of values and 15% in terms of volumes over Q4 2023. The average deal size this quarter declined by 79%, valued at USD 8.7 million from USD 41.6 million in Q4 2023.
- Compared to Q1 2023, there was a 67% decrease in deal values in Q1 2024, amounting to USD 409 million compared to USD 1,255 million. Nonetheless, there was a 12% rise in deal volume, with 47 deals recorded this quarter compared to 42 deals in Q1 2023.
- The M&A activity witnessed a decline in values by 73%, valued at USD 283 million from the previous quarter. The volume also declined by 54% with just 11 deals in this quarter from 24 deals in Q4 2023. The top two M&A deals, one between Eric Lifesciences and Biocon Biologics Ltd.'s (Insulin, oncology and critical care portfolios) valued at USD 150 million and another between Eris Lifesciences and Swiss Parenterals valued at USD 77 million, accounted for around 80% of overall M&A values for the quarter.
- The PE activity witnessed a contrast trend with respect to the volumes witnessing a 16% increase from the previous quarter, while values witnessed a 90% decline compared to the previous quarter owing to the absence of big-ticket transactions and a shift in investor sentiment due to a variety of macro economic factors.
- Q1 2024 saw a rebound in the IPO as well as QIP activity. The quarter observed four IPOs amounting to USD 466 million, marking a 100% increase in volumes and a 3.9x surge in values compared to the previous quarter. Conversely, the QIP activity remained subdued with only one deal valued at USD 58 million, in line with the muted activity witnessed in the preceding quarter.

# Newsmakers

## Top M&A deals of the quarter

Acquirer	Target	Sub-sector	USD million	Deal type	% stake	Domestic/ Cross-border
Eris Lifesciences Ltd	Biocon Biologics Ltd.'s - Insulin, Oncology and critical care portfolios	Pharma and biotech	150	Acquisition	100%	Domestic
Eris Lifesciences Ltd	Swiss Parenterals Ltd	Pharma and biotech	77	Controlling stake	51%	Domestic
Shalby Ltd	Healers Hospital Pvt Ltd	Hospitals	13	Acquisition	100%	Domestic
Krishna Institute of Medical Sciences Ltd	KIMS-SUNSHINE Hospitals	Hospitals	9	Minority stake	5%	Domestic

## Top PE deals of the quarter

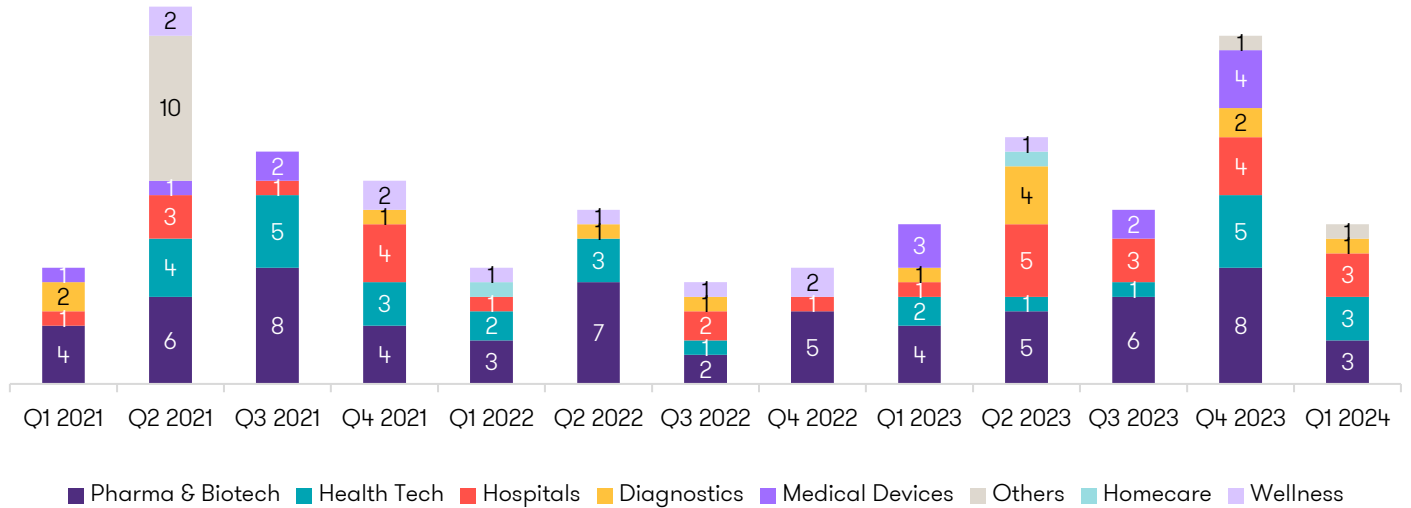
Investor	Investee	Sub-sector	USD million	% stake
Stic Investment and Lightbox	Zippin Pharma Pvt Ltd - Zeno health	Health tech	25	N.A.
360 ONE Asset, Eight Roads Ventures, Paramark Ventures and angel investors	AMPA Orthodontics Private Ltd- MakeO	Wellness	16	N.A.
Everest Finance, Fastmover Advisory LLP, Equipact Advisory LLP and angel investor	Pandorum Technologies Pvt. Ltd	Pharma and biotech	8	N.A.
Elevar Equity and angel Investors	Curebay Technologies Pvt Ltd	Health tech	8	N.A.
Fireside Ventures and angel investors	MindCrescent Wellness Ventures Pvt Ltd - Amaha	Wellness	6	N.A.

## Highlights

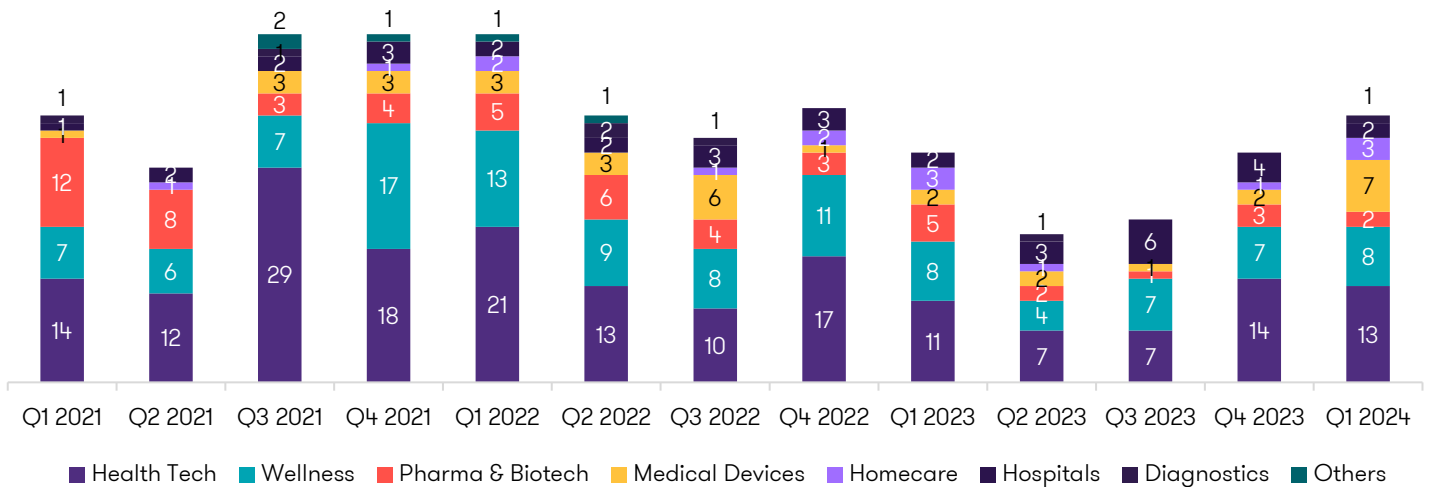
- The top four M&A deals together valued USD 248 million, contributing to an 88% share within the M&A space, while the top five PE deals contributed to a 50% share, valued at USD 62.5 million.
- The deal between Eris Lifesciences and Biocon Biologics encompasses the Insulin, Oncology, and Critical Care portfolios. Coupled with the deal with Swiss Parenterals, it underscores potential growth opportunities in India's injectable market, including the vaccine segment. Moreover, it aligns with the Government's Atmanirbhar initiative.
- Most of the top PE investments in the quarter were received for the purpose of expanding its footprint and to improve the company's overall technological infrastructure, which is how they can be relevant in the market with growth opportunities and capital expansion.

# Sector trends

## M&A trend by sub-sectors



## PE trend by sub-sectors



- While the pharma and biotech segment led the sector in terms of overall values, it witnessed a 63% decline in volumes while values remained the same in the M&A space. The PE activity witnessed a 33% and 75% decline in volumes and values over the previous quarter. Overall, the segment accounted for 5 deals valued at USD 243 million.
- Q1 2024 saw an overall spike in the wellness, homecare and medical devices segment, The medical devices segment witnessed 7 deals in the PE space valuing USD 12 million, recording 250% increase in terms of volumes and a 38% increase in values over the previous quarter.
- The health tech segment has always successfully led the sector in terms of volumes with a 34% overall contribution in this quarter for the sector, with 16 deals valuing USD 68 mn, followed by the wellness and medical devices segments. These three segments together contributed to a 66% share within the sector valuing USD 108 million.
- While the pharma and biotech segment led the sector in terms of values, it was followed by the health tech and hospitals segments, together valued at USD 349 million. These three segments contributed an 85% share in terms of values for the sector in Q1 2024.

# Insights

## Financial sustainability in healthcare sector

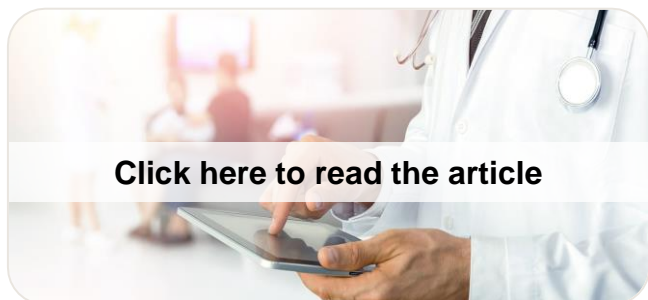
Grant Thornton Bharat and the Association of Healthcare Providers (India) have conducted a research on hospitals as financially sustainable entities, analysing the challenges faced by the healthcare system, such as the growing disease burden, increasing costs, and demands for quality healthcare. The research emphasises the importance of cost efficiencies, technology adoption, and quality control, leading to enhanced financial sustainability and improved patient care.



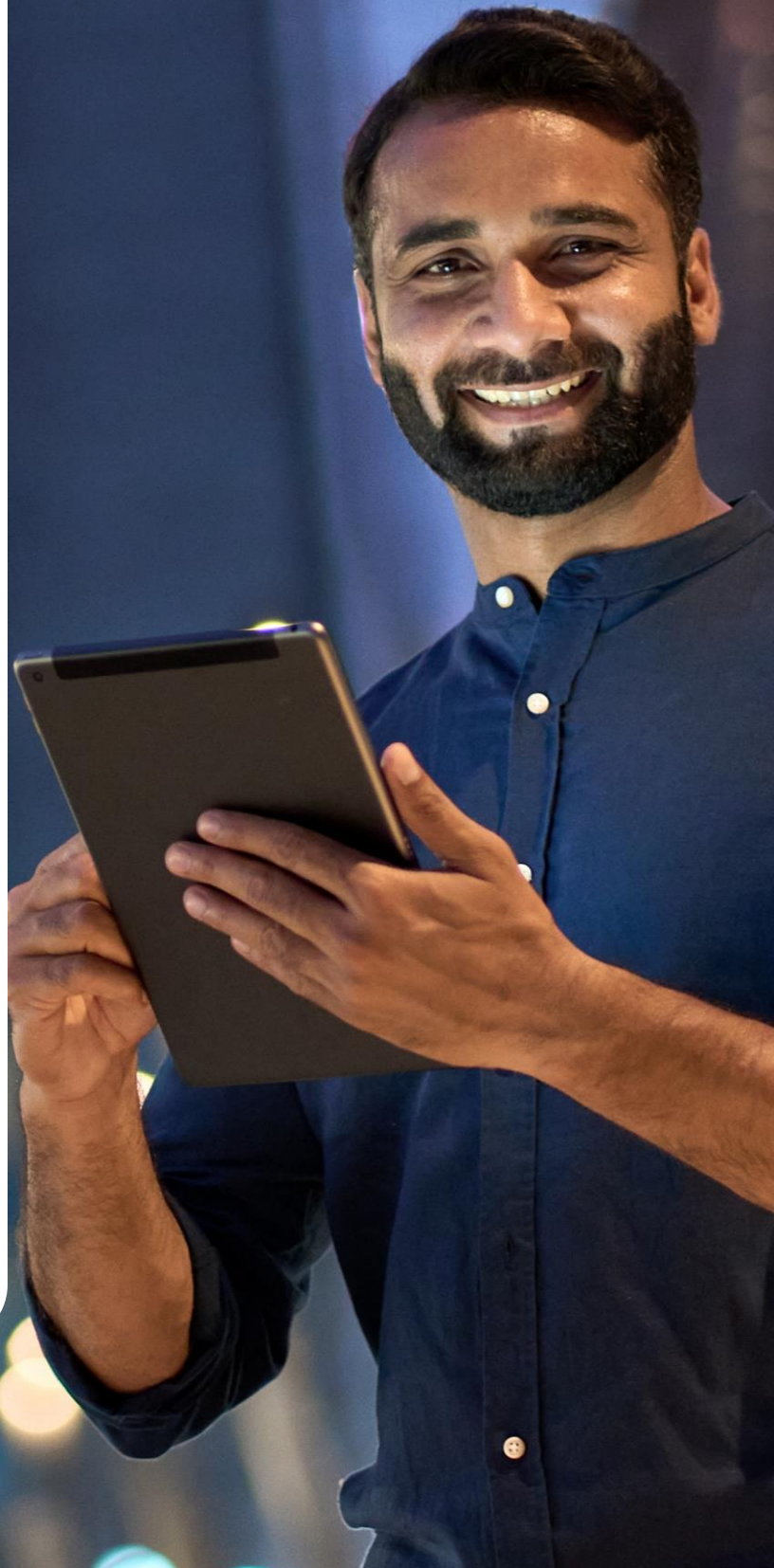
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## Interim Budget 2024: Setting stage for transformation in healthcare through prevention and empowerment

The Interim Budget 2024 holds promise for the healthcare industry, aligning with the government's vision for Viksit Bharat by 2047. It offers a glimpse into India's vision for "Universal Health Coverage" that blends innovation with availability, accessibility, and affordability.



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**Vishesh C. Chandio**  
Chief Executive Officer  
Grant Thornton Bharat

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