

Ipca Lab stops API exports from Ratlam unit to U.S.

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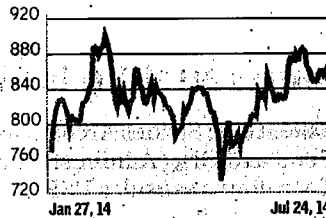
MUMBAI: Ipca Laboratories has voluntarily stopped shipments of active pharmaceutical ingredients (API) made at its Ratlam facility to the U.S. This follows a recent inspection of the facility by the U.S. Food and Drug Administration, after which the company received certain inspection observations in Form 483 from the U.S. FDA. "Consequent to this, the company has voluntarily decided to temporarily suspend API shipments from this manufacturing facility for the U.S. markets till this issue is addressed," a release said.

The voluntary stoppage would have an impact on its formulations export business to the U.S. since its formulations manufacturing units situated at Piparia (Silvassa) and SEZ, Indore (Pithampur), used the APIs manufactured from the Ratlam facility, the release added.

According to analysts, Form 483 does not imply a withdrawal from the market. However, since the company

Ipca Lab

Rs.727.65



has voluntarily withdrawn the products, there could be an impact on a part of its API and formulation business in the U.S. In 2013-14, the U.S. contributed sales of Rs.419.6 crore (12 per cent of total sales and 20 per cent of exports).

"Thus, net impact on the company will depend on the time company takes to come out of the same (it will have to respond to the observation in 15 days, with a recourse and time line on resolving the issues) or shift its business to other U.S. FDA-approved facility," she said.

On the Bombay Stock Exchange, the stock reacted significantly to touch a day's low of Rs.711.45 before recovering to close at Rs.727.65, a loss of 13.06 per cent.

Company