

## Claris Lifesciences might exit Pharma biz

16 May 2017 | News

**The company's Board approved the sale of its entire 20 per cent stake in the OPIPL to its partner Otsuka Pharmaceutical Factory Inc. for USD 20 million (approximately Rs 129 crore).**



Ahmedabad-headquartered pharma player Claris Lifesciences, which recently divested its stake in a joint venture, Otsuka Pharmaceutical India Pvt Ltd (OPIPL), might be looking at exiting the pharmaceutical business altogether, Business Standard reported.

Analysts point out that having sold its speciality injectables business to Baxter Inc last December, and now divesting its stake in the Otsuka JV, Claris would be looking at exiting the pharma business altogether.

A Mumbai-based analyst said "This is a long-term strategic decision for the company. It now has a portion of its emerging markets business, which it might look at selling as well. The company would look at exiting the pharma business altogether and enter a new line of business as such."

Arjun Handa, the executive vice chairman and group managing director of Claris Lifesciences Limited, is likely to exit the pharma business and start a completely new venture. On Monday, the company's Board approved the sale of its entire 20 per cent stake in the OPIPL to its partner Otsuka Pharmaceutical Factory Inc. for \$20 million (approximately Rs 129 crore). Otsuka held 60 per cent in the JV, while Mitsui held 20 per cent and the remaining 20 per cent was with Claris.

The company's Board approved the sale of its entire 20 per cent stake in the OPIPL to its partner Otsuka Pharmaceutical Factory Inc. for USD 20 million (approximately Rs 129 crore). Otsuka held 60 per cent in the JV, while Mitsui held 20 per cent and the remaining 20 per cent was with Claris.

Earlier, in December 2012, Claris Lifesciences had entered into a joint venture with Japan's Otsuka Pharmaceutical Factory Inc and Mitsui & Co Ltd for its infusion business in India and emerging markets. The business was valued at Rs 1,313 crore at that time, and Claris had received total cash consideration of Rs 1,050 crore over multiple agreements. Claris had transferred the common solutions, anti-infectives, plasma volume expanders and parenteral nutrition therapies of Claris for India and the emerging markets to the Claris-Otsuka JV.

Claris-Otsuka would co-brand its products in India and across emerging markets utilising the manufacturing and marketing backup of the Claris.

Claris Otsuka Private Limited was rechristened as OPIPL on March 1, 2017.

Last year December Claris had entered into a definitive agreement with US-based Baxter International Inc. to sell its wholly owned subsidiary Claris Injectables for approximately USD 625 million ( Rs 4,237 crore). The company is now working to close the deal. Sources indicated that a closure could be achieved around August-September this year. As such, earlier in April, India's Foreign Investment Promotion Board (FIPB) gave its nod to Claris Lifescience's injectables business sale to Baxter. The companies are now awaiting approval of the US competition watchdog, Federal Trade Commission.

The Mumbai-based analyst added that Claris had indicated at the time of the Baxter deal that it intends to share a significant majority of the net cash proceeds from the sale with shareholders.

A Nirmal Bang analysis had pointed out at that time, "The company may distribute cash either as dividend or by way of share buyback. In our view, a buyback is a more tax-efficient way. Assuming a 20 per cent discount to the value of the cash holdings with CLL, the buyback can be executed at a price as high as Rs 480 per share."