

Pharma firms see hard times ahead as rupee goes on tumble vs dollar

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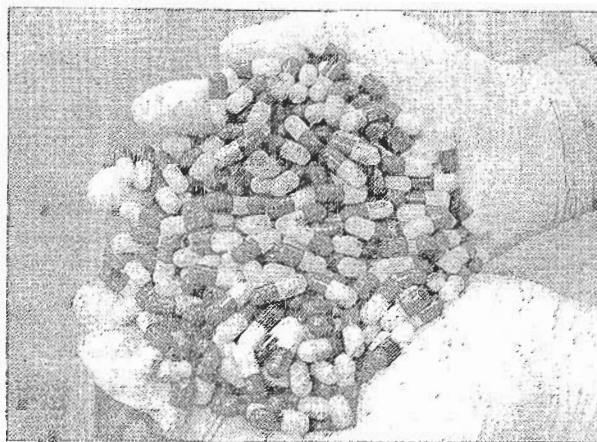
IT is turning out to be a no-win situation for pharmaceutical companies as the rupee depreciates against the dollar, despite a chunk of their sales coming from exports.

Industry body Indian Drug Manufacturers' Association (IDMA) said that while the dip will have adverse impact on import costs, the export benefits are unlikely to accrue.

"The import bills will go up. For exports, as the dollars are hedged in advance most of the pharma firms will not get the benefit," IDMA secretary general Dara Patel told PTI.

Expressing similar views, vaccine maker Serum Institute of India CMD Cyrus S Poonawalla said intervention by the Reserve Bank of India is required to lessen the burden.

"We will also get hurt be-



CURRENCY WOES: A depreciating rupee is bad news for pharma companies, which are dependent on imported ingredients

cause no one could have imagined the rupee at Rs 52 level (against the dollar). RBI must take measures to bring back the rupee at Rs 48 level," he said.

Lupin president finance and planning S Ramesh said the currency "volatility continues to be a major area of concern" and pharmaceutical companies may

have been caught off-guard.

"I seriously doubt whether most of them were able to take full advantage of the benefits given the abrupt nature of the depreciation," he said.

HDFC securities vice president, institutional research Ranjit Kapadia said in case the revenues are hedged the benefit would be

lower.

Taking a divergent line Glenmark Pharmaceuticals chairman and managing director Glenn Saldanha said: "Being a company that has substantial dollar denominated sales, the depreciating rupee can tend to positively impact a company like Glenmark."

Agreeing with him, KPMG executive director Hitesh Gajaria said: "For pharmaceutical companies which are focused on exports the depreciating rupee is a good news."

He, however, said it is partially negated if they are dependent on imported active pharmaceutical ingredients.

The Indian rupee has been continuously losing ground against the dollar and touched an all-time low of 52.73 on Tuesday, although it gained 32 paise to Rs 51.92 per US dollar this morning on the Interbank Foreign Exchange.

Industry.

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Dr. Anurag K. T.

Dr. Anurag K. T.
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