

Chennai Floods Hit Small Drug Factories, Blow to US Exports

Production at factories hit as pharmaceutical cos need to follow strict air & water purity safety standards

Bharani Vaitheesvaran
@timesgroup.com

Chennai: The flood that ravaged Chennai and coastal Tamil Nadu has hurt small drug factories that are essential nodes in the Indian generic drug manufacturing ecosystem that addresses a \$6,000 crore (approx) market in the US. Drug makers along the Tamil Nadu coast ship tonnes of drugs for ailments from diabetes to disease.

Most of these are unbranded drugs or their raw material contract manufacturers in India. One of the largest manufacturers of anti-inflammatory drug Ibuprofen operates from Chennai. Production at factories was hit since Diwali as incessant rains flooded approach roads and cut off commuting options for workers. The consequences on the ground are damaging as a drug factory is no ordinary workshop.

The tiniest of factories needs to follow strict air and water purity safety standards because their output could be used by an upstream factory exporting to the US. While auto makers or a machine tools plant can get back quickly after the water logging, a medicine plant could need a minimum of 10 days, or even weeks, to reconstruct its clean-room environment.

"Besides IT and automobile, Chennai is also home to generic drug ingredients and finished dosage makers. These factories have little visibility because they are contract manufacturers, but many of them supply to known brands," said J Jayaseelan, chairman for Tamil Nadu, Puducherry and Kerala at the Indian Drug Manufacturers' Association. Besides supplying to Indian brands, Tamil Nadu exports over \$6,000 crore worth of drugs, about 7% of India's total drug exports.

A large portion of this goes to countries in Africa, Asia and Latin America, dubbed Rest of the World, while about \$1,000 crore worth of medicines is shipped to western markets. Jayaseelan puts the loss due to stoppage of production at \$150-200 crore, keeping aside the expenditure small entrepreneurs need to make to get their machinery back in working order.

Chennai's industry clusters in Perumudivakkam, the industrial estate in Ambattur as well as factories in Puducherry and Cuddalore have been flooded. There are nearly 200 drug plants in and around Chennai and along the

coastal belt including Cuddalore. There are nearly 150 in Puducherry. Though a formulations hub, Chennai also hosts two of the oldest in the Indian pharmaceutical industry — Orchid Chemicals and Shasun Pharmaceuticals. Both have vertically integrated manufacturing set-ups and large client bases around the globe.

There is just for the medium term. There is a good possibility that factories cover up losses as they ramp up production," said K Raghavendra Rao, who runs the 23-year-old Orchid, which shook off takeover attempts by Raibaxy but sold some businesses to the US-based Hospira after debt flooded it. Rao, an industry veteran, said his facilities south of Chennai faced some impact and have been "restarted", but sterile manufacturing will take its time. Executives at Shasun said the company's facility at Puducherry was recovering well but the status of the plant in Cuddalore could not be ascertained. The flooding had impeded flow of drugs to retail shelves in Puducherry, but wholesalers in Chennai say they have managed to reach retailers through the week.

Pharmaceutical distributors and the Indian Drug Manufacturers' Association have collected Whitfield'sointment, used against bacterial infections, in thousands of tubes for dis-

Wet Drug Fields

FLOOD-HIT INDUSTRIAL CLUSTERS
Perumudivakkam, Ambattur, Puducherry and Cuddalore exports from TN



Drug plants around Chennai & the coastal area
Plants in Puducherry
worth products go to western markets
Export markets
Major share goes to Africa, Asia & Latin America

agement in Chennai and Cuddalore in collaboration with the state health department. However, on Tuesday, the ointment had gone out of stock with Chennai's distributor circles, requiring delivery from manufacturers.

Chennai