



## PHARMACEUTICALS EXPORT PROMOTION COUNCIL

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### **Intas Pharma IPO to raise Rs 800 cr, fund acquisitions**

6 Sep, 2010, 03.47AM IST, Khomba Singh,ET Bureau

Direct link to the News/Story:-

<http://economictimes.indiatimes.com/markets/ipos/Intas-Pharma-IPO-to-raise--Rs-800-cr--fund-acquisitions/articleshow/6503296.cms>

NEW DELHI: Intas Pharmaceuticals plans to raise Rs 750-800 crore through a public issue that will help it raise fresh funds for acquisitions besides allowing private equity (PE) investor ChrysCapital to partly exit, a top company executive said.

The Ahmedabad-based company is looking to sell around 15% stake that will value it over Rs 5,000 crore. The issue, expected around May next year, will be the biggest in the pharma sector in several years. The Rs 1,00,000 crore drug industry has not seen listing of any notable companies since Zydus Cadila's share sale ten years ago to raise Rs 372 crore.

"ChrysCapital will sell at least half of their stake, while the remaining would be through fresh issue of shares to fund the company inorganic expansions," Binish Chudgar, MD at Intas Pharmaceuticals told ET.

The firm has appointed Morgan Stanley and Kotak Mahindra as bankers for the proposed issue, who are finalising valuation and other details, he said. This is the company's second attempt to go public after aborting its earlier plans for an issue in 2008, following the global financial meltdown.

Hemant Bakhru, pharma analyst at brokerage firm CLSA said hardly any new group has entered the sector thus limiting IPO opportunities. "Most of the top pharma companies are listed while the bigger privately-held companies such as Intas, Alkem and Mankind are cash generating and don't need money," he said.

PE firm ChrysCapital made its first investment in the pharmaceutical sector by acquiring ICICI Ventures' 12.5% in Intas for \$11 million in January 2006. Intas was then valued at around Rs 400 crore. ChrysCapital, which manages over \$2.25 billion, has also investments in Mankind Pharma and Zydus Cadila.

At present, the Chudgar family owns 88.5% stake while ChrysCapital holds the remaining 11.5%. ChrysCapital's holding fell by a percent following merger of promoter group firm Astron Research with Intas.

Last fiscal, Intas revenues grew about 39% to Rs 1,620 crore. Ranked 15th in the highly fragmented local retail market, Intas rakes in about one-third of its revenues from international business. It now plans to scale up its overseas operations.

The company is in talks with two small drug companies in the US having revenues of about \$10-20 million. These firms develop recombinant molecules, new drug delivery systems or have extensive marketing network with hospitals. "We hope to seal one deal before the IPO," Mr Chudgar said.

Meanwhile, an executive from a Mumbai-based brokerage firm said Intas has struck a drug supply deal with UK-based drugmaker Astrazeneca allowing the British company to sell 15 drugs of Intas medicines in 40 countries. Mr Chudgar declined to discuss specific deals.

“We are exploring supply agreements with multiple agencies. In some cases, the registration process has started and should be in the market by next year,” he said.