

KKR-backed JB Chemicals Scouting for Acquisitions

KKR-backed JB Chemicals, the owner of marquee brands such as Rantac and Metrogyl, is scouting for acquisitions – of a portfolio of brands, or a company altogether.

After the Mody family sold their company to private equity player, KKR last year, the new management is trying to revamp the business. With the former Cipla head at the helm, JB Chemicals now plans to diversify into paediatrics and respiratory.

Speaking to Business Standard, Nikhil Chopra, CEO and whole-time director of JB Chemicals said: “We are looking for acquisitions – of a portfolio of brands or a small firm – that would fit in with our plans. We plan to scale up our research and development work to get into a more progressive portfolio.”

Besides, the company will continue to focus on contract manufacturing work and the lozenges making facilities it has in South Gujarat.

He added that it was a work-in-progress, and leveraging KKR’s strengths in finding the right fit. “I do not want to put a number on it. It can be a \$100 - \$200 million brand portfolio, but all depends on what it can bring on the table,” said Chopra.

Chopra said that they are trying to reduce their dependence on the legacy portfolio they have. “These brands continue to grow in the market share. We will try to see what best we can extract these legacy brands and what life-cycle management we can do for brands like Metrogyl, Rantac, etc.,” Chopra added.

JB Chemicals now wants to focus on cardio-metabolic disorders, a chronic portfolio, which has shown resilience

PLAN OF ACTION

- Looking to acquire brands or a company to expand exposure
- Seeks to reduce dependency on its legacy brands; entry into paediatrics and respiratory segments tops agenda
- Company had launched a diabetes drug last year.
- Eyeing expansion into the cardio-metabolic segment

even during the pandemic. It already has presence in cardiac therapy segment through a brand called Nicardia. In the last few months, JB Chemicals has launched a couple of brands in the cardio-metabolic or cardio-diabetic segment. The firm has launched two diabetic products already – Vildagliptin and a combination product of that.

At present, the chronic portfolio contributes 50 percent to its revenue, and the rest comes from acute therapy products. Chopra admitted that the pandemic forced them to rethink how they operate, and how to make the best of the resources we have.

Besides, JB Chemicals is planning to get into a new division – paediatrics and respiratory. “The plan was to get into the paediatrics division in 2020. However, it got delayed. We want to have the entire range of products in paediatrics including cough drops, etc.,” Chopra said. In respiratory, it would most be oral solid products.

JB Chemicals performed better than the overall domestic market in 2020, growing 14.3 per cent during the year. In FY20, the company has posted a

turnover of ₹1,640 crore. The firm’s key product groups – Cilacar with ₹249.02 crore, Rantac with ₹175 crore, Nicardia with sales of ₹69.8 crore, and Metrogyl with the sale of ₹115 crore – continues to grow in FY20.

Above 50 per cent of revenues comes from India and the rest from US, Russia, and others, and contract manufacturing and bulk drugs businesses. Last July, KKR picked up a controlling stake in JB Chemicals in a deal size estimated to be around ₹3,750 crore.

