

# Sun Pharma to shut Detroit facility in a bid to reduce cost

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**Mumbai:** As part of its manufacturing consolidation in the United States and as well as in a possible effort to bring down its overall costs, Sun Pharmaceutical Industries said it will close its facility at Detroit in the US.

The company has notified the Workforce Development Agency for the State of Michigan regarding its decision to cease manufacturing operations and close the Detroit facility which belongs to Sun Pharma's subsidiary Caraco Pharmaceutical Laboratories, located at Elijah McCoy Detroit, MI, USA, it said in a statement on the Bombay Stock Exchange.

It also said, "The company has ensured that the impacted employees get compensated with more than their regular entitlement under the severance package. They will also receive other support services including outplacement assistance." About 123 employees will get directly affected by the decision to close down



the Detroit unit.

According to Sun Pharma spokesperson, the decision to close down the facility is driven by business considerations. "Our capacity in the US is considerably large and it has become essential to consolidate our manufacturing in line with the market requirements," the spokesperson said.

"We have turned around the Detroit unit post the consent decree. It was brought back into operation since 2012. The current decision to close the unit is in line with our strat-

egy to consolidate manufacturing operations in the US." The generic drugmaker has recently signed a \$3.2-billion deal to buy Ranbaxy Lab.

The company manufactures six products at the Detroit unit. "We have undertaken necessary measures to ensure business continuity of these products by transferring the production of these drugs to our other units and all necessary steps have been taken to avoid market shortage," he added. Sun Pharma expects a negligible impact of this development on its 2014-15 consolidated revenues. According to a pharma analyst, the decision to shut down Detroit facility will have a small impact.

"Though the FDA related issue in the facility has already been resolved, this decision can be looked as a process of rationalisation, through which the company plans to cut down on costs. No major impact is expected though the company may incur some losses unless the transfer of drugs to other facilities gets completed," the analyst said.

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