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Pharma FDI over 49% may need FIPB no

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MG Arun
Mumbai, Apr 3

HAUNTED by the spectre of India's globally acclaimed generic drug industry being swamped by the West's acquisition-hungry Big Pharma, the government is planning to regulate foreign investments in the sector, where 100% FDI is now allowed through the automatic route. As per the plan, FDI above 49%, if used to acquire stakes in Indian companies, would come under the scrutiny of the Foreign Investment Promotion Board (FIPB). FDI meant for greenfield ventures would, however, continue to be under the "automatic approval" route, where the Reserve Bank of India is the sole gatekeeper.

ACQUISITION OF INDIAN COMPANIES BY FOREIGN MNCS

Year	Indian company	Foreign company	Country of origin	Value ($m)
Aug 2006	Matrix Lab	Mylan	USA	736
April 2008	Dabur Pharma	Fresenius Kabi	Singapore	219
June 2008	Ranbaxy Labs	Daiichi Sankyo	Japan	4600
July 2008	Shanta Biotech	Sanofi Aventis	France	783
Dec 2009	Orchid Chemicals	Hospira	USA	400
May 2010	Piramal Healthcare	Abbott	USA	3720

The Indian pharma sector has seen six big-ticket acquisitions since 2006 (see chart). The government reckons that the multinationals, which are
drying up of new
pipelines, are atten
more such buys in Inc

Promoters of ever
Indian drug comp
would find these pro
hard to resist, given t
price to earnings ra
the measure of pric
share offered to the
come per share — be
fered by the pharma
nationals are two-to
times the going rates
er industries.

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