Another jolt for Ranbaxy Labs

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Ranbaxy Laboratories, which has been charged by the US Food and Drug Administration with “falsifying’’ data, has agreed to a Canadian government’s request to quarantine all drugs coming into Canada from its drug making facility in Himachal Pradesh.

Shares of Ranbaxy and Daiichi plunged to 52-week lows.

Ranbaxy has acceded to the request of Health Canada to quarantine drugs produced from its Paonta Sahib facility at Himachal Pradesh, North American country’s newspapers reported, highlighting the trouble in store for the Japanese-controlled drug maker. Health Canada is a department of the government of Canada with responsibility for national public health.

Ranbaxy and Daiichi’s shares extended a decline for a second day. Ranbaxy shares fell 4.8 per cent to Rs 161.8 today on the Bombay Stock Exchange. They have lost about 23 per cent in two days.

Daiichi declined about 5.3 per cent on the Tokyo Stock Exchange, taking its two-day decline to about 15 per cent. The drop was exacerbated on speculation of possible withdrawal of approved Abbreviated New Drug Approvals (ANDAs) from Paonta Sahib and on concern that more drug regulators of other geographies may review their stand on the facility in question.

The US FDA on Wednesday, accused Ranbaxy of falsifying data and test results of medicines produced from its Himachal Pradesh facility to obtain marketing approval in the world’s biggest drug market.

The drug regulator had stopped all new approval from the facility and banned the sale of medicines from that plant in September 2008.

The falsification happened in the case of the both approved and pending drug application, the regulator said. Health Canada didn’t give details of the type and quantum of drugs Ranbaxy’s Canadian unit imports into the country. The watchdog also did not issue a separate advisory for users of drugs. Ranbaxy’s New Delhi-based spokesperson declined to comment on the development. This is the second instance where US drug regulator's warning to Ranbaxy has evoked a response from its Canadian counterpart. In September 2008, when US announced a ban on Ranbaxy's 30 products manufacturing from its Paonta Sahib and Dewas facilities, Health Canada had sent a letter to Ranbaxy's Canadian subsidiary requesting an action plan and response to the FDA warning letter.