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Pharma and healthcare sector continue to attract investment despite volume dip in Q3 2023

30 October 2023 | News

M&A landscape in Q3 2023 exhibited a notable decrease of 50% in deal volumes, hitting the lowest point for the year



According to the Grant Thornton Bharat Pharma and Healthcare Dealtracker Report for Q3 2023, deal volumes and values decreased by 26% and 14%, respectively, compared to Q2 2023.

The quarter saw 26 deals totaling $2.7 billion, with a 32% decline in deal volumes compared to Q3 2022. Notably, the sector's deal values surged by 298% from Q3 2022, driven by two deals over $650 million each and four deals over $100 million each. Active *Pharmaceutical* Ingredient (API) and C*ontract development and manufacturing organization* (CDMO) in the Life Sciences and Single Specialty in healthcare sectors emerged as focus segments with increased investor interest.

Mergers and Acquisitions (M&A) landscape: The M&A landscape in Q3 2023 exhibited a notable decrease of 50% in deal volumes, hitting the lowest point for the year, with only eight transactions. However, the sector witnessed an unprecedented surge of 161% in value, primarily propelled by two substantial high-value deals. Values rose to $1,269 million compared to Q2 2023. The standout transaction was Nirma's acquisition of a 75% stake in Glenmark Life Sciences for $689 million, accounting for more than half of the total M&A values for the quarter. Cross-border M&A activity saw a diminishing trend, with just one significant inbound deal during this period. The API segment in Life Sciences continued to attract substantial interest.

Private Equity (PE) landscape: The PE landscape marked the lowest quarterly volumes in the last three years, with 18 deals totaling $1.4 billion. This quarter, despite witnessing a decline in deal values and volumes compared to the previous quarter, showcased a remarkable 147% increase in values compared to Q3 2022. This value surge was primarily driven by a few high-value deals, resulting in a notable increase in the average deal size, reaching $80 million. Single specialty hospitals emerged as a particularly attractive sector for investors, with substantial investments such as BPEA EQT's $657 million infusion into Indira IVF Hospital Pvt Ltd, Quadria Capital's investment in Maxivision Super Specialty Eye Hospital and acquisition of majority stake in Asian Institute of Nephrology and Urology by Asia Healthcare Holdings.

IPO and QIP Activity: The IPO landscape in India showcased three IPOs with a combined value of $379 million. Leading the IPO activity was Concord Biotech's successful fundraising of $189 million. This quarter also saw the emergence of two additional IPOs, marking a notable increase in IPO issues compared to the previous quarter when there were none.

Investor interest in India's healthcare sector has been notably diverse in Q3 2023. While hospitals continued to captivate investors' attention, the health tech segment saw a surge in deal volumes, reflecting a sustained trend from previous quarters. The sector recorded 12 deals, with a standout investment involving a consortium of major players in Pharmeasy.