

KKR deals get cabinet approval

OUR SPECIAL
CORRESPONDENT

New Delhi, May 13: The Union cabinet today approved private equity major KKR's contentious FDI proposal in two drug companies that was subject to scrutiny of the Competition Commission.

The two deals are estimated to be worth Rs 1,434 crore, officials said.

KKR, through KKR Floor-line Investments PTE Ltd, will

DEAD DYNAMICS

Why is the KKR deal controversial?

● KKR to buy 37.98% in Gland Pharma and 24.9% in Gland Celsus

● At the same time Gland Celsus will hike its stake in Gland Pharma to 30.24% from 17.7%

● Three-way link among KKR, Gland Pharma and Gland Celsus has raised concern

● CCI, however, vetted the transaction

pick up 37.98 per cent in Gland Pharma by directly purchasing shares from the company as well as from existing investor EILSF.

KKR will also pick up a 24.9 per cent stake in Gland Celsus Bio Chemicals Pvt Ltd.

The cabinet approved the deals after the Competition Commission gave its go-ahead in January.

The competition panel had raised some questions be-

cause Gland Pharma and Gland Celsus were linked to one another, with the latter holding a stake in Gland Pharma.

However, it cleared the deal stating the equity purchased will not have an adverse effect on competition.

KKR, Gland Pharma and Gland Celsus had entered into share purchase agreements on November 27, 2013. KKR had also entered into a shareholders' agreement with the promoters of Gland Pharma and EILSF Co-Invest I LLC.

Gland Pharma is engaged in production and marketing of specialised injectable formulations for generic versions of drugs. It also manufactures a limited quantity of APIs (active pharmaceutical ingredients) for in-house consumption.

Bhel stake

The cabinet committee on economic affairs, headed by Prime Minister Manmohan Singh, today ratified the decision to sell a 4.66 per cent stake in power equipment maker Bhel through the block deal route.

The finance ministry in March had sold 4.66 per cent in the company to the Life Insurance Corporation for about Rs 1,889 crore. The LIC purchased 11.41 crore shares in Bhel at Rs 165.55 apiece through a block deal on the BSE. Following the deal, government stake in Bhel has come down to 63.06 per cent from 67.72 per cent.

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