

UPL in talks with PE fund to bid for Arysta

Prepares to bid on its own if it fails to find suitable partner

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United Phosphorus Limited (UPL) is in talks with a Japanese private equity fund to jointly bid for Arysta LifeScience Corporation, the world's largest privately held crop protection and life science firm.

According to sources the Mumbai-based company owned by the Shroff family was expected to put in a bid, jointly with a Japanese private equity fund, after its discussions with two American funds failed.

UPL is among six shortlisted bidders expected to put in their bids this month. The others are Israel's Makhteshim Agan, Australia's Nufarm and private equity funds such as Advantage Partners, Bain Capital and

Permira.

Olympus Capital, owner of Arysta, is expected to generate \$2 billion (about Rs 7,830 crore) from the sale which is nearly double the turnover of 124.1 billion yen (or about Rs 4,130 crore) that the company registered last year.

UPL is also preparing to bid alone just in case it does not manage to find a partner.

For this the company has already chalked out plans to raise \$500 million (about Rs 1,960 crore) through an equity issue. The remaining \$1.5 billion (about Rs 5,870 crore) may be raised through a mix of recourse and non-recourse financing. UBS, the company's advisor for the bid, will organise the fund if and when it is needed. UPL executives could not be contacted for comment.

The company last week informed the stock exchanges that it was in the process of bidding for an Asian agrochemicals company, but it did not name the target company.

"We have executed a confidentiality agreement which prohibits us from disclosing details of the target or the competitive bid process," the company said.

Last week, the company also launched a qualified institutional placement of nearly \$200 million (about Rs 780 crore). Deutsche Bank, SSKI Securities and UBS are advisors for this placement which is expected to be done on Monday.

Industry sources suggested that the company would raise \$300 million (about Rs 1,175 crore) through a GDR or a con-

vertible bond issue, if it won the bid. Also, the successful bidder for Arysta could avail of stapled financing provided by Lehman Brothers and Goldman Sachs, who are advisors to Arysta's owner Olympus on the sale. The acquisition of Arysta could catapult UPL to the number two position among generic crop protection chemical companies in the world.

It will get access to Arysta's 150 products manufactured and sold in more than 125 countries. Arysta was formed in 2001 on the unification of the life science divisions of Tomen Corporation and trading company Nichimen Corporation, which is owned by Sojitz Holdings. The company has about 2,300 employees, which includes those with affiliated companies.