

Global PE giant Carlyle to acquire 74% stake in India's SeQuent for \$210m



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May 11, 2020

Private equity firm [Carlyle Group](#) on Friday announced that it has agreed to acquire up to a 74 per cent stake in Indian animal healthcare company [SeQuent Scientific Limited](#) for about \$210 million (Rs 1,580 crore).

Currently, the founder promoters of Sequent, including Arun Kumar, KR Ravishankar and family, together hold about 56.15 per cent stake in Sequent while Ascent Capital owns an over 5 per cent stake in the company.

CA Harbor Investments, an affiliated entity of CAP V Mauritius Limited and Carlyle, has proposed to acquire a majority stake in SeQuent via private share purchase agreements for a purchase price of Rs 86 per share, Carlyle said in a statement.

The firm plans to acquire a 44.92 per cent stake in SeQuent from its current controlling shareholders and a 5.69 per cent stake from Ascent Capital, the Indian company said in a BSE filing. The proposed transaction will trigger a mandatory open offer by CA Harbor Investments and CAP V Mauritius Limited for the purchase of up to 26 per cent stake in SeQuent from public shareholders.

The transaction is expected to close in the third quarter of 2020, subject to customary closing conditions and regulatory approvals. Following the completion of this transaction, CA Harbor Investments will become the new promoter of SeQuent, the statement added.

“We will draw on our global network, industry knowledge and operating expertise in healthcare to advise SeQuent on its business expansion strategy, enhance its operations, and help the company drive sales and product innovation,” Neeraj Bharadwaj, Managing Director of Carlyle Asia Partners, said.

“We see strong growth potential in the global animal health industry, including the livestock segment where SeQuent is operating, thanks to increasing demand for animal protein, rising awareness of food safety, and growing disposable income,” he added.

Headquartered in Mumbai, SeQuent provides animal health active pharmaceutical ingredients (API), formulations, and analytical services in over 100 countries, with more than 1,700 employees and manufacturing operations in India, Spain, Turkey, Germany and Brazil. SeQuent’s revenue for the twelve months ended December 2019 was Rs 1,160 crore and profit after tax for the same period stood at Rs 85 crore.

Private equity investors, including US-based Advent International and homegrown firm Kedaara Capital, were also reportedly in the fray to acquire Sequent.

“We are pleased to have achieved this strategic outcome for SeQuent and its investors through this divestment. We are confident that Carlyle’s global network and resources will be a catalyst for SeQuent’s next stage of growth and innovation,” Arun Kumar, on behalf of the current promoter group of SeQuent, said.

With \$217 billion of assets under management globally, Carlyle has been investing in India since 2000. The firm has invested more than \$2.5 billion in the country as of March 31, 2020. Its investments in the Indian healthcare sector also include Medanta Medicity Hospital and Metropolis Healthcare, which operates a chain of diagnostic centres and laboratories.

Its other notable investments include SBI Life, SBI Card, HDFC, India Infoline, Delhivery and PNB Housing Finance.

J.P. Morgan acted as exclusive financial advisor while Nishith Desai Associates acted as legal advisor to SeQuent and its promoters on the transaction. Nomura acted as exclusive financial advisor while AZB & Partners and White & Case acted as legal counsels to CA Harbor Investments and Carlyle. Nomura will also be acting as the manager for the public tender offer.