

**GOVERNMENT OF INDIA
COMPANY AFFAIRS
LOK SABHA**

UNSTARRED QUESTION NO:549

ANSWERED ON:03.12.2004

PHARMACEUTICAL COMPANIES

Mehta Shri Alok Kumar;Muqueem Shri Mohammed;Paraste Shri Dalpat Singh

Will the Minister of COMPANY AFFAIRS be pleased to state:

- (a) whether the top pharmaceutical companies had been siphoning of the funds through licensing arrangements with their associate/subsidiary companies;
- (b) if so, the details thereof alongwith name of such companies;
- (c) whether cost audit reports of companies such as Cipla, Ranbaxy, Dr. Reddy, Sun Pharma, Nicholas Piramal, Torrent, US vitamins, Cadila Health Care, Cadila Pharmaceuticals, IPCA, Lupin, WOCKHARDT, Unichem, Aurobindo Pharma, Glenmark have not been analysed;
- (d) if so, the reasons therefor;
- (e) whether the Government propose to investigate the matter; and
- (f) if so, the details thereof and action taken by the Government thereon?

Answer

MINISTER OF COMPANY AFFAIRS (SHRI PREM CHAND GUPTA)

(a) and (b) There are no findings available with this Ministry of siphoning of funds by the pharmaceutical companies through licensing arrangement with their associate/subsidiary companies.

(c) and (d) Cost audit of all the companies listed in part (c) is carried out under section 233B of the Companies Act, 1956. A statement indicating the names of the companies in question for which cost audit reports have been sent to National Pharmaceutical Pricing Authority and Department of Expenditure for their analysis/ study is annexed herewith.

(e) and (f) The compliance with section 233B of the Companies Act, 1956 is monitored in the Ministry of Company Affairs. The National Pharmaceutical Pricing Authority/Department of Expenditure are availing cost audit reports from this Ministry for cost/price related studies. The Government undertakes investigation as per the provisions of the law whenever any specific allegation of siphoning of funds etc. warranting investigation is noticed.

Annexure to PQ 549 due for 3.12.04

Status on review of Cost Audit Reports of selected pharmaceutical companies

Sl.No.	Name of the Company	Cost Audit Reports sent to for the year
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I. For Bulk Drugs

1	Cipla Ltd.	NPPA# 2002-03
2	Ranbaxy Laboratories Ltd.	NPPA 2002-03
3	Dr. Reddy's Labs. Ltd.	NPPA 2002-03
4	Nicholas Piramal India Ltd.	NPPA 2002-03
5	Cadila Health Care Ltd.	NPPA 2002-03
6	Cadila Pharmaceuticals Ltd.	NPPA 2002-03
7	IPCA Labs.Ltd.	NPPA 2002-03
8	Unichem Laboratories Ltd.	NPPA 2002-03
9	Aurobindo Pharma Ltd.	NPPA 2002-03

II. For Formulations

1 Cipla Ltd. Deptt.of Expenditure 31.03.03
2 Dr. Reddy`s Labs. Ltd. Deptt.of Expenditure 31.03.03
3 Sun Pharma Ltd. Deptt.of Expenditure 31.03.03
4 Nicholas Piramal India Ltd. Deptt.of Expenditure 31.03.03
5 Torrent Laboratories Ltd. Deptt.of Expenditure 31.03.03
6 US V Ltd. Deptt.of Expenditure 31.03.03
7 Cadila Health Care Ltd. Deptt.of Expenditure 31.03.03
8 Cadila Pharmaceuticals Ltd. Deptt.of Expenditure 31.03.03
9 IPCA Labs.Ltd. Deptt.of Expenditure 31.03.03
10 Unichem Laboratories Ltd. Deptt.of Expenditure 31.03.03

National Pharmecutical Pricing Authority