

Shares of India's Ranbaxy slide 19% on new US FDA ban

January 24 2014

Shares in one of India's biggest drugmakers, Ranbaxy Laboratories, slid 19 percent Friday after the US Food and Drug Administration suspended imports from a fourth manufacturing plant of the firm.

The FDA said Thursday it found significant violations from expected "good manufacturing practice" standards at Ranbaxy's Toansa factory in the northern state of Punjab.

"Appropriate management action will be taken after completion of the internal investigation," Ranbaxy said Friday in response to the FDA statement.

The New Delhi-based drug manufacturer's stock finished the day at 335.65 rupees, down 81.50 rupees or 19 percent on the Bombay Stock Exchange.

The Toansa plant makes so-called APIs—active pharmaceutical ingredients—for the company's drugs which include treatments for ailments including heart and nervous system disorders.

Toansa now joins the firm's Mohali plant and two other facilities which have been banned by the FDA, further excluding the company from one of its biggest markets.

Alleged violations at Toansa included staff re-testing raw materials and drugs "after those items failed analytical testing and specifications in

order to produce acceptable findings," according to the FDA regulator.

The plant now cannot supply drugs for the United States until the FDA regulator re-inspects the facilities and is satisfied that failings have been corrected.

Prospects are "bleak for the company near- to mid-term", brokerage house Prabhudas Lilladher said in a research note, according to Indian financial website Moneycontrol.com.

Japanese drugmaker Daiichi bought Ranbaxy in 2008 believing its dominance in cheap generic medicines and developing markets would help the firm grow.

But the Indian company has been a weight on Daiichi's books ever since due to its regulatory problems.

Shares have fallen 27 percent in the last 12 months. Daiichi paid 737 rupees per share in 2008, more than double their current level.

The US market traditionally makes up some 40 percent of Ranbaxy's sales.

© 2014 AFP

Citation: Shares of India's Ranbaxy slide 19% on new US FDA ban (2014, January 24) retrieved 2 May 2024 from <https://medicalxpress.com/news/2014-01-india-ranbaxy-fda.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.