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GSK's Rs 6,400 cr investment approved by FIPB

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India's Foreign Investment Promotion Board (FIPB) has cleared GlaxoSmithKline's proposal to invest Rs 6,400 crore in its Indian arm



In what is being dubbed as the highest investment ever in the Indian pharma sector, the country's Foreign Investment Promotion Board (FIPB) has approved GlaxoSmithKline's Rs 6,400-crore investment proposal.

The British drug maker has proposed to invest Rs 6,400 crore in its Indian arm to raise its stake in the company.
India's FIPB further cleared a proposal by Singapore-based pharma company Hospira to bring Rs 1,039 crore into its India operations. An FDI investment proposal worth Rs 1,540 crore by Japanese major Hitachi too was approved.

The Singapore subsidiary of UK-based GSK proposes to buy 24.33 percent stake or 20.6 million equity shares in GSK Pharma Ltd through an open offer. GSK Pharmaceuticals is already majority owned and controlled by the GSK Group.

After the fresh equity infusion, holding of the promoter group firms in the Indian subsidiary will go up to 75 percent from the current 50.67 percent. The open offer for tendering of shares is scheduled to remain open from February 7-21.

Despite objections by the Department of Industrial Policy and Promotion (DIPP) over indiscriminate inflow of FDI in existing pharmaceutical projects, foreign investments in the sector during the April-October period were to the tune of $1.08 billion (Rs 5,956 crore).

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