



India's pharma sector in rude health despite M&A lull to start 2025 – Dealspeak APAC

14 May 2025

18:16 IST

India

Healthcare-Drugs/Pharmaceuticals

Proprietary

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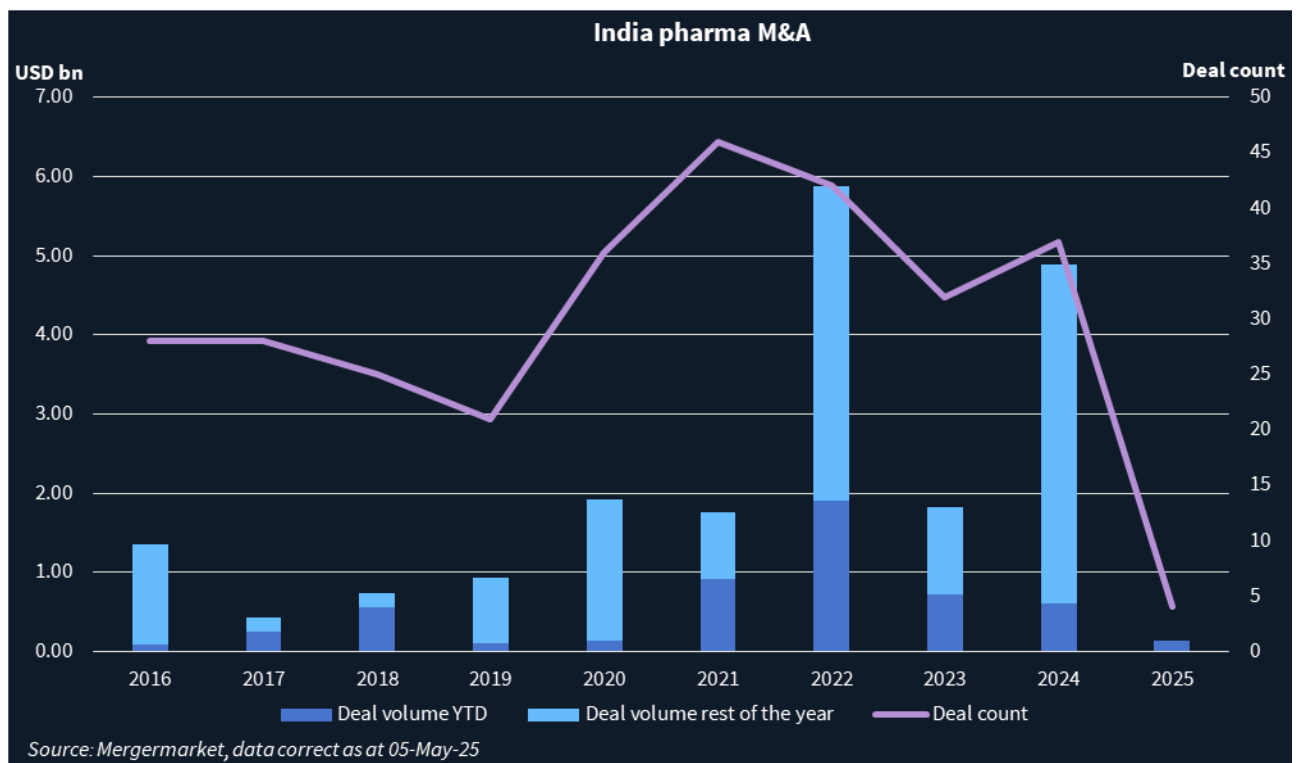
The pharmaceutical sector has been a flag-bearer for the Indian government's 'Make in India' initiative, launched by Prime Minister Narendra Modi in 2014. The scheme set out to grow the country's manufacturing base, create jobs and boost GDP, leading [Modi to declare last year](#): "It is because of the efforts of the pharma industry that today India is identified as the pharmacy of the world."

The COVID-19 pandemic proved a catalyst for Indian pharmaceutical companies, showcasing fast-evolving business propositions, robust research capacity, strong drug development pipelines, cheap labor, and surging output volumes.

As the country's pharma sector has taken off, so has consolidation within it. The high-water mark came in 2022 in the aftermath of the coronavirus, as M&A activity rocketed. Indian pharma volumes more than trebled to USD 5.9bn across 42 deals from USD 1.8bn via 46 transactions in 2021.

Following a lull in activity in 2023, last year saw another strong M&A performance, with the number of transactions jumping by 16% year-on-year (YoY) to reach 37 deals totaling USD 4.9bn.

The acquisition of Bharat Serums & Vaccines by Mankind Pharma from Advent International for USD 1.64bn marked India's largest pharma deal of 2024 and its biggest since 2015.



Pivotal operations

According to Dr Milind Antani, a Pharma and Life Sciences Practice and Social Sector Practice Leader at Indian law firm Nishith Desai & Co, the country's pharma sector will continue to be a pivotal player in the global supply chain.

However, despite its healthy position, there has been a clear slowdown in deal momentum in 2025 so far, with only four deals signed worth USD 138.7m, per *Mergermarket* data.

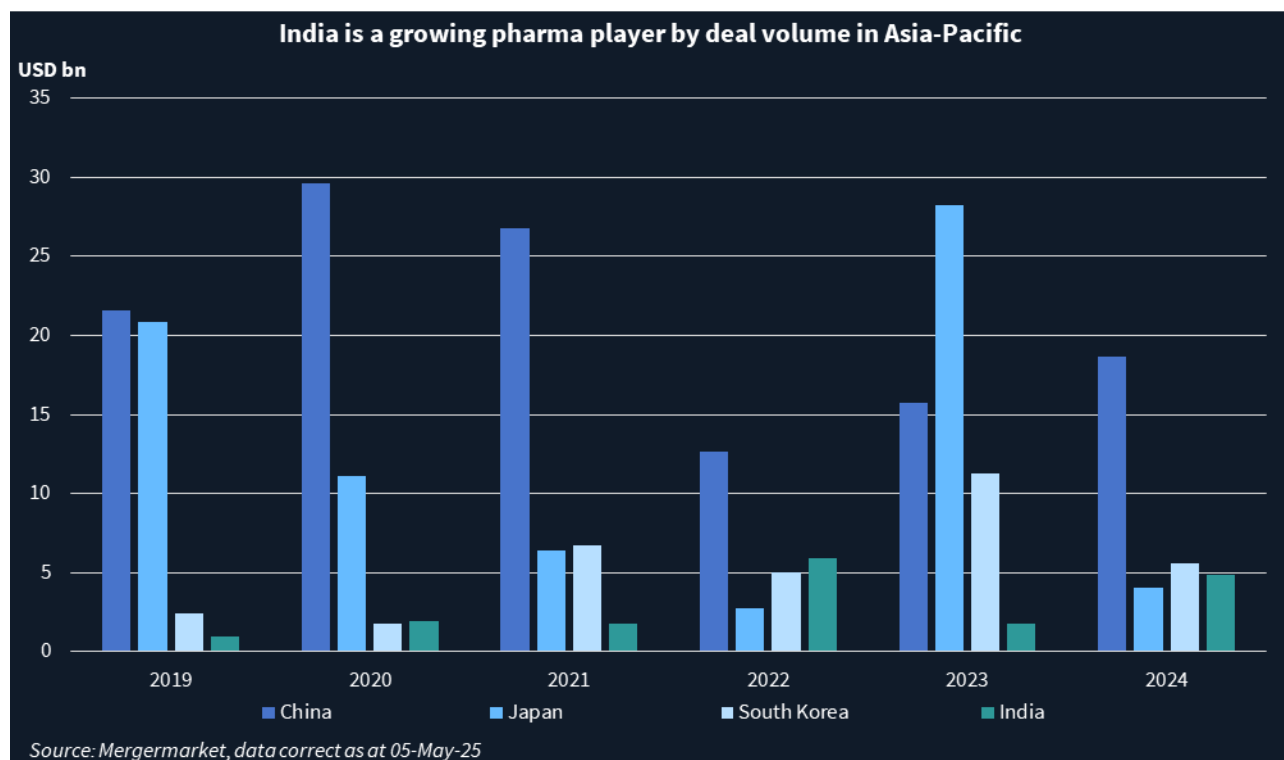
While there has always been a heavy focus on exporting to the US, there is uncertainty over the possible imposition of tariffs by President Donald Trump's administration.

Dr Antani does not anticipate any long-lasting impact on M&A activity in the sector, which hosts the largest number of US Food and Drug Administration (FDA)-approved manufacturing facilities outside of the US.

He agrees Indian pharma is enduring a quieter period, as the industry realigns both export strategies and focus on the domestic market. Heightened regulatory pressure to fall more in line with US and European standards and enforcement have exacerbated the M&A slowdown.

More positively, Dr Antani anticipates a resurgence in pharma consolidation and dealmaking activity in high-growth segments such as biologics and biosimilars, specialty care and chronic disease therapies, as companies seek targeted acquisitions to bolster their portfolios.

Investors are unlikely to exit the sector entirely but may divert their focus to firms with strong research pipelines, diverse export markets, or integrated supply chains, he said.



Awaiting treatment

Among the deals in the spotlight in 2025 has been the exit of China's Shanghai Fosun Pharmaceutical (Fosun) from its holding in India's Gland Pharma. According to two industry sources, Chinese investors' engagement with Indian pharma is transitioning to strategic hedging from aggressive expansion against a backdrop of intensifying geopolitical risks and internal asset reallocation.

Fosun's divestiture of its majority stake in Gland Pharma is driven by the Chinese firm's current strategy of focusing on core business, innovative drugs and advanced medical devices. Gland Pharma is said to lack the synergies to align with this strategic shift, said the first industry source.

A trend towards deglobalization is also pushing companies to divest cross-border assets, added the second industry source.

Other deals to watch out for include Sagent Pharmaceuticals, which, according to a [Mergermarket report](#), has hired Rothschild & Co to explore its sale. Dr Ravi Penmetsa, who owns 100% of Sagent through his Singapore-based business Ellimist Singapore, is looking to monetize the investment.

Meanwhile, Bain Capital is [reported to be](#) considering a sale of its holding in pharmaceutical company Emcure Pharmaceuticals via a substantial block deal. The private-equity firm is expected to sell a stake valued at upwards of USD 200m.

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