

Bilcare buys INEOS unit for ₹607 crore

Our Bureau
MUMBAI

INDIAN pharmaceutical product packaging company Bilcare is buying the plastic film making unit of petrochemical company INEOS for ₹607 crore, Bilcare said in a statement.

The acquired business has revenue of ₹1,458 crore, but its operating margin will be disclosed later, the company chairman Mohan Bhandari told ET. The acquisition will give Bilcare closer access to customers in Europe and the US, making this a compelling buy for the India firm, he said.

Post-acquisition, Bilcare will have annual revenue of about ₹2,500 crore, with the India business growing at 25-30% a year. The Europe and the US business, that has been slow for Bilcare over the last year, may pick up with new customers, but Mr Bhandari is not hazarding a guess on that just yet.

"At a time when valuations in the pharma business are soaring, an acquisition at such a discount to revenue seems like a steal," said an analyst with a domestic brokerage, who does not want to be named. Bilcare's shares rose 10% to ₹492.20 on Monday, after the announcement.

This is an all-cash deal, one-third of which will be funded by the company's internal accruals and the rest will be raised in the form of bank loans, Mr Bhandari said. There was no merchant banker involved in the deal. Under the deal, Bilcare's German subsidiary will buy INEOS' film-making business globally. Although INEOS Films owns a 51% stake in Caprihans Indiam, the deal won't trigger an open offer for the minority shareholders of Caprihans India, said Vineet Mehrotra, vice-president (finance), Bilcare.

INEOS Films is a producer of polymer films for pharmaceutical blister packaging, printing and decoration, shrink film for sleeves, capsules, and plastic

LOT'S AT STAKE



Bilcare's German subsidiary will buy INEOS' film-making business globally. Although INEOS Films owns a 51% stake in Caprihans Indiam, the deal won't trigger an open offer for the minority shareholders of Caprihans India

credit cards. The company employs around 1,300 people across manufacturing sites in Germany, Italy, India and North America.

Said INEOS Films chief executive Jain Hogan in the statement: "INEOS Films business is no longer core to the INEOS Group as the company focuses its attention on its large-scale petrochemicals businesses."

Analysts, however, said with the increasing emphasis on generic and low-cost pharmaceutical products in developed countries, a squeeze on operating margins of packaging companies is imminent. "Perhaps Bilcare will be able to repatriate some of the manufacturing to India, save costs, and hence manage margins that its global peers won't be able to match," the analyst said.

Bilcare to buy INEOS' films biz

Our Bureau

Pune, Aug 2

Bilcare AG, the German subsidiary of Pune-based provider of packaging for the pharmaceutical industry Bilcare Ltd, has entered into an agreement to buy out the global films business of the INEOS group.

The Rs 607-crore deal comprises the business, assets and personnel related to INEOS' films operations in North America, Europe and Asia with annual sales of Rs 1458 crore.

Mr Iain Hogan, CEO INEOS Films, said, "Whilst performing well, the INEOS films business is no longer core to the group as the company focuses its attention on its large-scale petrochemicals businesses. This agreement with Bilcare will put INEOS Films assets and people at the centre of a new business with the innovation and drive necessary for it to grow and further develop."

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Bilcare set to buy German firm's global film biz

MICHAEL GONSALVES

Pune

PUNE-BASED Bilcare, a global player in pharmaceutical packaging and anti-counterfeiting technologies, is set to buy Germany's INEOS group's global films business for Rs 607 crore.

"We will close the acquisition deal for Rs 607 crore on August 30. This will allow us to penetrate into the developed European and American markets to for big pharmaceuticals served by INEOS Films," Mohan Bhandari, chairman and managing director, Bilcare, told *Financial Chronicle*.

With annual revenues of Rs 1,458 crore in December 2009, INEOS Films is a leading producer of high-quality polymer films with majority of big pharmaceuticals in Europe and the US on its client list. It will be merged with Bilcare AG, Switzerland, a wholly-owned Indian arm of Bilcare.

"The buy will boost business, especially research-driven packaging solution and provide customised solutions to sensitive and stable drugs which will increase revenues substantially to over Rs 2,500 crore during the next financial year," Vineet Mehrotra, vice president, finance, Bilcare, said.

He said the deal comprises the business, assets and 1,300 employees of

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INEOS Films.

Mehrotra also said the deal would help it to further consolidate its global leadership.

He said the size of the world pharmaceutical market was \$700 billion out of which \$300 billion came from the US alone.

The company, growing 20-25 per cent year-over-year, said its 50 per cent of the sales came from overseas markets which would now increase substantially.

According to WHO, last year 10 per cent of global medicines worth \$50 billion were counterfeit and there was \$150 billion revenue loss due to compliance related issues. The Confederation of Indian Industries had recently pegged the counterfeit medicine market in India at Rs 4,000 crore.

BILCARE/BSE Rs 494.95 ▲
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Bilcare to acquire INEOS's global films biz for Rs 607 crore

PRESS TRUST OF INDIA
Mumbai, 2 August

Pharma solutions provider Bilcare AG today said it had entered into a binding agreement with the INEOS Group to acquire its films business worldwide for Rs 607 crore.

INEOS, a leading pharma and specialty films business with annual sales of Rs 1,458 crore, has entered into the agreement to bring together complimentary capabilities and synergies of two leading global businesses, a press re-

lease issued here stated.

"This acquisition is a paradigm shift in the pharma packaging space and a significant step towards creating a customer-centric company to deliver path-breaking innovations and establish global leadership," Bilcare chairman Mohan Bhandari said.

"Bringing together Bilcare's research and development focus with our own broad production and application knowledge provides a strong strategic fit," INEOS Films CEO Iain Hogan said.

Bilcare to buy INEOS Group's global films biz

feBureau

Pune, Aug 2: Pharma solutions provider Bilcare AG on Monday announced that it entered into an agreement with INEOS Group to acquire its global films business for Rs 607 crore. INEOS is a major pharma and specialty films business with annual sales of Rs 1,458-crore. The deal comprises the business, assets and personnel related to INEOS Films operations located in North America, Europe and Asia, the company said in a statement here. The transaction is expected to be completed at the end of August, subject to necessary regulatory filings and approvals..

INEOS Films is a major producer of high quality polymer films and plays a major role pharmaceutical blister packaging, films for printing and decoration, shrink film for sleeves, capsules and plastic credit cards. The company employs around 1,300 people across manufacturing sites in Germany, Italy, India and North America.