

Govt approves foreign investments in two Indian pharma firms

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The Cabinet Committee on Economic Affairs (CCEA), chaired by the Prime Minister Mr Narendra Modi, on April, 07 approved two significant foreign investments in the pharmaceutical sector.

Aurobindo Pharma are engaged in manufacturing generic pharmaceuticals and active pharma ingredients, and approvals have been given for Qualified Institutional Buyers to infuse fresh equity of upto 7 percent amounting to about Rs 2165 crore into the company. The existing FII shareholding is 27.32 percent in the company. This will enable the company to expand its operations in the areas of anti infective, cardiovascular and central nervous system related ingredients. Aurobindo Pharma employs more than 9500 professionals from 26 countries.

Glenmark Pharmaceutical has increased the foreign investment limit by FIIs from 35.07 percent to 49 percent. This will result in an inflow of about Rs 2022 crore. Apart from manufacturing pharmaceuticals, the company is also engaged in Research and Development activities in drugs. Glenmark Pharmaceuticals is a \$1 billion Indian pharmaceutical company, with a global presence with manufacturing facilities in India, Europe and South America.

Both companies are promoted by Indian entrepreneurs who have developed a global footprint over the years. The companies are required to continue to produce medicines under the National List of Essential Medicines (NLEM) at the same levels as they had been doing in the past. These companies are also required to maintain R&D expenditure at the maximum levels incurred in the past three years and to provide complete information regarding transfer of technology that has been done. This underscores the importance given by the Government to strengthening healthcare in the country, by ensuring availability of drugs to the people at reasonable prices.

These investments show the continued confidence of international investors in the domestic Intellectual Property Regime in the pharmaceutical sector.

By investing in Research and Development, these companies have become players in the global pharmaceutical market and exemplify "Make in India" which is being promoted by the Government of India.