

## Young Medical Devices Cos Cheer 100% FDI in Sector

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**Bengaluru:** Young medical devices firms have welcomed the government's decision to allow full foreign direct investment (FDI) in the medical devices sector, saying this will encourage acquisitions and collaborations to develop new technologies. The government has allowed 100% FDI under automatic route in medical devices sector to encourage manufacturing of equipments, including diagnostic kits and other devices.

Six-year-old Sofomo Embedded Solutions said this could pave way to more M&A activity for start-ups in India. "It becomes easier for small companies such as ours to catch attention of the big guys, when they're physically present here," said Gautam Morey, 35-year-old founder of the company, which sells a device that can capture and transmit ECG to the medic's fingertips within seconds.

The Pune-based company has so far sold 150 machines priced at a minimum value of Rs 40,000. The company, which is looking to raise Series A round, said a foreign-based investor would be best placed to take them to newer markets. Morey, however, added that other monetary benefits should be extended to large players if manufacturing in the space were to take off.

Priyank Saxena, chief executive at Bengaluru-based InfraEyes, said he is open to mergers or acquisitions. "Definitely. On the one hand, it gives avenues for potential M&As for early-stage start-ups like ours. At the same time, it will also increase the attractiveness of the industry," said Saxena.

InfraEyes launched a non-invasive vein detection and location device named Veinus for doctors and nurses. The 2011 start-up was reviewed by Healthstart, the country's first healthcare incubator and angel investment firm, and tested its pilot at St John's Hospital in Bengaluru.

Anand Madanagopal, founder of Cardiac Design

Labs, said the government's decision on FDI opens new doors for companies like his. "It is a very good news. I am in talks with a foreign investor."

The Bengaluru-based start-up is making medical care more affordable by enabling cardiac patients in sub-urban and rural India to access advanced care through a device that brings in and alerts specialists in case of a problem.

The device combines communications and proprietary algorithms technology and is designed for use in emerging markets where cardiologists and large hospitals are scarce.

"I am excited. The regulations becoming flexible will help start-ups like us attract capital," said Sairam Maduri, 24, founder of the Fournira Optime Diagnostics, a Hyderabad-based start-up, which has developed a technology to

detect breast cancer at an early state using a simple blood test.

Ramesh Radhakrishnan, partner, at US-based venture capital firm Artiman Ventures, said the decision on FDI would encourage investors in Indian companies look for globally applicable products. "A lot of innovative ideas on this sector die because of lack of investment at the angel and venture stage," he said.

According to experts, not just start-ups but even companies in the sub-Rs 50 crore segment have not been able to grow much due to lack of funds. "Now, there will be a greater level of interest from private equity as well as strategic investors from abroad to understand and invest in the space," said Vrinda Mathur, director at advisory firm Grant Thornton India LLP.

The Indian medical device market ranks among the world's Top 20. It was valued at \$3,226 million (Rs 2.04 lakh crore) in 2013, according to Espicom Business Intelligence, a UK-based company.

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