Ranbaxy says Toansa unit ban will hit US business by 10-12%

Drug-maker cuts loss in fourth quarter to Rs 159 cr

OUR BUREAU

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Ranbaxy Laboratories Ltd said on Wednesday the recent ban on its Toansa plant in Punjab from exporting drugs to the US, its largest overseas market, will hit company's American business by 10 to 12 per cent.

While announcing the results for the fourth quarter ended December 31, CEO Arun Sawhney said the drug-maker, majority-owned by Japan's Daiichi Sankyo, recorded sales of ₹910 crore during the December quarter in the US. Only 10-12 per cent of Ranbaxy's US business was dependent on the Toansa facility in 2013, he told investors. The company saw a rebound in its financial performance during fourth quarter – net loss fell to ₹158.9 crore from ₹492.4 crore a year ago. (Ranbaxy follows calendar year for reporting results). Last month, the US Food and Drug Administration (FDA) issued an import alert against the Toansa plant, raising questions about the company's manufacturing practices.

Sawhney said 85 per cent of its total sales do not come from the active pharmaceutical ingredients (APIs) manufactured at the Toansa facility. However, industry experts estimate that the ban on Toansa could hit Ranbaxy's sales in the US by as much as 35-40 per cent over the next three to four quarters. The CEO added "the internal investigation" into the circumstances that led to the US ban is "still going on and stringent action will be taken" against those found responsible.

Income rises

The company's total income increased to ₹2,929.2 crore during the December quarter from ₹2,787.8 crore a year ago.

Net sales also rose to ₹2,858.9 crore from ₹2,670.8 crore.

On Wednesday, the company's stock rose 5.69 per cent on the BSE following the announcements to close at ₹340.05.