

# Pharma and healthcare sector Dealtracker

Providing M&A and PE deal insights



# Foreword



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In Q1 2023, deals in the M&A and PE space remained subdued. They are expected to improve in the latter part of the year.

In the lifesciences sector, the focus remained on acquiring products, licenses in regulated markets and building capacity in India, with interest in contract development and manufacturing organisations (CDMO) and the active pharmaceutical ingredient (API) and biosimilar businesses.

In the healthcare sector, health tech continues to account for a significant share of volume of deals. Fueled by an *Aatmanirbhar Bharat* push and growing preference for India-made pharmaceutical raw materials, the API sector remains in the spotlight. The PE firm Advent International has acquired 50.1% in Suven Life Sciences Limited for USD 769.88 million to build a leading end-to-end CDMO and merchant API player servicing the pharma and specialty chemical markets. TA Associates' acquisition of Synokem Pharmaceuticals for USD 125 million also highlights the continued interest in the domestic market.

As India enters the *Amrit Kaal*, it is expected to remain one of the faster growing major economies in the world due to robust domestic demand. The deal activity will hopefully increase as the year progresses, with the lifesciences and healthcare sector continuing to remain promising for further investments.

# Q1 2023 deal snapshot

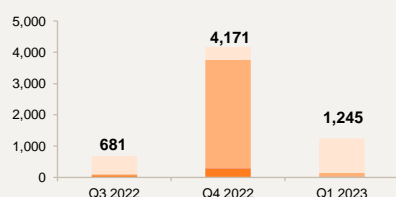


Deal summary	Volume			Value (USD million)		
	2021	2022	2023	2021	2022	2023
Domestic	6	5	4	136	327	20
Cross-border	2	2	5	15	10	120
<b>Total M&amp;A</b>	<b>8</b>	<b>7</b>	<b>9</b>	<b>151</b>	<b>337</b>	<b>140</b>
Private equity	33	40	30	801	760	1,105
<b>Grand total</b>	<b>41</b>	<b>47</b>	<b>39</b>	<b>952</b>	<b>1,097</b>	<b>1,245</b>
<b>Cross-border includes</b>						
Inbound	2	1	1	15	5	0
Outbound	0	1	4	0	5	120

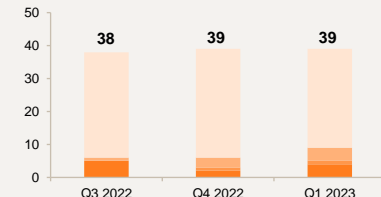
Q1

## Three quarterly deals trend

Trend based on deal values (USD million)



Trend based on deal volumes



■ Domestic ■ Inbound ■ Outbound ■ Private equity

## Deal volumes declined, but the values increased in Q1 2023

- Pharma, healthcare and biotech witnessed a marginal decline in volumes when compared to Q1 2022, but a few large transactions led to the sector retaining the deal value levels.
- The M&A activity witnessed a 29% increase in the deal volumes, recording nine deals. However, the deal values declined by 58% due to the non-disclosure of deal values; this reduced the average ticket size to USD 16 million from USD 48 million in Q1 2022.
- Dr. Reddy acquired the US generic prescription product portfolio of Mayne Pharma for USD 105 million. The transaction emphasised the continued focus of Indian pharma companies on acquiring products and licenses in local countries to strengthen their presence in the regulated markets.
- PEs continue to show interest in the Indian lifesciences and healthcare sector, with a focus on APIs, CDMO businesses, single specialty and health tech. The government of India is also actively promoting 'Make in India' and the creation of API capacity in India for *Aatmanirbhar Bharat*. Advent International's acquisition of a 50.1% stake in Suven Life Sciences Limited for USD 769.88 million, TA Associates' acquisition of Synkem Pharmaceuticals for USD 125 million and Kedara Capital's investment of USD 65 million in Olivia Skin and Hair Clinic reinforce these themes.
- While the PE activity witnessed a 25% decline in volumes, driven by the above-mentioned deals, deal values increased by 45%, taking the average ticket size from USD 19 million in Q1 2022 to USD 37 million in Q1 2023.

## Deal volumes remained similar over the last three quarters

- Compared to Q4 2022, while the volumes remained on par, Q1 2023 saw a 70% decline in values owing to one marquee deal witnessed in the previous quarter (Q4 2022) – Biocon's acquisition of Viatris Inc valuing USD 3.3 billion, accounting for 88% of M&A values for the quarter (Q4 2022). Barring this deal, Q1 2023 saw a 50% increase in values.
- The pharma and biotech segment accounted for 81% of the values, for the last three quarters, across both the M&A and PE/VC activity. The segment witnessed two top deals – Biocon's acquisition of Viatris (Q4 2022) and Suven Pharma's fundraise by Advent International (Q1 2023).

# Top deals: Q1 2023



Top deals accounted for **95% of PE deal values**,  
constituting **28% of volumes**



Investor/Acquirer	Investee/Target	Deal type	Sub-sector	% stake	USD mn
Advent International	Suven Life Sciences Limited	PE	Pharma and biotech	50.1%	770
Ta Associates	Synokem Pharmaceuticals Ltd	PE	Pharma and biotech	N.A.	125
Dr Reddy's Laboratories Ltd	Mayne Pharma Group Limited - US prescription product portfolio	Outbound acquisition	Pharma and biotech	100%	105
Kedaara Capital	Sreyas Holistic Remedies Private Limited - Oliva Skin & Hair Clinic	PE	Hospitals	N.A.	65
Alkem Laboratories Ltd, Eight Roads Ventures and F-Prime Capital.	Enzene Biosciences Limited	PE	Pharma and biotech	N.A.	50
Avataar Venture Partners, SIG Venture Capital, Lightspeed, JSW Ventures, Kalaari Capital and Chiratae Venture	HealthPlix Technologies Pvt Ltd	PE	Health tech	N.A.	22
Tata Capital Healthcare Fund	Cellcure Cancer Centre Pvt Ltd - Mumbai Oncocare Centre	PE	Hospitals	N.A.	10
India Alternatives Fund, Wipro Enterprises, RPG Ventures, Dharampal Satyapal Ltd, Alteria Capital and Fireside Ventures	Gynoveda Femtech Private Limited	PE	Wellness	N.A.	10
Morgan Stanley India Infrastructure - North Haven India Infrastructure Partners	Athulya Assisted Living Pvt Ltd	PE	Homecare	N.A.	9
3one4 Capital, Accel, General Catalyst, Founder Bank Capital and Supermorpheus	Aurogreen Health Pvt Ltd - Breathe Well-being	PE	Health tech	N.A.	6
Stakeboat Capital	Sukino Healthcare Solutions Pvt Ltd	PE	Homecare	N.A.	6

# Top trends



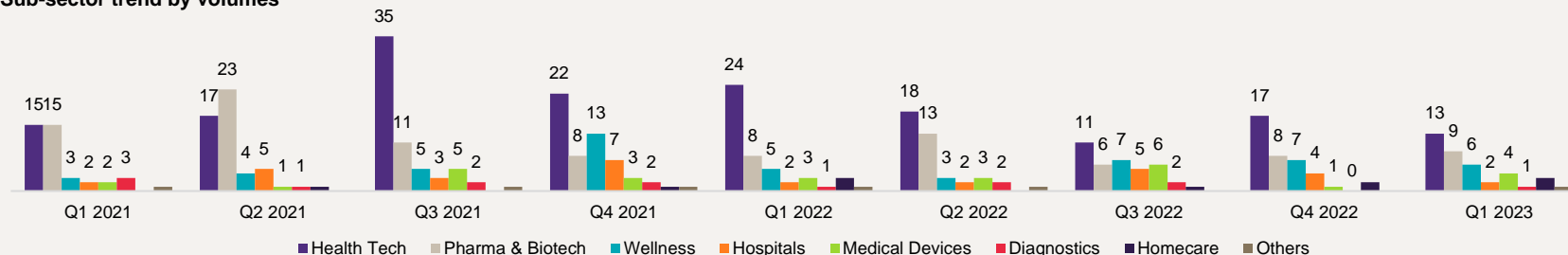
## Health tech leads the deal activity

- The deal activity in the health tech space is witnessing a momentum, driven by an aim for deeper penetration into the regulated market, development of new and better healthcare solutions and adding better technology to medical devices and diagnostics centres to make the best use of tech in the pharma sector.
- The pharma and biotech segment has been leading the M&A deal volumes and values Q-o-Q, accounting for an aggregate of 79% of the sector's values across 52 deals valuing USD 5.1 billion for the period in review (Q1 2021- Q1 2023), followed by deal activity in the health tech segment that witnessed deals aggregating to USD 252 million across 20 deals.
- PE interest was also witnessed in the pharma and biotech space that led the PE values, driven by one big-ticket transaction in the segment by Advent International's

investment of USD 770 million in Suven Pharma for a 50.1% stake. This deal alone accounted for 70% of the quarter's PE/VC values. Further, PE interest continues in API, CDMO and single-specialty hospitals.

- To be able to be a differentiator in the space, technology is playing a pivotal role, and therefore, India's health tech space continued to lead the deal activity in Q1 2023.
- PE investors are looking for opportunities in this space, as innovative and disruptive technologies to get ahead in the competition remain the key driver in this sector. Therefore, the health tech segment led the PE activity with over 52% of investment volumes and over USD 2.2 billion worth of investments in Q1 2023.
- In addition to health tech and pharma, and biotech, the wellness, medical devices and hospitals segments have been active in recording deals.

Sub-sector trend by volumes



# Budget 2023-24 highlights



## Economic and healthcare initiatives

- The Budget was focused on economic development, with a budgeted capital investment outlay of INR 10 lakh crore, which is 33% more than last year.
- Establishment of 157 nursing colleges will improve the nurse-population ratio, which is a step in the right direction for universal health coverage.



## R&D and digital innovation for 'Availability, Accessibility and Affordability'

- Three centers of excellence for AI, with healthcare as one of the focus areas, will drive digital innovation in healthcare.
- ICMR labs will be made available for public, medical institutions and private R&D teams for collaborative medical research and innovation.
- One hundred labs for developing 5G services will support telemedicine and reach the country's hinterland.

# Budget 2023-24 highlights



## Lifesciences

- A new programme to promote research and innovation in pharmaceuticals has been announced. The government also aims to encourage private sector investment in R&D.
- This will help in enabling the pharma sector to move up in the value chain and go a long way in making India truly the 'Pharmacy of the World'.
- The government has rationalised the import duty exemptions and also extended the customs duty exemption for certain input materials up to 31 March 2025 to make India *aatmanirbhar* in pharmaceuticals.



## Medical tourism and well-being

- An integrated and innovative approach for tourism for 50 destinations will also promote medical tourism to further India's soft power.
- The Shree Anna (Millet) programme and sanitation programmes will improve nutrition and general health in the hinterland and reduce the burden on curative healthcare infrastructure.
- A mission to eliminate sickle cell anemia by 2047 has been launched by the government. This disease is prevalent in tribal people in certain parts of the country.

# Acknowledgements



**For more details,  
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