

TA Associates in Talks to Buy 35% Stake in Famy Care

US PE firm looking to pick up stake in drugmaker for ₹1,200 cr; deal likely to be signed after Diwali

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Mumbai: American private equity fund TA Associates is in advanced talks with the promoters of Famy Care and private equity investor AIF Capital to purchase a 35% stake in the unlisted Mumbai-based generic oral contraceptive pills and hormone drug maker for \$200 million (₹1,200 crore), three people involved in the deal said.

"TA Associates is in talks with the investors and Taparias, the promoters. The deal is expected to be signed post Diwali," one of the persons said on condition of anonymity. Hong Kong-based AIF Capital, which invested \$40 million (₹178 crore at the time) in April 2010 to pick a 17.5% stake in the company, is set to make 2.5 times returns on its investment in India's largest

oral contraceptive drug maker, another person said.

"There has been no initial agreement with TA Associates and its search is still at the same stage as indicated earlier," an executive from the public relations agency representing Famy Care said in a text message. TA Associates' Asia co-head Navin Wadhwa did not respond to emailed queries.

The shareholders' agreement between AIF Capital and the promoters gives a drag-along right to the fund in case of an exit. This means that along with its 17.5% stake the fund can force the management to sell the same amount to get a better value.

"The fund (TA Associates) wants to be a significant minority partner and a larger deal, with the fund acquiring up to 49%, cannot be ruled out," an investor

banker said.

The fund has appointed investment bank Credit Suisse to scout for buyers. TA Associates, which has raised \$18 billion since 1968, has invested in nearly 400 companies and has the ability to shell out \$500 million (₹3,000 crore) to buy significant stake in a company.

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unit in Mumbai, is now the third-largest maker of over-the-counter contraceptive pills. The company has a wide basket of contraceptive products including pills, intra-uterine devices of IUDs, in-

jectables, rings for tubal ligation and condoms, with exports to 60 countries. The company operates through five plants located in Maharashtra, Vapi, Goa and Din & Damam.

Since March, the company has held talks with private equity funds and global drug maker Mylan, with which it has a drug development and marketing agreement to sell 22 oral and contraceptive drugs in the United States since 2008.

Both global and local drug makers have been chasing quality mid-sized Indian companies to fuel their inorganic growth. In 2013, Mylan completed its \$1.75 billion (about ₹10,750 crore) acquisition of Strides Arcolab's injectables business and Gujarat-based Torment Pharma purchased the domestic business of Elder Pharma for ₹2,004 crore.