

Pfizer to Buy Stake in Two Foreign Units

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Shares of Pfizer Ltd, the Indian unit of the world's largest drug maker Pfizer Inc, rose by over 20% on Monday after the Indian unit announced that the company's two shareholders—Pfizer Investments Netherlands and Pfizer Corporation, Panama—will be selling majority stake to Pfizer East India Netherlands as part of an internal restructuring by the company.

The drugmaker told the BSE that Pfizer East India will acquire 29% and 31% in the company from the Netherlands and Panama units, respectively. The Netherlands unit will sell its stake at Rs 1,537 per share, whereas the Panama unit will give its stake as a gift, without any consideration.

The company, however, didn't respond to an email sent by ET about the rationale behind the deal and whether it requires an approval from the Foreign Investment Promotion Board (FIPB), which would mean that Pfizer might have to wait for clearance, as the Indian government is extremely cautious about increased foreign investment in the pharma sector. Besides, there were rumours of a possible de-listing of the entity as well.

Analysts, however, say this could be part of a global restructuring by the company. "Pfizer is restructuring its operations across the world, and this transaction could be part of it," said Sarbjit Kaur, Vice President, Angel Broking.

"I think de-listing might not be on the cards, as it's difficult to get a company delisted in India," said Mahadevan Narayanamoni, Partner Grant Thornton. He further added that if it's an inter-state transaction, then Pfizer, at best, might have to notify the foreign investment board about the restructuring. "Since there are issues like 'gifting' involved, this might be a possible tax restructuring by the company," he added.

This announcement comes a few months after Pfizer decided to merge Wyeth, another of its subsidiaries, with the Indian unit.

At the end of Monday's trade, shares of Pfizer closed at Rs 1,138, up by 9%, on the BSE.

Company.