

भारतीय निर्यात-आयात बैंक

EXPORT-IMPORT BANK OF INDIA

J. Samuel Joseph
General Manager

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महाप्रबंधक

CBG: Misc: 16/ 2012-13

Date: 28.05.2012

Dr. P. V. Appaji
Director General
Pharmaceuticals Export Promotion Council of India
101, Aditya Trade Centre, Ameerpet
Hyderabad – 500 016

Dear Sir,

Sub: Financing Solutions for Indian Pharma Industry
Ref: Meeting with Secretary, Department of Commerce on 07.02.2012

Please refer to your letter No.PXL/HO/EXIM/2012 dated 18.05.2012 regarding the above subject.

In order to address the specific requirements of Pharma sector regarding investment in R&D, acquisition of patents, brands and other intangibles assets by corporate, Bank has introduced following specialized schemes for the sector :

- (i) Assistance for research & development activities including new product development, clinical trials and related costs for obtaining regulatory approvals/IPRs
- (ii) Assistance for acquisition of brands (both domestic & overseas brands)

Further, in order to increase awareness of our Pharma specific schemes amongst Pharmexcil members, we have already taken up the matter with Shri Raghuveer Kini, Executive Director, Pharmexcil, Mumbai vide our letter No.CBG :MISC:2/2012-13 dated 16.04.2012. We have requested vide our aforesaid letter to upload our Pharma specific schemes on the website of Pharmexcil, the same is expected to be uploaded shortly. This would address the issue of lack of awareness amongst many Pharma units, highlighted in your above letter.

As the premier export finance institution of India, we endeavour to assist in creating export capabilities in SME enterprises and extending all our schemes to SME sector as well. Moreover, you would appreciate that exposure of EXIM Bank to Pharmaceutical sector is placed at around 9% vis-à-vis Gross Bank Credit to Pharma sector of approx. 2.50% from India Banking Sector.

The major guidelines for aforesaid specialized financial schemes are enclosed at Annexure, we hope that Pharma sector would take utmost benefit of our schemes.

Yours faithfully,



Samuel Joseph



Financing scheme for Research & development

Eligibility	a) Export oriented firms, eligible for assistance ; b) Research foundations/ Institutes/SPVs promoted by companies eligible for financing subject to their possessing the powers to borrow.
Eligible expenditure	Both capital and revenue expenditures including <i>inter alia</i> : <ul style="list-style-type: none"> • Land and building, civil works for housing eligible R&D activities; • Equipments, tools, computer hardware/ software, miscellaneous fixed assets used in eligible R&D activities; • Salary of R&D personnel, support staff during the R&D project phase including training costs; • Product documentation and allied costs during the R&D project phase; • Acquisition of technology from India or overseas at the "proof of concept or design stage, which will be used to develop new product/ process; • Cost of regulatory approvals, filing and maintenance of patent registration; • Costs of materials, surveys, technology demonstration studies and field trial etc.
Loan amount	80% of the eligible expenditure.
Tenor	Not exceeding 7 years.
Security	Security may be in the form of the following: Appropriate charge on the assets, Corporate Guarantee, charge/ assignment on the regulatory approval/ IPR, personal guarantee etc.

Financing scheme for Acquisition of Brands

Eligibility and eligible expenditure	EOUs for acquisition of brands, both domestic and overseas brands. Such acquisition of brands is expected to consolidate the assisted company's market position and to diversify product range.
Loan amount	80% of the planned investment in the brand
Security	Security may be in the form of the following: <ul style="list-style-type: none"> • Appropriate charge on assets of the company; • First English Mortgage of proposed/ existing brand or any other form as may be acceptable; • Personal guarantees of promoters; • Corporate guarantee of Group Company backed by mortgage of its immoveable fixed assets; • Pledge of Promoter's shares in the assisted company.