




Publication : Mint (online)
Date : August 20, 2020
Page : —
Title : Netmeds deal expands Reliance's healthcare portfolio

live**mint**

HOME
LATEST
TRENDING
MY READS

#WFLife
Pivot Or Perish
Coronavirus Vaccine Tracker
Market Dashboard
US Presidential Elections 2020



Reliance has acquired a 60% stake in Netmeds for ₹620 cr.

Netmeds deal expands Reliance's healthcare portfolio

2 min read · Updated: 20 Aug 2020, 08:03 AM IST
 Kalpana Pathak

RIL will integrate its offline presence with its tech-enabled offerings to offer a bouquet of health services

MUMBAI : Reliance Industries Ltd's latest acquisition of a 60% stake in online pharmacy Netmeds for ₹620 crore will not only strengthen its e-commerce play, but also add significantly to the healthcare portfolio that RIL is building on the back of Jio.

With a series of acquisitions in the healthcare space, including Karexpert, C-Square and Netmeds, RIL will eventually integrate its brick-and-mortar presence in the segment with its tech-enabled offerings to create a bouquet of services that can be monetized through delivery, transaction-based services and subscription services.

"Reliance should have significant advantage with its large physical retail presence and should significantly expand the online medicine market in India," said Credit Suisse in a research report dated 19 August, commenting on the Netmeds acquisition.

RIL's physical presence in the segment includes the Reliance Foundation-run H.N. Reliance Foundation Hospital in Mumbai.

Reliance Life Sciences or RLS, the biotechnology company from the promoter group of RIL, started the largest testing facility for covid-19 this May, doing more than 2,000 tests per day. RLS also plans to start pathology labs across India through partnerships with local entrepreneurs.

Integrating these offline initiatives will be RIL's Jio Health Hub app, which was launched in January 2017. The app offers lab tests and health check-ups where tests can be booked for home collection and the report is delivered directly on phone. It also allows booking doctor consultations online.

"Though competition is high in this space, RIL has access to the incumbent 400 million subscriber base of Jio," said BofA Securities in a research report on 4 June, adding that the Indian pharmaceutical market has one of the lowest prices, making it the third largest in terms of volume and 13th largest in terms of value in the world.

The Indian pharma retail market, with a revenue opportunity of \$35 billion, has three main categories— generic drugs, over-the-counter (OTC) drugs, and patented products. Generics are 70% of the market at \$13 billion and OTC/patented drugs contribute 21% and 9%, respectively.

"We estimate the domestic retail market to grow at 10-12% CAGR to \$30 billion by 2024, driven by increasing affordability, rising healthcare awareness (and insurance) and technology-led investments to improve supply chain efficiency," said BofA Securities.

RIL, which invested ₹10 crore in health-tech app Karexpert in May 2018, has its services integrated with Jio Health Hub. Karexpert uses cloud-based technologies and connects healthcare providers with patients.

C-Square, which sold a 82% stake to RIL, provides software solutions with a focus on the pharma sector for distribution, retail, e-commerce and automation, something that allows RIL to expand into pharma e-tailing as a part of its new commerce initiative.