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Kilitch Drugs to divest entire stake in Ethiopian subsidiary in $14 M transaction

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Proposed divestment to enable capital reallocation towards higher-growth opportunities in India

Kilitch Drugs (India), a pharmaceutical company specialising in the manufacturing and distribution of high-quality parenteral formulations, oral solid dosage forms and effervescent products, has announced strategic divestment of its entire shareholding in its Ethiopian subsidiary, Kilitch Estro Biotech PLC (KEB), to HarmeeCare Pharmaceuticals, an Ethiopian state-owned enterprise, in a transaction valued at $14 million.

The proposed transaction, approved by the company's Board of Directors forms part of Kilitch Drugs' broader strategy to optimise its business portfolio, strengthen financial flexibility and accelerate investments in its pharmaceutical manufacturing operations in India.

The divestment will enable capital reallocation towards higher-growth opportunities in India, debt repayment and expansion of core pharmaceutical business. The company intends to utilise the net proceeds towards reducing existing borrowings, lowering finance costs and supporting the phased expansion of its new manufacturing facility at Pen, Maharashtra.

The Pen facility represents a significant step in the company's next phase of growth. Building on its established expertise in aseptic manufacturing, Kilitch Drugs plans to manufacture liquid injectable vials, lyophilised (freeze-dried) injectable vials and ophthalmic eye drops at the facility, and to develop and manufacture GLP-1 (Glucagon-Like Peptide-1) therapies, positioning it to participate in the fast-growing GLP-1 segment as patents on key molecules expire across various international markets. It also intends to pursue EU GMP (European Union Good Manufacturing Practice) and PIC/S (Pharmaceutical Inspection Co-operation Scheme) accreditations as part of its strategy to expand its presence in regulated export markets.

Commenting on the proposed transaction, **Bhavin Mehta, Whole-Time Director, Kilitch Drugs (India) Limited**, said: *"Our focus is on building the next phase of Kilitch Drugs' growth by strengthening our manufacturing capabilities and expanding our presence in high-potential pharmaceutical segments. The strategic divestment of our Ethiopian subsidiary will enable us to unlock capital, strengthen our balance sheet and accelerate our expansion plans in India. With our new Pen facility coming on stream in phases, we see significant opportunities to leverage our manufacturing experience, participate in emerging therapy segments such as GLP-1 and deepen our presence in international regulated markets. We believe these initiatives will position Kilitch Drugs for sustainable, long-term growth."*

The divestment is expected to be completed by January 31, 2027.