

Sector : Healthcare
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Manufacturing Pharmaceutical Products for the Local & Export Market



Promoted By: S.J. Key Strategies (Pvt) Ltd

Sector	Healthcare
Geographical Location	A suitable land to be identified for the project
Project Description	The Government of Sri Lanka has spent US\$ 472 Million on import of generic Pharmaceutical and Medical Products in 2016. The estimated cost of locally manufactured pharmaceutical products in 2016 was approx. US\$ 40 million. This was 8% -10 % from the total requirement. Therefore there is an opportunity for manufacturing pharmaceutical product for the local /national requirement. Accordingly the special incentives have been granted to manufacture pharmaceutical products as import replacement for the country in budget proposal.
Fringe benefits and incentives offered by the government	Companies or projects that are setup as BOI projects enjoy a wide range of attractive benefits including and Incentives like tax holidays, import/export concessions, foreign investment protection support. Value Added Tax Act and Strategic Development Project Act are available for BOI Approved Companies. In addition, BOI provides duty free facilitation and exchange control exemptions for projects approved under BOI Law. Various tax incentive, concession and benefits has been introduced by the Government of Sri Lanka to promote private investments, both domestic and foreign into desired sectors of the economy. These tax incentives mainly include exemption on Corporate Income Tax, Customs Duty, and Value Added Tax.
Project Size	US \$12.5 million to be considered as Import Substitution and USD 5.0Mn for 90% Export Oriented.
Major economic and social benefits	<ul style="list-style-type: none"> • Establishing Pharma industries will generate huge employment in the country • Awareness of health services. • Increasing in the exports of Pharmaceutical Products will increase the foreign exchange • Increase in the overall economy of a country. • Increase in the living standards, people of Sri Lanka can enjoy the quality of life. • The signing of the Comprehensive Economic Partnership Agreement (CEPA) between India will make the current economic engagement more prolific by bringing more investment and services in Sri Lanka.
Significance of the project	With increasing health awareness among Sri Lankans come a booming demand for medications and other pharmaceutical products. Pharma industry offers a very valuable opportunity for Sri Lanka to diversify its manufacturing and export base and thereby reach the goal of upper middle income country by 2020 and a rich country by 2035. The pharmaceutical industry in the country has grown tremendously. There are more than 100 pharmaceutical players from India with strong business links in Sri Lanka. It is predicted that the number will continue to grow as more companies start considering Sri Lanka as a preferred gateway for pharma exports.
Current Status	Project can be initiated with immediate effect.
Reasons to invest	Profit margins are high: If you have enough capital to set up a pharmaceutical company, you will make lots of profit in the long term. But if your capital is low, you can start small

	<p>by buying pharmaceutical products as a wholesaler or retailer and selling to consumers. The Government is also providing opportunities for many Indian companies for joint ventures (JVs) and Greenfield projects. The Sri Lankan Government is in the process to strengthen their regulation to have better quality checks. Overall the Government is providing good support to boost this sector. Only country in the world that has Free Trade Agreements with both India & Pakistan and already giving a Free Trade access to approximately 25% of world's population environmentally safe and sound country, good opportunities for foreign investor to invest in Sri Lanka. Foreign investors are allowed 100% ownership of their investment Safety of foreign investment is guaranteed by the constitution.</p>
<p>Recommended way forward</p>	<ol style="list-style-type: none"> 1. Exclusive Mandate authorizing Local Promoter to participate on behalf of the Investor / Developer 2. Submission of Expression Of Interest 3. Submission of Initial Screening Documents by the proponent including proof of funds 4. Signing of Cooperation Agreement with the responsibility matrix 5. Submission of Preliminary Proposal 6. Obtaining in principal go ahead by the authorities 7. Develop a detailed proposal with the help of a local promoter after carrying out a feasibility study 8. Preparation of a fund raising model and a commercial proposal 9. Final approval and financial closure.
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