

Indian FIPB clears pharma FDI proposals worth \$536 mn

August 27, 2012 | News | By BioSpectrum Bureau

Indian FIPB gives nod to eight pharma FDI proposals



New Delhi: The Indian Foreign Investment Promotion Board (FIPB), which is the foreign investment approval authority, has cleared eight of the ten pending proposals of foreign drug firms that are looking to buy stakes in local Indian companies. FIPB deferred a decision on most of these proposals until now due to a lack of new foreign direct investments (FDI) guidelines for the pharma sector. However, the government cleared the investment proposals despite the persisting lack of clarity on foreign direct investment norms for pharmaceutical companies.

An inter-ministerial group (IMG) on foreign direct investment (FDI) in pharmaceuticals, headed by Mr Shanktikanta Das, additional secretary, Department of Economic Affairs (DEA), had decided in late July that investments resulting in an [equity holding higher than 49 percent in an Indian pharma company will have to apply for the approval of FIPB](#)

The eight proposals cleared by the FIPB are investments equivalent to a total of \$536.86 million (Rs3,000 crore) and include firms like B Braun, Singapore (proposed to buy shares of a company engaged in the business of life-saving intravenous fluids and ophthalmic products) and Pfizer (proposed for induction of foreign equity in an operating-cum-investing company to carry out business in pharma sector).

The FIPB also cleared the proposals of Arch Pharma Labs (proposed foreign investment for manufacture and sale of active pharmaceutical ingredients and contract research and manufacturing services); Ordain Healthcare (Spain's Chemo Group proposed to buy a 100 percent stake in Ordain Healthcare Global for \$10.37 million or Rs58 crore), Sutures India (proposed to raise \$35.61 million or Rs199 crore by selling 40 percent stake to Mauritius-based Ambrose), Stellance Pharmscience, Vyome Biosciences and Zim Laboratories.

Read more: [Pharma FDI cap, right move for India](#)

However, two fresh proposals by Advanced Enzyme Technologies and UK-based Dashtag were rejected. Sutures India's plans and have been stuck since March. Two new proposals by Advanced Enzyme Technologies Ltd and the UK-based

Dashtag were deferred.

The Department of Industrial Policy and Promotion (DIPP) has vehemently opposed the investment proposals citing public health concerns and the impact that acquisitions of Indian pharma companies by foreign companies could have on the availability of low-cost drugs. This delayed the clearance of such proposals by almost five months. Foreign investment in pharma came to a halt last year after the government decided to impose conditions holding up Rs 3,000-crore worth of FDI proposals.

In last four years, MNCs have bought out several Indian firms which include Daiichi Sankyo's purchase of Ranbaxy and Abbott's buyout of domestic formulation business of Piramal Healthcare.