

Fosun pharma cuts stake to 74 % in Gland Pharma deal

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After the long wait, Chinese firm Fosun pharma has decided to settle with 74 percent stake of India's Gland Pharma for \$1.1 bn. Fosun Pharma had struck a deal in July last year to buy 86 percent stake valued at about \$1.26 billion in the Indian generic injectable drugmaker, but the deal could not be materialized as it did not receive approval from Indian authorities. Some reports speculate that the delay may be due to border tension between the two countries.

Fosun said in a statement that the reduced stake will avoid a government review and the transaction is set to complete by Oct. 3 as all the main conditions have been met. The deal gives the Chinese firm access to Gland's stable of generic injectable medicines and control of facilities to export to the U.S. and other developed markets. Founded in 1978, Gland Pharma currently has a presence in about 90 countries.

"Given that Gland Pharma's operation is in good condition, the founder shareholders propose to maintain a higher stake in Gland Pharma without impact on the acquisition of the controlling interest by Fosun Pharma Group," said Chen Qiyu, co-president of Fosun Pharma.

As per existing FDI (foreign direct investment) guidelines automatic approval is granted for investments up to 74%, as long as preconditions such as maintaining research expenditure and production volumes are met.

Following the amendment, the deal no longer needs approval from the India Foreign Investment Promotion Board, as well as the Cabinet Committee on Economic Affairs of India, two key government departments that were deciding whether the acquisition deal could proceed under the original terms.

“The approvals of the relevant [Chinese] authorities and the United States antitrust filings and Indian antitrust filings in respect of the transactions have been completed,” Fosun Pharma said in its filing.