

GSK buyback, Hitachi's Prizm deal get cabinet go-ahead

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BEFORE the model code of conduct comes into being for the April-May general elections, cabinet committee on economic affairs cleared on Thursday two major foreign investment proposals involving Rs 8,000 crore.

GlaxoSmithKline's Rs 6,400 crore FDI proposal to acquire 24.33 per cent stake in its Indian arm secured nod from CCEA chaired by prime minister Manmohan Singh.

CCEA also cleared acquisition of Prizm Payment Services by Japanese firm Hitachi, which would result in foreign investment inflow of Rs 1,540 crore.

GSK's Indian unit is already majority owned by the Singapore-based GSK. With the acquisition of 24.33 per cent, the promoter group's share will go up to 75 per cent from the present 50.67 per cent in the Indian arm.

The acquisition will be done by way of a voluntary open offer under Sebi regulations, an official statement said.

GSK, which manufactures various drugs in the country employs over 5,000



Shopping spree

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persons and has a turnover of around Rs 3,000 crore.

Outlook on the Indian pharmaceutical companies remains favourable and investments continued to be buoyant.

In the last couple of years there have been several brownfield acquisitions in India. In September 2013, US-based Mylan got nod to

acquire Bangalore-based pharma firm Agila Specialties, a subsidiary of Strides Arcolab, for Rs 5,168 crore.

In 2008, Japanese firm Daiichi Sankyo bought out the country's largest drug maker Ranbaxy for \$4.6 billion. US-based Abbot Laboratories acquired Piramal Healthcare's domestic business for \$3.7 billion.

The GSK transaction cleared by FIPB in January will not result in any change in control of the Indian arm.

The CCEA nod for Rs 1,540 crore acquisition of Prizm Payment Services by Japanese firm Hitachi was also cleared by FIPB in mid-January, but both these proposals had to go to CCEA for final approval, as they involved foreign investment of over Rs 1,200 crore.

The proposal will enable acquisition of 100 per cent equity stake in Prizm Payment Services by India-based Hitachi Consulting Software Services and Japanese Hitachi, official statement said.

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