BioSpectrum
the business of Bio & Health Sciences

JK Pharma: Inching its way to profitability

11 April 2003 | News

Image not found or type unknown

JK Pharmachem Ltd (JKPL), part of the JK Organization, which manufactures Penicillin- G had recorded its maiden profit of Rs 7crore during its last financial year ending in September 2002. The first six months of the current year has not been a smooth ride but the company is confident of continuing the profitable performance of the previous year. JKPL had made an investment of Rs 200 crore into the Penicillin-G project which has its manufacturing base in Cuddalore in Tamil Nadu but has made a loss of Rs 100 crore to date. "The total market demand for penicillin is 13,500 mega million units (MMU), where the domestic demand is 7,000 MMU and the domestic production is 9000 MMU. Presently there are only 8-9 penicillin consumers in the domestic market. Any pressure on them will affect our cash flow," said Dr SK Sagar, president, JKPL.

Accredited with ISO 9002 certification, JKPL has been successful in increasing productivity levels at its manufacturing facility in Cuddalore. Dr Sagar also stated that the Chinese are posing a threat to Indian companies because energy costs are lower than in India and that China is building its Penicillin manufacturing capacities. In order to counter the Chinese effect, JKPL is making several efforts to reduce energy costs including in house generation of power. The other competitors in this field are Torrent Gujarat Biotech Ltd (TGBL) and SPIC.