

# Blackstone in Talks to Exit Emcure Pharma

Private equity firm in talks with Bain Capital to sell the 13.09% stake for about ₹625 crore

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New York-based private equity firm Blackstone Group is in advanced talks to sell its 13.09% stake in Emcure Pharmaceuticals, a Pune-based unlisted drugmaker, to Bain Capital for about \$100 million (₹625 crore), three people familiar with the negotiations said. The move signals a rise in secondary sales among PE funds as exits through public offers have become tough.

The deal, if goes through, will mark Blackstone's second exit from its Indian portfolio after it had sold its stake in back-office provider Intel-

net to British Serco group in 2011.

Blackstone, which had invested \$50 million in Emcure in 2006, is likely to get twice its investment, one of the three people quoted above said, valuing the company at \$764 million (₹4,775 crore). Spokespersons for Blackstone and Bain Capital, and Emcure chief financial officer Nandita Thapar declined to comment.

Blackstone, which had invested about \$2.9 billion in India from power to metal companies, has begun talks with Bain Capital after a plan to list Emcure Pharma got delayed.

Emcure, India's 14th largest drug company by sales, had filed its first draft public offer prospectus with the Securities and Exchange Board of India (Sebi) to raise ₹600 crore in June this year. The offer is yet to be launched as stock markets grapple with volatility. Blackstone was looking at selling one-fourth of its holding in Emcure Pharma through the offer. The emergence of Bain Capital, which had fewer investments in India

like Hero Honda and Himadri Chemicals, as one of the buyers for Blackstone's stake in Emcure illustrates the long-term potential in the Indian healthcare sector.

PE funds selling stake to rival PEs, known in industry parlance as sec-

ondary sales, have been increasing as they find fewer com-

panies to invest and promoters get more

time to list. In June, Warburg Pincus sold

its stake in Alliance

to rival KKR and

Future Capital is in

talks to sell its stake

in women apparel

maker Biba to Warburg Pincus.

the buyer. And for the promoter, an extension for listing the company."

Blackstone, one of the largest investors with a substantial part in the power sector, had been hit by fuel-supply bottlenecks and mining restrictions due to environmental concerns. Emcure Pharma, promoted by first generation entrepreneur Sallish Mehta, has been growing aggressively in the domestic market by developing differentiated products. It develops, manufactures and markets a broad range of pharmaceutical products in major therapeutic areas, including blood related, cardiology pain and analgesics, HIV, gynecology, nephrology, anti-infective, and vitamins, minerals and nutrients products.

Emcure's domestic business has grown at a compounded annual growth rate of 16.4% between March 2008 and March 2013, overruling the industry growth of 13.7% during the same period, according to data compiled by IMS Health India.

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