Orchid Chemicals & Pharmaceuticals Ltd.®

February 2012

Corporate Presentation

www.orchidpharma.com

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Business Snapshot

One of the leading Indian Specialty companies with strong capabilities in oral and injectable antibiotic APIs and niche generics

Business Overview

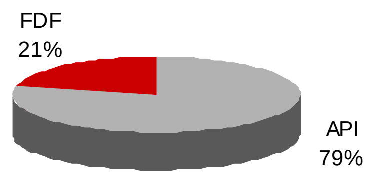
- Promoted by K. Raghavendra Rao, who has been conferred the Padma Shri in 2011 by the Government of India
- **Products and Development**
  - Manufactures APIs for Cephalosporins (Injectables and Oral), Penicillins (Injectables) and Carbapenems (Injectables)
    - Sells API products with limited competition to global partners under long term supply agreements
  - Manufactures oral FDFs for Cephalosporins and NPNCs across multiple therapeutic areas
    - Expanding oral FDF franchise on the back of strong R&D capabilities and track record of regulatory filings including first-to-files (FTFs)
- **Manufacturing Capability**
  - Two API manufacturing sites (Chennai and Aurangabad), three formulation sites (Chennai), and one API unit in China (joint venture)
  - Manufacturing facilities are in compliance with cGMP, cGLP, ISO and OHSAS guidelines; approved by global regulatory authorities such as US FDA, UK MHRA, EDQM, PMDA, DMA, MCC and TGA
- **Geographical Presence**
  - Sales spread across regulated (US, Europe, Japan) and emerging markets (CIS, China, Middle East, India, etc.) through own front end presence and alliances
  - Key partners include Hospira, Alvogen and a leading Japanese innovator
- **Financial Snapshot**
  - FY11 Revenues of US$ 363.0 mm and EBITDA of US$ 85.2mm (23.5% margin)
- **Shareholding as of December 31, 2011**
  - Total no. of shares: 70.4 mm
  - Promoters hold 32.4%, FIIs 11.7%, DIIs 4.9%, Individuals 32.0%, Bodies Corporate 18.3% and others 0.7%

Consolidated Financials[1]

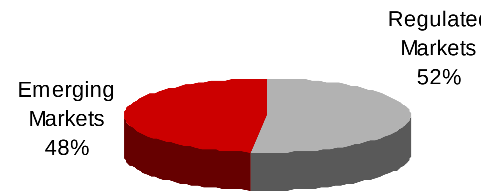
(US$ mm)	FY09	FY10	FY11	9-mths FY11	9-mths FY12
Total Operating Income[2]	264.2	273.7	363.0	253.7	287.6
Y-o-Y Growth	(0.3%)	3.6%	32.6%		13%
EBITDA[2]	34.8	(32.0)	85.2	60.3	66.0
EBITDA Margin	13.2%	(11.7%)	23.5%	23.7%	22.9%
Profit After Tax (PAT)[3][4]	(10.0)	69.1	31.8	19.8	16.7
PAT Margin	(3.8%)	25.3%	8.8%	7.82%	5.8%
Net Worth	129.1	191.0	217.9	--	--
Total Loans[5]	547.1	346.1	388.4	--	--
Cash and Bank Balances	10.7	68.3	45.3	--	--

Revenue Breakup (FY2011)

Revenue Break-up by Product[6]



Revenue Break-up by Geography



Source: Company financials.

Note:

(1) All financials are for fiscal year (FY) ended March 31. Fx used: US$1 = Rs.49.08
(2) Total operating income and EBITDA figures include other operating income and exclude other income and other non recurring income.
(3) PAT as reported in consolidated financials.
(4) FY10 PAT includes US$ 207 mm on account of sale of assets. 9-mths FY12 PAT is impacted by higher interest charges, currency fluctuations and loss due to plant shutdown
(5) Total Debt in FY11 includes US$ 117 mm of FCCB maturing in February 2012, and redemption premium of US$ 50mm
(6) FDF: Finished Dosage Forms. API: Active Pharmaceuticals Ingredients.

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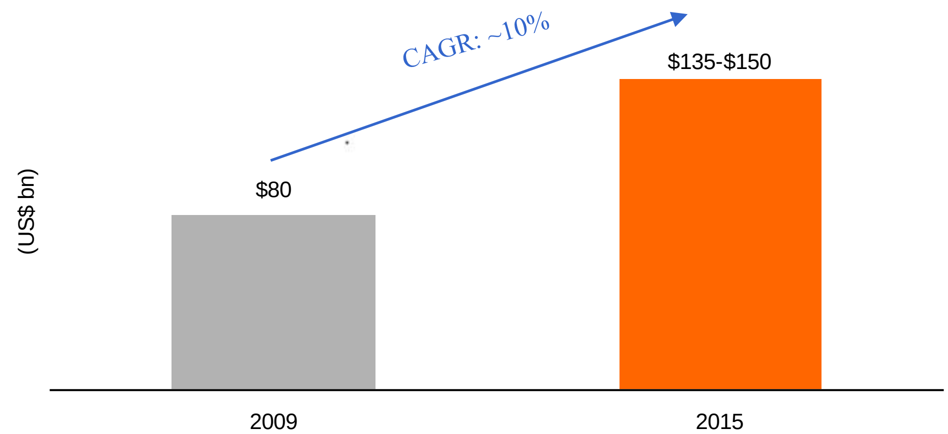
Attractive and Large Market Opportunity

Overview

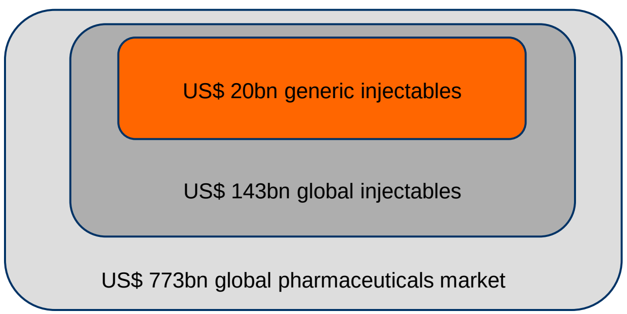
- Global generics market is expected to grow to US$ 135-150bn in 2015 owing to the impending patent cliff, increasing penetration of generics and higher consumption
- The generics injectables market is expected to witness higher growth
- Orchid is well positioned to leverage this opportunity given its diversified presence and end to end capabilities
- In addition, Orchid's oral FDFs pipeline, addressing the large oral opportunity is expected to be a key growth driver

Generics Market Expected to Grow Significantly…

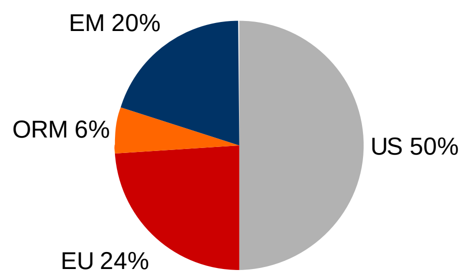


Injectables, a specialized and niche area, is a lucrative market segment given small number of competitors and hence high profitability margins; USA and EU account for ~75% of the global injectables market

Global Market Size

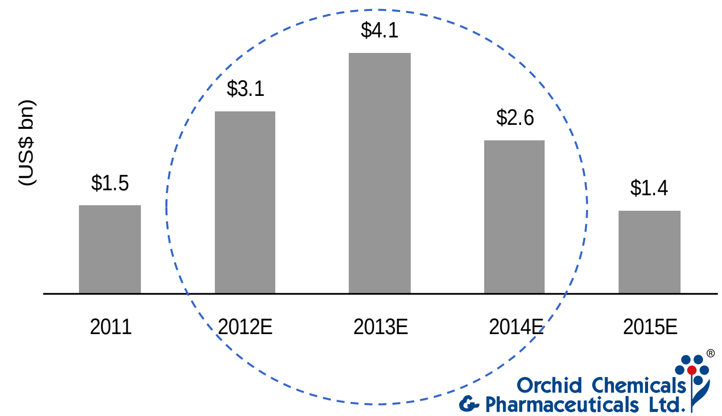


Geographical Breakdown of Generic Injectables



ORM = Other Regulated Markets

Upcoming Injectables Patent Expiries Provide Substantial Opportunity



 Source: Street Research.

Business Highlights

1 A High End Specialty Player

- Product portfolio of niche molecules involving complex chemistry, multi-step manufacturing, dedicated infrastructure and a challenging patent environment are entry barriers for other pharmaceutical players

2 Integrated Capabilities

- Strong end-to-end capabilities with presence across the entire value chain of APIs and formulations backed by strong manufacturing and regulatory capabilities along with front-end presence across markets

3 Diversified Geographic Presence

- Orchid has global presence in over 70 countries through partnerships and own front end presence spread across both the regulated and emerging markets

4 Strong Manufacturing Infrastructure

- Five state of the art API and formulations manufacturing facilities with approvals from leading agencies providing global competitive edge

5 Excellent Regulatory & R&D Capabilities

- Strong track record of regulatory filings and large product pipeline with total addressable market size of US$ 75-80 bn, total of 68 filings in the US and EU with 49 approvals in place

6 NCE Pipeline

- NCE Pipeline provides significant upsides through licensing arrangements and partnerships

7 Strong Operating Performance

- High revenue growth of 33% in FY11; industry leading margins; growth driven by development of new product segments and supplies to key regulated markets

8 Strategy in Place for Next Growth Phase

- Strengthen position as a Specialty high end generics player with best in class regulatory and development capabilities
- Long term supply contracts and new product approvals to be the key growth drivers

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A High End Specialty Player

Key Business Segments

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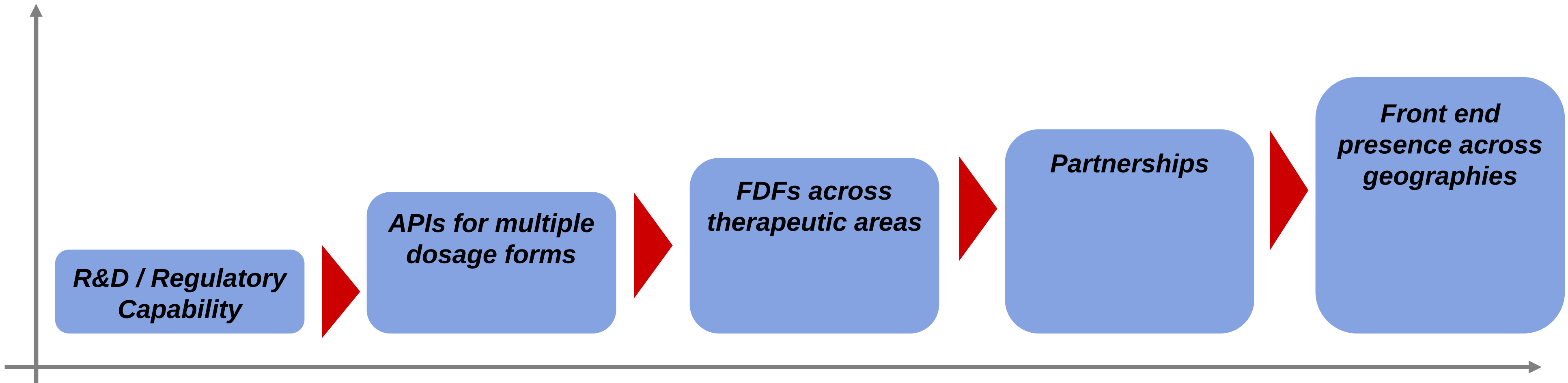
- Cephalosporin
  - API for Injectables
  - API for Orals
  - Orals (FDFs)
- Penicillin
  - API for Injectables
- Carbapenems
  - API for Injectables
- NPNC (Non-penicillin and Non-cephalosporin)
  - API for Orals
  - Orals (FDFs)

Product Offerings

- Specializes in niche APIs for injectables and orals that have limited competition due to high entry barriers enabling the Company to earn high EBITDA margins
  - Difficult-to-make molecules involving complex chemistry, multi-step manufacturing, dedicated infrastructure and a challenging patent environment
- APIs sold under long-term supply agreement to Hospira (for Carbapenems, Tazo-Pip and ADD-Vantage) expected to generate high EBITDA margin
  - Tazo-Pip is a niche antibiotic with few ANDAs pending approval; Add-Vantage is Hospira’s patented drug delivery system, under protection till 2016
- Large generics pipeline of NPNCs and Cephalosporins across multiple therapeutic areas with significant revenue potential

Integrated Capabilities

Orchid is present across the value chain



End-to-end development capabilities delivers higher margins

- Strong R&D capability with a team of 130 plus with several doctoral and post-doctoral scientists
- Expertise in manufacturing difficult-to-make APIs with high entry barriers leading to high margins
- Track record of FDF filings in the regulated markets (68 filings, 49 approved products)
- Orchid partnerships ensure a steady stream of revenue
  - Long-term API supply agreement with Hospira for products with limited competition. In addition to supplies to Hospira, the Company has the right to supply APIs to one more generic player in each regulated market
  - Tie-up with a leading European generics player to supply carbapenem APIs to the European market
  - Long-term agreement with a Japanese pharmaceutical company for supply of a Cephalosporin API, enhancing revenues
  - Tie-up with Alvogen for distribution of eight specific FDF products
- Acquisition of US-based Karalex Pharma has created own front end, which can be leveraged to monetize the FDF pipeline

3 Diversified Geographic Presence

Orchid has a global presence across 70+ countries through alliances, joint ventures and partnerships

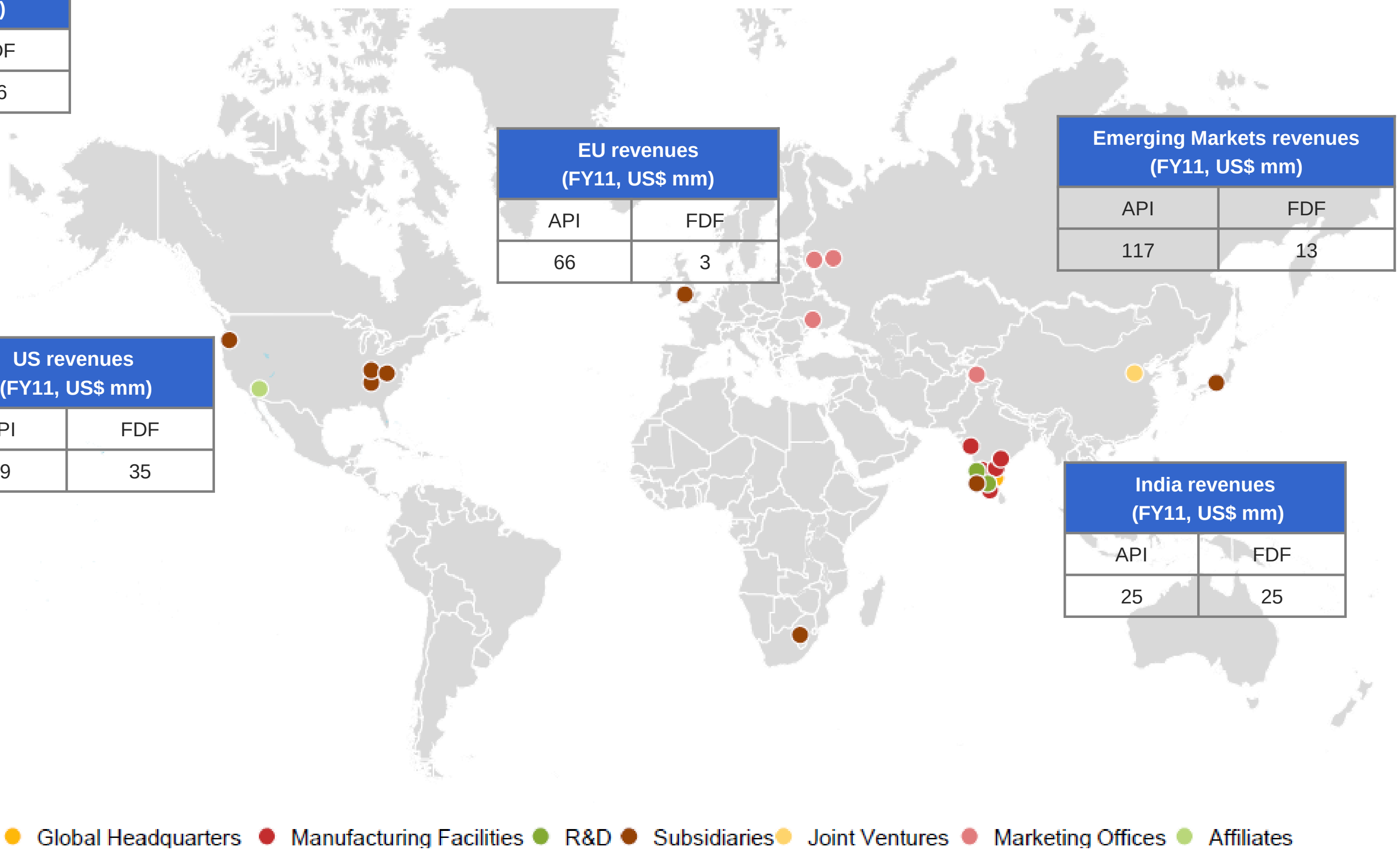
Worldwide revenues (FY11, US$ mm)	
API	FDF
287	76

EU revenues (FY11, US$ mm)	
API	FDF
66	3

Emerging Markets revenues (FY11, US$ mm)	
API	FDF
117	13

US revenues (FY11, US$ mm)	
API	FDF
79	35

India revenues (FY11, US$ mm)	
API	FDF
25	25



Key Emerging Markets include CIS, China and Middle-East
Regulated markets include US, Europe and Japan

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4 Strong Manufacturing Infrastructure

Capacity expansion based on order-book of top clients and strong FDF pipeline

	Facility	Products	Approvals	Markets
	**API Facility** Aurangabad, Maharashtra	Penicillins, Sterile Carbapenems, Non-Penicillin, Non-cephalosporins (NPNC)	UK MHRA, US FDA, OHSAS 18001: 1999, Danish Medicines Agency, EU-GMP, WHO-GMP Audit	Emerging and regulated markets
	**API Facility** Alathur (Chennai), Tamil Nadu	Non-sterile and sterile (crystalline and lyophilised) APIs	US FDA, UK MHRA, WHO-GMP, EDQM, MHRA, Hamburg Health Authority, Australian-TGA, ISO 9001:2008, ISO 14001:2004, OHSAS 18000: 2007, Danish Medicines Agency, PMDA Japan	Emerging and regulated markets
	**Formulation Facilities** (1) Irungattukottai (Chennai), Tamil Nadu	Oral dosage form complex with multi-therapeutic facilities, Oral cephalosporin formulations, NPNC (non antibiotic) dosage forms	US FDA, UK MHRA	Regulated Markets - US and Europe
	**Research Laboratories**	NDD, NDDS, CRAMS and generic research	GLP accredited by National GLP Authority of India, aligned with OECD Principles	--
	**API Facility** (2) Shijiazhuang (Hebei Province), China	Cephalosporin APIs	Local approvals	Local Market

Source: Company reports

Note:

1) All three formulation facilities are part of Chennai campus

2) Orchid has a 50:50 JV with North China Pharmaceutical Corporation (NCPC), China.

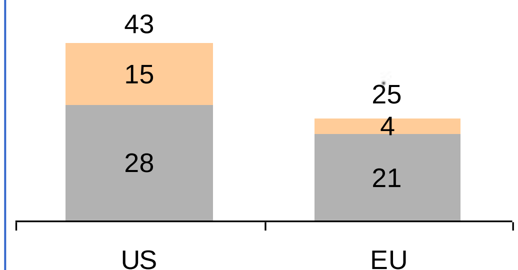
Excellent Regulatory & R&D Capabilities

Overview of Regulatory Capabilities

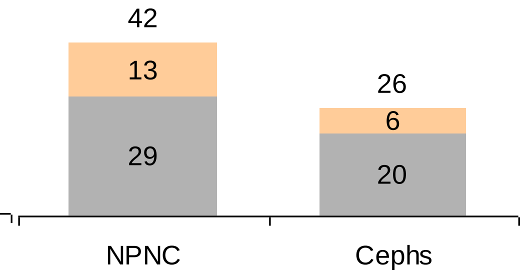
- Strong track record of regulatory filings
  - An aggregate of 68 filings across NPNC and Cephalosporins in regulated markets (43 ANDAs in the US and 25 filings in EU)
  - 49 approvals in place (28 in US, 21 in EU)
- 8 products in the First-to-file pipeline in the US
- **Additional pipeline of 125 NPNC, Cephalosporin, Penems & Penicillin products across US, EU and other geographies**
- **Total addressable market size of US$ 75-80bn**

Finished Dosage Forms: Regulatory Status

By Geography



By Product Segment

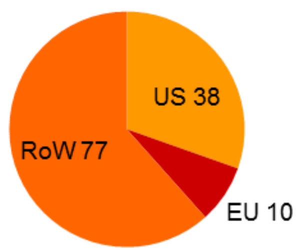


First To File Pipeline

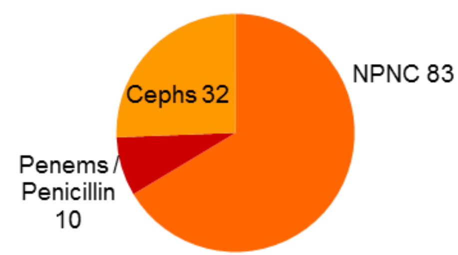
Products	TA	Possible Launch	Brand Name	Peak sales (US$ mm)
Desloratadine Tabs	Anti-allergics	Jul-12	Clarinex	275
Desloratadine ODT	Anti-allergics	Jan-13	Clarinex	20
Ibandronate Sodium Tabs	Osteoporosis	Mar-13	Boniva	1,200
Duloxetine DR Cap-Pellets	Anti-Depression	Jun-13	Cymbalta	3,000
Eszopiclone Tabs	CNS	Nov-13	Lunesta	250
Rasagiline Mesylate Tabs	Anti-parkinsonian	Nov-13	Azilect	200
Memantine Tabs	Alzheimer's	Jan-15	Namenda	1,200
Gemifloxacin Tabs	Anti-Infectives	Jun-15	Factive	30

Finished Dosage Forms: Products Under Development

By Geography



By Product Segment



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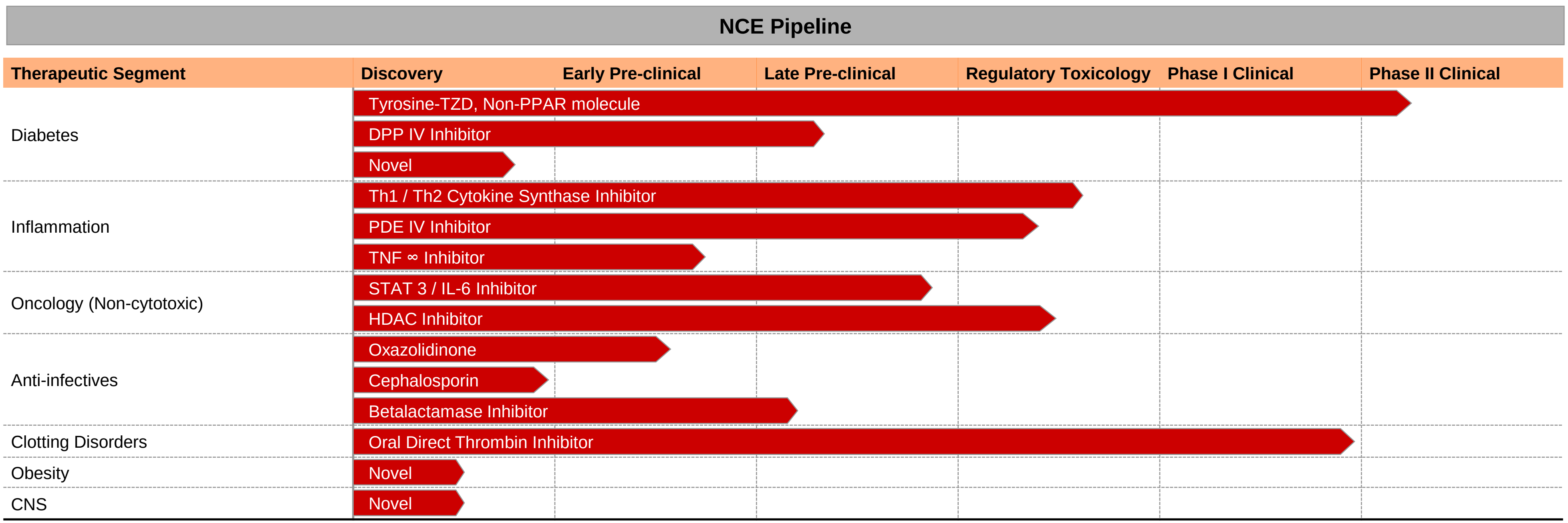
6 NCE Pipeline

- Orchid has an NCE pipeline with drugs for a multitude of therapeutic areas in various stages of development
- Follows one of the following business models
  - Out-licensing of NCEs (early phase or proof-of-concept phase)
  - Co-development of NCEs
  - ‘FTE’ based or ‘Fee for Service’ based Projects
- The NCE pipeline is backed by a strong Intellectual Property Management system
  - A total of 644 patent applications filed and 226 patents published



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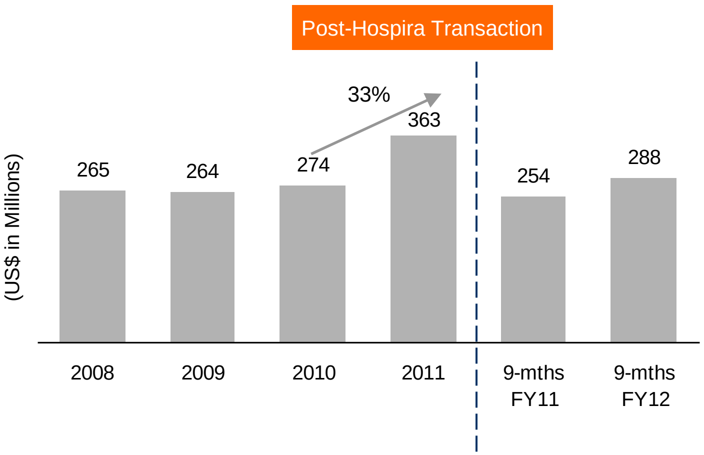
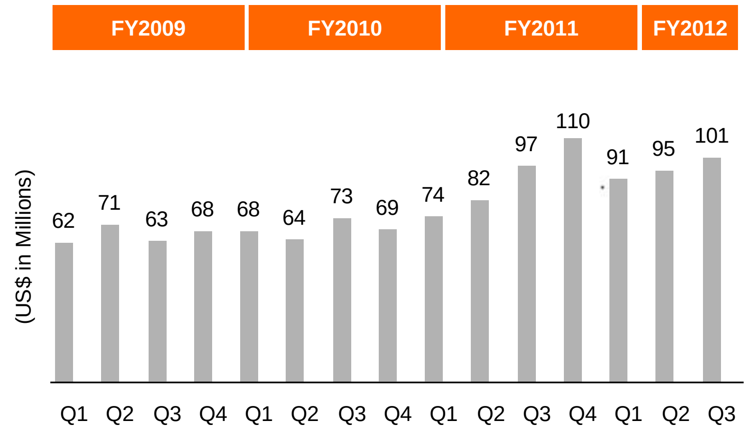
7

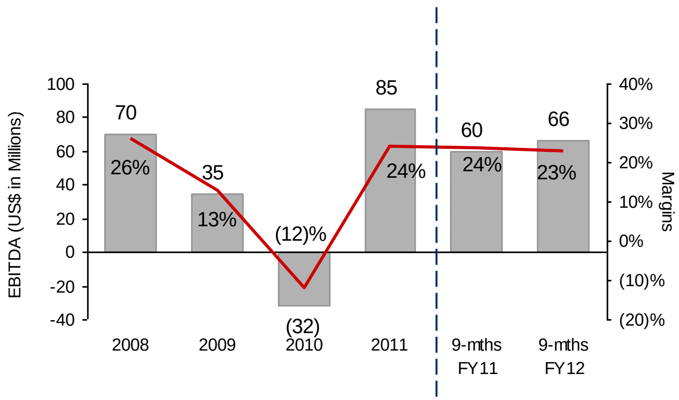
Strong Operating Performance

Total Operating Income [1] [4]

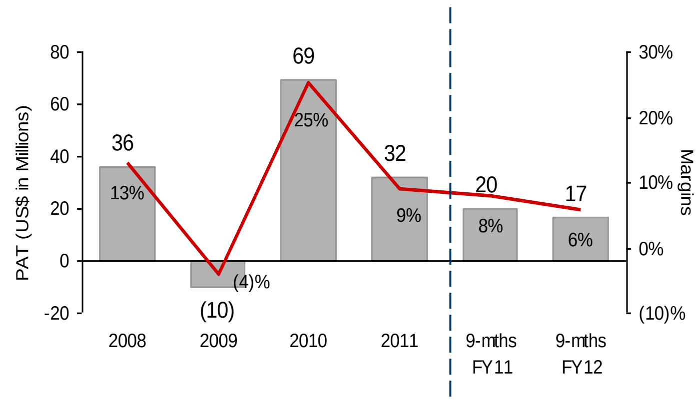




EBITDA [1] [4]



PAT [2] [3] [4]



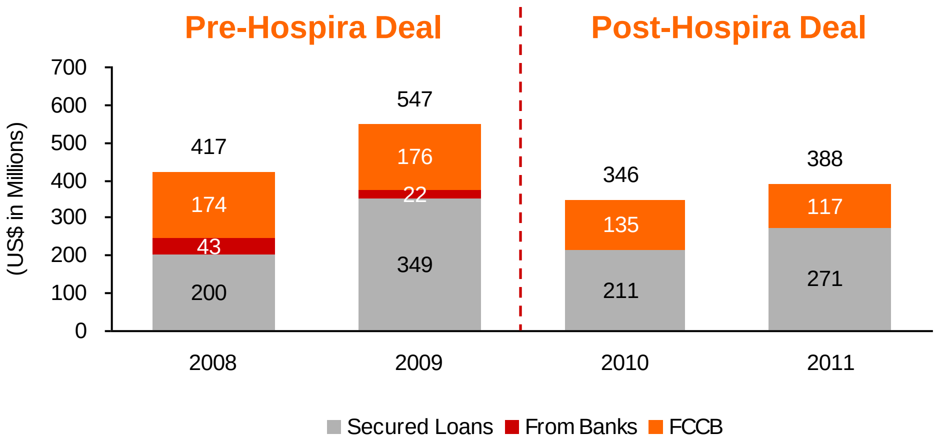
Key Highlights

- Revenue growth of 33% in FY11 driven by:
  - API supplies to Hospira
  - Tazobactam – Piperacillin
  - Meropenem/ Imipenem (US/ EU)
  - Carbapenem API supplies to large European generics company
  - Cefixime API supplies to Japanese innovator
  - Direct sale to US customers through Karalex
- Revenue growth of 13% in 9-mths-FY12 over 9-mths-FY11
- EBITDA growth of 9% in 9-mths-FY12 over 9-mths-FY11
- 9-mths-FY12 PAT (US$ 17 million) impacted by higher interest charges and currency fluctuations

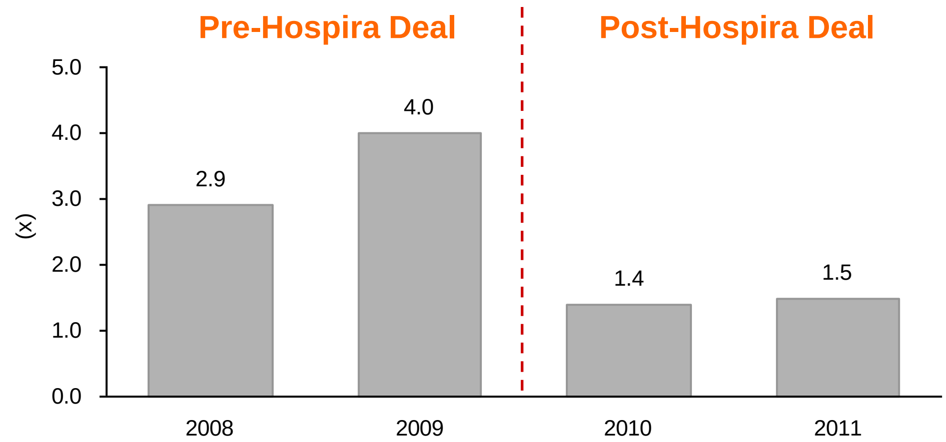
(1) Total operating income and EBITDA figures include other operating income and exclude other income and other non recurring income.
(2) PAT as reported in consolidated financials..
(3) Includes profit of US$207 million on account of sale of assets.
(4) USD / INR – 49.08.

7 Improved Financial Position

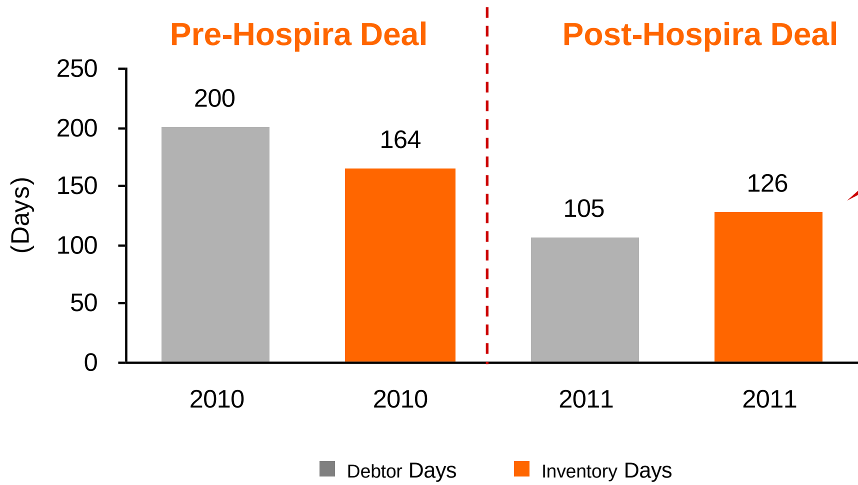
Debt Break up (1) (2)



Net Debt / Equity (2)



Improvements in Working Capital



Further improvement in working capital in 9-mths FY12

(1) USD / INR – 49.08. FCCB is a US$ liability.
(2) FCCB amount includes only principal amount of FCCB (excludes redemption premium of US$ 50mm). FCCB matures in Feb 2012. Total amount payable on redemption is US$ 167mm

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8 Strategy in Place To Achieve Next Growth Phase

Focus on long term supply contracts, new product approvals and development of new product segments to be the key growth drivers in the short –medium term

Existing Business

- Clear defined strategies for API / Oral FDF / CRAMS segment
- Focus on long term contracts with marquee clients
- Niche injectable API products with limited competition to continue driving revenue growth
  - API supplies to Hospira for ADD-Vantage vials
- Launch new ANDAs / Dossiers in regulated markets
  - Leverage existing filings/ approvals and continue to build pipeline for future growth

Inorganic Strategies

- Focus on developing front-end marketing outfits and growth through in-licensing of products
- Expand presence in the European and Japanese markets
- Seeking opportunities with multiple partners for in-licensing deals / expansion in specific geographies

New Niche Initiatives

- Development of NPNC (non injectables) FDF products
  - Aggressive thrust in oral FDF products in US, domestic and other emerging markets
- 8 FTF products with a combined market size of US$ 8bn
- Develop new product segments

THANK YOU

For any information or clarifications, please visit www.orchidpharma.com

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