

Media release
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Chennai, India – July

Orchid registers turnover of Rs 331 crore during Q1 FY11

Net profit grows by 172% to Rs 22 crore

Standalone earnings for the first quarter ended June 30, 2010 (Q1)

Orchid Chemicals & Pharmaceuticals Ltd. (Orchid) achieved a total income of Rs 330.93 crore for the quarter ended June 30, 2010 (Q1 FY11) in comparison to Rs 308.83 crore registered during the corresponding first quarter of last fiscal. Earnings before Interest and tax (EBIT) stood at Rs 51.52 crore compared to Rs 27.60 crore of the corresponding quarter of last year. The Profit before exceptional item and tax (PBT) stood at Rs 28.81 crore as against a loss of Rs 24.07 crore of the Q1 of last fiscal. The Company registered a net profit after tax (PAT) of Rs 21.61 crore after exceptional item (loss) of Rs 4.70 crore compared to a net loss of Rs 29.76 crore after exceptional item (loss) of Rs 3.64 crore for the Q1 last fiscal. The exceptional item for the quarter under review takes into account the impact of the amended AS11. Earnings per share stood at Rs 3.07

Consolidated earnings for the first quarter ended June 30, 2010 (Q1)

On a consolidated basis, Orchid registered a turnover of Rs 364.57 crore for the quarter ended June 30, 2010 (Q1 FY11) in comparison to Rs 332.79 crore registered during the corresponding first quarter of last fiscal. Earnings before Interest, Depreciation and Tax (EBIDTA) stood at Rs 82.43 crore compared to Rs 64.97 crore registered during the corresponding quarter of last fiscal. Earnings before Interest and tax (EBIT) stood at Rs 54.01 crore compared to Rs 30.43 crore during the corresponding quarter of last year. At the net level, the Company registered a profit after tax (PAT) of Rs 23.53 crore after exceptional item (loss) of Rs 4.70 crore compared to a net loss of Rs 27.29 crore after exceptional item (loss) of Rs 3.64 crore for the Q1 of last fiscal.

From the Managing Director

“Orchid’s performance in Q1 FY11 reflects the start of a strategic and robust growth journey. We have put in place a three-pronged growth

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strategy comprising ramp-up of existing business verticals, front-end acquisitions and entry into new niche product segments to propel growth over the next 3 years. With a significantly de-leveraged balance sheet and a well-diversified product basket targeted at the regulated and emerging markets, we are confident of posting strong double-digit growth year-on-year going forward", said Mr K Raghavendra Rao, Managing Director, Orchid Chemicals & Pharmaceuticals Ltd.

Regulated market business

Orchid started supplies of its Active Pharmaceutical Ingredients (APIs) to Hospira based on the contract entered into by both the companies as part of the Business Transfer. Steady ramp up in the API quantities based on the order book will augur well for Orchid going forward. During the first quarter of this fiscal, Orchid also received the US FDA nod for its Meropenem API DMF (based on the ANDA approval received by Hospira). Orchid is the only company to have received the approval for this product thus far. Based on this approval, Orchid began supply of Meropenem API to Hospira which is expected to ramp up further in the coming quarters. Orchid is also working on API supply arrangements to certain other MNCs / Innovators based on specific product-market contracts which will provide a strong revenue pattern going forward.

Orchid is also ramping up its Oral Formulations business in the regulated markets based on a strong product pipeline and launch calendar.

Regulatory update

API

In the API (Active Pharmaceutical Ingredients) segment, Orchid increased its cumulative filings of its US DMF count to 82. The break-up of the total filings is: 30 in the Cephalosporin Segment, 39 in NPNC segment, 2 in the Betalactam segment and 11 in the Carbapenems segment.

The cumulative filings of CoS (Certificate of Suitability) for the European market stood at 20 which includes 13 in Cephalosporin segment, 6 in NPNC segment and 1 in the Betalactam segment.

Formulations

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Filings

Orchid's cumulative ANDA filings for the US market stands at 36 including the recently filed ones for Rasagiline and Pantoprazole Tablets. This includes 8 Para IV FTF (First-To-File) filings. Out of this, we have already settled with the Innovator for 3 products. Desloratidine IR/ODT can be launched in Jan-12/Apr-12 respectively and Memantine Tablets in Jan-15. The break-up of the total ANDA filings is: 13 in Cephalosporins and 23 in NPNC. Few more ANDAs which are in the later stages of development are expected to be filed in the ensuing quarters.

In the EU space the cumulative count of Marketing Authorizations filings moved to 16. The break-up of the total MA filings is: 10 in Cephalosporin segment and 6 in the NPNC segment. A few more dossiers have been lined up for filing during 2010, based on the DCP slots allotted by the respective RMS (Reference Member States) countries in the EU. This is likely to increase the cumulative filing count significantly in the coming quarters.

Approvals

As of Q1 FY11, the cumulative ANDA (Abbreviated New Drug Application) approval count stands at 20. Of these, 11 correspond to the Cephalosporin segment and 9 to the NPNC segment. Orchid received the tentative ANDA approval for Modafinil Tablets and Gemifloxacin Mesylate Tablets. The final ANDA approvals for these products are expected in due course.

In the EU space the cumulative count of Marketing Authorizations approval stands at 9. The break-up of the total MA approvals is 5 in the Cephalosporin segment and 4 in the NPNC segment.

With a robust product development pipeline, Orchid's filing and approval count is poised to increase in the coming months and quarters.

Distribution alliance with Alvogen

During the first quarter of FY11, Orchid entered into an out-licensing and distribution agreement with US-based pharma major Alvogen for marketing 8 of Orchid's Oral non-antibiotic generic formulations in the US market. Under this agreement, Orchid will develop and manufacture 8 Oral non-antibiotic formulations for licensing to and marketing by Alvogen

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in the US. Alvogen will source these products from Orchid exclusively. Alvogen would pay certain dossier license fees to Orchid based on development and regulatory milestones and share profits arising from marketing of these products in the US with Orchid. Both the companies would share the legal expenses and bio-study costs.

Acquisition of Karalex Pharma, LLC

Orchid recently achieved a significant milestone in its operating journey by completing its first cross-border acquisition. Orchid acquired Karalex Pharma, LLC, a US-based generic marketing and sales services company headquartered in New Jersey, USA through an all-cash deal. Through this acquisition, Orchid has created its presence in the front-end US market and will be able to reach its generic products to the US customers directly.

This move also endows Orchid, for the first time, with a complete end-to-end coverage capability of the entire generic pharmaceutical business cycle from product development to product sales and would enable Orchid to internalize value.

About Orchid Pharma

Orchid Chemicals & Pharmaceuticals Ltd. is a leading pharmaceutical company headquartered in Chennai, India involved in the development, manufacture and marketing of diverse bulk actives, formulations and nutraceuticals. With exports spanning more than 75 countries, Orchid is the largest manufacturer-exporter of cephalosporin bulk actives in India and is ranked amongst the Top 5-cephalosporin producers in the world.

Orchid's world-class manufacturing infrastructure including USFDA and UK MHRA approved API and oral dosage form facilities are located at Chennai and Aurangabad. Orchid has dedicated state-of-the-art GLP compliant R&D centres for API research, drug discovery and pharmaceutical research at Chennai. Orchid has ISO 9001:2000, ISO 14001 and OHSAS 18001 certifications. Orchid is listed on the National Stock Exchange (NSE), Bombay Stock Exchange (BSE) and the Madras Stock Exchange (MSE) in India. Orchid has two subsidiaries to undertake drug discovery, Orchid Research Laboratories Ltd in Chennai and Bexel Pharmaceuticals Inc in the US, developing new chemical entities in six therapeutic areas. Additional information is available at the company's website at www.orchidpharma.com

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Safe Harbour

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