

# Orchid's API unit gets closure notice

R Ravichandran

Chennai, July 11: The Tamil Nadu Pollution Control Board (TNPCB) has on Sunday issued a closure notice on Orchid Chemicals & Pharmaceuticals Limited's Cephalosporin API (Active Pharmaceutical Ingredients) manufacturing facility located at Alathur near Chennai owing to non-compliance with the norms of disposal of solid waste.

It assumes significance at a time when the company, a few days ago, got the US FDA approval for the same facility. The facility manufactures a range of oral and sterile Cephalosporin APIs and caters to the developed markets in the US, Europe and Japan.

The spokesperson of the company informed *FE* that the impact of the notice will be minimal as the company is confident of resolving the issues with TNPCB officials soon and expects to commence the production in the next few days. However, sources said that it takes at least two weeks to comply with the notice.

The Cephalosporin API facility contributes around 30% to the overall turnover on an annualised basis with good profit margins. "The notice expect to cast a shadow on the company's growth prospects, including in its

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top line and bottom line in the quarter ending September 2011," the sources said adding that this is the first time that the company is served a closure notice, the sources added.

The spokesperson also added, "To offset the loss arising out of this closure, Orchid will utilise and ramp up its production of Tazobactam and Carbapenam APIs at its facility in Aurangabad in Maharashtra. We have started supply of these APIs to clients in the US, Europe and we hope to minimise the loss."

As of March 31, 2011, in the API space, Orchid's cumulative US DMFs filed stood at 81. The break-up of the total filings is 27 in the Cephalosporin space, 41 in NPNC space, 2 in the Betalactam segment and 11 in the Carbapenems segment.

The Alathur plant is one of the largest integrated antibiotic manufacturing complexes in India and specialises in the manufacture of cephalosporin APIs.

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