

# Ranbaxy Suspects Staff Behind Toansa Woes

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NEW DELHI

**R**anbaxy Laboratories, the troubled drugmaker, has hinted at the possibility of sabotage by disgruntled employees at its manufacturing facility in Toansa, Punjab, which was blacklisted by the US drug regulator early this month.

According to two persons who have been briefed by Ranbaxy executives, preliminary findings of the company's internal investigations indicate that some of the manufacturing violations at the Toansa plant detected by US Food and Drug Administration (FDA) could be the handiwork of a few disgruntled employees.

These employees, it is understood, were from the quality control team who were miffed with the management as they had been offered a voluntary retirement scheme (VRS) on the advice of an external consulting firm. Company executives suspect that a few of those upset with the management's action created some 'quality issues' at the plant, and then fed this information to the US FDA investigators. A company spokesperson refused to offer any comment on the matter.

After the FDA imposed an import alert on Ranbaxy's biggest drug ingredient plant at Toansa, its CEO Arun Sawhney had said the company was conducting 'internal investigations' and 'appropriate management action' would follow. "This is unacceptable," Sawhney said.

The Boston Consulting Group, which had been tasked by Ranbaxy to improve productivity, had as part of the 'Operation Delta' project, advised the company to offer voluntary retirement scheme to about 1,000 employees, including executives from the quality control department.

Ranbaxy has repeatedly got into trouble with US regulator at multiple plants, crippling its business in North America. Toansa was the fourth plant to be blacklisted by the FDA, with manufacturing facilities at Paonta Sahib, Dewas and Mohali, being the earlier three.

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## Disgruntled Employees Sabotage Facility: Co

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the UK and Australia. The Indian regulator has already begun inspections at Toansa plant and has ordered the company to explain the violations cited by US FDA by the end of this week.

On Thursday, Ranbaxy stock fell 1.2% to close at ₹323 on Bombay Stock Exchange.

Skeptical industry executives do not buy the sabotage theory. "You cannot expect disgruntled employees to have released flies. By now it is apparent that the company's problems run much deeper," a senior executive of a rival firm said on condition of anonymity.

Another industry executive said even if the internal probe proved foul play, it would not do anything to change the fortunes of the company. "It still means that the processes in the company's plants are not fool-proof and are susceptible to manipulation, something FDA doesn't tolerate," said this executive.

Under the provisions of the consent decree signed with the US FDA in January 2012, Ranbaxy also set up a whistle-blower programme for its employees to inform an independent agency of any suspected 'unethical and improper practice taking place in the company'.

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