

Recipharm completes acquisition of a majority stake in Indian CMO Nitin Life sciences

12 April 2016 | News | By BioSpectrum Bureau

Recipharm completes acquisition of a majority stake in Indian CMO Nitin Life sciences



Recipharm AB announces that it has completed the acquisition of a majority stake in Nitin Lifesciences Limited, an Indian sterile injectables CMO, currently owned by the Sobti family.

Recipharm has acquired 74 % of the shares for a purchase consideration of INR 6,713 million on a cash and debt free basis.

Thomas Elderred, CEO of Recipharm said "I am delighted that we have now completed this transaction. The combination of Nitin and Recipharm represents an important step in the development of both companies and I am pleased that both Dr Chetan Sobti and Nitin Sobti will be continuing in their current positions".

Mr. M.M Sobti, founder of Nitin Lifesciences Ltd., commented "This partnership represents a real opportunity to take Nitin Lifesciences to a new level. The combination allows both organisations to access a wider customer base and to gain important learning from each other. The Sobti family is very pleased to be entering into this new strategic partnership which will be hugely beneficial for both companies".

Highlights

• The combined entity will have enhanced scale, reach and profitability. Nitin Lifesciences had 2015 net sales of approximately INR 2,970 million, corresponding to 12 % of Recipharm's 2015 total net sales. The EBITDA margin 2015 was approximately 24 %.

• Significantly bolsters presence in high growth developing territories and the deal firmly establishes Recipharm's emerging market strategy. Provides excellent exposure and direct entry into the rapidly expanding Indian market.

â€ Recipharm's global position in sterile injectables including lyophilization will be further strengthened.

â€ The implied value for 100 % of Nitin equates to INR 9,071 million and represents approximately 11.7 times 2015 EBITDA of INR 721 million.

â€ Accretive to organic growth and EPS.