

Orchid exits 10-year-old JV in China due to competition

15 November 2012 | News | By BioSpectrum Bureau



Chennai: Chennai-based global pharma major, Orchid Chemicals and Pharmaceuticals has exited its 50:50 manufacturing joint venture (JV) with North China Pharmaceutical (NCPC) in China.

The 50 percent stake that Orchid holds in the JV will be transferred to the partner company (NCPC) for a total cash consideration of \$13.9 million (RMB 87.5 million).

Orchid had in 2002 entered into a 50:50 JV with NCPC to set up a Cephalosporin active pharmaceutical ingredient (API) manufacturing facility, located in Shijiazhuang, China.

Commenting on the development, Mr K Raghavendra Rao, CMD, Orchid, said that, "With the local Chinese players fast integrating, the operating conditions have grown quite competitive in China. Moreover, the products that the JV manufactures and markets in the local Chinese market have reached a mature stage resulting in flat growth prospects going forward. Hence, it was a prudent decision to relinquish our stake to the partner and exit the JV."