

Many QUESTIONS answered

Orchid Chemicals & Pharmaceuticals Limited

Annual Report 2009-10



Forward looking statement

In our report we have disclosed forward-looking information so that investors can comprehend the Company's prospects and make informed investment decisions. This annual report and other written and oral statements that we make periodically contain such forward-looking statements that set out anticipated results based on the Management's plans and assumptions. We have tried, wherever possible, to qualify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes', and words and terms of similar substance in connection with any discussion of future operating or financial performance.

We do not guarantee that any forward-looking statement will be realised, although we believe we have been diligent and prudent in our plans and assumptions. The achievement of future results is subject to risks, uncertainties and validity of inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, our actual results could vary materially from those anticipated, estimated or projected. Investors should bear this in mind as they consider forward-looking statements. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

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on strategy.
on demerger.
on competitiveness.
on growth.
on product mix.
on profitability.
on derisking.



About us

Orchid Chemicals & Pharmaceuticals Ltd., ranks among India's top 15 pharmaceutical players.

Orchid is a vertically integrated player spanning the entire pharmaceutical value chain from discovery to delivery with established credentials in research, manufacturing and marketing.

Orchid enjoys a multi-therapeutic presence across segments like anti-infectives, anti-inflammatory, anti-oxidants, anti-ulcerants, CNS (central nervous system), CVS (cardio vascular segment), nutraceuticals and other oral and sterile products. Its pharmaceutical solutions include active pharmaceutical ingredients (API), finished dosage forms, drug discovery, novel drug delivery systems and CRAMS services. It enjoys a global presence across 70+ countries through alliances and partnerships with globally reputed corporates.

Orchid is headquartered in Chennai (India) with a multi-nation manufacturing presence: two API complexes (Alathur and Aurangabad), three formulation manufacturing facilities (Irungattukottai and Alathur) and two R&D centers (Sholinganallur and IKKT) and one API manufacturing facility in China (joint venture).

Orchid's state-of-the-art product development and manufacturing facilities are certified by cGMP, cGLP, ISO and OHSAS. They have received quality endorsements from global regulatory authorities like US FDA, UK MHRA, EDQM, PMDA, DMA, MCC and TGA, reflecting a compliance with stringent global standards. Its R&D units are certified by the National GLP Authority of India.

Vision



To become an integrated pharmaceutical corporation of global scale and standing, with comprehensive coverage from discovery to delivery.

Promoters' holding

26%

as on March 31, 2010

Foreign holding

12%

as on March 31, 2010

Team size

3,700

as on March 31, 2010

Shareholders' funds

Rs 980 crore

as on March 31, 2010

Capital employed

Rs 2,813 crore

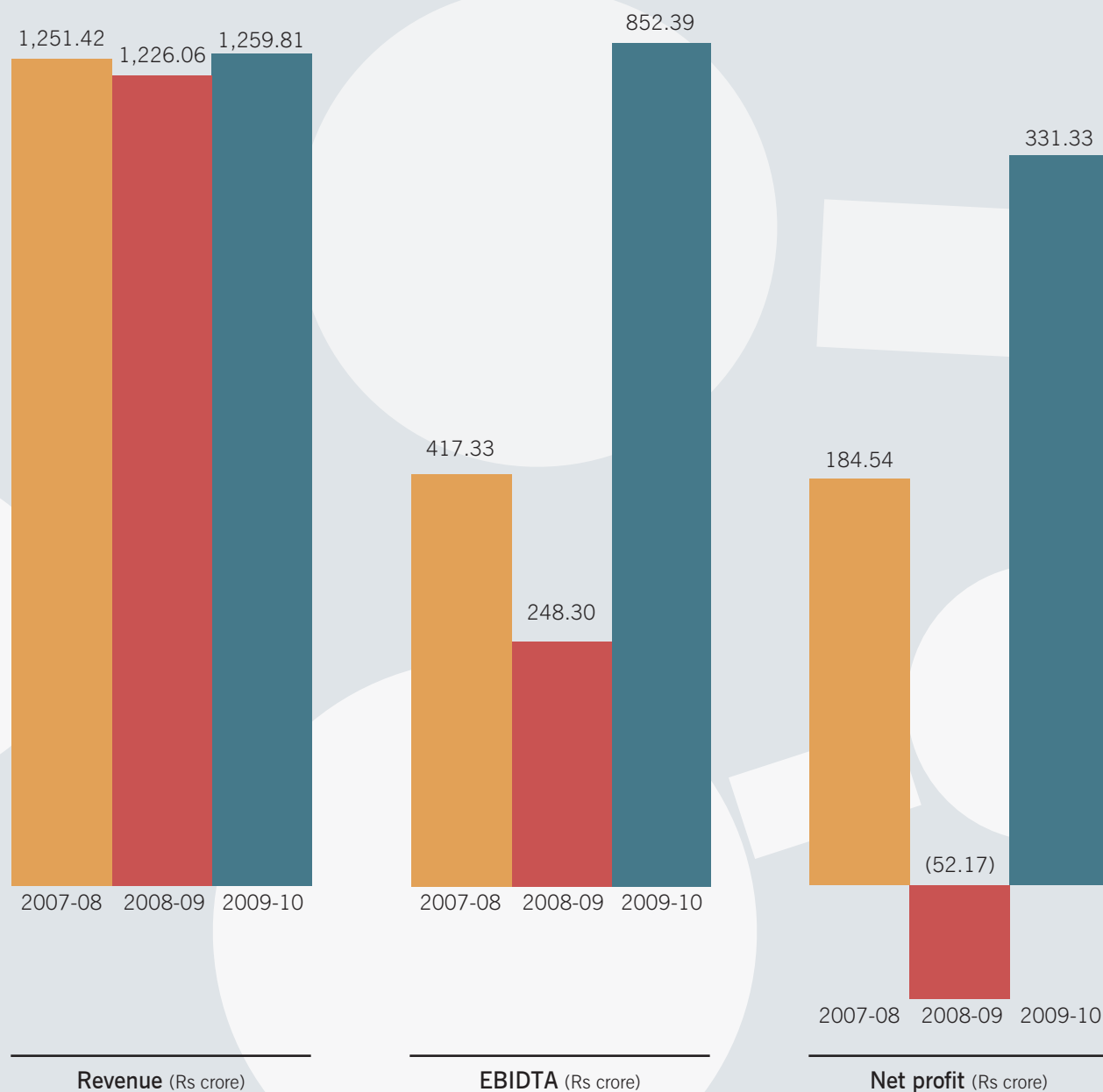
as on March 31, 2010

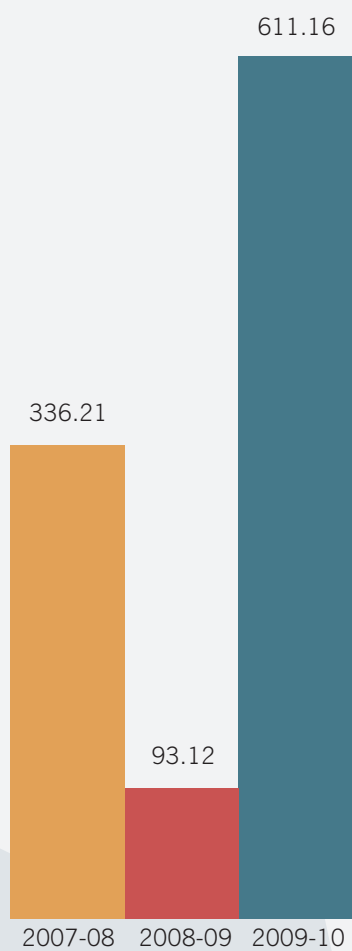
Market capitalisation

Rs 1,087 crore

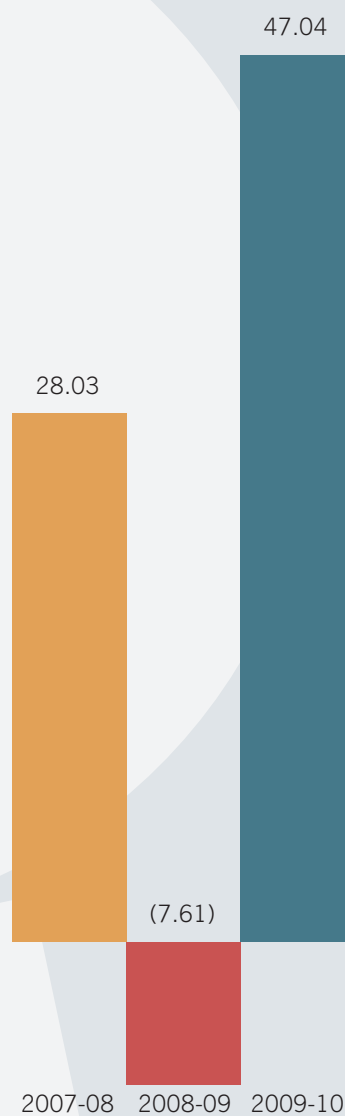
as on March 31, 2010

Financial highlights





Cash profit (Rs crore)

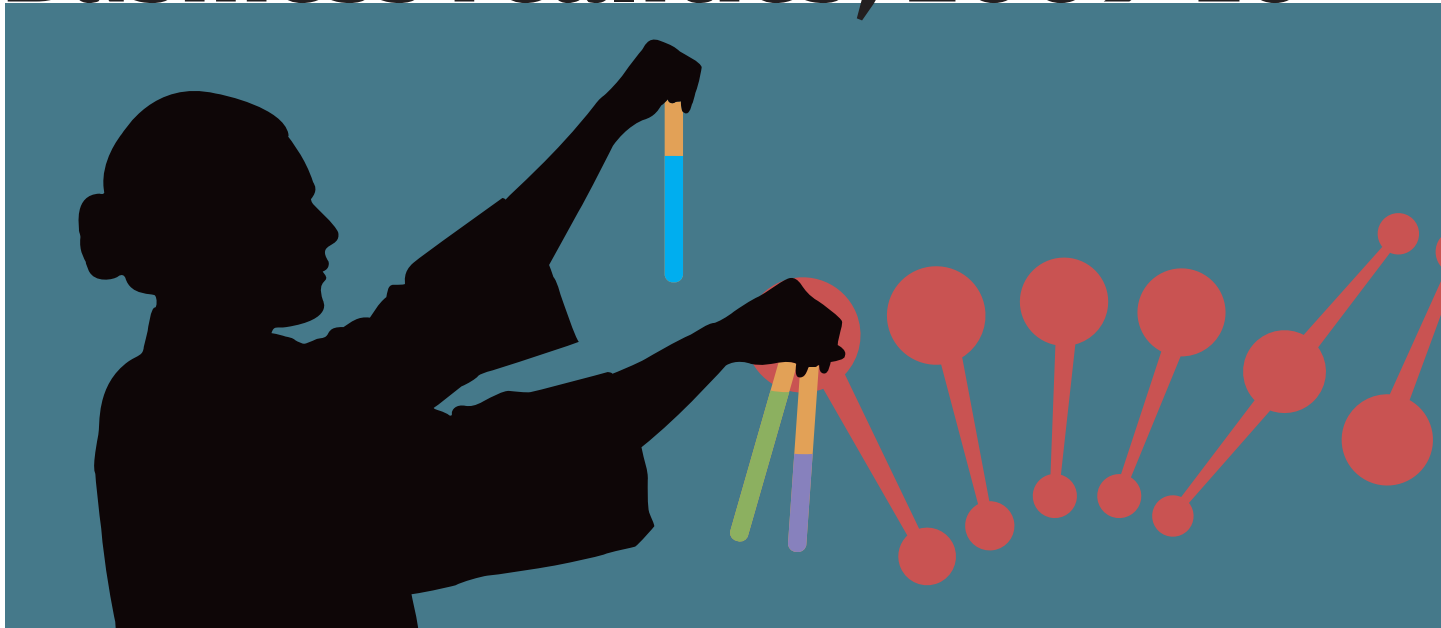


Earning per share (Rs)



Book value per share (Rs)

Business realities, 2009-10



Board room

- Entered into a business transfer agreement with Hospira Healthcare India Private Limited, a subsidiary of Hospira, Inc. USA., to transfer its generic injectable finished-dosage form pharmaceuticals business for around US\$400 million; the transaction was closed on March 29, 2010
- Repaid debt of around Rs 1,400 crore in March 2010

R&D

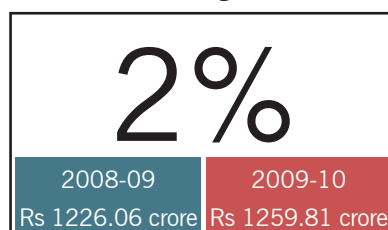
- Received US FDA approval for Tazobactam-Piperacillin with a 180-day exclusivity. Orchid cashed in on this opportunity and utilised a significant portion of the manufacturing capacity to cater to the US market.
- Received approval from US FDA for 23 products including 4 tentative approvals in US market and 6 approvals from European regulatory authorities.
- Filed for 8 Para IV FTF applications with the US FDA
- Filed cumulative 36 ANDAs with the US FDA (23 in the non penicillin, non cephalosporin (NPNC) segment and 13 in the oral cephalosporin segment)
- Filed cumulative 18 marketing authorisations in the EU (12 in the oral cephalosporin segment and 6 in the NPNC segment).



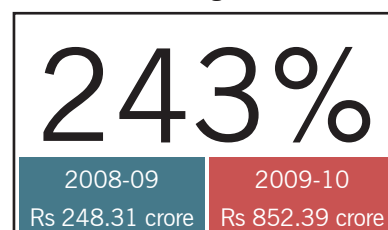
Awards and recognitions

- Honoured with the Facility of the Year Award 2009 (Regional Excellence Category) by ISPE, Interphex and Pharmaceutical Processing magazine for the carbapenem API manufacturing facility located in Aurangabad (Maharashtra)
- Presented with the TERI Corporate Award for Environmental Excellence 2009 by the Hon'ble President of India, Smt. Pratibha Patil
- Awarded the Certificate of Merit for Excellence in Management of Safety, Health & Environment (SHE) for 2008 by the Indian Chemical Council (ICC)
- Recognised by the Tamil Nadu Government with the Award for Corporate Social Responsibility for 2008-09 for outstanding social responsibility initiatives

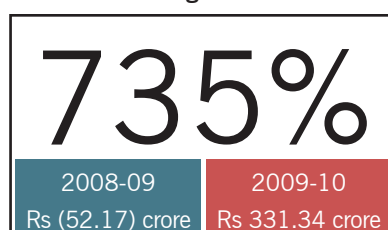
Revenue growth



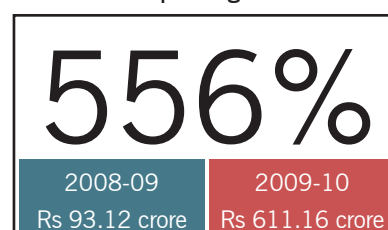
EBIDTA growth*



PAT growth*



Cash profit growth*



*Profit on Sale of injectable business amounting to Rs 1015.30 crore has been considered for FY 2009-10.

Business transfer agreement.

In 2009-10, Orchid sold its generic injectable formulations business for around US\$400 million to Hospira, a generics injectable major. The agreement covered the sale of assets, products, product pipeline and team to manage the transferred assets.

Assets

Orchid sold its betalactam antibiotics formulations manufacturing complex (comprising the cephalosporin, penicillin and carbapenems facilities) and a pharmaceutical research & development facility at Irungattukottai, Chennai.

Products

Orchid transferred its ten-product generics injectable product portfolio - seven cephalosporins (Cefazolin, Ceftriaxone, Cefepime, Cefoxitin, Cefotaxime, Cefuroxime and Ceftiofur), Tazobactam-Piperacillin (penicillin category) and two carbapenems (Imipenem and Meropenem).

ANDAs / Dossiers

Orchid transferred 24 ANDAs (16 for cephalosporins, 5 for penicillin and 3 for carbapenems) and 12 Dossiers (9 for cephalosporins, 1 for penicillin and 2 for carbapenems).

People

Orchid transferred about 450 employees, dedicated to the development and production of sterile betalactam antibiotic formulations, to Hospira.