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Ranbaxy may wind up Mohali unit

18 Jun 2010, 0356 hrs IST, Vishal Dutta & Khomba Singh, ET Bureau

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AHMEDABAD/NEW DELHI: India's largest drugmaker Ranbaxy Laboratories may close down one of its biggest global bulk drug production units at Mohali, and is sourcing few products made at the facility from local drugmakers ahead of the closure, two people familiar with the matter said.

Although Ranbaxy has been looking to outsource manufacturing of certain products, it planned to restrict the strategy to small markets. In its latest annual report, the company said it will look to outsource either products or manufacturing capacities for its business, but in countries which are outside its top 20 markets. India is one of its top market.

Last week, Chandigarh-based Parabolic Drugs said it has bagged a contract to make two key bulk drugs for Daiichi Sankyo-owned Ranbaxy, without naming the products. A senior industry executive familiar with the deal said one of the product is advanced antibiotics cephalosporin that is manufactured at Ranbaxy's Mohali unit in Punjab. Cephalosporin is the company's best selling prescription drug sold under the brand Spordex.

"Residents have been objecting to the location of the plant over pollution and environmental issues," the same person said. The second person said the Mohali plant may be closed as early as December this year. Both requested not to be named.

The Gurgaon-based company said it constantly evaluates outsourcing opportunities for strategic and commercial value but denied plans to close the plant. "The Mohali facility complies fully with all environmental regulations and we enjoy a healthy relationship with the community in and around the plant. As of now there are no plans for closure," a company spokesman said.

Ranbaxy has two production units in Mohali, one making bulk drugs and the other churning out formulation medicines. The company is expected to close the bulk drug facility. In 2008, Ranbaxy sold some of its surplus land and building in Mohali but continues to use the building on a rental basis.