The next decade won't just reward scale — it will reward speed, resilience, and reinvention

Akash Kedia, MD – Healthcare and Lifesciences, Alvarez & Marsal India and **Amit Misra,** MD – Healthcare and Lifesciences, Alvarez & Marsal India, delve into the pivotal trends shaping Indian pharma. They share insights on CDMO valuations, navigating regulatory headwinds, global trade realignments, sector's pivot towards innovation, frontier market strategies, next levers of value creation and more, in an exclusive interview with **Lakshmipriya Nair**

Akash Kedia

Amit Misra

What are the biggest strategic challenges pharma companies in India are grappling with today? How is Alvarez & Marsal helping in tackling them?

India's pharma sector is navigating a perfect storm: intensified USFDA scrutiny (over 40 inspections and multiple warning letters in FY24 alone), continued pricing pressure in US generics, and incomplete backward integration in APIs. Talent shortages in digital, compliance, and regulatory roles are adding to the challenge. Further, as the healthcare ecosystem converges, pharma companies need to focus on building capabilities in broader areas within the human health spectrum like diagnostics and medical technology. At Alvarez & Marsal, we are on the ground helping clients plot growth strategies in core and adjacent businesses, strengthen GTM, modernise operations and diversify globally, all while ensuring speed and execution. For instance, we assisted a large Indian player in integrating its speciality buy out in US and developed growth strategy for its portfolio. We are also assisting mid-sized pharma companies to grow through diversification into newer geographies and product areas.

Which sub-sectors within pharma are currently attracting the most investor interest and why?

Three clear pockets are seeing strong traction:

◆ CDMOs like Aragen and Sai Life, for their tech-driven platforms and export-led growth.

◆ Complex generics and injectables, where players like Gland Pharma offer more attractive margins.

◆ Consumer health & wellness, where D2C brands like ZANDU and HealthKart are benefitting from secular demand.

What investors are chasing is platform quality, differentiated offerings, compliance robustness, and global scalability.

What macro or policy shifts could most influence pharma business strategy over the next three to five years?

Key shifts include the PLI push for API self-sufficiency, US biosecurity legislation (impacting Chinese sourcing), and tightening EU GMP norms. Domestically, the Digital Health Mission is driving investment in compliance tech and health data infrastructure. Companies like Biocon and Dr Reddy's are already adjusting manufacturing strategy and portfolio mix to align with these policy moves. A policy shift towards unbranded generics in the domestic market will also result in significant change in ways of working in the domestic market.

Are Indian pharma companies revising their global expansion strategy in light of regulatory headwinds or trade policy shifts in markets like the US and Europe?

Absolutely. Companies are de-risking US-centric models by expanding in Europe, LATAM, and Southeast Asia. Dr Reddy's is growing in Mexico and Brazil; Sun Pharma has pivoted toward high-margin dermatology and ophthalmology in the US. The focus is shifting toward specialty, complex generics, and biosimilars in defensible markets with better economics. Similarly API companies are focusing on markets such as Japan and Korea to leverage both API and intermediates opportunities.

What trends are you observing in M&A or licensing deals, are clients more cautious or more aggressive now?

It's a mix of selectivity and conviction. Buyers want regulatory clean books, strong leadership, and clear growth levers. But for the right platform, especially in CDMO or digital health, they are

aggressive. Deals like Biocon's Viatris acquisition or Kotak's investment in Tirupati show high competition. Earn-outs and milestone-based deal structures are now standard across transactions.

How do you support clients entering or scaling in frontier markets like Africa, LATAM, or Southeast Asia?
We help clients define tailored market-entry strategies, whether via local partnerships, branded generics, or third-party-led sales. Execution support includes GTM buildout, regulatory playbooks, customer outreach and cost-to-serve optimisation. For instance, Lupin's success in the Philippines and Cipla's scale in Africa show how localization and agile supply chains drive success in these regions.

What's the current valuation outlook in the Indian pharma sector — especially for CDMOs and CRAMS?
High-quality CDMOs and CRAMS are trading at strong multiples, typically 12x to 18x EBITDA, especially when they demonstrate compliance strength, sticky client relationships, and differentiated offerings (e.g., peptides, complex injectables, topical platforms). Recent deals like Carlyle's investment in Viyash or Kotak in Tirupati validate continued investor appetite.

Are Indian companies investing enough in innovative drug platforms (e.g., mRNA, gene therapy, complex generics), or is the market still skewed towards low-cost scale-up strategies?
The ecosystem is slowly shifting. Zydus's ZyCoV-D mRNA vaccine was a bold first, and Dr. Reddy's is scaling complex injectables and ophthalmics. Sun Pharma has acquired specialty players like Concert Pharma. There are companies like Laurus that are making investments in CAR-T therapy. That said, most of the market still focuses on cost-efficient generics. At A&M, we advocate hybrid innovation models — using core cash flows to fund select innovation bets via partnerships or co-development.

What's your take on the growing interest in biologics and cell & gene therapies — is Indian pharma ready for this shift?
Interest is strong, but readiness varies. Biocon Biologics (via Viatris) and Intas are making solid inroads in biosimilars. ImmunoACT's CAR-T launch marked India's CGT debut — a major milestone. Yet broader CGT scale-up will require investments in GMP vector facilities, cryo-infrastructure, and regulatory know-how — areas still maturing. Aurobindo's biologics CDMO unit signals where the market might head next.

To what extent are tech-first pharma companies, those leveraging AI/ML for R&D or blockchain for supply chain, being viewed as higher-value targets or partners by institutional investors?
Very positively. Indegene, with AI-powered commercial and regulatory tools, attracted investment from Carlyle and Brighton Park. Aragen is using ML in discovery workflows, and MSN Labs is piloting blockchain for serialisation. In our M&A work, we've seen that such firms can command valuation premiums of 20–30 per cent over traditional peers. Investors see them as future-ready, asset-light, and defensible.

If you could give one piece of advice to pharma leaders preparing for the next wave of disruption, what would it be?
Invest in adaptability. Whether it's a regulatory jolt, a geopolitical shift, or GenAI-driven transformation — your ability to respond fast will determine success. Build a leadership team that's digitally fluent, globally aware, and execution-focused. The next decade won't just reward scale — it will reward speed, resilience, and reinvention.

lakshmipriya.nair@expressindia.com
laxmipriyanair@gmail.com