

Pharma and healthcare Dealtracker

Providing M&A and PE deal insights

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Deal overview



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The pharma and healthcare sector in India witnessed a few large M&A transactions in Q3 2023, indicating continued interest in the sector, although the overall volumes declined by 26%. The total value of the deals announced in Q3 2023 was over USD 2.7 billion, which reflects the positive sentiments from the investors.

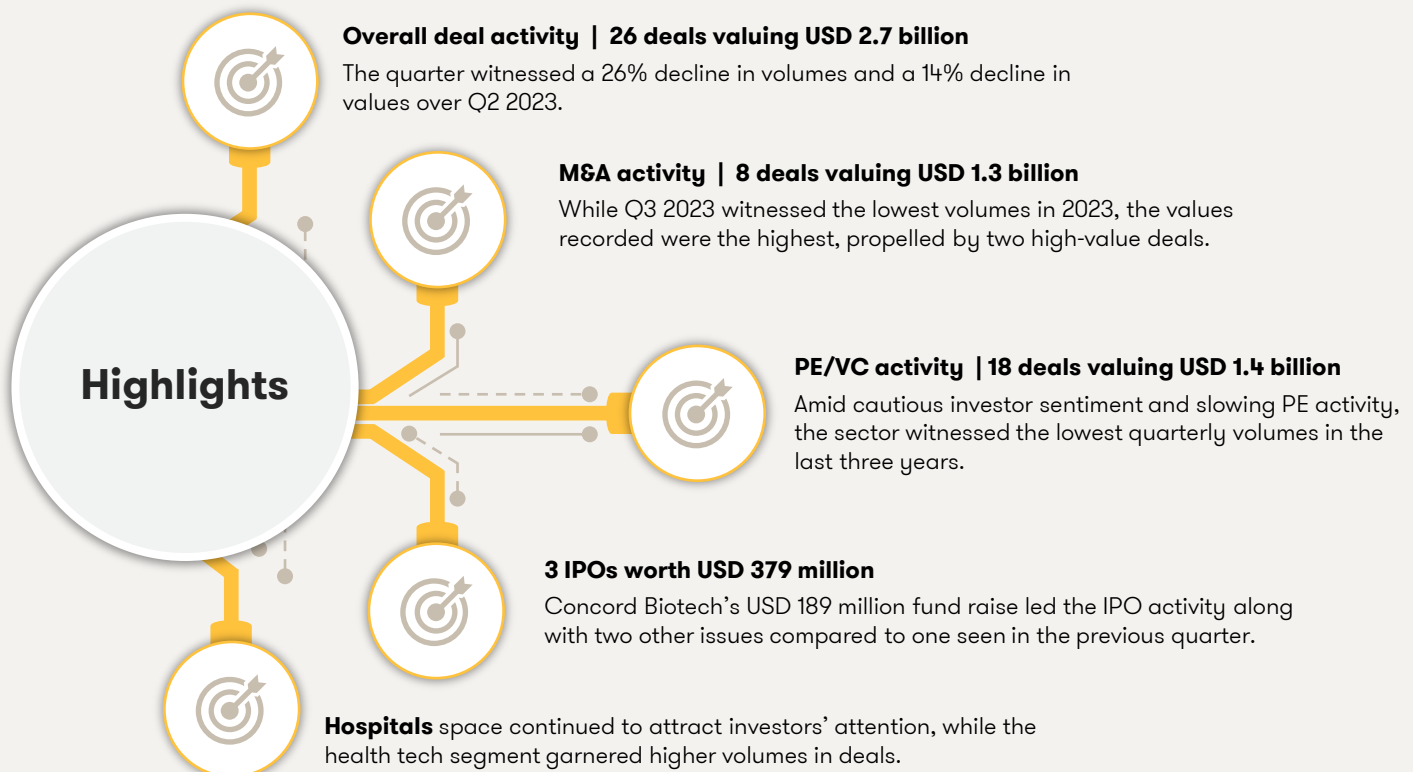
The API and CDMO segments in life sciences and single specialty in the healthcare sectors continue to be the focus segments for deals. This has led

to a surge in investments in these segments, with several notable deals announced in Q3 2023, aligning with our expectation that these segments will maintain momentum.

There is a growing trend toward consolidation in the pharmaceutical sector, with a pressure on margin. Additionally, the CDMO business is also attracting interest from both strategic investors and private equity funds. By volume, India is already the world's third-largest pharmaceutical

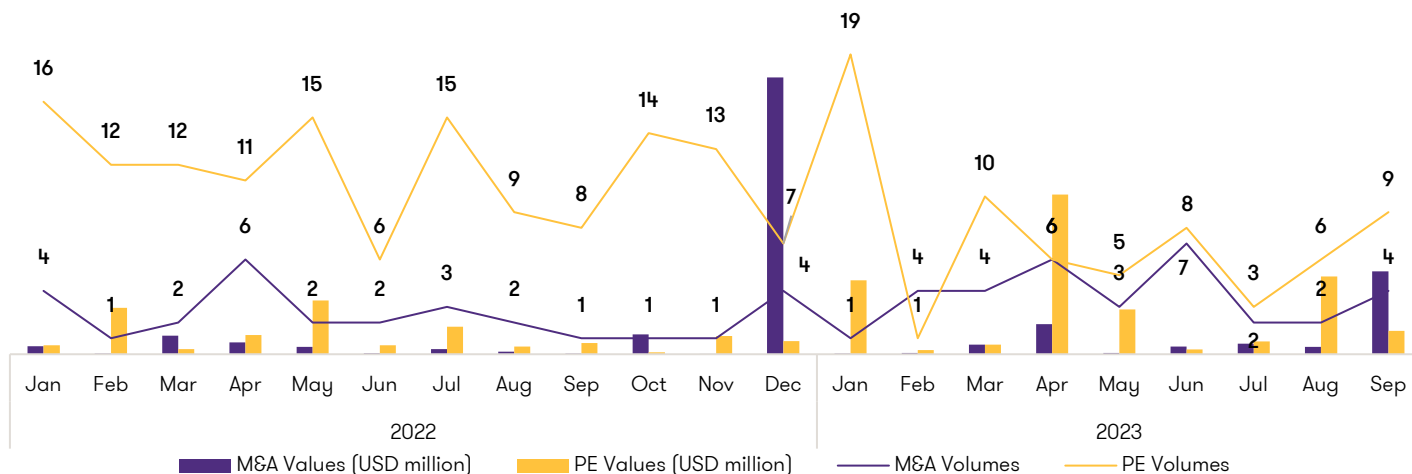
producer, and the leading manufacturer of generic drugs.

We expect deals to continue in the healthcare sector, although the volumes may be subdued. The key drivers for growth, such as increasing demand for healthcare services, growing adoption of new technology, digital health and sustained government support, are expected to remain in place.



Deal overview

Monthly deal trend



| Deal summary | Volume | | | Value (USD million) | | |
|--------------------|-----------|-----------|-----------------|---------------------|--------------|--------------------|
| | Q1 2023 | Q2 2023 | Q3 2023 | Q1 2023 | Q2 2023 | Q3 2023 |
| Domestic | 4 | 13 | 7 | 20 | 467 | 1,179 |
| Inbound | 1 | 3 | 1 | - | 20 | 90 |
| Outbound | 4 | 0 | 0 | 120 | - | - |
| Total M&A | 9 | 16 | ↓ 50% 8 | 140 | 487 | ↑ 161% 1,269 |
| PE | 30 | 19 | ↓ 5% 18 | 1,105 | 2,650 | ↓ 46% 1,442 |
| Grand total | 39 | 35 | ↓ 26% 26 | 1,245 | 3,137 | ↓ 14% 2,711 |

Notable Trends

- The pharma and healthcare sector witnessed 26 deals valuing USD 2.7 billion, which translated to a 32% decline in deal volumes while there was a whopping 298% increase in terms of values over Q3 2022. This increase in values can be attributed to two high-value deals valued over USD 650 million each, coupled with four deals valued over USD 100 million each compared to only one deal in Q3 2022.
- Compared to Q2 2023, we saw a decline in both deal volumes and values by 26% and 14%, respectively, in this quarter due to a marquee deal in the previous quarter - Temasek Holdings' USD 2 billion-dollar investment in Maniplal Health Enterprises. Excluding this deal, Q3 2023 recorded an increase of 138% in values.
- The M&A space recorded a 161% increase in values, even though a 50% decline in volumes was witnessed over Q2 2023 due to one multi million-dollar deal in the space, namely Nirma acquiring a 75% stake in Glenmark Life science for USD 689 million. This deal alone accounted for 54% of the values for this quarter in the M&A space.
- Deal volumes in the cross-border space has been on a decline. The quarter in review saw only one deal in the inbound space, with Gleneagles Development's acquisition of Ravindranath GE Medical Associates for USD 90 million.
- The PE space witnessed a decline in both values and volumes over the previous quarter, although when compared to Q3 2022, this quarter accounted for a 147% increase in values even after a 44% decline in volumes due to high-value deals in Q3 2023 driving the average deal size to USD 80 million.

Dealboard

Top M&A deals of the quarter

| Acquirer | Target | Sub-sector | USD million | Deal type | % stake | Domestic/ Cross-border |
|---|---|------------------|-------------|--------------------------|---------|---------------------------|
| Nirma Ltd | Glenmark Life Sciences Ltd | Pharma & biotech | 689 | Majority stake | 75% | Domestic |
| Manipal Health Enterprises Ltd | AMRI Hospitals Ltd | Hospitals | 280 | Majority stake | 84% | Domestic |
| IHH Healthcare Bhd- Gleneagles Development Pvt Ltd | Ravindranath GE Medical Associates Pvt Ltd | Hospitals | 90 | Increasing stake to 100% | N.A. | Inbound |
| Syngene International Ltd | Stelis Biopharma Pvt Ltd's Bangalore manufacturing unit | Pharma & biotech | 86 | Acquisition | 100% | Domestic |
| Asia Healthcare Holdings | Asian Institute of Nephrology and Urology | Hospitals | 73 | Majority stake | N.A. | Domestic |

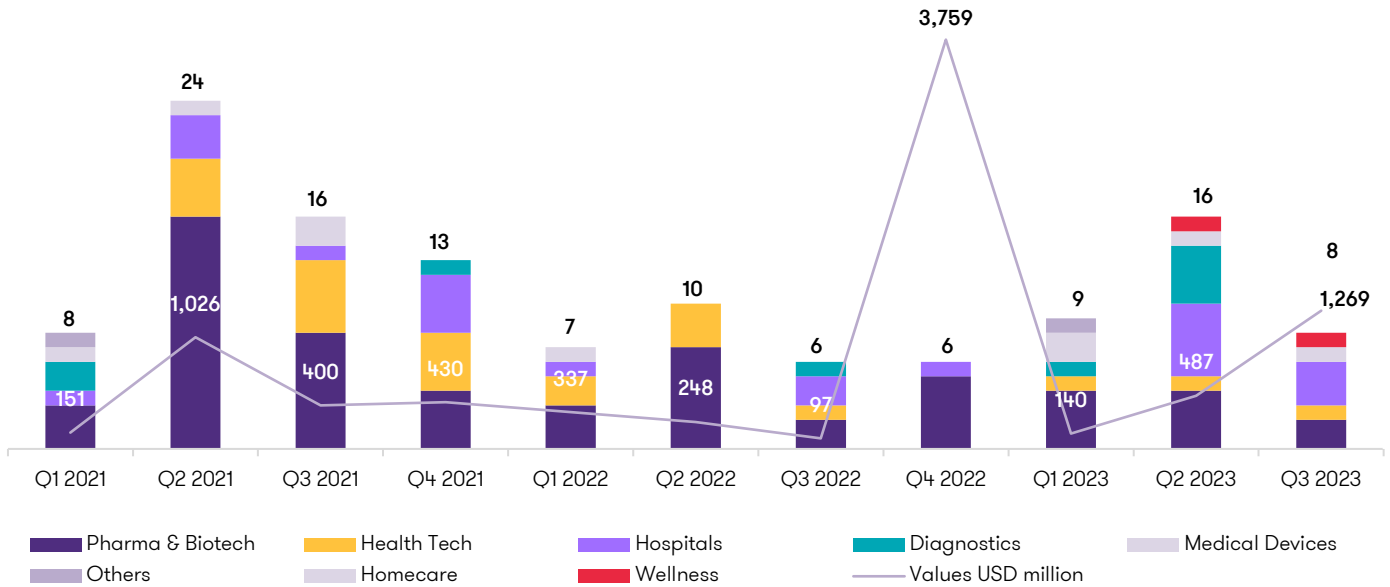
Top PE deals of the quarter

| Investor | Investee | Sub-sector | USD million | % stake |
|---|---|------------------|-------------|---------|
| BPEA EQT | Indira IVF Hospital Pvt Ltd | Hospitals | 657 | N.A. |
| Temasek Holdings, TPG, Prosus, CDPO, Eight Roads, LGT, ADQ, Amansa, OrbiMed and angel investors | API Holdings Pvt Ltd- Axelia Solutions Pvt Ltd- Pharmeasy | Health tech | 244 | N.A. |
| India Resurgence Fund - Synthimed Labs | Ind-Swift Laboratories Ltd' active pharmaceutical ingredients and contract research and manufacturing services business | Pharma & biotech | 201 | N.A. |
| Quadria Capital | Maxivision Super Speciality Eye Hospital | Hospitals | 159 | N.A. |
| TPG Growth and Temasek | Dr. Agarwal's Healthcare Ltd | Hospitals | 80 | N.A. |

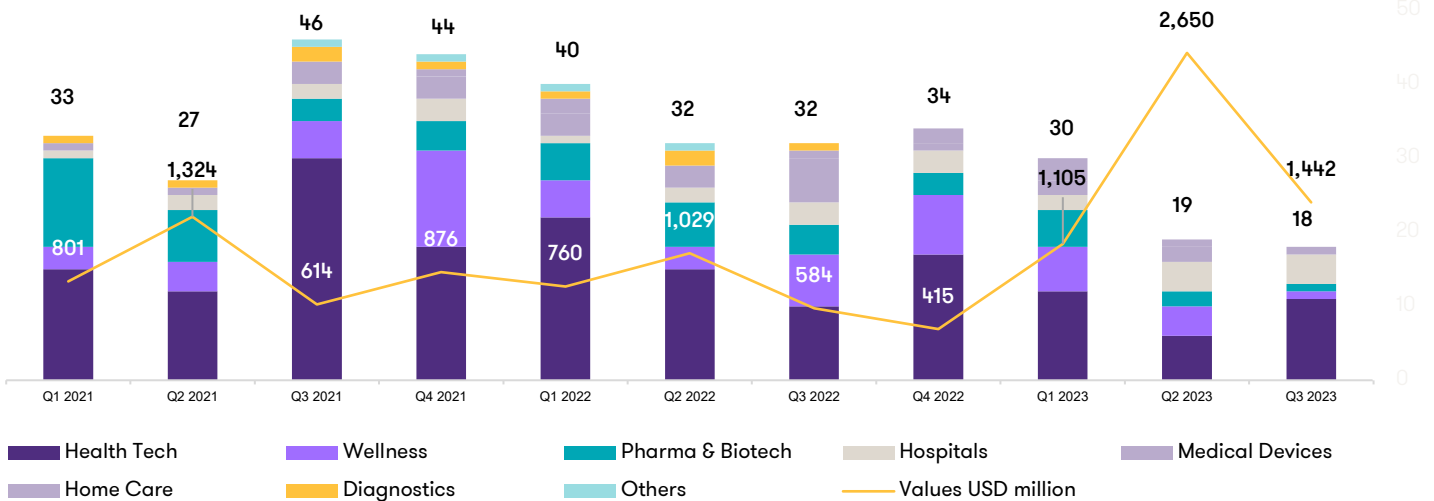
- There has been continuous interest in the API segment in life sciences, consistent with our expectations for Q3 2023. Some notable API transactions in Q3 2023 include Nirma Ltd acquiring a 75% stake in Glenmark Life Sciences Ltd for USD 689 million, granting Nirma access to Glenmark Life Sciences' API business, and Synthimed Labs, a portfolio company of the India Resurgence Fund, acquiring Ind-Swift's API and CRAMS business for USD 201 million.
- Single specialty hospitals are increasingly attractive to investors in India, with PE fund BPEA EQT investing USD 657 million in Indira IVF, Quadria Capital investing USD 159 million in Maxivision Super Speciality Eye Hospital, Asian healthcare investing USD 73 million in Asian Institute of Nephrology and Urology and TPG Growth, and Temasek investing in Dr Agarwal's Healthcare, valuing USD 80 million, highlighting the trend.
- With larger companies seeking to acquire smaller, specialised businesses, a clear trend toward consolidation is emerging. Examples include Manipal Health acquiring a majority stake in AMRI Hospitals Ltd and India Resurgence Fund investing in Ivy Health & Life Sciences Pvt Ltd, demonstrating investors' interest in expanding their reach into regional healthcare.

Sector trends

M&A trend by sub-sectors



PE trend by sub-sectors



- The health tech sector witnessed a growing trend, continuing from previous quarters. Health tech recorded 12 deals in the quarter, with one marquee deal between Temasek Holdings, TPG, Prosus, CDPQ, Eight Roads, LGT, ADQ, Amansa, OrbiMed and angel investors, among other investors, investing in Pharmeasy, one of the leading online pharmacies in India. It is signaling that the health tech segment is attracting significant investment and that there is a strong demand for digital health solutions in India. This is likely to lead to the development of a more robust and innovative health tech ecosystem in India.
- Earlier this year, the National Medical Device Policy, 2023, was announced by the government. The policy focuses on regulatory streamlining, infrastructural development, fostering innovation, attracting investment and more awareness of the sector. The policy is expected to create a more conducive environment for growth and investment in the sector.
- The Indian population is becoming increasingly aware of the benefits of nutraceuticals and wellness products. This is leading to increased demand for these products. As a result, the sector is attracting investment at early stages from large FMCG companies.

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Insights

Digital Personal Data Protection Act (DPDPA) 2023

The Digital Personal Data Protection Act, 2023, has received the President's assent, and has been gazetted as a law. Commonly termed as the 'Privacy Law' or the 'Data Protection Law', it marks a significant step towards safeguarding privacy and managing digital personal data within India. The law is set to foster trust within the healthcare ecosystem. Our recent article highlights key considerations across various healthcare touchpoints where patient data is collected.



[Click here to read the article](#)

Safeguarding progress, protecting privacy - shaping India's healthier future



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Disclaimer: This document captures the list of deals closed and announced based on the information available in the public domain.

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Please note that the criteria used to define Indian start-ups include: a) the relevant entity should have been incorporated for five years or less than five years as at the end of that particular year and b) the relevant entity is working towards innovation, development, deployment and commercialisation of new products, processes or services driven by technology or intellectual property.



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