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News / Story reproduced with thanks:- **Financial Express**

Orchid to acquire Karalex to boost its US portfolio

Direct link to the News/Story:-

<http://www.financialexpress.com/news/Orchid-to-acquire-Karalex-to-boost-its-US-portfolio/632153/#>

Chennai/Mumbai In a bid to give a fillip to its presence in the regulated US market, Orchid Chemicals & Pharmaceuticals on Thursday said it has entered into an agreement to acquire Karalex Pharma, a generic marketing and sales services company headquartered in New Jersey, for an undisclosed amount. The transaction is expected to close by this month subject to customary closing conditions. Through this acquisition, Orchid has created its presence in the front-end US market and will be able to take its generic products to US customers directly and save upto 50% costs.

K Raghavendra Rao, managing director, Orchid Chemicals, said, "Orchid expects to generate \$100 million revenue through this deal in the next three years and \$20 million during the current financial year with an expected EBITDA margin ranging between 30% and 40%." Orchid, which will line up 15 to 20 products for marketing through Karalex, also expects to market at least three of its non-antibiotic/non-cephalosporin products through Karalex in the current financial year.

To a question on Orchid's existing tie up with Actavis in the US market to sell its products, a company spokesperson said, "The tie up with Karalex is for all new and future products and nothing to do with that of Actavis, as the latter is involved in marketing our old products and will continue to be our partner in the US."

Karalex was launched in 2007 as a pharmaceutical company committed to becoming a leading provider of marketing and sales services to the US classes of trade for developers and manufacturers of generics pharmaceuticals. Karalex has launched over 100 generic pharmaceutical products in the US with a combined value in excess of \$1 billion.

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

Orchid, which received Rs 1,800 crore through sale of its injectables business to Hospira, has been able to extinguish its Rs 1,200 crore debt.