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# EXPRESS PHARMA

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## Strategy

Pharma's strategic  
path to growth in the  
nutra maze

**Interview**  
**Amit Mookim**  
CEO,  
Immuneel Therapeutics



DECODING THE

# M & A

LANDSCAPE

Consolidation has emerged as a major trend as the pharma industry seeks new avenues of growth and looks to expand its existing capabilities. A look at the factors spurring M&A activity in the sector

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**INTERVIEW**



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# 2025: Healthcare and Lifesciences investment outlook

**Kapil Khandelwal**, Managing Partner, Toro Finserve and EquNev Capital, interprets the possibilities for the various segments of the Indian lifesciences and healthcare sector for this year

## Mankind versus ChatGPT: Our caveat for 2025

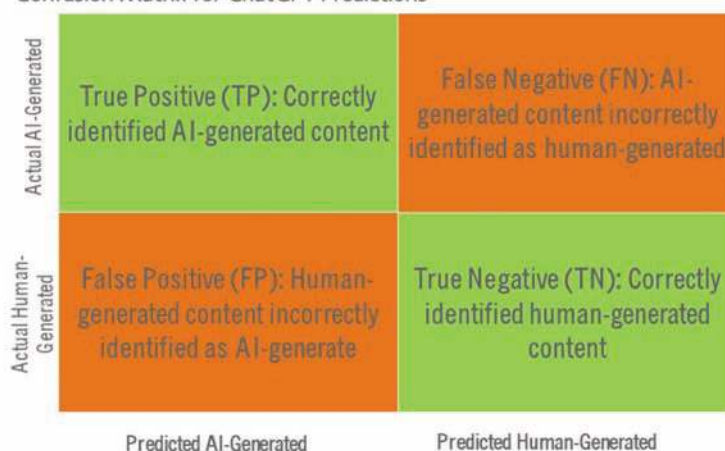
For the first time in AI and mankind's history, the line between what is human and what is AI-driven technology is increasingly blurring. We are witnessing that ChatGPT and other OpenAI models can influence the rates of false negatives and false positives in various healthcare and investment applications including algorithms that make investment calls based on future predictions. We have been making annual healthcare and life sciences investment predictions since 2013 with 95 per cent accuracy except during the Covid pandemic years. It seems that ChatGPT itself is turning out to be a black swan event for the algorithms which are predicting the future so accurately in the past. As ChatGPT becomes mainstream, we need to understand the "Confusion Matrix" (see chart below) that will ensure the power of AI and ChatGPT versus humans in the future as more and more AI-generated content and analytics proliferates the world in 2025 and beyond.

As industries including, Healthcare and Lifesciences are adopting AI very rapidly for delivering healthcare so are Banking and Financial Services, and investment managers using AI-driven algorithms for investment calls. We would need to be cognizant of the false negatives and false positives that would elevate the risks and mitigate them accordingly. We have included AI as one of the factors in our 2025 Outlook, India Healthcare and Lifesciences Investment Heatmap.

## 2025: Heal the World: From Geo Politics to Socio Politics

In our 2024 forecast last year,

Confusion Matrix for ChatGPT Predictions



The 2025 India Healthcare and Life Sciences Investment Heat Map is as under

we included Geopolitics for the first time in our investment heatmap as the signals emerged in mid-2023. While 2024 witnessed global geopolitics upheaval with regime changes through democratic elections and other means with over 60 wars and armed conflicts ongoing around the world, we were seeing signals of a slowdown in growth and investments in Q1 2024 itself. As a result, as we exited 2024, the growth and investment climate slowed down significantly. The broad global theme for 2025 is "Heal the World" for a better outlook for 2026 and beyond. If we can heal the world with robust political agenda it would turn out to be the future prosperity for mankind.

## 2025: India's Healthcare and Lifesciences Innovation and business models

India was also not insulated from the global geopolitics impact. In 2024, there was a -50 per cent decline in capex and investments in the sector. We expect 2025 to continue to be a

weak year for investments in the sector. After the Indian general elections, there were uncertainties in our region and further slowing of investment and capex cycles on the back of global slowdown. Healthcare is a big creator of employment and it should not slow down any further in 2025.

Since Q1 2024, the signals were towards robust investments and growth in new-age business models which we have been labelling as "cross-domain" investment ideas. In March 2024, we released "2024 - India Healthcare And Life Sciences Investment Manifesto | Kapil Khandelwal KK" covering key 40 bets that will be an opportunity to invest in the sector that will witness an upside beyond the market returns for the sector over the next 5 years.

This will accelerate the investments that were with \$ 857 million in 2024 to reach a unicorn status of over \$ 1 billion in 2025. Fortunately, this was the only segment witnessing positive growth in investments, in 2024 and continues to attract

robust growth and investments. Hence, we have made attempts to analyse international 'Geo Politics' as a separate factor and bolt-on-top of our algo predictive models to adjust our heatmap for 2024 to accurately predict whether the heat is on in our 2025 Investment Heat Map.

The wave of optimism for 2025 in Indian healthcare and life sciences stems from the following:

- ◆ Over half of Indian consumers are increasingly curious to understand their body and well-being by 'listening to their body'. Innovators and start-ups are exploring this opportunity to scale up their ventures.

- ◆ Many of the start-ups of the Pre-covid India stack in healthcare are either pivoting to including AI tech or will perish as AI goes turbo. We are expecting around 45 such start-ups at this stage of AI upgrade.

- ◆ Agentic AI effectively turbocharges the Do It For Me (DIFM) healthcare economy. Early adopters include GenZ and Millennials (approx 50 per cent of Indians) users who will have their bots or AI agents

helping them choose products and execute transactions in the adoption of healthcare products and services as the line between what is human and what is technology will be blurred. Competition will tick up as start-ups grow.

- ◆ "AI for All is not All" as consumers are getting more consumers for their health needs. AI cannot solve it all for all of the Indian consumers' healthcare needs. These include Gen X and Seniors (approx 44 per cent of Indians) who are sceptics and late adopters. Innovative products to serve these cohorts is key.

- ◆ New business models/incubation for investments are emerging (see our 40 Future Bets in Healthcare 2024 - India Healthcare And Life Sciences Investment Manifesto | Kapil Khandelwal KK) that are cross-domain and will be a potential \$ 50 billion addition to India's GDP in the next 5 years.

- ◆ Healthcare real estate will also explore cross-domain concepts to fit consumer needs.

- ◆ Wellness is now an 'Avatar' that is experiential and connects with other lifestyle domains such as beauty, cosmetics, travel, tourism, hospitality, food, technology, wearable, tech, work environment and many more. Holistic innovation in experiential longevity is emerging. Alternative therapies are now body rejuvenation bio-hacks that traditional and alternative medicine and wellness cannot provide or fulfil completely and which health fascism fuels. Indian GenZ and Millennials are leading this change.

- ◆ New age innovative medical integrative DIFM models will be a push for medical and wellness tourism repositioning for India medical tourism.

- ◆ In 2024, the BSE Healthcare Index was one of the standout





performers, delivering an impressive 40 per cent year-to-date (YTD) return. This trend continues in 2025.

◆ The valuations have come back to realistic levels to peak by 2026-27.

◆ Private hospitals are now aggressively embarking on increasing bed capacity after a phase of consolidation in 2024.

◆ M&A and buyouts are expected to continue to be buoyant.

◆ Healthcare real estate is expected to launch and kick off innovative cross-domain formats.

## Healthcare Financing

With mental health needs and healthcare fascism at its peak, newer products and services for financing longevity and healthy lifestyles for Gen Alpha and Gen Z are emerging. Cross-domain models of business are emerging to address the need to finance consumer's needs for such emerging products and services.

### 2025 Outlook: Moderate

◆ **What may go wrong:** false claims by online influencers, right pricing, reach and penetration to consumers, improper lifestyle-based consumer segmentation, business volatility in some NBFCs, newer regulations on consumer credits by RBI, lower consumer spending and financing, outstanding credit card debt.

◆ **What's going right:** AI intervention and solutions, lower interest rates.

## Medical Education

Medical education content is no longer the marker for better valuation and funding. The market has flipped to a buyers' market. The investors are no longer entering into opportunities at the current valuations which will lead to rerating downwards. Need major reforms in the medical education sector.

### 2025 Outlook: Low

◆ **What may go wrong:** lower student enrollment, regulatory issues, new emerging careers in industry, accreditation and learning models, international players and competition.

◆ **What's going right:** AI-generated content creation, immer-

EquiNew Capital Analysis		Healthcare Finance	Medical Education	Med Tech Innovation & Discovery	Clinical Development	Pharma & Therapeutic Solutions	Healthcare Providers	Health Insurance/Payers	Health Retail	Wellness	Alternative Therapies
Very Hot	Hot	Moderate	Low								
AI and Agentic AI											
Digitisation											
New Business Models/Incubation											
Regulation											
Private Markets											
Public Markets											
Socio-Demographics											
Profit Margins/Valuations											
Debt											
Equity											
Human Capital											
Impact Capital											
ESG/Climate Change											
Consolidation (M&A)											
Geo Politics											

sive content, stable valuations

## MedTech innovation and lifesciences discovery and clinical development

Trump administration and the US BioSecure Act will be a positive. India has to enter the big league of biologics with global partnerships as Chinese firms will face headwinds. Cross-domain innovation with AI is the key to leapfrog in the global race. Also, India needs to reinforce its success in COVID-19 vaccine development to reignite confidence in India. Expect a major IPO.

### 2025 Outlook: Moderate

◆ **What may go wrong:** Overdependence on Chinese players, slower reverse brain drain transition of drug hunters from the US, low qualified life sciences professionals pool, lower grant funding, no further sops in the 2025 finance budget.

◆ **What may go right:** Emerging social innovation models, market-appropriate solution development, native AI models Pharma and Therapeutic Solutions Volume growth in the domestic markets, US generics price erosion, with the softening of input costs, ongoing decoupling of supply chain with China and currency depreciation to continue in 2025, will improve the margins very marginally. The companies with strong cash positions will increase capex and also buyouts and M&A activity. Not any major name IPOs expected.

## Pharma and therapeutic solutions

### 2025 Outlook: Moderate

◆ **What may go wrong:** Slower China decoupling of supply chain, continuing US generics markets prices decline, potential increase in tariffs by the US under Trump regime, increased APIs prices, continuing domestic market volume degrowth, no further sops in the 2025 finance budget

◆ **What may go right:** US BioSecure Act to favour India, increased R&D spend, new products pipeline, newer capex cycles, multi-year high in US active drug shortages Healthcare Providers Capacity creation will now be around 2500 beds in tier 2 and 3 cities. Funding cycles improve as internal accruals improve for fresh capex, capacity expansions and inorganic expansions. Expect a few IPOs, buyouts and exits via secondary sale.

## Healthcare providers

### 2025 Outlook: Hot

◆ **What may go wrong:** margin pressures, supply and demand mismatch in micro markets, lower medical tourist arrivals, rising valuations, stable margins.

◆ **What may go right:** asset-lite models, launching into new medical tourism markets Healthcare Insurance Payers are seeing insurance penetration grow since the Covid pandemic. Newer markets in the GenZ and Millennials cohorts and geographically tier-2 and 3 cities are essential for growth.

Bundled products and services for health and well-being are the key. AI modelling will assist in the accurate underwriting of risks.

Agentic AI entry to change the solicitation and selling of customised bundled products.

## Healthcare Insurance

### 2025 Outlook: Hot

◆ **What may go wrong:** Bundled product for consumer needs, product approvals, risk mitigation for new products, consumers' need for longevity, agentic AI to connect consumers, payors and providers for seamless services

◆ **What may go right:** Consumer demand, reduced loss ratios, AI fraud-detecting agents

## Health Retail

The anti-digital trend is catching up with consumers expecting an analogic human-to-human touch for consuming healthcare products and services in cross-domain settings which is now perceived aspirational and desirable. Many digital business models need to tweak their phydigital presence mix. It's back to innovative traditional health retail settings.

### 2025 Outlook: Hot

◆ **What may go wrong:** failing to provide the human to human touch points, talent for new age health retail settings, anti-digital pivoting, wrong business model assumptions

◆ **What may go right:** exits in failed business models, profitability focus, phydigital



presence

## Wellness

The past wellness definition is no longer relevant. New age 'Gen-Z'ed wellness business models and innovation are emerging which brings in the cross-domain experiential products and services. Redefinition of wellness is the key and will showcase the future winners. These innovations will fuel India's new-age wellness tourism too.

### 2024 Outlook: Hot

◆ **What may go wrong:** regulation, talent and skills in cross-domain products and services, micro market segmentation, faster beta testing, new mass market business models, spurious social media channels, fake outcome/claims

◆ **What may go right:** Gen Z micro-segmentation, wearables, biosensors, newer phydigital formats

## Alternative therapies

Redefined by cross-domain influences, emerging tech, wearables, biosensors, cutting-edge innovation in life sciences with other domains fueled by GenZ experimentation with new bio-hacking and health fascism expressions. It is going to be the next destination of value care in healthcare emerging from the real need and experience of consumers for Do It For Me (DIFM) healthcare.

### 2025 Outlook: Hot

◆ **What's going wrong:** regulations, consumer education and confidence, clinical research, new product development, new mass market business models, repeat sales, spurious social media channels, fake outcome/claims, wrong Gen Z role models, developing phydigital formats.

◆ **What may go right:** discretionary consumer spending, newer cross-vertical innovative business models, mainstream complementary treatment, wearables, biosensors.

## Moving Forward

2025 will be a pivoting year for mankind, healthcare and investing as AI for All is not All. Happy investing and stay strong!