

# JCBL looks at stake divestment to PE players for raising \$10 m

Will invest around Rs 50 crore this fiscal to set up third pharma unit

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Chandigarh-headquartered JCBL Group has said it is looking to raise about \$10 million capital through private placement for its bus body manufacturing business. It is currently in negotiations with three private equity (PE) players, to which it will divest 18-20 per cent stake.

The privately-held company, which has diversified business interests with subsidiaries across the automobile, auto component and pharmaceutical sectors, is one of the largest bus body makers in the country and also makes its own range of buses under the Ceritabrand.

Mr Rishi Aggarwal, MD, JCBL Ltd told *Business Line* that the company is looking

**Company speaking to three PE funds**

**Expects deal to be completed by October-November**

**To invest funds in bus manufacturing capacity, network expansion**

to finalise a deal with a PE fund, which will also bring sector expertise to the table. Its bus manufacturing business has a turnover of around Rs 300 crore, while the Group turnover is Rs 750 crore (2010-11).

"We're speaking to strategic investors - three PE funds, of which one is Indian. We have capital for our expansion projects till next year, but we would need more funds in 2013-14. One

of the largest global advisory firms is supporting us in this deal and we hope to have the funds by October-November this year," he said.

The funds will be used for both enhancing manufacturing capacity in a fast growing bus market, besides developing new technology for building specialised vehicles, expanding presence across the country and adding new customers.

JCBL, which has an annual installed capacity of up to 9,000 bus bodies across two plants in North India and a third in the South, expects sales to grow 35 per cent (industry growing at 15 per cent) in 2011-12 to 6,000 units. The company has clients such as Tata Motors, Eicher, Swaraj Mazda, besides private schools and in-

stitutions like the UN.

Mr Aggarwal said that the company is also in talks with global bus makers for collaboration in the domestic market. This follows many multinational bus makers such as Mercedes-Benz and Volvo, who have entered the Indian market in recent times and have proved successful in both intra and intercity routes.

JCBL will invest around Rs 100 crore this fiscal, around half of which will go towards setting up a third unit in its pharmaceutical arm - Acme Formulation. A further Rs 25 crore is earmarked for adding automation in its bus manufacturing business, while the rest will be invested in setting up car dealerships.

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