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Strategic Acquisitions Power the Next Chapter of India's Life Sciences Startups

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Mergers and acquisitions (M&A) are no longer just corporate-level strategies, instead they are now a core part of the Indian startup playbook. With rising maturity in dealmaking, regulatory guidance, and investor expectations, M&A is poised to reshape the way startups grow, scale, and exit, particularly within the life sciences sector. Let's dig deeper into this space.



India hosts the world's third-largest startup ecosystem, with over 2.25 lakh Department for Promotion of Industry and Internal Trade (DPIIT)-recognised startups, 120+ unicorns, and a growing focus on deep-tech, AI, and sustainable innovation. Despite a slight moderation in funding, India remains a top global startup destination. In FY26, total startup funding reached \$11.7 billion, marking an 18 per cent decline from the previous year, yet India retained its fourth position globally in startup investments.

Within the life sciences sector, investment activity remained particularly strong during FY26 in AI-driven drug discovery; diagnostics; medical technology; biotechnology platforms; healthcare technologies; clinical research technologies; and genomics.

At the same time, a growing trend of M&As has been witnessed within the life sciences startup ecosystem in India. While developing a new diagnostic platform, AI drug discovery engine, or molecular testing technology can take years of research, validation, regulatory review, and capital investment, acquiring an existing startup allows companies to leapfrog years of development and immediately integrate proven technologies into their portfolios. Also, for life sciences companies, acquiring innovation often reduces both time-to-market and scientific risk.

For instance, in FY26, we saw some strong acquisition examples such as Pune-based startup PharmNXT Biotech acquired Defined Tubing Routing (DTR), a globally recognised player from Ireland, working in advanced bioprocess tubing solutions; Gurugram-based startup Vaidam Health announced the acquisition of CancerRounds, an oncology-focused healthcare platform that supports cancer patients in connecting with doctors, hospitals and treatment options; CureBay, an Odisha-based healthcare startup focused on expanding access to quality care across underserved communities, acquired the pharmacy distribution business of Saveo Healthtech, a startup based in Bengaluru; Gurugram-based startup LISSUN, one of India's leading mental health platforms, announced the acquisition of US-based mental wellbeing startup Being Cares Inc., to name a few.

According to **Ankush Kapoor, Founder & CEO, PharmNXT Biotech**, "Startup acquisitions enable acquiring technology, expanding products and growing the business. Healthcare and life sciences industries are characterised by specialisation, regulation, and capital intensity. Estimates show that Q2FY26 saw over Rs 10,000 crore worth of announced transactions across hospitals, diagnostics and speciality care, including buyouts, minority investments and cross-border acquisitions. Private equity and strategic investors continue to favour platforms with scalable regional footprints, strong clinical depth and technology-enabled delivery models. Strategic acquisitions may help enhance manufacturing capabilities, extend product offerings, and promote innovation through indigenous research in the fields of bioprocessing and manufacturing of biological drugs. However, the most successful acquisitions integrate technology, scale, and efficiency to ensure greater access, better prices, improved quality, and increased reliability."

Adding his perspective, **Abhimanyu Roy, Executive Director, Avalon Consulting** said, "Typically, the logic for a startup to acquire another startup would be to accelerate scaling up through new customers, brands, distribution, etc. In the case of healthcare, rapid customer acquisition, though important, may not be the over-riding goal. Most of the acquisitions in healthcare are about building a platform where multiple parts of the ecosystem combine to fill gaps in the patient journey and increased share of wallet. With healthcare becoming increasingly digital, one can expect more such acquisitions around technology and AI capabilities etc "

Many startup founders are also viewing M&As not just as a growth strategy but also as a respectable exit route, especially in the absence of IPO prospects or profitable operations. Additionally, intellectual property (IP) has emerged as a big strategic asset. Unlike many software startups, life sciences companies derive much of their value from proprietary IP. Patents covering drug molecules, medical devices, diagnostics, manufacturing processes, or biotechnology platforms can create long-term competitive advantages. As a result, acquisitions enable companies to expand their patent portfolios, strengthen freedom to operate, and protect future revenue streams.

Further, acquisitions often serve as a means of bringing entire multidisciplinary research teams into an organisation. In many cases, the expertise behind the technology is as valuable as the technology itself. Thus, rather than assembling capabilities internally, startups are acquiring companies with expertise in complementary scientific domains.

Also, as Indian life sciences startups are increasingly targeting international markets, acquiring companies with overseas regulatory approvals, distribution networks, research collaborations, or proprietary technologies helps accelerate global expansion. Instead of competing solely on cost, Indian companies are positioning themselves as innovation-driven organisations capable of serving global pharmaceutical and healthcare markets.

“For years, funded startups offered piecemeal solutions, riding trends like Continuous Glucose Monitors (CGMs), wearables, and basic blood tests. Similarly, the advent of gut microbiome testing triggered a flurry of generic probiotic solutions, leaving deep disease diagnostics largely unaddressed. Focused heavily on surface-level disease management rather than true prevention, many of these companies have built AI-driven marketing narratives rather than proprietary technology stacks. Despite substantial venture capital backing, a harsh reality has set in: they lack a sustainable competitive edge. As the market matures, funded but tech-shallow startups are launching an acquisition spree to buy the "moat" they could not build themselves, and back their current suite of solutions with sophisticated cellular analysis layer. This consolidation allows them to transition from fragmented features to holistic, integrated healthcare platforms. Furthermore, this trend opens the doors for legacy hospitals, diagnostic labs, and longevity institutions to absorb deeply innovative tech and data-interpretation layers, fundamentally reshaping the industry”, pointed out **Sushant Kumar, Founder, Genefitletics**.

With biotechnology, genomics, diagnostics, AI-driven drug discovery, medical devices, and precision medicine continuing to evolve, acquisitions are likely to become a central strategy for building globally competitive companies. The next generation of Indian life sciences leaders may not simply be those that invent breakthrough technologies, but those that successfully combine complementary scientific capabilities into integrated innovation platforms. Rather than signalling the end of startup independence, this wave of consolidation reflects the ecosystem's evolution.

Dr V Premnath, Founder Director, Venture Center sums up, “Startups merging with or acquiring other startups is relatively rare in India, especially in healthcare and life sciences sector. When it does occur, the typical motivations for the acquirer include increasing the total addressable market space; leveraging synergies and complementarity in the two technologies or products; better utilisation of sales and marketing investments for multiple products; acquiring customers or benefiting from brand recognition; acquiring teams or innovation capacity. Such transactions do indicate that there is the churn of “creative destruction” in the economy with movement towards improved efficiency and productivity. For startups and investors, it provides a much-needed exit or value growth opportunity.”

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