# Halol unit of Sun Pharma comes under U.S. FDA scrutiny
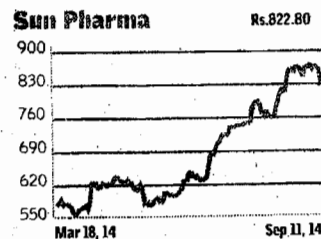
Special Correspondent

**MUMBAI:** The share price of Sun Pharmaceutical Industries (Sun) reacted on Thursday on reports of U.S. Food and Drug Administration (FDA) conducting a surprise inspection of the company's manufacturing plant at Halol in Gujarat.

As against Wednesday's close of Rs.859.65 on the Bombay Stock Exchange, the stock fell to a low of Rs.808 in early trade on Thursday before closing at Rs.822.8, down 4.29 per cent.

The company refused to comment on reports of the inspection, but sources indicate that the move may have been triggered by a number of recent recalls from the plant.

In May, Sun Pharma's other manufacturing facility in Karkhadi, Gujarat, had re-



Sun Pharma    Rs.822.80

ceived a warning letter from the U.S. FDA after investigators had identified violations of current good manufacturing practice (cGMP) and regulations for finished pharmaceuticals.

The Halol plant was last inspected in September 2012, and reportedly contributes around 40 per cent of Sun's U.S. sales and around 25 per cent of the consolidated profit of the company.

"Results of the ongoing inspection at Sun Pharma's Ha-

lol plant will be significant given its importance to the company's U.S. revenues as well as for its overall performance going forward," Sarabjit Kour Nangra, Vice-President-Research, Angel Broking, said, adding that in 2013-14, the U.S. business accounted for 60 per cent of Sun's overall sales.

"Going forward, after the merger with Ranbaxy Labs, its dependence on the region will reduce to around 45 per cent of the expected sales in 2015-16. Thus, the share of the plant in the overall sales will reduce going forward (expected to be around 10 per cent of sales in 2015-16), while profitability could be impacted given the low profitability of Ranbaxy Labs in case of an adverse implication."

company