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06/05/2010 **Renata interested in setting up generics manufacturing JVs in Bangladesh as government regulations hinder foreign expansion, MD says**  
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**Story** **Renata**, the listed Bangladesh-based generics pharmaceutical company, would be interested in establishing manufacturing joint ventures in Bangladesh with international players, said Managing Director Kaiser Kabir. The company has a market cap of BDT 19.7bn (USD 284.6m).

Technology transfer can also be gained from joint ventures, Kabir said, particularly in vaccines and biotechnology, areas it is not currently in. Renata is now in serious discussions with a big pharma for the development of a specialty drug, he added.

It is also getting ready to do clinical studies, bioequivalents trials, for three hormone products, Kabir said. It has a team looking for CROs in India, Malaysia and Jordan next week. Having a hormone portfolio can allow Renata to tap the global hormone market, including for tenders of contraceptive pills, Kabir said.

Generic HIV drugs are also an interesting area of development, Kabir said, especially as TRIPPs/ WTO regulations have waived patent regulations for generic drugs sold to least developed countries (LDCs) until 2015. Low manufacturing costs in Bangladesh are also an advantage, Kabir said, mentioning a surge in recent enquires from American and European pharma companies due to rising costs in India.

In turn, Renata could gain access to foreign markets through its partners' networks. It currently exports to 13 countries, including Sri Lanka and Kenya. However, the export market for the entire Bangladeshi pharmaceutical industry only amounted to USD 47m last year, Kabir said, as foreign remittance rules and ownership restrictions in Bangladesh continue to stifle growth.

It is lobbying the government to change these "archaic" rules, but reform will not happen until the central bank is able to significantly increase its current amount of USD 10bn in reserves, he commented.

He noted that the company had grown net profit by 33% for the past five years year-on-year, mostly from domestic expansion, but growth is approaching an eventual bottleneck.

"If we want to sell in the US, our manufacturing facilities need to be FDA approved, which could take years. If we take over the company, we could do business the next day," he added. "We have no debt, we are cash rich and we're sitting on it because we cannot buy anything."

Private equity firms approach Renata almost on a monthly basis, Kabir said, offering USD 50m to USD 100m, but his answer is that he never knows what to do with the money, he said. For organic domestic expansion, it can easily raise the funds from local banks and through the public markets, without diluting the shareholding structure.

Renata was a subsidiary of Pfizer for 25 years until 1993 when Pfizer sold and subsequently donated its 51% to local not-for-profit Sajida Foundation. Sajida is unlikely seeking an exit at this time, Kabir said.

Renata is now studying structuring foreign investment in a different way, whereby a private equity firm could invest in some entity in the UK, and Renata could issue shares in Bangladesh to the investor. This is with a view of offering an exit on the Dhaka Stock Exchange after a few years, thereby permitting a return on the investment.

By Natasha Khan