



Regd. Office: 'Orchid Towers', #313, Valluvar Kottam High Road, Nungambakkam  
Chennai - 600 034, Tamil Nadu, India. Tel : +91 - 2821 1000 Fax : 91 - 44 - 2821 1002  
E-mail : corporate@orchidpharma.com | Website : www.orchidpharma.com  
CIN : L24222TN1992PLC022994

## NOTICE OF THE 23rd ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 23rd Annual General Meeting of the members of Orchid Pharma Limited will be held at Kamaraj Memorial Hall, TNCC Charitable Trust, New No.492, Anna Salai, Teynampet West, Chennai-600 006, Tamil Nadu, India on Wednesday, September 28, 2016 at 10:30 A.M. to transact the following businesses: -

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements (standalone and consolidated) of the Company for the year ended 31st March, 2016, including the Audited Balance Sheet as at 31st March, 2016, the Statement of Profit & Loss for the year ended on that date and the reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Shri K Raghavendra Rao (DIN : 00010096) who retires by rotation and being eligible offers himself for re-appointment as Managing Director.

Shri Raghavendra Rao was appointed as Managing Director for a period of 5 years with effect from July 01, 2012 at the 20th AGM held on September 20, 2012. In the 22nd AGM held on September 15, 2015, the terms and conditions of appointment of Shri K Raghavendra Rao as Managing Director was revised with effect from April 01, 2015 and he shall also be liable to retire by rotation. His term as Managing Director would be upto June 30, 2017.

3. To ratify the appointment of statutory auditors and to authorize the Board to fix their remuneration and to pass the following resolution thereof:

**"RESOLVED THAT** pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), the appointment of M/s SNB Associates, Chartered Accountants, having ICAI Registration No : 015682N as Statutory Auditors of the Company from 22nd Annual General Meeting (AGM) till the conclusion of 24th Annual General Meeting of the Company which was subject to ratification at every AGM, be and is hereby ratified to hold the office from conclusion of this AGM till the conclusion of the 24th AGM of the Company and the Board of Directors be and are hereby authorised to fix the remuneration payable to them as may be determined and recommended by the Audit Committee in consultation with the Auditors."

### SPECIAL BUSINESS:

4. Approval of Remuneration payable to Cost Auditor, Shri. V Kalyanaraman for the financial years 2016-17 & 2017-18

To consider and if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), Shri V Kalyanaraman, Cost Accountant, Fellow Membership Number M - 778 appointed as the Cost Auditors by the

Board, to conduct the audit of the cost records for the financial years ending March 31, 2017 and March 31, 2018 be paid a remuneration of Rs.14,00,000/- p.a (Rupees Fourteen Lakhs) excluding applicable taxes and out of pocket expenses, if any.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

**By Order of the Board  
For Orchid Pharma Limited**

Place : Chennai

**L Chandrasekar**

Date : May 27, 2016      *CFO & Company Secretary*

**NOTES:**

1. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, relating to special business to be transacted at the meeting, is annexed hereto.
2. MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
3. The instrument appointing the proxy, duly completed must be deposited at the registered office of the Company at least 48 hours before the Commencement of the meeting. A blank proxy form is attached.
4. During the period beginning 24 hours before the time fixed for the commencement of the

meeting and ending with the conclusion of the meeting, a member would be entitled to inspect the proxies lodged at any time during the business hours of the Company, provided that not less than three days of notice in writing is given to the Company.

5. Corporate Members intending to send their authorised representatives to attend the meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote in their behalf at the Meeting.
6. The Register of Members and the Share Transfer Books will remain closed from September 19th, 2016 to September 28th, 2016 both days inclusive for the purpose of Annual General Meeting for the financial year 2015-16.
7. Members are requested to bring their copies of the Annual Report to the Meeting. Please bring the attendance slip with you duly filled in and hand over the same at the entrance of the Meeting hall.
  - a) Members who hold shares in electronic form are requested to notify any change in their particulars like changes in address, bank particulars etc., to their respective Depository Participants immediately.
  - b) Members who hold shares in physical form are requested to notify any change in their particulars like changes in address, bank particulars etc., to the Registrars viz., M/s Integrated Enterprises (India) Limited, 2nd Floor, Kences Towers, No. 1, Ramakrishna Street, North Usman Road, T. Nagar, Chennai – 600 017, Tamil Nadu, India. Members holding shares in physical form are requested to consider converting their holding to dematerialized form to eliminate all risks associated with physical shares and for ease in portfolio management. Members can contact either the Company or Integrated Enterprises (India) Limited, for assistance in this regard.

8. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013 will be available for inspection by the members at the AGM.
9. The relevant details as required by Regulation 36 (3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, of the director seeking re-appointment as Director, is provided in the annexure.
10. We request you to update your email address with your Depository Participant or RTA to enable us to send Annual Report, Notices and all other communication via email.
11. Members are requested to check whether they have encashed Dividend Warrants for the earlier years. If the Dividend Warrant have become time-barred / lost, please apply for revalidation / fresh dividend warrant before the last dates indicated below :

<b>Dividend for the year</b>	<b>% of Dividend</b>	<b>Date of declaration of Dividend</b>	<b>Date on which unpaid amount to be transferred to IEPF</b>	<b>Shareholders should apply latest by</b>
2008-2009	10%	September 30, 2009	November 06, 2016	October 05, 2016
2009-2010	100%	July 21, 2010	August 27, 2017	July 26, 2017
2010-2011	30%	July 29, 2011	September 04, 2018	August 03, 2018
2011-2012	30%	September 20, 2012	October 27, 2019	September 26, 2019

The dividend amounts, which remain unclaimed for the year 2008-09 and the subsequent years, can be claimed from the Company before the due date mentioned here in above. Pursuant to Section 124 of the Companies Act, 2013 (the Act) and Section 205C of the Companies Act, 1956 the amounts which remain unpaid or unclaimed for a period of seven years, shall be transferred to the Investor Education and Protection Fund established under Investor Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001.

12. In compliance with Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended and Regulation 44 of the SEBI(Listing Obligations and Disclosure Requirements) Regulations, 2015 the Company is providing a facility to its members to exercise their votes electronically through the remote e-voting facility arranged by National Securities Depository Limited for all items of business as set out in the notice of the AGM and confirms that the business can be transacted through e-voting in pursuance of the above provisions. The facility for voting through ballot / poll paper will also be made available at the AGM and the members who have not already cast their votes by remote e-voting shall be able to exercise their right at the AGM through voting by ballot / poll paper. Members who have cast their votes by remote e-voting prior to the AGM may attend the AGM but shall not be entitled to cast their votes again. The Notice of the 23rd AGM and instructions for e-voting, along with the Attendance Slip and Proxy Form, is being sent to all members by Registered Post / Speed Post / Courier / Email.
- The names of the shareholders who have not encashed their dividends along with the particulars of the dividend warrants are available in Company's website [www.orchidpharma.com](http://www.orchidpharma.com).
13. The Companies Act, 2013 has recognized serving of documents to Members through Electronic mode. In terms of circular no. NSDL/ CIR/II/10/2012 dated March 9, 2012, issued by NSDL, e-mail addresses made available by the Depository accounts as part of the beneficiary position downloaded from the Depositories

from time to time will be deemed to be your registered e-mail address for serving notices / documents including those covered under Section 101 and 136 of the Companies Act, 2013, read with Section 20 of the Act and the rules related to transmission of documents through electronic mode. In line with the requirements of the said circular, for those Members whose Depository Participant (DP) accounts do not contain the details of their e-mail address, printed copies of the Annual Reports and Notice would be despatched.

Members are requested to register their email addresses in respect of shares held in dematerialised form with their respective Depository Participants and in respect of shares held in physical form with the Company's Registrar and Share Transfer Agents, M/s Integrated Enterprises (India) Limited (IEIL), 2nd Floor, Kences Towers, No. 1, Rama Krishna Street, North Usman Road, T. Nagar, Chennai – 600 017, Tamil Nadu, India.

14. Members desiring any information as regards the financial statements are requested to write to the Company at least seven days before the date of the meeting.
15. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company / IEIL.
16. A route map indicating the venue of the AGM and its nearest landmark is annexed to the notice for convenience of members.

#### **EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013:**

The following Explanatory Statement, pursuant to Section 102 of the Companies Act, 2013, set out the

material facts relating to the business mentioned in the accompanying notice dated May 27, 2016.

#### **Item No. 4**

The Board, on the recommendation of the Audit Committee, has approved the appointment of the Cost Auditors at a remuneration of ₹ 14,00,000/- p.a. (Rupees Fourteen Lakhs) for the financial years 2016-17 and 2017-18 respectively plus applicable taxes and out of pocket expenses to conduct the audit of the Cost records of various units of the Company.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules 2014, the remuneration payable to the Cost Auditors has to be approved by the members of the Company. Accordingly, consent of the members is sought for passing an Ordinary Resolution for approving the remuneration payable to the Cost Auditors for the financial years 2016-17 & 2017-18. The Board recommends the resolution set forth in Item No. 4 for the approval of the members. None of the Directors or Key Managerial Personnel of the Company or their relatives of the Company are interested or concerned in the resolution.

#### **By Order of the Board For Orchid Pharma Limited**

Place : Chennai

Date : May 27, 2016

L Chandrasekar

CFO & Company Secretary

**ADDITIONAL INFORMATION OF DIRECTOR  
SEEKING RE-APPOINTMENT AT THE 23rd  
ANNUAL GENERAL MEETING  
(PURSUANT TO REGULATION 36(3) OF SEBI  
(LISTING OBLIGATIONS AND DISCLOSURE  
REQUIREMENTS) REGULATIONS, 2015**



**Shri K Raghavendra Rao**

Shri K Raghavendra Rao (Director Identification Number - 00010096), born on July 22, 1958, aged 58 years, is the Founder and also the Managing Director of the Company. He established the Company in the year 1992 as a 100% Export Oriented

Unit (EOU) and grew the Company rapidly into a global pharmaceutical enterprise specializing in life saving medicines. With world-class research and manufacturing facilities covering Active Pharmaceutical Ingredients (APIs) and finished dosage forms as well as infrastructure for New Drug Discovery, the Company today ranks amongst the top pharmaceutical companies in India. By developing the Company as the largest pharmaceutical corporation in the State of Tamil Nadu, Shri Raghavendra Rao firmly placed Tamil Nadu in the national and international pharmaceutical canvas. He has been instrumental in the growth of the Company since its inception. He was first appointed on the Board of Orchid on July 01, 1992.

Shri Raghavendra Rao is a recipient of several awards and recognitions for his personal and professional accomplishments. In recognition of his contribution to the Pharmaceutical Industry, the Government of India also honoured him with the prestigious PADMA SHRI Award during the year 2011. Shri Raghavendra Rao also received other prestigious national awards for his entrepreneurship, two of the leading awards being the India Young Business Achiever Award in 1997 and Ernst & Young Entrepreneur of the Year Award in Manufacturing in 1999. The Company won several awards for its export performance, environmental friendly operations, energy efficiency and corporate social responsibility (CSR).

Orchid Trust established with the initiative of Shri K Raghavendra Rao, contributed to significant social development through schools and healthcare facilities. Orchid's CSR initiatives were recognised by the Loyola Institute with the Mother Teresa Award for the Best Corporate Citizen in 2001. He was also conferred the Doctor of Letters (Honoris Causa) by the SASTRA University in 2007 for his entrepreneurial achievements and contribution to the growth of the Indian pharmaceutical industry. The Indian Institute of Management, Ahmedabad honoured him with the Distinguished Alumnus Award during the year 2011.

Shri K Raghavendra Rao holds a Bachelors Degree in Commerce from the University of Andhra Pradesh, a Post-Graduate Diploma in Management from IIM-Ahmedabad. He is also a member of the Institute of Cost & Works Accountants of India and The Institute of Company Secretaries of India. Shri K Raghavendra Rao is not related to any Directors of the Company.

He is a Director on the following Companies:

S. No.	Name of Companies /Bodies Corporate /Firms/Association of Individuals	Nature of interest or concern
1	Orchid Healthcare Private Ltd, India	DIRECTOR
2	Orchid Europe Ltd, UK	
3	Bexel Pharmaceuticals Inc., USA	
4	Orchid Pharmaceuticals Inc., USA	
5	Orchid Pharmaceuticals SA (Proprietary) Ltd, South Africa	
6	Diakron Pharmaceuticals Inc., USA	
7	Emart Solutions India Private Ltd, India	

Shri K Raghavendra Rao is a member in the Allotment Committee, Stakeholder Relationship Committee on the Board of Orchid.

Shri K Raghavendra Rao holds 63,36,173 equity shares in Orchid.



CALENDAR-AGM		
S.NO.	PARTICULARS	DATE
1.	Cut-off Date For Eligibility of Voting for the AGM	Wednesday, September 21, 2016
2.	Book Closure Dates	From Monday, September 19, 2016 to Wednesday, September 28, 2016 (both days inclusive)
3.	Remote E-Voting Period	From 9.00 A.M on Saturday, September 24, 2016 till 5.00 P.M. on Tuesday, September 27, 2016
4.	Date & Time of AGM	Wednesday, September 28, 2016 at 10.30 A.M.

### Instructions for e-voting

Pursuant to the provisions of Section 108 of the Companies Act, 2013, read with the Companies (Management and Administration) Rules, 2014, the Company is pleased to offer remote e-voting facility, additionally, to the members to cast their votes electronically on all resolutions set forth in the Notice convening the 23rd Annual General Meeting to be held on Wednesday, September 28, 2016 at Kamaraj Memorial Hall at 10.30 A.M. The Company has engaged the services of National Securities Depository Limited (NSDL) to provide the e-voting facility.

The e-voting facility is available at the link <https://www.evoting.nsdl.com>

Please read the instructions printed below before exercising your vote.

These details and instructions form an integral part of the Notice for the Annual General Meeting to be held on September 28, 2016.

### Steps for Remote e-voting

1. Open the internet browser and type the following URL: <https://www.evoting.nsdl.com>

- Click on Shareholder Login.
- If you are already registered with NSDL for e-voting, then you can use your existing User ID and Password for Login.
- If you are logging for the first time, please enter the User ID and Password provided in this document.
- Password change menu appears. Change the password with new password of your choice with minimum 8 digits / characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- Home page of e-Voting opens. Click on e-Voting: Active E-voting Cycles.
- Select "EVEN" of Orchid Pharma Ltd.
- Now you are ready for e-Voting as Cast Vote page opens.
- Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
- Upon confirmation, the message "Vote cast successfully" will be displayed.
- Once you have voted on the resolutions, you will not be allowed to modify your vote.
- For the votes to be considered valid, the institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority Letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail at [csdhanapal@gmail.com](mailto:csdhanapal@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)

13. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for

Shareholders and e-voting user manual for Shareholders available at the Downloads section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com).

14. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).

#### **General Instructions:**

1. The facility for voting through ballot/poll paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.
2. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
3. The remote e-voting period commences at 09.00 A.M. on Saturday, September, 24, 2016 and ends at 05.00 P.M on Tuesday, September 27, 2016. During this period, the shareholders of the Company holding shares either in physical form or in dematerialised form, as on the cut-off date (record date) of September 21, 2016 may cast their votes electronically. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
4. Since the Company is required to provide members the facility to cast their vote by electronic means, shareholders of the Company, holding shares either in physical form or in dematerialised form, as on the September 21, 2016 cut-off date (and who have not cast their vote electronically during currency of remote e-voting) may only cast their vote at the Annual General Meeting.
5. Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the Cut Off date i.e September 21, 2016 may obtain the login ID and password by sending a request in writing at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).

However, if you are already registered with NSDL for remote e-voting then you can use

your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details / Password" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or contact NSDL at the following toll free no: 1800-222-990.

6. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting/voting at the AGM through ballot paper.
7. Shri S Dhanapal of M/s Dhanapal Associates, Practising Company Secretaries (Membership No.FCS 6881) has been appointed as the Scrutinizer to scrutinize the voting process in a fair and transparent manner.
8. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of "Ballot Paper" / "Polling Paper" for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
9. The Scrutinizer shall after the conclusion of voting at the general meeting, first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
10. The voting rights of shareholders shall be in proportion to their shares of the paid-up equity share capital of the Company as on September 21, 2016. The results declared along with the Scrutinizer's Report shall be placed on the Company's website [www.orchidpharma.com](http://www.orchidpharma.com) and on the website of the NSDL within two days of the passing of the resolutions at the 23rd Annual General Meeting of the Company and communicated to National Stock Exchange of India Limited and BSE Limited.

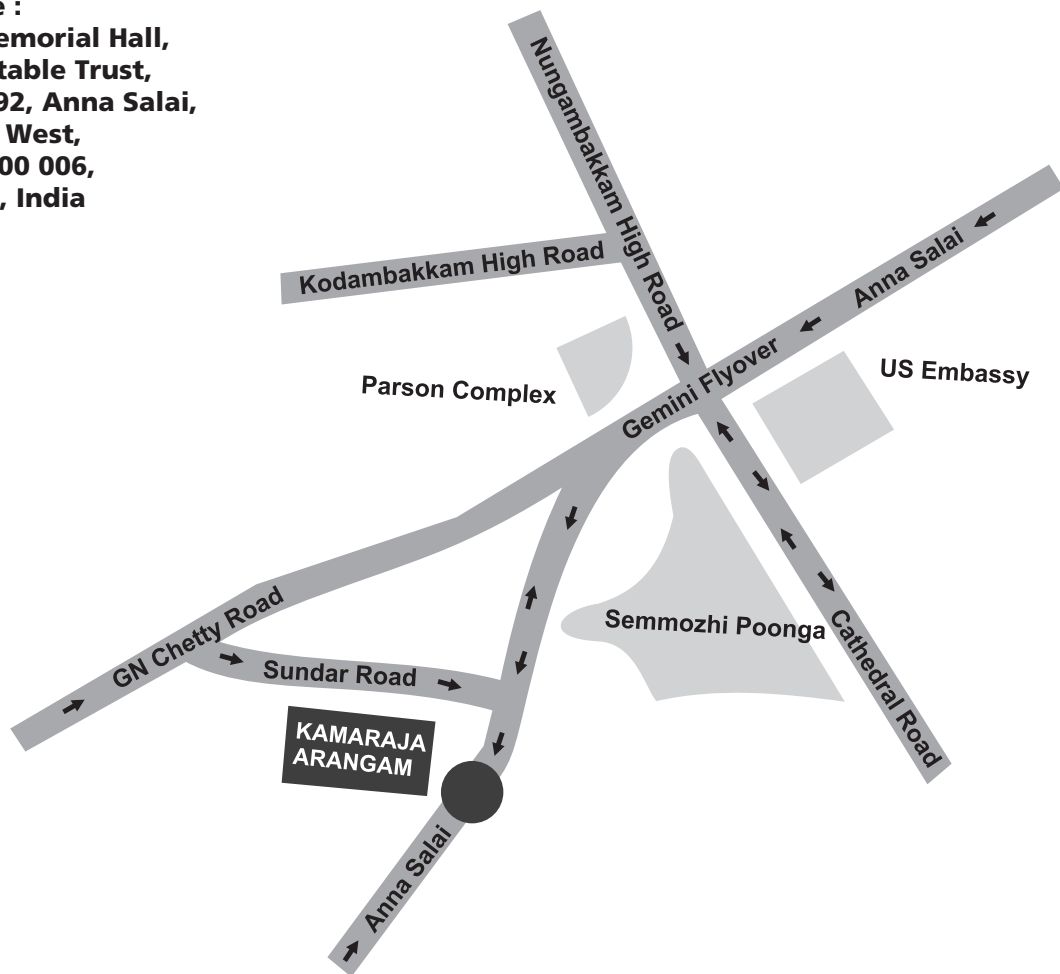
All documents referred to in the accompanying Notice and the Statement pursuant to Section 102 of the Companies Act, 2013, will be available for inspection at the Registered Office of the Company during business hours on all working days up to the date of declaration of the result of the 23rd Annual General Meeting of the Company.

**By Order of the Board  
For Orchid Pharma Limited**

Place : Chennai  
Date : May 27, 2016

L Chandrasekar  
CFO & Company Secretary

**AGM Venue :**  
**Kamaraj Memorial Hall,**  
**TNCC Charitable Trust,**  
**New No : 492, Anna Salai,**  
**Teynampet West,**  
**Chennai - 600 006,**  
**Tamil Nadu, India**







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### **Forward-looking statements**

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take investment decisions. This report and our other statements-written and oral-that we periodically make contain forward looking statements that set out anticipated results based on the managements plans and the assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any decision of future performance. We cannot guarantee that these forward-looking statements will be released, although we believe we have been prudent in assumptions. The achievements of results and subject to risks, uncertainties, and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated, or projected. Readers should keep this in mind. We undertake no obligation to publicly update any forward-looking statements, where as a result of new information, future events or otherwise.

# Corporate Information

## Board of Directors

**Shri K N Venkatasubramanian**

*Chairman & Independent Director*

**Shri K Raghavendra Rao**

*Managing Director*

## Directors

<b>Shri R Kannan</b>	Independent Director
<b>Shri S Krishnan</b>	Non-Executive Director
<b>Shri Rabinarayan Panda</b>	Nominee of IDBI Bank Ltd
<b>Smt Soundara Kumar</b>	Nominee of State Bank of India

## Management Team

<b>Dr B Gopalan</b>	Executive Director - Chief Scientific Officer
<b>Ms Edna Braganza</b>	Chief Operating Officer
<b>Shri S Mani</b>	President – Process Research, HR, SHE & CSR
<b>Shri L Chandrasekar</b>	Executive VP - Finance & Company Secretary
<b>Dr U P Senthil Kumar</b>	Senior Vice President – Process Research
<b>Dr J Surya Kumar</b>	Senior Vice President - Formulation Development
<b>Shri A Suresh Babu</b>	Head - Corporate Affairs

## Auditors

### Statutory Auditors

SNB Associates  
Chartered Accountants  
No 12, 3rd Floor, Gemini Parsn Complex  
121, Anna Salai, Chennai - 600 006.  
Tamil Nadu, India

### Secretarial Auditors

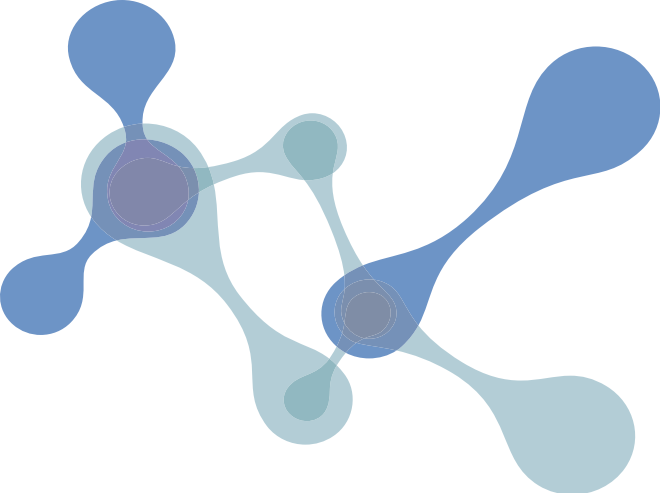
S Dhanapal & Associates  
Practicing Company Secretaries  
Suite No. 103, First Floor, Kaveri Complex,  
No. 96/104, Nungambakkam High Road  
Nungambakkam, Chennai – 600 034.  
Tamil Nadu, India

### Cost Auditors

Shri V Kalyanaraman  
Cost Accountant  
No.4 (Old No.12), Second Street,  
North Gopalapuram, Chennai - 600 086.  
Tamil Nadu, India

## Banks / Financial Institutions

Allahabad Bank	City Union Bank	IFCI Ltd	State Bank of India
Andhra Bank	Deutsche Bank	Indian Bank	State Bank of Mysore
AXIS Bank	Edelweiss Asset Reconstruction Company Limited	Indian Overseas Bank	State Bank of Travancore
AfrAsia Bank	Exim Bank	Kotak Mahindra Bank	Union Bank of India
Bank of Baroda	ICICI Bank	Punjab National Bank	
Bank of India	IDBI Bank	SICOM Ltd	
Canara Bank		State Bank of Hyderabad	



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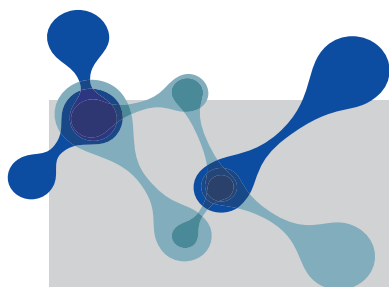
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# Directors' Report

*Dear Members,*

Your Directors take pleasure in presenting the report on business and operations of your Company along with the audited statement of accounts for the financial year ended March 31, 2016.

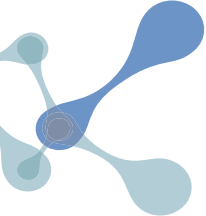
## Performance

The highlights of the Standalone financial results for the year 2015 – 2016 are given below:-

(₹ in Crores)

Particulars	Yearended 31.03.2016	18 months ended 31.03.2015
Sales & Operating Income	879.33	1,736.19
Other Income	24.60	42.37
Total Expenditure	705.27	1,416.33
Gross profit	198.66	362.23
Interest & Finance Charges	294.23	537.00
Gross Profit after Interest but before Depreciation and Taxation	(95.56)	(174.77)
Depreciation	143.41	321.37
Profit / (Loss) before Tax, exceptional and extraordinary items	(238.97)	(496.14)
Exceptional Item	52.54	157.26
Profit / (Loss) Before Tax and Extraordinary item	(291.52)	(653.41)
Extraordinary items [Income / (Expenditure)]	—	270.62
Profit / (Loss) Before Tax	(291.52)	(382.79)
Current & Deferred Tax	(17.25)	(191.75)
Profit /(Loss) after Tax	(274.27)	(191.04)

The operations of the Alathur API facility were affected for about 3 months, due to torrential rains and floods that occurred during December 2015. Your Company has taken all corrective measures to overcome this impact within the best possible time. Your Company has processed necessary insurance claims for material damage and loss of profit with the insurers. Despite the constraints on account of floods during the financial year 2015-16, your Company achieved a turnover and operating income of ₹879.33 crores (₹1,736.19 crores in 2013-15 which includes business from Aurangabad API facility for about 9 months, till it was transferred in July 2014). The gross profit before interest, depreciation and taxes stood at ₹198.66 crores (₹362.23 crores in 2013-15). After providing for interest expense of ₹294.23 crores (₹537 crores in 2013-15), depreciation of ₹143.41 crores (₹321.37 crores in 2013-15), Exceptional item ₹52.54 crores (₹157.26 crores in 2013-15) and Extraordinary item of Rs. Nil (₹270.62 crores in 2013-15), the Loss before tax of the Company was ₹291.52 crores (₹382.79 crores (Loss) in 2013-15). The net loss after tax stood at



₹274.27 crores (₹191.04 crores (Loss) in 2013-15). The name of the Company was changed from "Orchid Chemicals & Pharmaceuticals Ltd." to "Orchid Pharma Ltd." effective from October 19, 2015.

During the year, your Company was conferred with the Export Excellence Award for the FY 2012-13 & 2013-14 by Madras Export Processing Zone (MEPZ) - Special Economic Zone, Government of India.

## Business Overview

Presently your company is working under the framework of CDR and working towards revival of its operations. Your Company is in the process of launching new products in NPNC segment in the current financial year for the US, EU and other Markets on expiry of patent cover, which will have a positive impact on the Company's revenue and profitability streams.

Your Company has been extremely fortunate to have the full support of its Lenders, Employees, Vendors and Customers during the financially stressed period and all efforts are being made to garner continuous and full support to revive the operations of the Company. Although, huge efforts are required towards regaining the confidence of various Stakeholders, your Company is hopeful and confident of accomplishing the same over a period of time. With the above measures, your Directors believe that the Company will gradually be able to revive its operations towards profitability.

## Future Prospects

It is now two years since the restructuring of the Debt and implementation of the Corporate Debt Restructuring and your Company is moving in the positive direction. In financial terms, the objective of your Company is to lower earnings volatility, strive for higher predictable and calibrated growth and improve EBITDA margin and Return on Investment. The target is to stay cash flow positive and expand earnings year-on-year from FY 2017-18.

All of your Company's facilities located in Tamil Nadu, India consistently match rigorous global operating standards and are approved by international regulators such as US FDA, UK MHRA, ANVISA Brazil. This key strength provides your Company with the ability to be present and compete in Indian market as well as in various international markets such as USA, Europe, Japan, Australia, China and other emerging countries. Your Company,

owes this credit not just to the customers who believe in quality, but also Lenders, Suppliers, Service Providers and Employees who have extended their fullest support and cooperation. Your company is gaining confidence with its various stake holders and your Company is sure that this effort will continue and grow.

## Regulatory Filings and Approvals

In the generic formulations domain, Orchid's cumulative Abbreviated New Drug Application (ANDA) filings for the US market stood at 46. This includes 8 Para IV FTF (First-To-File) filings. The break-up of the total ANDA filings is 13 in Cephalosporins segment and 33 in NPNC space. Your Company has received approval from USFDA for the Abbreviated New Drug Application (ANDA) of Rivastigmine Tartrate Capsules USP, 1.5 mg, 3 mg, 4.5 mg, 6 mg, Felodipine Extended - Release Tablets USP, 2.5 mg, 5 mg, 10 mg, Gemifloxacin Mesylate Tablets, 320 mg and Rasagiline Mesylate Tablets, 0.5 mg & 1 mg with 180 days of generic drug exclusivity. The Company has received tentative approval from USFDA for the Abbreviated New Drug Application (ANDA) of Risedronate Sodium Tablets USP, 30 mg & 35 mg.

In the European Union (EU) region, the cumulative count of Marketing Authorisation (MA) filings stood at 31. The breakup of the total MA filings is 15 in the Cephalosporin segment and 16 in the NPNC segment.

In the API (Active Pharmaceutical Ingredients) domain, Orchid's cumulative filings of US DMF stand at 76. The break-up of the total filings is 28 in the Cephalosporin Segment, 48 in NPNC segment. In the European market space the cumulative filings of COS (Certificate of Suitability) count remained at 20 which includes 14 in cephalosporin segment, 6 in NPNC segment.

## Intellectual Property Rights

During the year, Orchid continued to accelerate the IPR work on a number of products. The total number of patent applications filed by Orchid in various national and international patent offices so far is 923 including Process, Formulation, New Chemical Entities (NCE), Novel Drug Delivery System (NDDS), Biotech and Generics. As of March 31, 2016, 82 patent applications have been published while 136 patents have been granted cumulatively.



The number of patent applications filed by Orchid from April 01, 2015 to March 31, 2016 is 2 (Including Process, Formulation, NCE, NDDS, Biotech and Generics), 2 patent applications have been published and 44 patents granted .

## Dividend

Due to losses incurred by the Company during the financial year 2015-16, your Directors express their inability to recommend any dividend to the equity shareholders.

## Issue of Equity Shares

To comply with the requirements of Corporate Debt Restructuring Programme, your Company pursuant to the approval granted by the members through Postal ballot on August 26, 2014, had got in-principle approval from NSE & BSE to allot 1,85,12,251 (One Crore Eighty Five Lakhs Twelve Thousand Two Hundred Fifty One Only) equity shares of ₹10/- each at a premium of ₹ 39.79 per share to the Promoter Group Company M/s Orchid Healthcare Private Ltd. Out of the above, your Company allotted 1,48,09,801 shares as part of first tranche during December 2014. The Company allotted the remaining 3,702,450 (Thirty Seven lakh Two Thousand Four Hundred and Fifty Only) equity shares of ₹10/- each at a premium of ₹39.79 per share during October 2015. The Listing approval for 37,02,450 shares has been received from BSE and the approval from NSE is awaited.

## Employees Stock Option Plan

The details of options granted to employees under the ORCHID ESOP 2010, ORCHID ESOP – DIRECTORS 2011, Orchid ESOP – Senior Management 2011 schemes and the status of such options as on March 31, 2016 are given in Annexure IV to this Report.

## Subsidiaries

### Bexel Pharmaceuticals Inc., USA (Bexel)

Bexel was incorporated basically to conduct Research & Development activities in new drug discovery segment. The current Bexel IP portfolio is being maintained by global IP Unit of your Company.

### Orchid Pharmaceuticals Inc., USA

Orchid Pharmaceuticals, Inc. is a wholly owned Delaware-based subsidiary of your Company and also the holding company

in the United States, under which all the operational business subsidiaries have been structured. The Company currently has two operating Subsidiaries, namely Orgenus Pharma Inc., and Orchid Pharma Inc., in the US. Orgenus Pharma Inc. is the entity that provides all business development and operational services for the parent Company including the initiation of marketing alliances with partner companies. It continues to represent your Company for all matters relating to the review and approval of such filings by the FDA, and handling of logistics and product importation into the US as the Importer of Record for the US Customs. Orchid Pharma Inc., is the commercial entity that started direct marketing and selling your Company's products in the US generics market place. Orchid Pharma Inc. has established a strong corporate image for your Company in the US and will be launching all future (unpartnered) generics products under the Orchid label.

### Diakron Pharmaceuticals Inc., USA

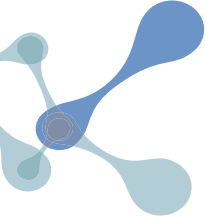
Orchid's stake in Diakron has been a part of the original transaction which includes direct investment and Master Services Agreement (MSA). Your Company has completed most of its MSA obligations to develop and supply clinical quantities of API and extended release formulation.

### Orchid Europe Limited, United Kingdom

Your Company's subsidiary in Europe namely Orchid Europe Limited (OEL) is a wholly owned subsidiary which provides liaising support to the parent Company and its customers in Regulatory, Pharmacovigilance, Testing & Release, Retention of samples, Service Providers and Business Development in Europe.

### Orchid Pharmaceuticals (South Africa) Pty Ltd., South Africa

Your Company's wholly owned subsidiary, Orchid Pharmaceuticals (South Africa) Pty Ltd., was incorporated mainly to register and market your Company's products in South Africa. The Company is in the process of submitting dossiers for obtaining marketing approval from the regulatory authority, MCC for various oral products and the applications are at various stages of the registration process.



## Associate

### Allekra Therapeutics GmbH, Germany

With a view to enter into drug discovery in the areas of obesity, CNS and other therapeutic areas in response to potential MNC interest, Orchid decided to invest in Allekra Therapeutics GmbH (Allekra) and holds 18.27 % stake in the Company. Allekra is a drug development Company based in Germany focused on clinically differentiated products and develops unique products for novel treatments to combat multi drug resistant bacterial infections. Currently the Company is pursuing arbitration proceedings with the Management of Allekra for certain legal dispute concerning the shareholding in the Associate, as according to German Law debt restructuring programme is considered as insolvency proceedings.

### Consolidated Financial Statements

Pursuant to Section 129(3) of the Companies Act, 2013, the Consolidated Financial statements presented by the Company include the financial statements of its subsidiaries. Further, a statement containing the salient features of the financial statements of the subsidiaries of the Company in the prescribed form AOC-1 is given in Annexure IX, forming part of this report.

### Key Managerial Personnel

Shri. K Raghavendra Rao (DIN: 00010096), Managing Director and Shri. L Chandrasekar, CFO & Company Secretary are the Key Managerial Personnel of the Company under the provisions of the Companies Act, 2013.

### Extract of Annual Return

As per provisions of Section 92 (3) of the Companies Act, 2013 read with Rule 12 of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return in the Form MGT-9 is given in Annexure - VI, forming part of this report.

### Board Meetings held during the year

During the year, 6 meetings of the Board of Directors were held. The Board Meetings were held in accordance with provisions of the Companies Act, 2013 and the relevant rules made there under. The details of the meetings held are furnished in the Corporate Governance Report forming part of this report.

## Directors' Responsibility Statement

In accordance with the provisions of Section 134 (5) of the Companies Act, 2013, your Directors confirm that :

- In the preparation of the annual accounts for the Financial year 2015-16, the applicable accounting standards were followed along with proper explanation relating to material departures, if any.
- The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year, i.e. on March 31, 2016 and of the profit or loss of the Company for that period 2015-16.
- The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- The Directors had prepared the annual accounts for the Financial year 2015-16 on a going concern basis.
- The Directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and are operating effectively.
- The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

### Nomination & Remuneration policy

This Policy lays down standards with respect to the appointment, remuneration and evaluation of Senior Management Personnel, Directors and Key Managerial Personnel of the Company. The Policy is available on the website of the Company and the web link for the same is [http://www.orchidpharma.com/downloads/NOMINATION\\_AND\\_REMUNERATION\\_POLICY.pdf](http://www.orchidpharma.com/downloads/NOMINATION_AND_REMUNERATION_POLICY.pdf).

### Appointment and Remuneration of Non-Executive Directors

The Criteria for determining independence of a director are based on the academic accomplishments, qualifications, expertise and experience in their respective fields, diversity of the Board, global

exposure, professional network, technical expertise, functional domain expertise, independence and innovation.

The Independent Directors are appointed after the Nomination and Remuneration committee satisfies itself with regard to the independent nature of the Director with the Company and ensure that the independent Director meets the criteria as stipulated in the Section 149 (7) of the Companies Act, 2013 and the SEBI (LODR) Regulations, 2015.

The Nomination and Remuneration Committee ensures that the candidate identified for appointment as a Director is not disqualified for appointment under Section 164 of the Companies Act, 2013.

All Independent Directors of the Company have given declarations to the Company under Section 149 (7) of the Act that, they meet the criteria of independence as provided in Sub-Section 6 of Section 149 of the Act and also under the Listing Regulations, 2015.

Non-Executive Directors are entitled to receive sitting fees for attending the meetings of the Board or Committee thereof, as approved by the Board and within the overall limits prescribed under the Companies Act, 2013 and rules thereunder.

### **Related Party Transaction Policy**

The Company has framed a Related Party Transaction Policy in compliance with Section 177 of the Companies Act 2013 and Regulation 23 of SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2015, in order to ensure proper reporting and approval of transactions with related parties. The Policy is available on the website of the Company and the web link for the same is <http://www.orchidpharma.com/downloads/RELATED-PARTY-TRANSACTION-POLICY.pdf>

All the transactions entered with the related parties were in ordinary course of business and are on arm's length basis and there are no material related party transactions as per policy adopted by the Company. The particulars of contracts or arrangements with the related parties under Section 188(1) are disclosed in Form AOC-2 which is given in Annexure – X, forming part of this report.

Prior omnibus approval of the Audit Committee is obtained for the transactions which are foreseeable and of repetitive nature. For the transactions entered into pursuant to the omnibus approval so granted, a statement giving details of all related party transactions is placed before the Audit Committee and the Board of Directors for their information and approval at regular intervals.

### **Corporate Social Responsibility (CSR)**

Pursuant to the provisions of Section 135 and Schedule VII of the Companies Act, 2013 the Company had constituted the Corporate Social Responsibility Committee to recommend: (a) the policy on Corporate Social Responsibility and (b) implementation of the CSR Projects or Programs to be undertaken by the Company as per CSR Policy for consideration and approval by the Board of Directors.

The Board has approved the CSR policy and the same is available on the website of the Company and the web link for the same is <http://www.orchidpharma.com/downloads/CSR-POLICY.pdf>.

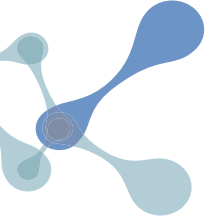
Since the Company did not have any profits for the last three financial years, the Company is not mandatorily required to contribute towards Corporate Social Responsibility activities. However, your Company has undertaken the CSR activities voluntarily on Education, Health, Youth development, Women Empowerment, Community assets creation (Infrastructure Development), Environment & Renewable Energy during the financial year 2015-16 through "Orchid Trust" and spent ₹14.75 Lakhs

### **Material changes and commitment, if any, affecting financial position of the Company from the end of Financial Year and till the date of this Report**

There are no material changes and commitments affecting the financial position of the Company which have occurred between 31st March 2016 and the date of this report.

### **Conservation of Energy**

Your Company has always been striving hard in the field of energy conservation. Several measures to conserve energy and to reduce associated costs were taken during the fiscal under review as well. The particulars in respect to conservation of energy as required under Section 134(3)(m) of the Companies Act, 2013, are given in Annexure I to this report.



## Technology Absorption

The particulars in respect of R&D/Technology absorption as required under Section 134(3)(m) of the Companies Act, 2013, are given in Annexure II to this report.

## Foreign Exchange Earnings and Outgo

The particulars in respect of Foreign Exchange Earnings and Outgo as required under Section 134(3)(m) of the Companies Act, 1956, are given in Annexure III to this report.

## Risk Management Policy

The details and the process of Risk Management as implemented in the Company are provided as part of Management Discussion and Analysis which forms part of this Report.

### Annual evaluation of Board, its Committees and Individual Directors

The Board of Directors has carried out an annual evaluation of its own performance, its Committees and individual Directors pursuant to the requirements of the Companies Act, 2013 and the Listing Regulations, 2015.

The Annual evaluation was carried out as per the format (Questionnaire) prescribed by the Nomination and Remuneration Committee of the Company.

The structured questionnaire covers various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance.

The Directors expressed their satisfaction with the evaluation process.

## Change in the Nature of Business

There is no change in the nature of business carried on by your Company during the financial year ended 31st March 2016.

### Details regarding deposits, covered under Chapter V of the Act

During the Financial Year 2015-16, your Company did not accept any deposits within the meaning of the provisions of Chapter V – Acceptance of Deposits by Companies read with the Companies (Acceptance of Deposits), Rules 2014.

### Significant and Material Orders Passed by the Regulators or Courts or Tribunals impacting the Going Concern status of the Company

There have been no significant nor material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations. All Orders received by the Company from Courts or Tribunals during the year are of routine nature which have no significant /material impact.

### Adequacy of Internal Financial Control System

The Company has in place satisfactory internal financial controls with reference to financial statements. These controls ensure the accuracy and completeness of the accounting records and preparation of financial statements.

The Internal Auditors and statutory Auditors review the adequacy of internal control system and suggest necessary checks and balances to ensure and increase the effectiveness of the system.

### Vigil Mechanism (Whistle Blower Policy)

The Company has established vigil mechanism that enables the Directors and employees to report genuine concerns. The Company encourages its employees who have their concerns about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct to come forward and express concerns without fear of punishment or unfair treatment.

The Policy is available on the website of the Company and the web link for the same is <http://www.orchidpharma.com/downloads/whistle-blower-policy.pdf>.

### Policy for determining material subsidiaries

The Company has framed a Policy for determining material subsidiaries in compliance with Regulation 16 (1) (c) of SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2015, in order to determine the material subsidiaries of the Company. The Policy is available on the website of the Company and the web link for the same is [http://www.orchidpharma.com/ir\\_downloads.aspx](http://www.orchidpharma.com/ir_downloads.aspx)

### Disclosure under the sexual harassment of women at work place (Prevention, Prohibition and Redressal) Act, 2013

The Company has in place an anti-sexual harassment Policy in line with the requirements of The Sexual Harassment of Women at the work place (Prevention, Prohibition & Redressal) Act, 2013.

Grievance redressal cell within the Human Resource Department has been set up to redress complaints regarding sexual harassment. All employees (permanent, contractual, trainees) are covered under this policy.

The Company has not received any complaint on sexual harassment during the financial year ended 31st March, 2016.

## Environment

Environment management is the prime concern in your Company. Orchid has employed a state of the art technology zero liquid trade effluent treatment plant system and world class treatment facilities for its liquid and gaseous pollutants generated from the production processes. The zero discharge of liquid trade effluent treatment plant comprises Membrane Bio Reactor, Nano Filtration, Reverse Osmosis, Solvent Stripping Column, Thermal Evaporation & Crystallization plant to treat the entire trade effluent and recycle back into the utility process. Waste Air Treatment is done through installation of process scrubbers, vent gas condensation, Reverse Jet Ventury Filter, Electro Static Precipitator.

## Safety Excellence Journey

Safety being a core organizational value, safety is given a first thought to manage the risk even at these challenging times. Though resource constraints have prevented complete risk mitigation, Line Management, Safety Professionals (SPRO) and Leadership in the form of the Central Safety Committee (CSC) have ensured that risks have been contained to keep your Company free from any major incidents. This was possible because of the Orchid's strong belief on relentless Visible, Felt Leadership.

Safety performance of the various locations are periodically monitored and reviewed by Central Safety Committee and Site Safety Committees.

Safety Site Teams at the locations play a major role in sustaining the safety spirit among the employees.

The Company recognizes the need for influencing skills at different levels to implement safety effectively. Critical safety concerns are being reviewed by Site Heads and progress is tracked in the Central Safety Committee.

All line managers are entrusted to carry out Safety Observation Audits (SOAs) and to identify the hazards in their area and associated unsafe behaviours. This is a unique two-way

conversational process to bring about improved safety-behavior and thereby control risk. Orchid also believes that continuous learning is a critical element in Safety Management. Hence various in-house training programs are being conducted to reinforce safe behavior. All incidents are investigated and corrective and preventive actions have been taken.

## Particulars of Employees and Remuneration

The Information as required pursuant to Section 197(12) of the Act read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are given in Annexure VII to this report.

A statement showing names and other particulars of the employees drawing remuneration in excess of the limits prescribed under rule 5(2) of the rules forms part of this Report. However, as per provision of Section 136 of the Act, the report and accounts are being sent to the members, excluding the aforesaid information which is available for inspection by the members at the registered office of the Company during business hours on all working days. If any member is interested in obtaining a copy, such member may write to the Company Secretary.

## Particulars of Loans, Guarantees or Investments under section 186 of the Companies Act, 2013

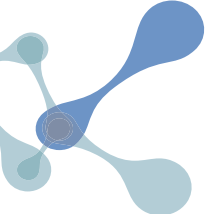
Particulars of Loans, Guarantees or Investments under Section 186 of the Companies Act, 2013 are given in Note No.13 and 32b to the standalone financial statements.

## Green Initiative

To augment the green initiative of the Ministry of Corporate Affairs and to reduce carbon foot print, your Company proposes to send various communication including the Annual Reports in electronic form, to the members who have opted for the same. This would help in reducing the number of physical copies to be printed. The full text of the Annual Report 2015-16 is available at [www.orchidpharma.com](http://www.orchidpharma.com). As a member of the Company, you are entitled to receive all such communications in physical form, upon request.

## Corporate Governance

The Company follows the code of Corporate Governance issued by the stock exchanges for listed companies. As a Listed Company, necessary measures are taken to comply with the



Listing Regulations. A report on Corporate Governance, along with a certificate of compliance from the Practising Company Secretary is given in Annexure V and forms part of this Report.

## Directors

### Nominee Director

During the year, the IDBI Bank Ltd withdrew the nomination of Shri Nagaraj Garla and appointed Shri Rabinarayan Panda, in his place on the Board with effect from December 28, 2015.

### Retirement of Directors by rotation

In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the Company Shri K Raghavendra Rao, Managing Director, retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

None of the Directors of the Company is disqualified under Section 164(2) of the Companies Act, 2013.

### Statutory Auditors

The Statutory Auditors, M/s SNB Associates, Chartered Accountants have been appointed for a period of two (2) years from the conclusion of 22nd Annual General Meeting till the conclusion of 24th Annual General Meeting subject to ratification at every AGM. The resolution seeking ratification of their appointment is being sought for in this AGM.

## Auditors' Report

### Explanation to the Audit qualifications

The Auditors in their report have made certain observations relating to recovery of advances paid to suppliers, non-provision of diminution in value of investments in foreign R&D subsidiaries and non-provisioning of the hold back amount receivable under the BTA agreement under "Qualified Opinion" in their report to the members.

The Company, for meeting the future business expansion, for sustaining the current regulatory approvals and customer expectations and also to meet the demand for some of the existing products which are increasing both in regulated markets and emerging markets, has given advances to vendors for supply

of capital goods and materials. The Company is currently under Corporate Debt Restructuring (CDR) Scheme. Due to financial constraints, the company was not able to take delivery of materials/capital goods and the company is confident that with the revival envisaged under the CDR regime and with the plans of infusion of alternate funding, the Company would be able to take delivery of these materials in due course.

As per the valuation of molecules in its current status, the Company is confident that the value of molecules held by the foreign subsidiaries will be more than the investment. Hence, no adjustment is considered necessary.

In respect of holdback money claims, the Company has refuted its claims through its lawyers. As the BTA transaction has been done in accordance with the CDR terms and conditions and the holdback amount was captured in the CDR package as receivable after a period of 18 months from the date of BTA, the Company is confident of receiving the holdback amount from the party pending finalization of negotiation.

### Secretarial Auditor

Pursuant to Section 204 of the Companies Act, 2013 and the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014, M/s S Dhanapal Associates, practicing Company Secretaries were appointed to conduct the secretarial audit of your Company for FY2015-16. The secretarial audit report for the year are given in Annexure VIII to this report.

### Secretarial Audit Report

In respect of delay in filing/non filing of returns with relevant authorities in certain occasions, the Company is taking necessary steps for filing the returns on time in the ensuing years.

## Cost Audit

The Central Government has prescribed that an audit of the cost accounts maintained by the Company in respect of Bulk Drugs and Formulations be conducted under Section 148 of the Companies Act, 2013. Consequently, your Company had appointed Shri. V Kalyanaraman, B.Sc., FCMA, as Cost Auditor for the FY 2016-17 and 2017-18, for the audit of the cost accounts



maintained by the Company in respect of both Bulk Drugs and Formulations.

For the period ended March 31, 2015 (18 months period from October 1, 2013 to March 31, 2015) the due date for filing the cost audit report was September 27, 2015 and the cost audit report was filed on September 23, 2015.

In accordance with the provisions of the Companies Act, 2013, remuneration of the Cost Auditor requires the approval of shareholders and accordingly approval is being sought for the payment of remuneration for the FY 2016-17 and 2017-18.

### Acknowledgements

Your Directors are grateful and thankful to all the Banks, Financial Institutions both in public sector and private sector who have fully supported your company's initiatives during the stressed financial situation and for their wholehearted mandate for restructuring the long term debts of your Company and for their continuous support for meeting the working capital needs of your Company's businesses.

Your Directors are grateful to the Central and State Governments and the Central DCGI and State FDAs for their support to the Company's business plans. Your Board places on record their appreciation of the support provided by the customers, suppliers, services providers, medical fraternity and business partners.

Your Directors are thankful to the esteemed shareholders for their support and encouragement. The Directors and the Management acknowledge and are thankful to the employees who stayed back with the Company during this crucial period and for their commitment and contributions for the revival of the businesses and operations.

For and on behalf of the Board

Place: Chennai  
Date: May 27, 2016

**K Raghavendra Rao**  
*Managing Director*

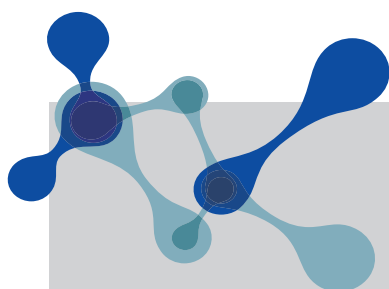
### Addendum to Directors' Report

In view of the holdback money settlement agreement that has been entered with Hospira Healthcare (India) Private Ltd in June 2016, the Company had to write-off a portion of the holdback money which was no longer receivable, in the quarterly financial statement for the quarter ended on 30.06.2016.

For and on behalf of the Board

Place :Chennai  
Date : August 13, 2016

**K Raghavendra Rao**  
*Managing Director*



# Management discussion and analysis

## Economic Overview

### Global :

Global growth is projected at 3.4% in 2016 and 3.6% in 2017. The pickup in global activity is projected to be more gradual than in the October 2015 World Economic Outlook (WEO), especially in emerging market and developing economies.

In 2015, global economic activity remained subdued. Growth in emerging markets and developing economies - while still accounting for over 70 percent of global growth - declined for the fifth consecutive year, while a modest recovery continued in advanced economies.

### Three key transitions continue to influence the global outlook:

- (1) The gradual slowdown and rebalancing of economic activity in China away from investment and manufacturing toward consumption and services,
- (2) Lower prices for energy and other commodities, and
- (3) A gradual tightening in monetary policy in the United States in the context of a resilient U.S. recovery as several other major advanced economy central banks continue to ease monetary policy.

Manufacturing activity and trade remain weak globally, reflecting not only developments in China, but also subdued global demand and investment more broadly - notably a decline in investment in extractive industries. In addition, the dramatic decline in imports in a number of emerging market and developing economies in economic distress is also weighing heavily on global trade.

Global trade flows have slowed significantly in recent months, with total volumes of imports and exports projected to grow by only 2.6 per cent in 2015, the lowest rate since the Great Recession. The source of the global slowdown in trade is primarily rooted in weaker demand from developing economies and a sharp decline in imports demanded by economies in transition.

Global monetary policy has remained generally accommodative in the face of weakening growth and subdued inflationary pressures in many parts of the world.

A larger-than-expected slowdown in China, the second largest economy in the world, is likely to have substantial ripple effects on the rest of the global economy.

### India :

The full-year GDP growth for the fiscal year ending March 2016 settled at 7.6%, up from 7.3% for year March 2015, As stated in AR 2013-15 in the previous year, slightly higher than an official estimate of 7.5% (figures calculated with base year of 2011-12).

The Indian economy expanded 7.9% year-on-year in the first three months of 2016, higher than a downwardly revised 7.2% growth in the previous quarter and much better than market expectations of a 7.5% increase. It is the best performance in six quarters as the farm sector rebounded and grew 2.3% and manufacturing jumped 9.3%.

According to data released by the Central Statistics Office (CSO), the farm sector grew by 2.3% from a year ago compared with a 1.0% contraction in the December, 2015 Quarter. Mining grew 8.6% in the March Quarter, up from 7.1% in the previous Quarter. Electricity, water and gas production growth surged to 9.3% from 5.6 % in the December Quarter.

The Economic Survey had projected a wide band of 7-7.75% growth in 2016-17, boosted by normal monsoon projection. It had, however, cautioned that with the global slowdown likely to persist, chances of India's growth rate in 2016-17 increasing significantly beyond 2015-16 levels were not very high.

For 2016-17, growth is expected to strengthen gradually, notwithstanding significant headwinds. Based on an assessment of the balance of risks, GVA (Gross Value Added) growth for 2016-17 is projected at 7.6 per cent.

Average Wholesale Price Index (WPI) inflation, in 2015-16 (April – December) seen at -3% as compared to 2% in 2014-15.

Average retail inflation, measured by Consumer Price Index (CPI), in 2015-16 (April – December) seen at 4.5- 5%.

According to Reserve Bank of India, the Current Account Deficit (CAD) for the full fiscal 2015-16 stood at 1.1% for 2014-15 is 3.4% As Stated In AR 2013-15 of GDP, as against 1.3% As Stated in AR 2013-15 of GDP, in 2014-15, on the back of contraction in the trade deficit.

Food price inflation stood at 5.2% in March 2016 during April-December 2014 as compared to 4.9% in April 2015. The Reserve Bank of India has projected India's GDP growth for 2016-17 at 7.6%. The International Monetary Fund has slightly trimmed India's growth projections for 2016 and 2017 at 7.4%, a drop of 0.1% from its previous forecast

## The Pharmaceutical Space

### Global Overview, Trends and Prospects

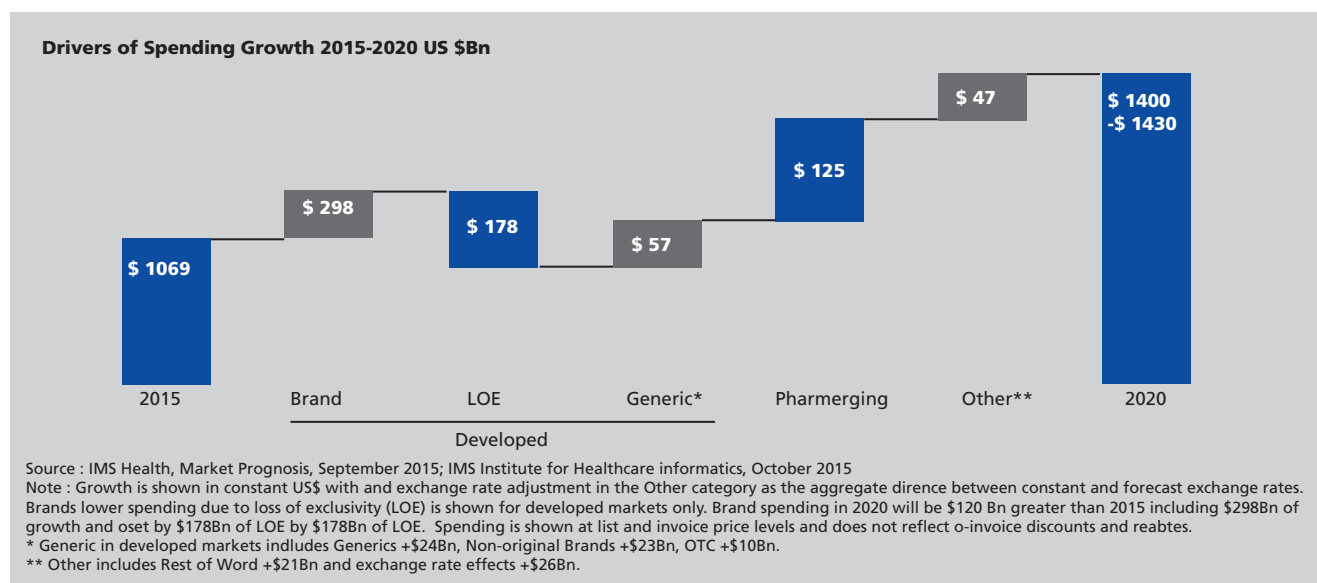
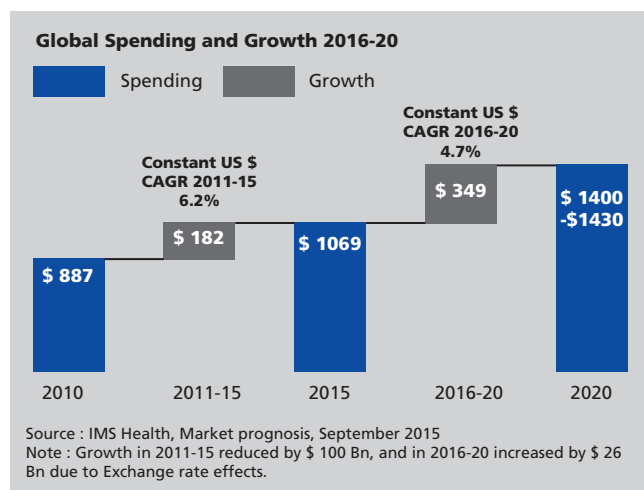
Global spending on medicines will reach \$1.4 trillion by 2020, an increase of 29-32% from 2015 compared to an increase of 35% in the prior 5 years. Spending on specialty therapies will continue to be more significant in developed markets than in pharmerging markets, and different traditional medicines will continue to be used in developed markets compared to pharmerging markets. Spending growth will be driven by brands, as well as increased usage in pharmerging markets, and will be offset by patent

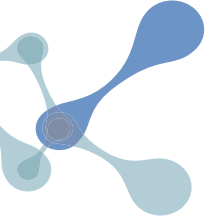
expiries and net price reductions. The patent expiry impact will be larger in 2016-2020 than in the prior five years on an absolute basis and will include \$41 billion of impact from biosimilars.

Medicine spending will increase 31-34% over the next five years (29-32% on a constant dollar basis) compared to a 24% increase in the volumes of medicine used. Volume growth will be driven by demographic trends such as an aging population in developed markets and rising incomes and expanded access to healthcare in pharmerging markets. The remainder of the increase in spending will be driven by the costs of medicines which increase due to the wider adoption of newer more expensive therapies and an increase in prices per unit which occur in some countries, notably the United States.

A rising proportion of medicines are specialty medicines. In 2020, 28% of global spending will be for specialty medicines, up from 26% in 2015. Spending will be more focused on specialty medicines in developed markets accounting for 36% of spending in 2020, compared to only 12% in pharmerging markets.

The key drivers of the \$349 billion in growth over the next five years will be due to access expansion in pharmerging countries, greater use of more expensive branded medicines in developed markets, and greater use of cheaper alternatives when loss of exclusivity occurs.





The combination of demographic pressures - population growth, ageing populations - and relatively slow or slowing economic growth will have built substantial pressure for most countries to develop new funding models for healthcare by 2020. Medicines in 2020 will include a vast array of treatments ranging from those that provide symptom relief available without a prescription to lifesaving genetically personalized therapies unique to a single patient. The role of medicines in global healthcare will have evolved to one which often replaces more complex interventions and in many cases will be accompanied by a societal expectation that medicines can achieve tremendous results, and that whatever the innovation, it should be affordable and accessible to those who need it. While the U.S. has long dominated the world's spending on medicines, the next five years will likely see key pharmerging markets, particularly India and China pass the U.S. in using the highest volumes of medicines, largely driven by their populations, and yet demonstrating that they continue to have limited access per capita to the most transformative innovative medicines.

### India: Overview, trends and prospects

The Indian pharmaceuticals market is the third largest in terms of volume and thirteenth largest in terms of value, as per a report by Equity Master. Branded generics dominate the pharmaceuticals market, constituting nearly 70 to 80% of the market. India is the largest provider of generic drugs globally with the Indian generics accounting for 20% of global exports in terms of volume. India enjoys an important position in the global pharmaceuticals sector.

The Indian pharmaceutical industry is estimated to grow at 20% Compound Annual Growth Rate (CAGR) over the next five years. The Indian pharma industry, which is expected to grow over 15% per annum between 2015 and 2020, will outperform the global pharma industry, which is set to grow at an annual rate of 5% in the same period. Presently the market size of the pharmaceutical industry in India stands at US\$ 20 billion. As on March 2014, Indian pharmaceutical manufacturing facilities registered with the US Food and Drug Administration (FDA) stood at 523, highest for any country outside the US. Domestic pharmaceutical market grew at a CAGR of 12 per cent year-on-year in February 2016, broadly in line with the average of 12.9% since April 2015.

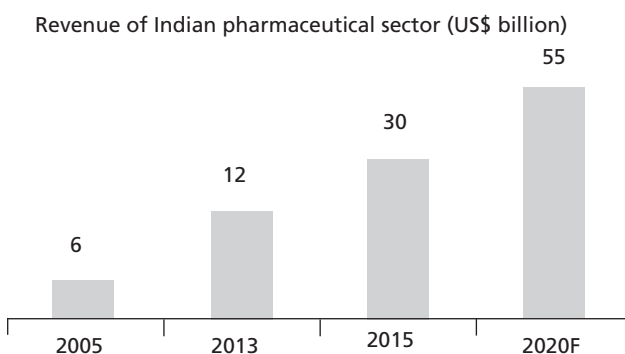
India's biotechnology industry comprising bio-pharmaceuticals, bio-services, bio-agriculture, bio-industry and bioinformatics is expected grow at an average growth rate of around 30% a year and reach US\$ 100 billion by 2025. Biopharma, comprising vaccines, therapeutics and diagnostics, is the largest sub-sector contributing nearly 62% of the total revenues at Rs.12,600 crore (US\$ 1.9 billion).

The Union Cabinet has given its nod for the amendment of the existing Foreign Direct Investment (FDI) policy in the

pharmaceutical sector in order to allow FDI up to 100 per cent under the automatic route for manufacturing of medical devices subject to certain conditions.

**The Drugs and Pharmaceuticals sector attracted cumulative FDI inflows worth US\$ 13.45 billion between April 2000 and December 2015, according to data released by the Department of Industrial Policy and Promotion (DIPP).**

The Government of India unveiled 'Pharma Vision 2020' aimed at making India a global leader in end-to-end drug manufacture. Approval time for new facilities has been reduced to boost investments. Further, the government introduced mechanisms such as the Drug Price Control Order and the National Pharmaceutical Pricing Authority to deal with the issue of affordability and availability of medicines. Some of the major initiatives taken by the government to promote the pharmaceutical sector in India are as follows: Indian Pharmaceutical Association (IPA), the professional association of pharmaceutical companies in India, plans to prepare data integrity guidelines which will help to measure and benchmark the quality of Indian companies with global peers. The Government of India plans to incentivise bulk drug manufacturers, including both state-run and private companies, to encourage 'Make in India' programme and reduce dependence on imports of active pharmaceutical ingredients (API), nearly 85 per cent of which come from China. The Department of Pharmaceuticals has set up an inter-ministerial co-ordination committee, which would periodically review, coordinate and facilitate the resolution of the issues and constraints faced by the Indian pharmaceutical companies.



Source : Department of pharmaceutical, PwC, McKinsey, TechSci Research  
Notes : F - Forecast, CAGR - Compound Annual Growth Rate

- As depicted in the above picture the Indian pharmaceutical market size is expected to grow to US\$ 55 billion by 2020, driven by increasing consumer spending, rapid urbanisation, and rising healthcare among others.
- According to the information provided by IBEF (India Brand Equity Foundation) India supply 20% of global generic medicines market exports in terms of volume, making the country the largest provider of generic medicines globally and expected to expand even further in coming years.

## The Company

Orchid Pharma Ltd. is one of the leading pharmaceutical companies in India headquartered in Chennai and involved in the development, manufacture and marketing of diverse bulk actives, formulations and nutraceuticals with exports spanning over 40 countries. Orchid's world class manufacturing infrastructure include US FDA compliant API and Finished Dosage Form facilities at Chennai, Tamil Nadu, India.

Orchid has dedicated, state-of-art and GLP compliant R&D infrastructure for Process research, Drug Discovery and Pharmaceutical research at Chennai, India.

Orchid has ISO 14001 and OHSAS 18001 certifications.

Orchid's Equity shares are listed on the National Stock Exchange (NSE) and the BSE Ltd in India.

The name of the Company was changed from "Orchid Chemicals & Pharmaceuticals Ltd." to "Orchid Pharma Ltd." effective from October 19, 2015.

## Business highlights

- Received approval from the US FDA for the Abbreviated New Drug Application (ANDA) for Rasagiline Mesylate - Tablets in 0.5 mg and 1 mg.
- Received tentative approval for Risedronate Tablet 30 mg and 35 mg

## Financial Overview

### Profitability

- During the year ended on March 31, 2016, the Company has achieved an EBITDA of Rs.198.66 Crore (23% of operating revenues) as against ₹ 362.23 Crore (21% of the Operating revenues) during the 18 months period ending on March 31, 2015.
- The net loss of the Company before Extra-ordinary items & Tax for the year ended on March 31, 2016 stood at ₹ 291.52 Crore as against ₹ 653.41 Crore during the 18 months period ending on March 31, 2015.
- EPS for the year ending on March 31, 2016 (before extraordinary items) stood at a negative ₹ 31.51 as compared to a negative ₹ 63.10 for the 18 months period ending on March 31, 2015.

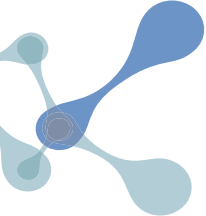
### Components of Revenue & Expenditure

- The operating revenues for the year 2015-16 were from Alathur and Irungattukottai facilities amounting to ₹ 877 Crore as against ₹ 1047 Crore during the 18 months period ending on March 31, 2015, with an annualised increase of 26%.
- Material cost for the year ended March 2016 was ₹ 419.31 Crore (47.6% of the Operating revenues) as compared to ₹ 781.33 Crore (45% of the Operating revenue) during the 18 months period ending on March 31, 2015, which included the operations of Aurangabad API facility for 9 months.

- The other operating cost, including employee cost for the year ended March 2016 was ₹ 285.97 Crore as against ₹ 635 Crore during the 18 months period ending on March 31, 2015.
- The interest cost for the year ended March 2016 was ₹ 294.23 Crore as compared to an effective interest cost of ₹ 495.03 crore (Net of interest reversal of ₹ 41.98 Crore included in exceptional items) during the 18 months period ending on March 31, 2015.
- The Depreciation & Amortisation for the year ending March 2016 was ₹ 143.41 Crore as compared to ₹ 321.37 crore as compared to ₹ 321.37 crore (including amortisation of Intangible assets under development) during the 18 months period ending on March 31, 2015.
- Exceptional items (Loss) for the year ending on March 31, 2016 amounted to ₹ 52.55 Crore as against ₹ 157.26 Crore during the 18 months period ending on March 31, 2015.

### Balance Sheet

- The Equity and Reserves as at March 31, 2016 stood at ₹ 171.13 Crore as compared to ₹ 439.40 Crore as at March 31, 2015. During the year ending March 2016, the Promoters have brought in a sum of ₹ 18.43 Crore as Promoters' Contribution as stipulated during implementation of CDR Package.
- The total borrowings as at March 31, 2016 stood at ₹ 3,215 Crore as compared ₹ 3,165 Crore as at March 31, 2015.



## Human resources and industrial relations

In line with Orchid's HR policy of providing safe, rewarding and professional environment for the employees, Orchid's HR function is continuously monitoring the environment to align with the Company's overall vision and road-map. In spite of the financial crisis faced by the Company, the Company was able to retain talent through various HR initiatives taken.

During the period under review, Orchid maintained a cordial

industrial relationship environment at all manufacturing units of the Company.

As at March 31, 2016, Orchid had approximately 1683 permanent employees including corporate, managerial, sales and manufacturing staff, who continue to strive for successfully meeting various stakeholders' expectations as well as creating wealth for the investors.

## Risks and their management

Orchid has an active risk management and mitigation strategy, taking a fairly wholesome view of the internal and external environment to address various challenges. Key elements of the program are summarized below:

### Foreign exchange risk

A significant part of Orchid's revenue, costs, assets and liabilities are denominated in foreign currencies. Unhedged trade and financial exposure thus creates potential to adversely impact its operations and overall profitability. Risks are recognized at the contractual juncture and are attempted to be hedged progressively under natural hedge process at various stages of operations depending upon the nature of the transactions and in accordance with the hedging policy and strategy of the company. During the year, risk management practices continued to focus on minimising the economic impact on company's profitability arising from fluctuations in exchange rates.

### Interest rate risk

Though at the beginning of the year, Orchid was exposed to differential interest rates, risks associated with interest rate fluctuation have been substantially mitigated with implementation of the CDR Package wherein the interest rate on all restructured Rupee loans/ facilities has been fixed at SBI base rate plus 100 Bps.

### Credit risk

With the active support of CDR lenders, the implementation of the CDR package, with deferral of interest service and rescheduled principal repayments, Orchid has significantly mitigated the risks associated with debt service obligations. This support has strengthened the cash flows of the Company for improving the performance and reducing risk associated with credit repayments during moratorium period.

## Internal audit and control

The Company has in place adequate systems of internal control commensurate with its size and nature of the business and ensure proper safeguarding of assets, maintaining proper accounting records and providing reliable financial statements. Based on the Management and the Audit committee review, suitable steps are being taken periodically to strengthen the adequacy of the internal control systems in various functions.

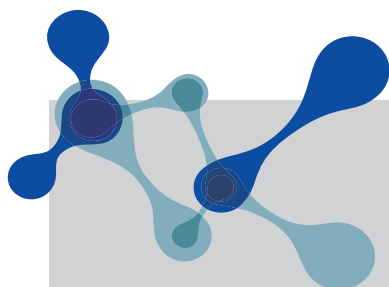
The Company has external teams carrying out various types of audit to strengthen the internal audit and risk management functions. The Company's effective control system is supported with Enterprises Resource Planning (ERP) operating on the enhanced version – SAP ERP ECC6 EHP5 – for its main business processes.

## Cautionary statement

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimate, expectations may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the

Company's operations include, among others, economic conditions affecting demand/supply and price conditions in the domestic and overseas markets in which the Company operates, changes in the Government regulations, tax laws and other statutes and incidental factors.





## Annexure to the Directors' Report

# Annexure I

### Conservation of Energy

#### (a) Energy Conservation Measures Taken

The following energy conservation measures were taken by your Company during the year under review at its Manufacturing facility in Alathur

- Resource optimization in process was done with the help of Process Development Lab resulting in the energy savings.
- Provision of +10°C line for AHU instead of -10°C line has resulted in power savings.
- Interlock provision for compressor and EC fan in -70X plant reduced the running hours of EC fan.
- Draining column bottom line of DC-1002 to HPS by gravity system has resulted in energy reduction.

Due to the various energy conservation activities implemented, mentioned in (a) above, there was a reduction in power consumption by around 322 UPD and 0.32TPD, leading to a saving of around ₹8.00 Lakhs annually with the investment of ₹1.50 Lakhs.

#### (b) PROPOSED ENERGY CONSERVATION MEASURES

Some of the proposals that are considered for implementation towards energy reduction are:

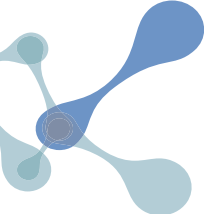
- Utilizing the GEO thermal cooling for + 10 system (trial at utility) which would use ground as heat dissipation medium and reduce water and power consumption, which is expected to bring in savings of around ₹29 Lakhs annually.
- Installing LED fitting conversion at all locations which is expected to bring in savings of ₹27 Lakhs annually.
- Implementation of BPPS (Boiler Peak Performance System) in coal boiler (Oxygen Trimming) which is expected to bring in savings of ₹40 Lakhs annually.
- Implementation of CCT (Clean Coal Technology) in boiler with carbonizer (COAL ADDITIVE)
- Cold and hot water segregation in all sterile plants.
- Operating the chiller in series.

#### (c) Various other energy conservation proposals include:

- Installation of de-super heater in -25, -40, -70 compressor.
- Utilizing AHU condensate water for cold well and hot water tank make up.
- Interconnection of fresh air ducts in Phase-2.
- Impure steam provision for the ecology distillation reactor.
- Other encon proposals which are expected to improve the efficiency of -40/40 TR B and -70/38 TR.

These various energy conservation proposals as mentioned in (c) above are expected to bring in annual savings of around ₹78 Lakhs.

Further, the energy conservation measures proposed to be taken by the Company as mentioned in (b) & (c) above are expected to bring in savings of around Rs.174 Lakhs annually with an investment of Rs. 228 Lakhs.



#### (d) The Steps Taken By The Company For Utilising Alternate Sources Of Energy

To meet Renewable Power Purchase Obligation (RPO) requirement for wheeled gas based power, wind power to a tune of 50 lakhs units / annum & Solar power of 12 Lakhs units / annum is identified.

#### (e) Capital Investment On Energy Conservation Equipments :

No capital investment was made on energy conservation equipment during the Financial Year 2015-16.

### f) Total Energy Consumption and energy Consumption per unit of production

#### (i) Active Pharmaceuticals Ingredient (API)

Particulars		Year Ended March 31, 2016	Eighteen months ended March 31, 2015
<b>A</b>	<b>POWER AND FUEL CONSUMPTION</b>		
	<b>1 Electricity</b>		
	a) Purchased		
	Unit	64549167	103237056
	Total Amount (₹ Lakhs)	4,097.30	6,665.27
	Rate per Unit (₹)	6.35	6.46
	b) Own generation:		
	i) Through Diesel Generator		
	Units	427832	1154029
	Units per litre of diesel oil	3.43	3.77
	Cost per unit (₹)	12.13	14.31
	ii) Through Furnace Oil Generator		
	Units	2326198	1650037
	Units per litre of fuel oil	4.02	3.86
	Cost per unit (₹)	6.60	12.73
	<b>2 Coal</b>		
	Quantity (Tonnes)	26,225.67	31,972.26
	Total Cost (₹ Lakhs)	1,061.58	1,530.95
	Average Rate Per Tonne (₹ Lakhs)	4,047.88	4,788.36
	<b>3 Furnace Oil</b>		
	Quantity ( K litres )	1,123.83	3,767.46
	Total Cost (₹ Lakhs)	230.75	1,492.78
	Average rate (₹ Per K litres)	20,532.67	39,622.94
	<b>4 Others / Internal Generation</b>		
	I) Windmills *		
	Quantity ( in units)		1558411
	Cost Per Unit (₹)		4.30
	II) Gas based *		
	Quantity ( in units)	52218578	63438950
	Cost Per Unit (₹)	5.29	5.33
<b>B</b>	<b>CONSUMPTION PER UNIT OF PRODUCTION</b>		
	Products with details:		
	(i) <b>Bulk Drugs - Oral &amp; Sterile (in MT)</b>	450.19	528.24
	Electricity (₹ Lakhs per MT)	8.22	11.72
	Furnace Oil (₹ Lakhs per MT)	0.34	0.40
	Coal (₹ Lakhs per MT)	2.36	2.90
	Others	NIL	NIL

\* Units generated are wheeled to our manufacturing facilities

#### (ii) Formulations

It is not practical to classify energy consumption data on the basis of product, since the company manufactures finished dosages in various forms and pack sizes with different energy requirements.

## Annexure II – TECHNOLOGY ABSORPTION

### I. Research and Development

#### 1. Specific areas in which research and development activities have been carried out by the Company during the year.

Research and Development activities have been carried out in cephalosporin segment of lactams and in non-lactams. Under non-lactams category, R&D has generated salient data and provided scientific justifications for the proposed technology of APIs (Active Pharmaceutical Ingredients) in order to ensure approval of the ANDA (Abbreviated New Drug Application) with the associated DMF (Drug Master File) by Regulatory Agencies. R&D has been involved in ensuring the quality of the products for regulated and developing markets through appropriate change in the technology and analytical methods, and support an early approval of the dossiers. R&D has worked towards improving the manufacturing process of APIs in order to maintain and improve competitiveness.

Drug Discovery Research function continued to focus its research in the anti-diabetic and anti-infective segments. In anti-diabetic area, a few compounds have been identified as lead compounds, which will be progressed to the next level of proof of concept studies in animals. In the antidiabetic area, the collaborative research work with the partner continued in the discovery of the pre-clinical candidate.

Research and Development on employing enzymatic technology for the manufacture of certain cephalosporins has progressed to an advanced stage.

#### 2. Benefits derived as a result of the above R&D activities.

R&D activities have provided significant support for ANDA/DMF to progress through the approval process from regulatory agencies of developed markets, and helped progressing towards the opportunities for commercial launch of drug products. Further the analytical data and methods generated have helped to progress towards including Orchid's methods in official pharmacopoeial monographs. Support through IP analysis, review, and standards of drug substances and related substances have helped in the commercialization of the drug products and drug substances.

#### 3. Future plan of action

R&D will focus its efforts in the development of new products which will go off-patent in the coming years apart from improving the manufacturing technology to reduce the cost of materials and improve productivity in order to maintain and increase the competitiveness. In case of high cost KSMs (Key Starting Materials), R&D will focus on developing manufacturing process to produce it at low cost.

Drug Discovery Research (DDR) would, in addition to progressing promising NCEs to the next stage in the clinical studies, also take-up new leads to the next level of proof of concept evaluation studies and out-licensing opportunities. Discovery of the pre-clinical candidate in anti-infective area would culminate in achieving the second milestone from the collaborator. Proprietary research to discover new molecules against resistant pathogens in anti-infective area would continue.

#### 4. Expenditure on R&D

The R&D outlay was as follows (₹ in Lakhs)

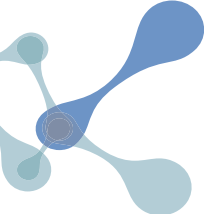
Particulars	Year ended March 31, 2016	Eighteen months ended March 31, 2015
a) Capital	-	-
b) Recurring	2883.53	5995.18
c) Total	2883.53	5995.18
d) Total R&D expenditure as a percentage of the total turnover	3.28%	3.45%

## II. Technology absorption, adaptation and innovation

### I. Research and Development:

1. Efforts in brief, made towards technology absorption, adaptation and innovation:

With a view to have an alternate site for manufacturing APIs for both in house consumption and for market requirement, R&D has been involved in evaluating new facilities and subsequently transferred the manufacturing technology to a new facility. Kilogram quantities of new APIs were synthesized in house and employed for formulation research and development activities of new drug products.



Development of new KSM manufacturers, in addition to technically supporting the existing KSM manufacturers to meet the quality requirements has been taken up to meet the continuous demand of increase in competition and stringent quality requirements.

## 2. Benefits derived as a result of the above efforts

Challenges in the supply of quality Key Starting Materials (KSM) faced by various KSM manufacturers have been overcome with the investigation and scientific input from R&D in order to ensure the supply of KSMs for smooth continuation of API manufacturing. Inclusion of new vendors of KSM has been under the focus to get cost-competitive KSMs and continuation of supply of KSMs to support API manufacturing. Improvement in the quality of APIs and modification of the specification of KSMs have helped progress in the manufacturing of APIs.

## 3. Imported technology (imported during the last 3 years reckoned from the beginning of the financial year):

a) Technology	No new technology has been imported by Orchid during the year.
b) Year of import	Not applicable.
c) Has this technology been fully absorbed	Not applicable.
d) If not fully absorbed, areas where this has not taken place, reasons thereof and future plans of action	Not applicable.

## Annexure III - FOREIGN EXCHANGE EARNINGS & OUTGO

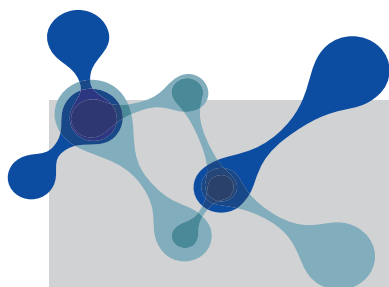
### a) Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services, and export plans.

The company is focusing to increase the sale and distribution of its cephalosporin and the non-penicillin non cephalosporin APIs and generics in regulated markets including United States, Canada, Europe, Japan and Australia, as applicable.

### b) Total foreign exchange earnings and outgo

₹ in Lakhs

	Year ended March 31, 2016	Eighteen months ended March 31, 2015
<b>1. Earnings in foreign exchange during the year</b>		
F.O.B value of exports	58,659.17	77,768.09
Export of services (net of TDS)	-	-
<b>2. C.I.F. value of imports (on cash basis)</b>		
Raw materials& Packing materials	17,341.74	39,823.00
Capital goods	57.15	274.22
Spare parts, components and consumables	1,496.38	2,541.99
<b>3. Expenditure in foreign currency during the year (on cash basis)</b>		
Travelling expenses	29.72	15.16
Interest and bank charges	3,726.65	7,218.30
Professional / Consultancy fees	469.46	2,162.26
Others	2,475.19	4,575.28
<b>4. Dividend remittances in foreign currency during the year</b>		
Net dividend	-	-
<b>5. Total foreign exchange used (2+3+4)</b>	<b>25,596.29</b>	<b>56,610.21</b>



Annexure IV to the Directors' Report

## DETAILS OF STOCK OPTIONS - PURSUANT TO SEBI GUIDELINES ON STOCK OPTIONS:- ORCHID EMPLOYEE STOCK OPTION SCHEMES

### Orchid ESOP 2010 Scheme

In terms of the resolution passed by the Company at the AGM dated July 21, 2010 the shareholders approved the scheme formulated under "ORCHID-ESOP 2010" for allotting 10,00,000 options. Accordingly 9,01,000 options were granted to the eligible Employees and the Executive Director except the Promoter Director by the Compensation Committee of the Board of Directors at a meeting held on October 28, 2010. Each option is convertible into one equity share of ₹ 10/- each at a price of ₹329.55 per share, being the closing share price of Orchid in the National Stock Exchange on October 27, 2010, the day prior to the date of the meeting.

Considering the fall in the price of the shares of the Company and in the interest of the employees, the Compensation Committee of the Board of Directors at its meeting held on November 1, 2011 considered repricing of 8,64,500 options in force on the said date from ₹329.55 to ₹166.15 as per the closing share price of Orchid at National Stock Exchange on October 31, 2011.

As at March 31, 2016, the outstanding options yet to be exercised under the said scheme is Nil.

### Orchid ESOP – Directors 2011 Scheme

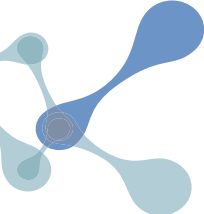
In terms of the resolution passed by the Company at the AGM held on July 29, 2011 the shareholders approved a scheme formulated as "ORCHID ESOP – DIRECTORS 2011 SCHEME"

for allotting 5,00,000 options to Directors of the Company. Accordingly 3,00,000 options were granted to the Directors of the Company including the Whole Time Director but excluding the Promoter Director, by the Compensation Committee of the Board of Directors at a meeting held on November 1, 2011. Each option is convertible into one equity share of ₹10/- each at a price of ₹166.15 per share, being the closing share price of Orchid in the National Stock Exchange Ltd on October 31, 2011, the day prior to the date of the meeting. Out of the total options granted, 2,40,000 options have already lapsed and 60,000 options are in force as at March 31, 2016 under ORCHID ESOP - DIRECTORS 2011 Scheme.

### Orchid ESOP – Senior Management 2011 Scheme

In terms of the resolution passed by the Company at the AGM held on July 29, 2011 the shareholders approved a scheme formulated as "ORCHID ESOP – SENIOR MANAGEMENT 2011 SCHEME" for allotting 10,00,000 options to senior employees of the Company out of which 7,50,000 are ment for employees of the Company and 2,50,000 options are for the employees of subsidiary Companies. Accordingly 42,700 options were granted to the Employees of the Company by the Compensation Committee of the Board of Directors at a meeting held on November 01, 2011. Each option is convertible into one equity share of ₹10/- each at a price of ₹10/- each (i.e. At Par). 21,350 options are in force as at March 31, 2016 under ORCHID ESOP – SENIOR MANAGEMENT 2011

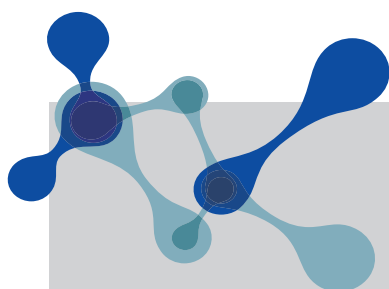
S. No	DESCRIPTION	ORCHID ESOP - 2010 SCHEME	ORCHID ESOP - DIRECTORS 2011 SCHEME	ORCHID ESOP - SENIOR MANAGEMENT 2011 SCHEME
a.	No. of shares available under ORCHID ESOP	10,00,000	5,00,000	10,00,000
b.	Options granted during the year (Net of Lapses)	Nil	Nil	Nil



c.	Pricing formula	The closing prices for the Company's Equity shares quoted on the Bombay stock Exchange and /or National Stock Exchange preceding the date of granting options			₹10/-
S. No	DESCRIPTION	ORCHID ESOP - 2010 SCHEME	ORCHID ESOP - DIRECTORS 2011 SCHEME	ORCHID ESOP - SENIOR MANAGEMENT 2011 SCHEME	
d.	Options Vested during FY 2015-16	Nil	20,000	10,675	
e.	Options exercised during FY 2015-16	Nil	Nil	Nil	
f.	Total no. of shares arising out of Exercise of options	Nil	Nil	Nil	
g.	Options lapsed during FY 2015-16	Nil	20,000	10,675	
h.	Variation of terms of Options	Due to the fall in the share price the compensation committee revised the price of the options from ₹329.55 to ₹166.15 as per the closing price of Orchid at NSE on October 31, 2011.			Nil
i.	Money realized by exercise of options	Nil	Nil	Nil	
j.	Total no. of options in force as on March 31,2016	Nil	60,000	21,350	
k.	Grant details to				
	i) Members of Senior Managerial personnel/Director during the year	Nil	Nil	Nil	
	ii) Any other employees receives a grant in any one year of option amounting to 5% or more of option granted during the year.	Nil	Nil	Nil	
	iii) Identified employees who were granted option during the year equal to or exceeding 1% of issued Capital of the company at the time of the grant.	Nil	Nil	Nil	
l.	Diluted EPS as per Accounting Standard 20	(₹31.51)			



m.	i) Method of calculation of employee compensation cost	Not Applicable		
	ii) Difference between the employee compensation cost so computed at(i) above and the employee compensation cost that shall have been recognized if it had used the fair value of the options	Nil		
	iii) The impact of this difference on profits and on EPS of the company on the current year profits (Amortized Amount)	Profit /(Loss) after Tax		(₹27,427) lakhs
		Add:Employee cost of intrinsic value over fair value		Nil
		Adjusted PAT (loss)		(₹27,427) lakhs
		Adjusted EPS		(₹31.51)
S. No	DESCRIPTION	ORCHID ESOP - 2010 SCHEME	ORCHID ESOP - DIRECTORS 2011 SCHEME	ORCHID ESOP - SENIOR MANAGEMENT 2011 SCHEME
n.	Weighted average exercise price and fair value of stock options granted:			
	Stock options granted on	Weighted average Exercise price (Rs)	Weighted average fair value (Rs)	Closing Market price at NSE on the preceding day of the date of grant (Rs)
	October 28, 2010 (Employees)	166.15	NA	166.15
	November 01, 2011 (Directors)	166.15	NA	166.15
	November 01, 2011 ( Senior Management)	10.00	NA	166.15
o.	Description of the method and significant assumptions used during the year to estimate the fair value of the options, including the following weighted average information	Since there was no exercise of options by any employees during the year, assumptions for estimating the fair value of options exercised does not arise.		
p.	The main assumptions used in The Black and Scholes Option Pricing Model model during the year were as follows	Not applicable		
	i) Risk free interest rate			
	ii) Expected Life of Options			
	iii) Expected Volatility			
	iv) Dividend yield (average based on option price)			



## Annexure V to the Directors' Report

# Corporate Governance Report

### A. Company's Philosophy on Code of Corporate Governance

At Orchid, we are committed to practising good Corporate Governance norms. Orchid firmly believes in adhering to Corporate Governance code to ensure protection of its investor's interest as well as healthy growth of the Company. The Company has been complying with Corporate Governance norms right from its inception. We endeavour to enhance the long term stake holding value of our investors. The Company complies with the Corporate Governance Regulations as enumerated in Regulation 15-27, 46 and Schedule II of SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2015 (herein after called as "SEBI (LODR) Regulations 2015")

### B. Board of Directors

#### 1. Composition of Board

The Chairman of the Board of Directors is a Non-executive, Independent Director. During the year the Board had optimum combination of Executive and Non-executive Directors. None of the directors is related to another. Board consists of 6 Directors, out of whom 5 are Non-executive Directors and 1 Executive Director. Non-executive Directors constitute 83% of the total Strength which is more than the requirement of Regulation 17 of SEBI (LODR) Regulations, 2015. Out of 5 Non-executive Directors, two are Independent Directors which is equal to 1/3rd of the total strength and one is a woman director as required under the Companies Act 2013 and SEBI (LODR) Regulations 2015. All the Directors of the company are Resident Indians.

The composition of Board and the details of the Directors with regard to directorships in other Companies and Committees during the year ended March 31, 2016 are as follows:

S. No	Name(s) of the Directors(s)	Category	Number of Directorship held in other companies <sup>§</sup>	Number of Board committee positions in other companies held as	
				Member *	Chairman *
1	Shri K N Venkatasubramanian	Non-Executive, Independent	6	3	-
2	Shri K Raghavendra Rao	Promoter and Executive Director	-	-	-
3	Shri S Krishnan	Non-Executive, Non Independent	1	-	-
4	Shri R Kannan	Non-Executive, Independent	5	4	1
5	Smt Soundara Kumar	Non-Executive, Non Independent (Nominee of SBI)	8	4	-
6	Shri Rabinarayan Panda <sup>#</sup>	Non-Executive, Non Independent (Nominee of IDBI Bank Ltd)	1	-	-
7	Shri Sundaram Yuvaraj <sup>^</sup>	Non-Executive, Independent	-	-	-
8	Shri Nagaraj Garla <sup>#</sup>	Non-Executive, Non Independent (Nominee of IDBI Bank Ltd)	-	-	-

Notes : There are no inter-se relationships between our Board members.

<sup>§</sup> Excludes Foreign Companies, Private Limited Companies, Section 8 companies and alternate Directors as per Regulation 26 SEBI (LODR) Regulation, 2015.

\* As required by Regulation 26 of the SEBI (LODR ) Regulations, The Disclosure includes membership/Chairmanship of the audit committee and Stakeholder relationship Committee across all Public Limited companies.

<sup>#</sup> Industrial Development Bank of India Limited (IDBI Bank Ltd) withdrew the nomination of Shri Nagaraj Garla and appointed Shri Rabinarayan Panda, as its nominee on the board with effect from December 28, 2015.

<sup>^</sup> As per Section 167 of Companies Act 2013, Shri Sundaram Yuvaraj Vacated the Office of Director with effect from May 28, 2015.

## 2. Board Meetings & Attendance Record of the Directors

The Board meets at least once in a quarter to review the quarterly financial results and operations of your Company. It also meets as and when necessary to address specific issues relating to the business of your Company. During the year ended March 31, 2016 the Board met 6 (Six) times on May 28, 2015, August 13, 2015, November 09, 2015, December 30, 2015, February 10, 2016, & March 18, 2016. The attendance records of the Directors are as under:

Name(s) of the Director(s)	Number of Board Meetings Attended	Last AGM Attendance
Shri K N Venkatasubramanian	5	Present
Shri K Raghavendra Rao	6	Present
Shri S Krishnan	6	Present
Shri R Kannan	6	Present
Shri Rabinarayan Panda / Shri Nagraj Garla (Nominee of IDBI Bank Ltd)	6	Present
Smt Soundara Kumar (Nominee Director SBI)	4	Not Present

## 3. Code of Conduct

The Board of Directors has laid down a Code of Conduct ("the Code") for all Board members and senior management personnel of your Company. Independent Directors shall also ensure compliance with Code for Independent Directors formulated in accordance with SEBI (LODR) Regulations, 2015. The Code is posted on your Company's Website under the weblink ([http://www.orchidpharma.com/ir\\_downloads.aspx](http://www.orchidpharma.com/ir_downloads.aspx)). All Board members and senior management personnel have confirmed compliance with the Code. A declaration signed by the Managing Director is attached and forms part of this Report.

## 4. Number of Shares held by Non-Executive Directors

Name(s) of the Director(s)	Number of Shares held as on March 31, 2016
Shri K N Venkatasubramanian	1,000
Shri S Krishnan	2,000
Shri R Kannan	-
Shri Rabinarayan Panda	-
Smt Soundara Kumar	-

## 5. Meeting of Independent Directors

During the year 2015-16, the meeting of independent Directors was held on March 18, 2016. The Independent Directors review the performance of non-independent Directors and the Board of Directors as a whole and also reviews the performance of the Chairperson of the Company after considering the views of Executive directors and Non-executive Directors. They also assess the quality, content & timeliness of flow of Information between the Management and the Board of Directors.

### Familiarization Programme for Independent Directors

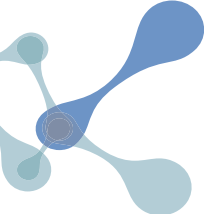
The Company has formulated a familiarization programme for Independent Directors in order to enrich them about their rights and responsibilities, the industry and business model, the company and its operations. The details are posted on your Company's Website under the weblink <http://www.orchidpharma.com/downloads/Familiarization%20Programme%20for%20Independent%20Directors.pdf>

## 6. Audit Committee

The Constitution of Audit Committee is in line with the provisions of Section 177 of the Companies Act, 2013 and Regulation 18 of SEBI (LODR) Regulations, 2015. The Audit Committee of the Board consists of three Directors with Independent Directors forming a majority. All the members of the committee are financially literate with ability to read and understand the financial statements.

The terms of reference specified by Board are described :

- The recommendation for appointment, remuneration and terms of appointment of Auditors of the Company;
- Review and monitor the auditor's independence and performance, and effectiveness of Audit process;
- Examination of the financial statement and the Auditors' report thereon;
- Approval or any subsequent modification of transactions of the Company with related parties;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the Company, wherever it is necessary;



- (vii) Evaluation of internal financial controls and risk management systems;
- (viii) Monitoring the end use of funds raised through public offers and related matters.

In addition, the Committee has discharged such other role/ function as envisaged under Regulation 18 of the Listing Regulations, 2015 and the provisions of Section 177 of the Companies Act, 2013.

The composition of the Committee and the attendance of each member of the Committee at the meetings are given below:

Name(s) of the Director(s)	Category	Number of Meetings Attended
Shri K N Venkatasubramanian	Non -Executive, Independent Director - Chairperson	3
Shri Nagaraj Garla / Shri Rabinarayan Panda (Nominee of IDBI Bank Ltd)	Non - Executive, Non - Independent	4
Shri R Kannan	Non-Executive, Independent	4

The Company Secretary is the Secretary of the Audit Committee.

## 7. Nomination and Remuneration Committee

Nomination and Remuneration Committee determines and recommends the remuneration payable to the Executive Directors/Whole Time Directors on the basis of their performance as well as Company's performance, subject to consents as may be required. The remuneration to the Executive Directors consists of a fixed salary and other perquisites. Wherever applicable the perquisites are considered as a part of remuneration and taxed as per the Income Tax laws.

The Non-Executive Directors are not paid any remuneration except sitting fees for attending the Board Meetings / Committee Meetings. The Nomination and Remuneration Committee deals with all elements of remuneration package, stock options, service contracts, etc. of all Executive Directors.

### Role of Nomination and Remuneration Committee:

- (1) formulation of criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board of Directors a policy relating to the remuneration of the directors, key managerial personnel and other employees;
- (2) formulation of criteria for evaluation of performance of independent directors and the Board of Directors;
- (3) devising a policy on diversity of Board of Directors;
- (4) identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board of Directors their appointment and removal.
- (5) whether to extend or continue the term of appointment of the independent director, on the basis of the report of their performance evaluation.

Further details on evaluation of performance of the Board, its Committees and Individual Directors, is provided in the Board's Report.

The Nomination and Remuneration Committee met once on May 28, 2015 during the year ended March 31, 2016

The composition of the Committee and the attendance of each member of the Committee at the meeting are given below:

Name(s) of the Director(s)	Category	Number of Meetings Attended
Shri R Kannan	Non – Executive, Independent Director - Chairperson	*
Shri K N Venkatasubramanian	Non -Executive, Independent	Not Present
Shri S Krishnan	Non -Executive, Independent	1
Shri Nagaraj Garla (Nominee of IDBI Bank Ltd)	Non - Executive, Non - Independent	1

\*Appointed as member of the committee with effect from May 28, 2015.

Details of remuneration paid to Directors for the Year 2015-16 are given below:

Name(s) of the Director(s)	Remuneration paid during the year 2015-16 (In ₹)				No. of Stock Options
	Salary & Perquisites	Commission/ bonus	Sitting fees	Total	
Shri K Raghavendra Rao	68,20,000	-	-	68,20,000	-
Shri K N Venkatasubramanian	-	-	2,00,000	2,00,000	-
Shri S Krishnan	-	-	2,40,000	2,40,000	-
Shri R Kannan	-	-	2,20,000	2,20,000	-
Shri Rabinarayan Panda	-	-	80,000	80,000	-
Smt Soundara Kumar	-	-	60,000	60,000	-
Shri Nagaraj Garla	-	-	1,40,000	1,40,000	-

Pursuant to Section 178 of Companies Act, 2013 and the SEBI (LODR) Regulations, 2015, the Nomination and Remuneration Committee has laid down criteria and terms and conditions relating to nomination and remuneration of the Directors, Senior Management and Key Managerial Personnel. The detailed policy is posted on your company's website under the weblink ([http://www.orchidpharma.com/downloads/NOMINATION\\_AND\\_REMUNERATION\\_POLICY.pdf](http://www.orchidpharma.com/downloads/NOMINATION_AND_REMUNERATION_POLICY.pdf))

## 8. Compensation Committee

Pursuant to the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, a Compensation Committee was constituted in the year 1999. The purpose of this committee is to grant options to employees. The Committee comprises of Shri K Raghavendra Rao and Shri Rabinarayan Panda. The committee has not met during the year 2015-16.

## 9. Allotment Committee

The Committee considers allotment of equity shares whenever the need arises. The Committee comprises of Shri K N Venkatasubramanian, Shri K Raghavendra Rao and Shri S Krishnan. The Committee has met on October 09, 2015 during 12 (Twelve) months ended 31st March 2016, to discuss and consider the allotment of 37,02,450 equity shares of Rs.10/- each at Rs.49.79/- per share (including a premium of Rs.39.79/- per share) under CDR Scheme to the Promoter Group Company, Orchid Healthcare Private Limited.

Name(s) of the Director(s)	Category	Number of Meetings Attended
Shri K N Venkatasubramanian	Non - Executive, Independent	1
Shri S Krishnan	Non-Executive, Non-Independent	1
Shri K Raghavendra Rao	Promoter and Executive Director	1

## 10. Stakeholder Relationship Committee

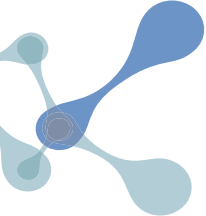
The Stakeholders Relationship Committee of Directors looks into the redressal of complaints of investors such as share transfers or credit of shares, non-receipt of dividend/notices/ annual reports, etc. The Stakeholders Relationship Committee met 4 (Four) times during the year ended March 31, 2016 on May 28, 2015, August 13, 2015, November 09, 2015, and February 10, 2016 to consider the transfers in the physical segment.

Name(s) of the Director(s)	Category	Number of Meetings Attended
Shri S Krishnan	Non -Executive, Non – Independent - Chairperson	4
Shri K Raghavendra Rao	Promoter and Executive Director	4

The Board has designated Shri L Chandrasekar, Chief Financial Officer & Company Secretary as the Compliance Officer.

The following table shows the nature of complaints received from shareholders during 2015-2016, all of which have been responded within one month.

S. No	Nature of Complaints	Received and Resolved	
		2015 - 2016	2013-2015
1.	Non-receipt of share certificates sent for transfer/bonus shares	-	2
2.	Non-receipt of dividend warrants	4	4
3.	Complaints from SEBI, Stock exchanges and Government departments	3	1
	<b>TOTAL</b>	<b>7</b>	<b>7</b>



## 11. Corporate Social Responsibility Committee

As per Section 135 of the Companies Act, 2013, a CSR committee has been formed by the Company. The Committee met on March 18, 2016 during the year ended March 31, 2016. A complete report on various initiatives and programmes undertaken by your Company in CSR areas are provided in the Directors' Report.

The composition of the CSR Committee and the attendance of each member of the Committee at the meeting are given below

Name(s) of the Director(s)	Category	Number of Meetings Attended
Shri K N Venkatasubramanian	Non -Executive, Independent - Chairperson	1
Shri S Krishnan	Non-Executive, Non-Independent	1
Shri Nagaraj Garla/ Rabinarayan Panda (Nominee of IDBI Bank Ltd)	Non - Executive, Non - Independent	1

## 12. Details of Annual/Extraordinary General Meetings and location and time of the General Meetings held in the past three (3) years

All the resolutions including the special resolutions set out in the respective notices were passed by the shareholders.

Year	AGM / EGM	Location	Special resolutions passed	Date	Time
2015	AGM	Kamaraj Memorial Hall, TNCC Charitable Trust, New No 492, Anna Salai, Teynampet West, Chennai 600006 .	a) Approval sought for the revised terms and remuneration of the Managing Director. b) To change the Name of the Company to "Orchid Pharma Limited".	September 15, 2015	10.30 AM
2013	AGM	Sathguru Gnanananda Hall, Narada Gana Sabha, 314, TTK Road, Alwarpet, Chennai-600018.	- NIL -	March 19, 2014	10.30 AM
2012	AGM	Sathguru Gnanananda Hall, Narada Gana Sabha, 314, TTK Road, Alwarpet, Chennai-600018.	Re-appointment of Chairman & Managing Director	September 20, 2012	10.30 AM

None of the resolutions passed at the above meetings were required to be passed through postal ballot.

## Postal Ballot

The Company has not conducted any postal ballot during the year ended March 31, 2016 pursuant to Section 110 of the Companies Act, 2013.

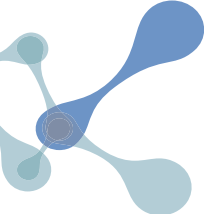
## 13. Means of Communication:

- Financial Results are published by the Company in Financial Express and Makkal Kural.
- Results are also displayed in URL [www.orchidpharma.com](http://www.orchidpharma.com). Official news releases are also updated in the site.
- The Company has an internet portal to communicate with its employees.
- Key developments are communicated to the Stock Exchanges and media as and when they occur.



## 14. General Shareholder Information

1	Registered Office	'ORCHID TOWERS', 313, Valluar Kottam High Road, Nungambakkam, Chennai - 600 034, Tamil Nadu, India
2	Date, Time and Venue of 23rd Annual General Meeting (AGM)	Wednesday, September 28, 2016, 10.30 AM at Kamaraj Memorial Hall, TNCC Charitable Trust, No.492, Anna Salai, Teynampet west, Chennai - 600 006.
3	Book Closure Date	September 19, 2016 to September 28, 2016 (both days inclusive)
4	Financial Calendar	
	Financial reporting for:	
	Quarter ending June 30, 2016	Second week of August 2016
	Quarter ending September 30, 2016	Second week of November 2016
	Quarter ending December 31, 2016	Second week of February 2017
	Quarter ending March 31, 2017	Last week of May 2017
5	The Equity Shares of Rs.10/- each are listed at	<p><b>National Stock Exchange of India Limited</b> "Exchange Plaza", Plot No,C/1,G Block, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051, Maharashtra, India, Tel : 91-22-26598100, Fax : 91-22-26598120</p> <p><b>BSE Limited</b> Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001, Maharashtra, India Tel : 91-22-22721233, Fax : 91-22-22721919</p>
6	Global Depository Receipts (GDR's) are listed at	<p><b>Luxembourg Stock Exchange</b> Boursede Luxembourg, BP 165, L-2011 Luxembourg, Tel : +3524779361, Telefax : +352473298</p> <p><b>London Stock Exchange</b> Registered Office: 10, Paternoster Square, London EC4M 7LS</p>
7	Listing Fees	Listing Fees have been paid for all the above Stock Exchanges for the year 2015-16 and 2016-17.

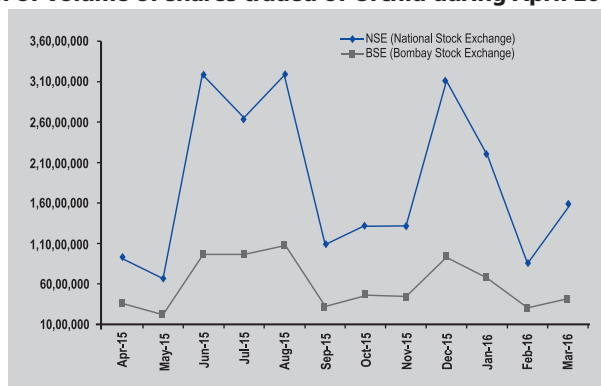


## Stock Market Data

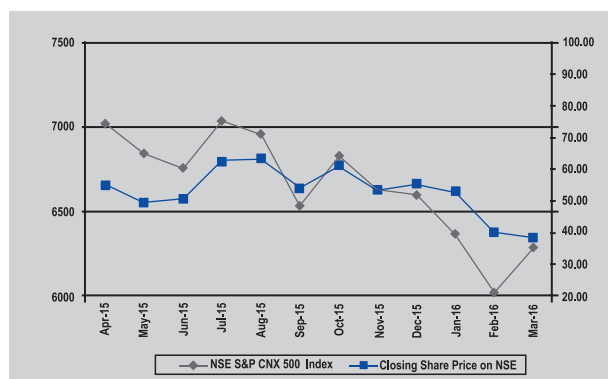
a) Monthly high and low quotations along with the volume of shares traded at NSE and BSE for 2015-16 are:

Month	NSE			NSE S&P CNX 500 INDEX (Avg)	BSE			BSE 500 INDEX (Avg)
	High (₹)	Low (₹)	Volume of Shares (Nos)		High (₹)	Low (₹)	Volume of Shares (Nos)	
Apr-15	62.35	49.50	93,18,623	7,021	62.30	49.55	36,73,013	11,123
May-15	54.70	46.80	66,81,559	6,845	54.45	46.85	22,77,035	10,844
Jun-15	64.50	42.50	3,19,88,743	6,757	64.40	42.60	96,88,772	10,689
Jul-15	68.75	57.10	2,64,65,574	7,035	68.85	57.20	96,50,179	11,118
Aug-15	75.55	51.00	3,18,63,111	6,956	75.30	51.00	1,08,59,943	10,991
Sep-15	59.35	48.70	1,09,89,258	6,530	59.30	48.75	32,65,513	10,318
Oct-15	64.80	56.60	1,32,73,425	6,828	64.75	56.60	47,63,111	10,791
Nov-15	60.70	48.80	1,31,98,331	6,628	60.70	48.90	44,54,663	10,483
Dec-15	67.40	49.00	3,11,47,897	6,596	67.50	48.95	94,91,508	10,431
Jan-16	66.10	42.35	2,20,12,482	6,366	66.10	42.30	67,71,082	10,067
Feb-16	47.50	32.30	85,38,319	6,019	47.60	32.60	31,03,978	9,508
Mar-16	42.90	32.80	1,58,41,082	6,288	42.70	32.95	41,87,797	9,923
<b>TOTAL</b>			<b>22,13,18,404</b>				<b>7,21,86,594</b>	

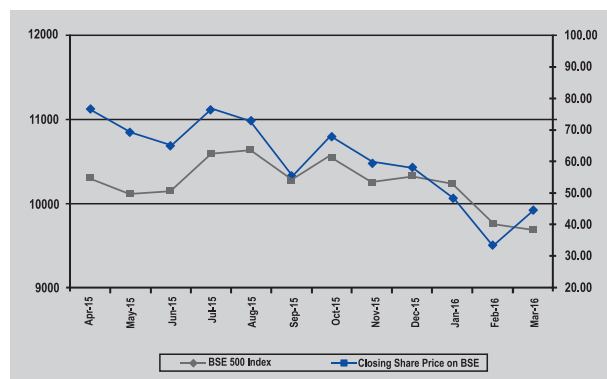
b) Graphical representation of volume of shares traded of Orchid during April 2015- March 2016



c) Comparison of broad based indices of NSE with share price of Orchid Pharma Ltd during April 01, 2015 - March 31, 2016



d) Comparison - BSE Index vs Share price of Orchid Pharma Ltd during April 01, 2015 - March 31, 2016

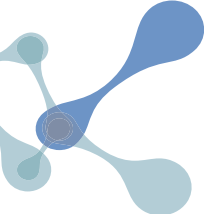


## Stock Exchange Security Code and other related Information

Bombay Stock Exchange Limited	524372
National Stock Exchange of India Limited	ORCHIDPHAR
Depository ISIN No.	INE191A01019
Corporate Identification Number (CIN)	L24222TN1992PLC022994

## Equity History of the Company since incorporation of the Company upto March 31, 2016

Date	Particulars	Number of Shares	
		Issued	Cumulative
13-Jul-92	Subscribers to Memorandum	70	70
26-Nov-92	Issued to Promoters on Private Placement basis	2,49,930	2,50,000
27-Feb-93	Issued on Private Placement basis	14,51,800	17,01,800
04-Nov-93	Issued on Private Placement basis	17,98,200	35,00,000
08-Nov-93	Public Issue	25,00,000	60,00,000
18-Jul-94	Issued on Private Placement basis	12,00,000	72,00,000
01-Nov-94	Issued to Foreign Institutional Investors on Private Placement basis	2,50,000	74,50,000
03-Nov-94	Issued on Private Placement basis	12,23,000	86,73,000
21-Apr-95	Rights Issue (1:1)	86,73,000	1,73,46,000
09-Dec-99	Issued to Foreign Companies on Private Placement basis	1,06,53,192	2,79,99,192
21-Nov-02	Allotment pursuant to conversion of FCCBs	43,82,727	3,23,81,919
01-Mar-05	Allotment pursuant to conversion of warrants	17,50,000	3,41,31,919
27-Apr-05	Allotment pursuant to exercise of ESOS	11,800	3,41,43,719
02-Aug-05	Allotment pursuant to exercise of ESOS	59,485	3,42,03,204
02-Aug-05	Allotment pursuant to conversion of warrants	1,80,000	3,43,83,204
31-Aug-05	Allotment pursuant to exercise of ESOS	3,00,676	3,46,83,880
31-Aug-05	Allotment pursuant to conversion of warrants	70,000	3,47,53,880
21-Sep-05	Bonus Issue (1:2)	1,73,76,940	5,21,30,820
13-Oct-05	Allotment pursuant to conversion of warrants	1,05,000	5,22,35,820
02-Nov-05	Allotment pursuant to conversion of GDRs	92,50,000	6,14,85,820
23-Dec-05	Allotment pursuant to exercise of ESOS	19,649	6,15,05,469
01-Mar-06	Allotment pursuant to conversion of FCCBs	1,84,330	6,16,89,799
07-Mar-06	Allotment pursuant to conversion of FCCBs	4,60,827	6,21,50,626
20-Mar-06	Allotment pursuant to conversion of FCCBs	17,51,146	6,39,01,772
20-Mar-06	Allotment pursuant to conversion of warrants	50,000	6,39,51,772
31-Mar-06	Allotment pursuant to conversion of FCCBs	6,52,531	6,46,04,303
31-Mar-06	Allotment pursuant to conversion of FCCBs	13,879	6,46,18,182
18-Apr-06	Allotment pursuant to conversion of FCCBs	4,14,744	6,50,32,926
28-Apr-06	Allotment pursuant to conversion of FCCBs	7,37,325	6,57,70,251
28-Apr-06	Allotment pursuant to exercise of ESOS	3,475	6,57,73,726
31-May-06	Allotment pursuant to conversion of warrants	35,000	6,58,08,726
31-May-06	Allotment pursuant to exercise of ESOS	3,015	6,58,11,741
19-Oct-06	Allotment pursuant to exercise of ESOS	4,000	6,58,15,741



Date	Particulars	Number of Shares	
		Issued	Cumulative
03-May-07	Allotment pursuant to exercise of ESOS	6,085	6,58,22,376
17-Jul-07	Allotment pursuant to exercise of ESOS	5,650	6,58,28,026
18-Oct-07	Allotment pursuant to exercise of ESOS	6,000	6,58,34,026
20-Dec-07	Allotment pursuant to exercise of ESOS	3,000	6,58,37,026
17-Jan-08	Allotment pursuant to exercise of ESOS	13,750	6,58,50,776
26-Apr-08	Allotment pursuant to exercise of ESOS	9,425	6,58,60,201
29-May-08	Allotment pursuant to exercise of ESOS	16,375	6,58,76,576
13-Aug-08	Allotment pursuant to conversion of warrants	3,81,000	6,62,57,576
13-Aug-08	Allotment pursuant to exercise of ESOS	4,000	6,62,61,576
29-Aug-08	Allotment pursuant to conversion of warrants	41,79,000	7,04,40,576
29-Aug-08	Allotment pursuant to exercise of ESOS	1,500	7,04,42,076
17-May-12	Allotment pursuant to exercise of ESOS	10,000	7,04,52,076
22-Dec-14	Allotment pursuant to Preferential Allotment to Promoters	1,48,09,801	8,52,61,877
09-Oct-15	Allotment pursuant to Preferential Allotment to Promoters	37,02,450	8,89,64,327
	<b>TOTAL</b>	<b>8,89,64,327</b>	

### Distribution of Shareholding as on:

No of equity Shares held	March 31, 2016			March 31, 2015		
	No of shares	No of Shareholders	% of Shareholders	No of shares	No of Shareholders	% of Shareholders
1-500	99,17,347	75,428	86.97	92,59,606	73,724	88.86
501-1000	48,97,467	6,043	6.97	41,15,575	5,103	6.15
1001-2000	42,96,316	2,841	3.28	33,48,179	2,219	2.67
2001-3000	21,79,489	850	0.98	16,89,820	661	0.80
3001-4000	14,18,417	390	0.45	11,33,362	314	0.38
4001-5000	15,33,654	324	0.37	11,95,046	253	0.30
5001-10000	34,84,596	478	0.55	27,10,235	373	0.45
10001 & above	6,12,37,041	370	0.43	6,18,10,054	320	0.39
<b>TOTAL</b>	<b>8,89,64,327</b>	<b>86,724</b>	<b>100.00</b>	<b>8,52,61,877</b>	<b>82,967</b>	<b>100.00</b>

### Dematerialization of Shares

The shares of the Company are in compulsory demat segment and are available for trading in both the depository systems, namely, National Securities Depository Limited and Central Depository Services (India) Limited. Shares dematerialised upto March 31, 2016 are :

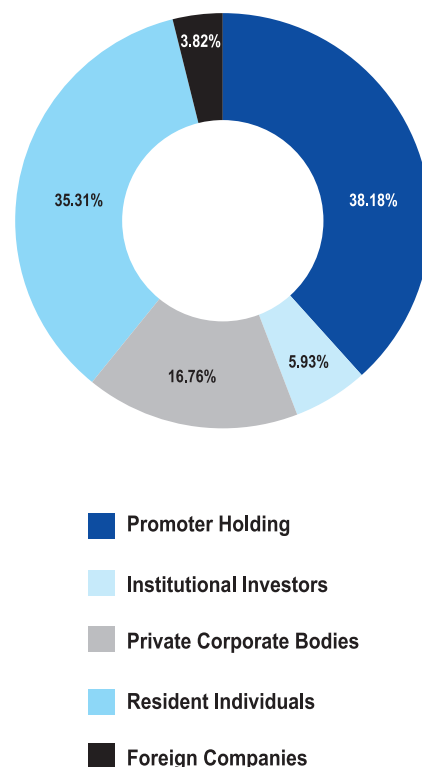
No. of Shares	% of Shares	No. of Shareholders	% of Shareholders
<b>8,49,66,905</b>	<b>99.66</b>	<b>84836</b>	<b>97.82</b>

### Reconciliation of Share Capital Audit

A qualified practising Company Secretary carries out reconciliation of share capital audit every quarter to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The audit confirms that the total issued/paid up capital is in agreement with the aggregate total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

## Shareholding Pattern as on March 31, 2016

	Category	No of Shares Held	Percentage of Shareholding
<b>A</b>	<b>PROMOTER HOLDING</b>		
1	Promoters / Promoter Group		
	(a) Indian	3,39,68,832	38.18
	(b) Foreign	-	-
	<b>Sub-Total (1)</b>	<b>3,39,68,832</b>	<b>38.18</b>
<b>B</b>	<b>NON-PROMOTER HOLDING</b>		
2	Institutional Investors		
	(a) Mutual Funds	5,450	0.01
	(b) Banks, Financial Institutions, Insurance Companies (Central / State Govt. Institutions / Non-government Institutions)	33,81,254	3.80
	(c) Foreign Institutional Investors (FIIs)	9,75,663	1.10
	<b>Sub-Total (2)</b>	<b>43,62,367</b>	<b>4.91</b>
3	OTHER INVESTORS		
	(a) Private Corporate Bodies	1,49,15,011	16.76
	(b) Indian Public (Resident Individuals)	3,14,20,500	35.31
	(c) Non Resident Indians / Overseas Corporate Bodies	9,03,555	1.02
	(d) Foreign Companies	33,94,062	3.82
	<b>Sub Total (3)</b>	<b>5,06,33,128</b>	<b>56.91</b>
	<b>GRAND TOTAL (1+2+3)</b>	<b>8,89,64,327</b>	<b>100.00</b>



## Global Depositary receipts (GDRs)

The number of GDRs outstanding as on March 31, 2016 are 32,26,688 out of the total number of 8,89,64,327 equity shares of the Company. Each GDR is represented by an underlying equity share.

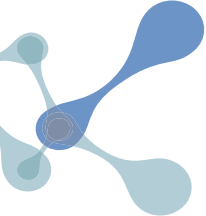
## Share Transfer System

Pursuant to Regulation 7(1) of Listing Regulation, your Company has appointed M/s Integrated Enterprises (India) Limited as the Registrar and Share Transfer Agents for facilitating both physical and electronic segments. The Stakeholders Relationship Committee met 4 times during the year 2015-2016. Securities lodged for transfer with the Registrar are processed within 15 days from the date of lodgement. The Board has delegated the power to approve the share transfer activities to few employees of the Company.

## Unclaimed Dividends

Pursuant to Section 123 of the Companies Act, 2013, the unclaimed dividend amounting to Rs.8,43,111/- pertaining to the financial year 2006-07 was transferred to the Investor Education and Protection Fund (IEPF) in September 2014 and the unclaimed dividend amounting to Rs.9,83,577/- pertaining to the financial year 2007-08 was transferred to the Investor Education and Protection Fund (IEPF) in December 2015.

Unclaimed dividend for the financial year 2008-09 is due for transfer to IEPF in October 2016. The dividends for the years from 2009-10 onwards, which remain unclaimed for seven years will be transferred to IEPF established by the Central Government under Section 125 of the Companies Act, 2013 as and when they become due. Shareholders who have not encashed their dividends for these periods are requested to write to the Company.



## Equity Shares in the Suspense Account

As per Regulation 34(3) of the Listing Regulations, 2015 read along with Schedule V, the Company reports the following details in respect of equity shares lying in the suspense account which were issued pursuant to the Public Issue/Bonus Issue/Rights Issue of the Company and unclaimed as on March 31, 2016.

S.No	Particulars	No. of shareholders	No. of equity shares
1	Aggregate Number of shareholders and the outstanding shares in the suspense account lying as on April 01, 2015	205	12,086
2	Number of shareholders who approached the Company for transfer of shares from suspense account during the year	NIL	NIL
3	Number of shareholders to whom shares were transferred from the suspense account during the year	NIL	NIL
4	Aggregate Number of shareholders and the outstanding shares in the suspense account lying as on March 31, 2016	205	12,086

The voting rights on the shares outstanding in the suspense account as on March 31, 2016 shall remain frozen till the rightful owner of such shares claims the shares. As per Regulation 39 of the Listing Regulations, 2015 read along with Schedule VI, three reminders were issued for shares issued in physical form, which remain unclaimed. The Company has transferred these shares into one folio in the name of "Unclaimed Suspense Account" and dematerialised the same with one of the Depository participant.

## ECS Mandate

To service its investors better, the Company requests all its members who hold shares in electronic form to update their bank particulars with their respective depository participants immediately. Shareholders holding shares in physical form may kindly forward the bank particulars to the Company's Registrar and Share Transfer Agent.

## Plant Locations:

### a) Active Pharmaceutical Ingredient Facilities

#### Alathur Works

Plot Nos.85-87, 98-100, 126-131, 138-151 and 159-164, SIDCO Industrial Estate, Alathur, Kancheepuram Dist, Pin 603 110, Tamil Nadu, India

### b) Formulations (Finished Dosage Form) Facilities

i) A10/A11, SIDCO Industrial Estate, Alathur, Kancheepuram Dist, Pin 603 110, Tamil Nadu, India

ii) B-77, SIDCO Industrial Estate, Alathur, Kancheepuram Dist, Pin 603 110, Tamil Nadu, India

iii) Plot Nos. B5 (Part) and B6 (Part), SIPCOT Industrial Park, Irungattukottai, Sriperumbudur (TK), Pin 602 105, Tamil Nadu, India

### c) Research and Development Centre

Plot No. 476/14, Old Mahabalipuram Road, Shozhanganallur, Chennai - 600 119, Tamil Nadu, India

## Investor Contacts

a) Investor Correspondence / Compliance Officer  
Shri L Chandrasekar  
Company Secretary  
Phone: (044) - 28211000; Fax: (044) - 28211002  
E-mail: corporate@orchidpharma.com

b) Registrar and Share Transfer Agent  
Integrated Enterprises (India) Limited  
2nd Floor, Kences Towers, No 1, Ramakrishna Street, North Usman Road,  
T Nagar, Chennai - 600 017, Tamil Nadu, India.  
Tel : 91 -44-28140801 - 03, Fax : 91 -44-28142479  
E-mail : corperserv@iepindia.com  
Website : www.iepindia.com

## Other Disclosures

### Materially Significant Related Party Transaction

There were no Materially Significant Related Party Transactions entered into by the Company during the year 2015-16. The transactions with related parties that are recorded in the Register of Contracts maintained under Section 189 of the Companies Act, 2013 are entered in the ordinary course of business and does not qualify as materially Significant Related Party transactions. These transactions does not cause potential conflict with the interests of the Company.



### Details of Non-Compliance by the Company

The Company has complied with all the statutory regulations except for the following-

1. There was an unintentional delay in filing the shareholding pattern for the quarter ending December 31, 2015 with Stock Exchanges which was beyond the control of the Company. In this regard, the Company has paid a penalty to National Stock Exchange of India Ltd (NSE) and BSE Ltd. The penalty amount of Rs.17,175/- was paid to BSE Ltd. The amount of penalty levied by NSE is under dispute.
2. The Company had allotted 37,02,450 shares as part of second tranche under preferential allotment to the promoter group Company (Orchid Healthcare Private Limited) as per Corporate Debt Restructuring Programme. Subsequent to the preferential allotment, the pledged shares of promoters were invoked by the lenders and they started disposing of the invoked shares in the market, which is violation of Regulation 78(6) of the SEBI (ICDR) Regulations, 2009. The Company has filed a Settlement Application with SEBI under the SEBI (Settlement of Administrative and Civil Proceedings) Regulations, 2014.

### 15 CEO/CFO Certification

To  
The Board of Directors  
Orchid Pharma Limited,  
Chennai.

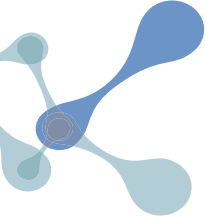
We the undersigned, certify that:

- (a) We have reviewed the Financial Statements and the Cash Flow Statement for the year ended March 31, 2016 and to the best of our knowledge and belief:
  - (i) These Statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) These Statements together present a true and fair view of the Company's Affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining Internal Controls for Financial Reporting and that we have evaluated the effectiveness of the Internal Control Systems of the Company pertaining to Financial Reporting and where applicable, we and the Internal Auditor(s) have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which they are aware and the steps we have taken or proposed to take to rectify these deficiencies.
- (d) We have indicated to the Auditors and the Audit committee where required:
  - i) Significant changes in internal control over Financial Reporting during the year; and
  - ii) Significant changes in Accounting policies during the year and the same have been disclosed in the notes to the Financial Statements; and
  - iii) Instances of Significant Fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's Internal Control System over Financial Reporting.

Place: Chennai  
Date : May 27, 2016

**L Chandrasekar**  
*Chief Financial Officer*

**K. Raghavendra Rao**  
*Managing Director*



## Code of Conduct Certification

In accordance with Regulation 26(3) of Listing Regulation, I hereby confirm that, all the Directors and the Senior Management personnel of the Company have affirmed compliance to their respective Codes of Conduct, as applicable to them for the year ended March 31, 2016.

Place: Chennai  
Date : May 27, 2016

K. Raghavendra Rao  
Managing Director

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## CERTIFICATE ON CORPORATE GOVERNANCE

TO  
THE MEMBERS OF  
ORCHID PHARMA LIMITED  
CIN: L24222TN1992PLCO22994

We have examined the compliance of conditions of Corporate Governance by M/s. ORCHID PHARMA LIMITED ("the Company") for the year ended 31st March, 2016 as stipulated in Clause 49 of the Listing Agreement of the Company with Stock Exchanges for the period 1st April, 2015 to 30th November, 2015 and as per relevant provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as referred in its Regulation 15(2) for the period 1st December, 2015 to 31st March, 2016.

The Compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to a review of the procedures & implementations thereof adopted by the Company for ensuring the compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement of the Company with Stock Exchanges for the period 1st April, 2015 to 30th November, 2015 and as per relevant provisions of the Securities and Exchange Board (Listing Obligations and Disclosure Requirements) Regulations, 2015 as referred in its Regulation 15(2) for the period 1st December, 2015 to 31st March, 2016.

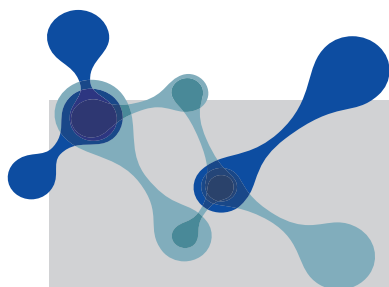
We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For S Dhanapal & Associates**  
A Firm of Practicing Company Secretaries

**N Ramanathan**  
*Partner*

Place: Chennai  
Date : May 27, 2016

Membership No. : FCS 6665  
CP No. : 11084



## Annexure VI Extract of Annual Return As on the financial year ended on 31st March, 2016

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies Management and Administration) Rules, 2014]

### 1. Registration And Other Details

I	<b>CIN</b>	L24222TN1992PLCO22994
II	<b>Registration date</b>	1 July, 1992
III	<b>Name of the Company</b>	Orchid Pharma Limited (Formerly known as Orchid Chemicals & Pharmaceuticals Limited)
IV	<b>Category / Sub - category of the Company</b>	Indian Non-Government Company
V	<b>Address of the Registered office and contact details</b>	'ORCHID TOWERS', 313, Valluvarkottam High Road, Nungambakkam, Chennai 600034, Tamil Nadu, India Ph no.044-28211000, Fax No.044-2821 1002 Email- corporate@orchidpharma.com
VI	<b>Whether Listed Company</b>	Yes
VII	<b>Name, Address and Contact details of Registrar and Transfer Agent, if any</b>	M/s.Integrated Enterprises (India) Limited 5A, 5th floor, Kences towers, 1, Ramakrishna street, North Usman Road, T Nagar, Chennai- 600 017, Tamil Nadu Ph. 044-2814 0801 E-mail : corpserv@iepindia.com

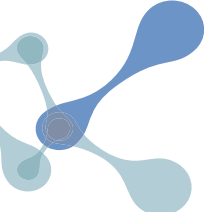
### 2. Principal Business Activities of the Company

All the business activities contributing 10% or more of the total turnover of the company are given below :

Sl. No	Name and description of main product / Services	NIC code of the product / service	% to total turnover of the Company
1	Manufacturing - Pharmaceuticals	C6	100

### 3. Particulars Of Holding, Subsidiary and Associate Companies

Sl no.	Name and address of the Company	CIN/ GNL	Holding / Subsidiary / Associates	% of shares held	Applicable Section
1	<b>Orchid Europe Limited</b> Building 3, Chiswick Park, 566, Chiswick High Road, Chiswick, London W4 5YA	NA	Subsidiary	100	2 (87)
2	<b>Orchid Pharmaceuticals Inc</b> 2711, Centreville Road, Suite 400 Wilmington de 19808 - 1645 USA	NA	Subsidiary	100	2 (87)
3	<b>Orchid Pharmaceuticals SA (Proprietary Limited) Inc</b> Jankara Building, 3 Greyling Street, Potchefstroom 2531, South Africa	NA	Subsidiary	100	2 (87)
4	<b>Bexel Pharmaceuticals Inc</b> 29552, Union City Blvd. Union City California 94587 USA	NA	Subsidiary	100	2 (87)



5	<b>Diakron Pharmaceutical Inc</b> 4570, Executive Drive Suite, 100 San Diego, California, USA	NA	Subsidiary	76.65	2 (87)
6	<b>Allegra Therapeutics GmbH</b> Im Kranzliacker 9, 79576 Weil am Rhein, Germany	NA	Associate	18.27	2(6)

#### 4. Shareholding Pattern (Equity Share capital breakup as percentage of total equity)

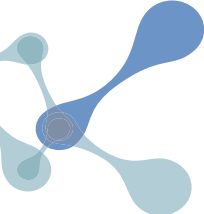
##### a) Category-wise shareholding

Sl. no	Categories of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% of Change during the year
		Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of total shares	
<b>A.</b>	<b>Promoter</b>									
<b>1</b>	<b>Indian</b>									
a	Individual/Hindu undivided family	19094457	-	19094457	22.39	13380222	-	13380222	15.04	(7.35)
b	Central Government /State Government	-	-	-	-	-	-	-	-	
c	Bodies Corporate	18456125	-	18456125	21.65	16886160	3702450	20588610	23.14	1.49
d	Financial institutions/Banks	-	-	-	-	-	-	-	-	
e	Any other (Specify)	-	-	-	-	-	-	-	-	
	<b>Sub-total (A)(1)</b>	<b>37550582</b>	<b>-</b>	<b>37550582</b>	<b>44.04</b>	<b>30266382</b>	<b>3702450</b>	<b>33968832</b>	<b>38.18</b>	<b>(5.86)</b>
<b>2</b>	<b>Foreign</b>									
a	Individuals (Non-Resident Individuals / Foreign individuals)	-	-	-	-	-	-	-	-	
b	Bodies corporate	-	-	-	-	-	-	-	-	
c	Institutions	-	-	-	-	-	-	-	-	
d	Qualified Foreign Investors (QFIs)	-	-	-	-	-	-	-	-	
e	Any other (Specify)	-	-	-	-	-	-	-	-	
	<b>Sub-total (A)(2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
	<b>Total Shareholding of Promoter and Promoter Group (A)=(A)(1) + (A)(2)</b>	<b>37550582</b>	<b>-</b>	<b>37550582</b>	<b>44.04</b>	<b>30266382</b>	<b>3702450</b>	<b>33968832</b>	<b>38.18</b>	<b>(5.86)</b>
<b>B.</b>	<b>Public Shareholding</b>									
<b>1</b>	<b>Institutions</b>									
a	Mutual Funds / UTI	1635	4450	6085	0.01	1000	4450	5450	0.01	-
b	Financial institutions/Banks	351326	400	351726	0.41	245894	400	246294	0.28	0.13
c	Central Government /State Government	-	-	-	-	-	-	-	-	
d	Venture Capital Funds	-	-	-	-	-	-	-	-	
e	Insurance Companies	3134660	300	3134960	3.68	3134660	300	3134960	3.52	0.16
f	Foreign Institutional Investors	1006049	1800	1007849	1.18	973863	1800	975663	1.10	(0.08)
g	Foreign venture capital investors / Foreign Portfolio Investor	-	-	-	-	152374	-	152374	0.17	0.17
h	<b>Any other (Specify)</b>	-	-	-	-	-	-	-	-	
	Limited Liability Partnership	-	-	-	-	6150	-	6150	0.01	0.01
	<b>Sub-total (B)(1)</b>	<b>4493670</b>	<b>6950</b>	<b>4500620</b>	<b>5.28</b>	<b>4513941</b>	<b>6950</b>	<b>4520891</b>	<b>5.08</b>	<b>(0.20)</b>

Sl. no	Categories of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% of Change during the year
		Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of total shares	
<b>2</b>	<b>Non-Institutions</b>									
a	Bodies corporate	15600590	1836	15602426	18.30	14907025	1836	14908861	16.76	(1.54)
b	Individuals									
	i) Individual shareholders holding nominal share capital upto ₹1 Lakh	18926185	294375	19220560	22.54	27211578	285436	27497014	30.91	8.37
	ii) Individual shareholders holding nominal share capital in excess of ₹1 Lakh	4339197	-	4339197	5.09	3923486	-	3923486	4.41	(0.68)
c	Any other									
	NRI (R)	678811	300	679111	0.80	756410	300	756710	0.85	0.05
	NRI (NR)	127243	150	127393	0.15	146395	150	146545	0.16	0.01
	Overseas Corporate Bodies	-	300	300	0.00	-	300	300	0.00	-
	<b>Sub-total (B)(2)</b>	<b>39687026</b>	<b>296961</b>	<b>39983987</b>	<b>46.90</b>	<b>46959894</b>	<b>288022</b>	<b>47247916</b>	<b>53.11</b>	<b>6.21</b>
	<b>Total PublicShareholding (B)=(B)(1) + (B)(2)</b>	<b>44180696</b>	<b>303911</b>	<b>44484607</b>	<b>52.18</b>	<b>51473835</b>	<b>294972</b>	<b>51768807</b>	<b>58.19</b>	<b>6.01</b>
	<b>Total(A)+(B)</b>	<b>81731278</b>	<b>303911</b>	<b>82035189</b>	<b>96.22</b>	<b>81740217</b>	<b>3997422</b>	<b>85737639</b>	<b>96.37</b>	<b>0.15</b>
<b>C.</b>	<b>Shares held by Custodians and against which Depository Receipts have been issued</b>									
	1)Promoter group	-	-	-	-	-	-	-	-	-
	2)Public	3226688	-	3226688	3.78	3226688	-	3226688	3.63	0.15
	<b>Sub-total (C)</b>	<b>3226688</b>	<b>-</b>	<b>3226688</b>	<b>3.78</b>	<b>3226688</b>	<b>-</b>	<b>3226688</b>	<b>3.63</b>	<b>0.15</b>
	<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>84957966</b>	<b>303911</b>	<b>85261877</b>	<b>100.00</b>	<b>84966905</b>	<b>3997422</b>	<b>88964327</b>	<b>100.00</b>	<b>-</b>

**b) Shareholding of Promoters / Promoter Group & PAC**

Sl. no.	Promoters name	Shareholding at the beginning of the year 1.4.2015			Shareholding at the end of the Year 31.3.2016			% Change in shareholding during the year
		No. of shares	% of total shares of the Company	% of Shares Pledged/encumbered to total shares	No. of shares	% of total shares of the Company	% of Shares Pledged/encumbered to total shares	
1	RAGHAVENDRA RAO K	6925173	8.12	7.64	6336173	7.12	4.88	(1.00)
2	VIJAYALAKSHMI R	6771155	7.94	7.15	3096155	3.48	3.48	(4.46)
3	ORCHID HEALTH CARE PRIVATE LTD	18456125	21.65	20.68	20588610	23.14	17.88	1.49
4	DIVYA R	2772499	3.25	2.55	2050499	2.30	2.30	(0.95)
5	SOWMYA R	2618000	3.07	2.6	1890000	2.12	1.85	(0.95)
6	BHUVANA MANI	6000	0.01	-	6000	0.01	0.00	-
7	KOTA SWARNALATHA	850	-	-	615	0.00	0.00	0.00
8	RAJAGOPAL K	780	-	-	780	0.00	0.00	0.00
	<b>Total</b>	<b>37550582</b>	<b>44.04</b>	<b>40.62</b>	<b>33968832</b>	<b>38.18</b>	<b>30.40</b>	<b>(5.86)</b>



**C) Change in Promoters Shareholdings (Please specify, if there is no change )**

S. No	Promoters Name	Opening Balance	Date of Increase or decrease	Reasons for increase or decrease	No. of Shares	% of total shares of the company*	Cumulative Shareholding during the Financial Year 2015-16		Closing Balance as on 31.03.2016	
							No. of Shares	% of total shares of the company*	No. of Shares	% of total shares of the company*
1	Raghavendra Rao K	69,25,173	17.12.2015	Sale	1,00,000	0.11	68,25,173	7.67	63,36,173	7.12
			24.12.2015	Sale	4,14,000	0.47	64,11,173	7.21		
			27.01.2016	Sale	75,000	0.08	63,36,173	7.12		
2	Vijayalakshmi R	67,71,155	13.11.2015	Sale	3,00,000	0.34	64,71,155	7.27	30,96,155	3.48
			17.11.2015	Sale	7,61,000	0.86	57,10,155	6.42		
			20.11.2015	Sale	39,000	0.04	56,71,155	6.37		
			24.12.2015	Sale	6,25,000	0.7	50,46,155	5.67		
			11.01.2016	Sale	5,00,000	0.56	45,46,155	5.11		
			14.01.2016	Sale	3,50,000	0.39	41,96,155	4.72		
			19.01.2016	Sale	4,00,000	0.45	37,96,155	4.27		
			20.01.2016	Sale	5,00,000	0.56	32,96,155	3.71		
			01.02.2016	Sale	2,00,000	0.22	30,96,155	3.48		
3	Orchid Health Care Private Ltd	1,84,56,125	09.10.2015	Preferential Allotment	37,02,450	4.16	2,21,58,575	24.91	2,05,88,610	23.14
			17.11.2015	Sale	1,00,000	0.11	2,20,58,575	24.79		
			17.11.2015	Sale	5,00,000	0.56	2,15,58,575	24.23		
			18.11.2015	Sale	6,00,000	0.67	2,09,58,575	23.56		
			19.11.2015	Sale	1,00,000	0.11	2,08,58,575	23.45		
			17.12.2015	Sale	50,000	0.06	2,08,08,575	23.39		
			24.12.2015	Sale	20,965	0.02	2,07,87,610	23.37		
			27.01.2016	Sale	1,99,000	0.22	2,05,88,610	23.14		
4	Divya R	27,72,499	19.11.2015	sale	1,22,000	0.14	26,50,499	2.98	20,50,499	2.30
			24.12.2015	sale	6,00,000	0.67	20,50,499	2.30		
5	Sowmya R	26,18,000	17.11.2015	Sale	39,000	0.04	25,79,000	2.90		
			19.11.2015	Sale	29,000	0.03	25,50,000	2.87		
			24.12.2015	Sale	4,00,000	0.45	21,50,000	2.42		
			26.02.2016	Sale	10,000	0.01	21,40,000	2.41		
			09.03.2016	Sale	25,000	0.03	21,15,000	2.38		
			10.03.2016	Sale	10,000	0.01	21,05,000	2.37		
			11.03.2016	Sale	5,000	0.01	21,00,000	2.36		



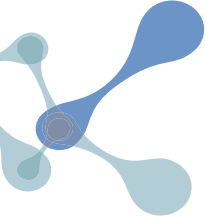
S. No	Promoters Name	Opening Balance	Date of Increase or decrease	Reasons for increase or decrease	No. of Shares	% of total shares of the company*	Cumulative Shareholding during the Financial Year 2015-16		Closing Balance as on 31.03.2016	
							No. of Shares	% of total shares of the company*	No. of Shares	% of total shares of the company*
			14.03.2016	Sale	50,000	0.06	20,50,000	2.30		
			15.03.2016	Sale	25,000	0.03	20,25,000	2.28		
			16.03.2016	Sale	10,000	0.01	20,15,000	2.26		
			17.03.2016	Sale	50,000	0.06	19,65,000	2.21		
			18.03.2016	Sale	5,000	0.01	19,60,000	2.20		
			21.03.2016	Sale	10,000	0.01	19,50,000	2.19		
			23.03.2016	Sale	50,000	0.06	19,00,000	2.14		
			30.03.2016	Sale	10,000	0.01	18,90,000	2.12	18,90,000	2.12

\* The Percentage is calculated based on the issued capital: 8,89,64,327 shares.

#### 4) Shareholding pattern of Top Ten Shareholders (Other than Directors , Promoters and Holders of GDRs and ADRs)

S. No	Top 10 Shareholders	Opening Balance	Date of Increase or decrease	Reasons for increase or decrease	No. of Shares	% of total shares of the company*	Cumulative Shareholding during the Financial Year 2015-16		Closing Balance as on 31.03.2016	
							No. of Shares	% of total shares of the company*	No. of Shares	% of total shares of the company*
1	Serum Institute of India Ltd	57,01,524	-	-	-	-	57,01,524	6.41	57,01,524	6.41
2	Life Insurance Corporation of India	23,08,053	-	-	-	-	23,08,053	2.59	23,08,053	2.59
3	Adurjee & Bros Private Ltd	16,40,000	18.03.2016	Purchase	1,16,750	0.14	17,56,750	1.97	17,56,750	1.97
4	Fortune Intercontinental Private Ltd	10,96,311	18.03.2016	Purchase	1,87,000	0.22	12,83,311	1.44	12,83,311	1.44
5	Cobra India (Mauritius) Ltd	-	28.08.2015	Purchase	4,20,000	0.47	4,20,000	0.47		
			30.10.2015	Purchase	5,58,976	0.63	9,78,976	1.10		
			05.03.2016	Sale	25,713	0.03	9,53,263	1.07	9,53,263	1.07
6	DR. Cyrus S. Poonawalla	7,20,000	-	-	-	-	7,20,000	0.81	7,20,000	0.81
7	Chakan Investment Private Ltd	6,89,759	18.03.2016	Sale	1,84,000	0.21	5,05,759	0.57	5,05,759	0.57
8	General Insurance Corporation of India	3,99,006	No Change	-	-	-	3,99,006	0.45	3,99,006	0.45
9	The Oriental Insurance Company Ltd	3,27,601	-	-	-	-	3,27,601	0.37	3,27,601	0.37
10	D Sathyamoorthi	-	31.12.2015	Purchase	1,00,000	0.11	1,00,000	0.11		
			08.01.2016	Purchase	50,000	0.06	1,50,000	0.17		
			15.01.2016	Purchase	50,000	0.06	2,00,000	0.22		
			19.02.2016	Purchase	1,00,000	0.11	3,00,000	0.33	3,00,000	0.33

\* The Percentage is calculated based on the issued capital: 8,89,64,327 shares.



#### e) Shareholding of Directors and Key Managerial Personnel (KMP)

S. No	Name of the Director / KMP	Opening Balance	Date of Increase or decrease	Reasons for increase or decrease	No. of Shares	% of total shares of the company*	Cumulative Shareholding during the Financial Year 2015-16		Closing Balance as on 31.03.2016	
							No. of Shares	% of total shares of the company*	No. of Shares	% of total shares of the company*
1	Shri K Raghavendra Rao - Managing Director	69,25,173	17.12.2015 24.12.2015 27.01.2016	Sale Sale Sale	1,00,000 4,14,000 75,000	0.11 0.47 0.08	68,25,173 64,11,173 63,36,173	7.67 7.20 7.12	63,36,173	7.12
2	Shri K N Venkatasubramanian - Chairman & Independent Director	1,000	-	-	-	-	1,000	-	1,000	-
3	Shri S Krishnan - Non Executive Director	9,200	09.10.2015	Sale	7,200	0.01	2,000	-	2,000	-
4	Shri R Kannan - Independent Director	-	-	-	-	-	-	-	-	-
5	Smt. Soundara Kumar - Nominee Director, SBI	-	-	-	-	-	-	-	-	-
6	Shri Nagaraj Garla / Shri Rabinarayan Panda - Nominee Director, IDBI Bank Ltd	-	-	-	-	-	-	-	-	-
7	Shri L Chandrasekar - CFO & Company Secretary	14,564	-	-	-	-	14,564	0.02	14,564	0.02

\* The Percentage is calculated based on the issued capital: 8,89,64,327 shares.

#### 5. Indebtedness

Indebtedness of the Company including interest outstanding /accrued but not due for payment

(₹)

Particulars	Secured loans excluding deposits	Unsecured loans	Deposits	Total indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i)Principal amount	30,52,26,51,501	89,99,94,755	-	31,42,26,46,256
ii)Interest due but not paid	23,11,16,035	14,29,98,846	-	37,41,14,881
iii)Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>30,75,37,67,536</b>	<b>1,04,29,93,601</b>	<b>-</b>	<b>31,79,67,61,137</b>
<b>Change in indebtedness during the Financial Year</b>				
Addition	49,43,00,276	34,57,04,782	-	84,00,05,058
(Reduction)	-	-	-	-
<b>Net change</b>	<b>49,43,00,276</b>	<b>34,57,04,782</b>	<b>-</b>	<b>84,00,05,058</b>
<b>Indebtedness at the end of the financial year</b>				
i)Principal amount	30,70,59,85,718	1,38,86,98,383	-	32,09,46,84,101
ii)Interest due but not paid	54,20,82,094	-	-	54,20,82,094
iii)Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>31,24,80,67,812</b>	<b>1,38,86,98,383</b>	<b>-</b>	<b>32,63,67,66,195</b>

## 6. Remuneration of Directors and Key Managerial Personnel

### a) Remuneration to Managing Director / Whole Time Director/ Manager

₹ in Lakhs

Sl. No.	Particulars of remuneration	Shri K Raghavendra Rao, Managing Director	Total amount
Gross salary			
1	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	67.20	67.20
	(b) Value of perquisites under Section 17(2) of the Income Tax Act, 1961	1.00	1.00
	(c) Profits in lieu of salary under Section 17 (3) of the Income Tax Act, 1961	-	-
2	Stock options	-	-
3	Sweat equity	-	-
4	Commission as % of profit	-	-
5	Others, Please Specify	-	-
	<b>Total ( A)</b>	<b>68.20</b>	<b>68.20</b>
	Ceiling as per the Act	Since the Company does not have profits for the financial year 2015-16, the ceiling limit as per Section II of part II of the Schedule V of the Companies Act, 2013 and as approved by shareholders as Special resolution in the 22nd Annual General Meeting held on September 15, 2015 would be ₹ 1,20,00,000 (Rupees One Crore and Twenty Lakhs Only).	

### b) Remuneration to other Directors

#### 1. Independent

₹ in Lakhs

Sl. No.	Particulars of remuneration	Name of Directors		
		Shri K N Venkatasubramanian	Shri R Kannan	Total amount
1	Sitting fee for attending Board and Committee meetings	2.00	2.20	4.20
2	Commission	-	-	-
3	Others , Please specify	-	-	-
	<b>Total B(1)</b>	<b>2.00</b>	<b>2.20</b>	<b>4.20</b>

#### 2. Other Non Executive Directors

₹ in Lakhs

Sl. No.	Particulars of remuneration	Name of Directors			
		Shri S Krishnan	Shri Rabinarayan Panda	Smt Soundara Kumar	Total amount
1	Sitting fee for attending Board and Committee meetings	2.40	0.80	0.60	3.80
2	Commission	-	-	-	-
3	Others , Please specify	-	-	-	-
	<b>Total B(2)</b>	<b>2.40</b>	<b>0.80</b>	<b>0.60</b>	<b>3.80</b>
		<b>Total B= B(1)+ B(2)</b>			<b>8.00</b>



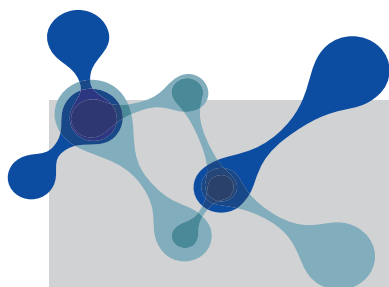
**c) Remuneration to Key Managerial Personnel (KMP) other than Managing Director / Manager/ Whole Time Director**

(₹)

Sl. No.	Particulars of remuneration	Shri L Chandrasekar	
		Company Secretary & CFO	Total
Gross salary			
1	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act,1961	42,75,000	42,75,000
	(b) Value of perquisites under Section 17(2) of the Income Tax Act, 1961	15,000	15,000
	(c ) Profits in lieu of salary under Section 17 (3) of the Income Tax Act,1961	1,00,000	1,00,000
2	Stock options	-	-
3	Sweat equity	-	-
4	Commission as % of profit	-	-
	Others , Specify	-	-
5	Others , Please Specify	-	-
	Total (C)	43,90,000	43,90,000

**7. Penalties / Punishment / Compounding of Offences:**

Type	Section of the Companies Act	Brief description	Details of penalty/ punishment/ Compounding fees imposed	Authority (RD/NCLT/ Court)	Appeal made, if any (Give details)
<b>A.Company</b>					
Penalty	NA	Penalty for delay in submission of Shareholding Pattern to Stock Exchanges for the quarter ended Dec 31, 2015	₹ 8,68,619/-	NSE	The Company has paid penalty of ₹15000/- (₹1000 per day of Delay upto first 15 days) and made an application to NSE to waive the additional fine imposed on the paid up capital of the Company
	NA		₹17,175/-	BSE	NA
Punishment			NIL		
Compounding	NA	Non compliance of Regulation 78(6) of SEBI (ICDR) Regulations, 2009	NIL	SEBI	The company has made a settlement application with SEBI
<b>B.Director</b>					
Penalty					
Punishment					
Compounding					
<b>C.Other Officer in default</b>					
Penalty			NIL		
Punishment					
Compounding					



## Annexure VII

**PARTICULARS PURSUANT TO SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014**

**a) The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year; Percentage increase in remuneration of each Director, in the financial year**

Except for Shri K Raghavendra Rao, Managing Director, no directors are in receipt of remuneration except sitting fee. For this purpose, sitting fee paid to the Directors have not been considered as remuneration.

Ratio of remuneration of Managing Director, Shri K Raghavendra Rao to the median remuneration of the employees of the Company for the financial year 2015-16 is 20.30 times. There is no increase in the remuneration of the Managing Director during the financial year 2015-16.

**b) Percentage increase in remuneration of each Director, Chief Financial Officer, Company Secretary in the financial year**

Name of the KMP/ Designation	% Increase in remuneration in 2016 as compared to 2015
Shri K Raghavendra Rao - Managing Director	There was no increase in the remuneration of the Managing Director, Chief Financial Officer and Company Secretary during the Financial Year 2015-16
Shri L Chandrasekar - CFO & Company Secretary	

**c) Percentage increase in median remuneration of employees in the financial year**

There has been no increase in the median remuneration of employees during the financial year 2015-16.

**d) Number of permanent employees on the rolls of Company as of 31st March, 2016 : 1683.**

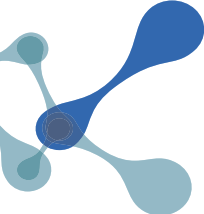
**e) Explanation on the relationship between average increase in remuneration and Company performance**

The profit before tax of the Company as on March 31, 2016 was (₹29,152.34 Lakhs) (loss) as compared to the profit before tax on March 31, 2015 (18 Months period from October 01, 2013 to March 31, 2015) which was (₹38,279.19 Lakhs) (loss). There has been no increase in the remuneration of the employees during the financial year 2015-16.

**f) Comparison of the remuneration of the KMP against performance of the Company**

Name	Designation	Salary	% increase in Salary	PAT	% Increase in PAT
Shri K Raghavendra Rao	Managing Director	₹68.20 Lakhs	NIL	(₹27,427 Lakhs)	—
Shri L Chandrasekar	CFO & Company Secretary	₹43.90 lakhs		(Loss)	

**g) Variations in the market capitalisation of the Company, price earning ratio as at the closing date of the current financial year & previous financial year & percentage increase over decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer.**



Particulars	No. of Shares	Closing market price per shares (in ₹)	EPS (in ₹)	PE Ratio	Market capitalisation (₹ in Crores)
As on 31.03.2015	8,52,61,877	51.65	(26.11)	(1.98)	4403.68
As on 31.03.2016	8,89,64,327	37.65	(31.51)	(1.19)	3349.34
Increase / Decrease	37,02,450	(14.00)	(5.40)	0.78	(1054.34)
% Increase / Decrease	4.34	(27.11)	(20.68)	39.39	(23.94)
Issue price of the share at the Initial Public Offer (IPO) in 1993	–	10.00	–	–	–
Increase/decrease in market price as on 31.03.2016 as compared to issue price of IPO	–	27.65	–	–	–
Increase in%	–	276.50	–	–	–

**h) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentage increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.**

There was no increase in remuneration of employees other than managerial personnel who were in employment for the whole of financial year 2015-16 and no increase in remuneration for Key Managerial Personnel during the financial year 2015-16.

**i) The key parameters for any variable component of remuneration availed by the Directors**

Except for Shri K Raghavendra Rao, Managing Director, none of the other directors have been paid any remuneration except sitting fee, which is fixed based on the directors attendance at a meeting of the Board or Committee.

**j) The ratio of the remuneration of the highest paid Director to that of the employees who are not Directors but receive remuneration in excess of the highest paid Director during the year.**

Name of the employee	Designation	Ratio
Ms. Edna Braganza	Chief Operating Officer - API	1:1.88
Dr. B Gopalan	Executive Director - Chief Scientific Officer	1:3.00
Dr. J Surya Kumar	Senior Vice President - Formulation Development	1:1.03

**k) Affirmation that the remuneration is as per the Remuneration policy of the Company**

It is hereby affirmed that the remuneration paid is as per the Remuneration policy of the Company.

On behalf of the Board

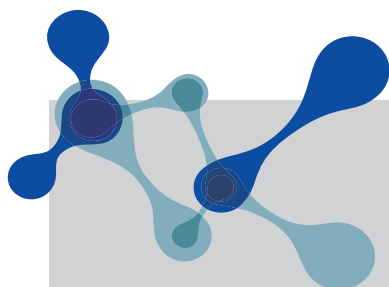
**K Raghavendra Rao**

*Managing Director*

Place : Chennai

Date : May 27, 2016





## Annexure VIII FORM NO. MR-3

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2016

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To  
The Members,  
Orchid Pharma Limited  
(Formerly Known as Orchid Chemicals & Pharmaceuticals Limited)  
Chennai

1. We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s.Orchid Pharma Limited, Formerly Known as Orchid Chemicals & Pharmaceuticals Limited (hereinafter called the company). Secretarial Audit was conducted based on records made available to us, in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion/understanding thereon.
2. Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and made available to us and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we, on strength of those records, and information so provided, hereby report that in our opinion and understandings, the Company during the audit period covering the financial year ended on March 31, 2016, appears to have complied with the statutory provisions listed hereunder and also in our limited review, the Company has proper and required Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

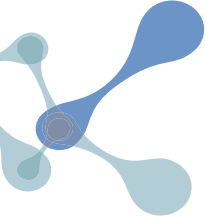
We have examined the books, papers, minutes' book, forms and returns filed and other records maintained by the Company and made available to us, for the financial year ended on March 31, 2016 according to the applicable provisions of:

- i) The Companies Act, 2013 (the Act) and the rules made thereunder and the Companies Act, 1956 and the rules made thereunder as applicable;
- ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv) Foreign Exchange Management Act, 1999 (FEMA) and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings to the extent applicable;

The following Regulations and Guidelines prescribed under the Securities and exchange Board of India Act, 1992 ('SEBI ACT') to the extent applicable during the year:-

- a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
- c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
- e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

Majority decision is carried through while the dissenting member's views are captured and recorded as part of the minutes.



The Management has identified and confirmed that the following laws as being specifically applicable to the company

- Drugs and Cosmetics Act, 1940
- Patents Act 1970,
- Trademarks Act 1919,
- Petroleum Act 1934,
- Narcotic Drugs and Psychotropic Substances Act, 1985.

We have also examined compliance with the applicable clauses of the following:

- i) Secretarial Standards issued by The Institute of Company Secretaries of India with respect to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) made effective 1st July, 2015.
- ii) The Listing Agreements entered into by the Company with National Stock Exchange of India Limited and BSE Ltd as per the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (effective 1st December, 2015).

During the period under review, the Company has complied in accordance with the requirements to be met with the applicable provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above to the required extent except delay in filing / non filing of returns with relevant authorities in certain occasions.

It is represented to us that the company has initiated measures, wherever required, to address issues raised by the statutory authorities and letters/notices received by the Company during the financial year under various enactments as applicable to the company.

We further report that, subject to the above, the related documents that we have come across depict that:

The Board of Directors of the Company is constituted as applicable with proper balance of Executive Directors, Non-Executive Directors and Independent Directors and the changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

We further report that, based on our limited review of the compliance mechanism established by the company, there appear adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that, the company is under Corporate Debt Restructuring programme.

We further report that, as per the information provided to us, during the audit period, we came across a number of legal proceedings pending against the company, which the management of the company informed is being taken care off at their end.

We further report that, the company has issued 37,02,450 equity shares to the promoters at the price of Rs. 49.79 per share including a premium of Rs.39.79 per share in October 2015 for which the Company has applied for listing with BSE Ltd and National Stock Exchange of India Limited. The Company has received in principal approval from BSE Ltd for listing the said equity shares.

We further report that, the company has made a settlement application in May 2016 to Securities and Exchange Board of India, Mumbai relating to violation of Regulation 78(6) of the SEBI (ICDR) Regulations, 2009 due to sale of pledged shares by lenders.

We further report that, applications are made to Central Government for waiver of Excess remuneration paid to Managing Director of the company during the year 2011-12 and 2012-13 and company places financials and minutes of subsidiaries before the Board on an yearly basis.

We further report that during the audit period the Company has sought the approval of its members for following major events:

- Appointment of Shri.K.N.Venkatasubramanian as Independent Director
- Appointment of Shri R Kannan as Independent Director

- Appointment of Shri Nagaraj Karla as Nominee Director
- Appointment of Smt. Soundara Kumar as Nominee Director
- Revision in terms and Remuneration of Mr. K.Raghavendra Rao, Managing Director
- Ratification of Remuneration of Cost Auditor
- Change in Name of the Company to " Orchid Pharma Limited"

We further report that our Audit was subjected only to verifying adequacy of systems and procedures that are in place for ensuring proper compliance by the Company and we are not responsible for any lapses in those compliances on the part of the Company.

For S Dhanapal & Associates

Place: Chennai  
Date : 27.05.2016

S.Dhanapal  
(Partner)  
FCS 6881; CP No. 7028

**This Report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.**

## **Annexure A**

To  
The Members  
ORCHID PHARMA LIMITED,  
Formerly known as Orchid Chemicals & Pharmaceuticals Limited  
Chennai

Our report of even date is to be read along with this letter.

### **Management's Responsibility**

- Maintenance of secretarial record is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

### **Auditor's Responsibility**

- Our responsibility was to express an opinion on the secretarial records, standards and procedures followed by the company with respect to secretarial compliances.
- We believe that audit evidence and information obtained from company's management is adequate and appropriate for us to provide a basis for our opinion.
- Wherever required, we have obtained Management representation about the compliance of laws, rules and regulations and happenings of events etc.

### **Disclaimer**

- The Secretarial Audit is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management conducted the affairs of the Company.

For S Dhanapal & Associates

Place: Chennai  
Date: 27.05.2016

**S. Dhanapal**  
(Partner)  
FCS 6881; CP No. 7028

**Annexure - IX**  
**Form AOC-I**  
**(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)**  
**Statement containing salient features of the financial statement of Subsidiaries/Associate companies/Joint ventures**

**Part "A": Subsidiaries**

S. No.	Name of the subsidiary	Orchid Europe Ltd, UK	Orchid Pharmaceuticals Inc and Subsidiaries, USA	Bexel Pharmaceuticals Inc USA	Orchid Pharmaceuticals SA (Propreitary) Limited, South Africa	Diakron Pharmaceuticals Inc, USA
1	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Apr 15 - Mar 16	Apr 15 - Mar 16	Apr 15 - Mar 16	Mar 15 - Feb 16	Apr 15 - Mar 16
2	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	GBP £	USD \$	USD \$	South African RAND	USD \$
3	Share capital	£ 10,000	\$ 100	\$ 35,895	RAND 3,03,638	\$ -
4	Reserves & surplus	Rs. In Lakhs 3,81,235	Rs. In Lakhs (4,457.73)	Rs. In Lakhs (53,39,923)	Rs. In Lakhs (13.50)	Rs. In Lakhs (1,330.11)
5	Total assets	4,24,309	83,60,860	4,01,312	-	2,45,951
6	Total Liabilities	4,24,309	83,60,860	4,01,312	-	2,45,951
7	Investments	-	-	-	-	-
8	Turnover	3,88,019	90,75,168	-	-	-
9	Profit before taxation	1,27,055	3,24,583	(37,412)	(1,652)	(6,70,605)
10	Provision for taxation	-	-	-	-	-
11	Profit after taxation	1,27,055	3,24,583	(37,412)	(1,652)	(6,70,605)
12	Proposed Dividend	-	-	-	-	-
13	% of shareholding	100%	100%	100%	100%	76.65%

1. Names of subsidiaries which are yet to commence operations - NIL

2. Names of subsidiaries which have been liquidated or sold during the year - NIL

Note : Indian equivalent of figures have been arrived at by applying the year end rate 1 £ = ₹96.15, 1 South African Rand = ₹4.39 and 1 US\$ = ₹66.77 and do not form part of the reports of Orchid Europe Limited, Orchid Pharmaceuticals Inc., Bexel Pharmaceuticals Inc., Orchid Pharmaceuticals SA (Propreitary) Limited and Diakron Pharmaceuticals Inc.

## Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Name of Associates/Joint Ventures	Allegra Therapeutics GmbH, Germany
1. Latest audited Balance Sheet Date	Not Available
2. Shares of Associate/Joint Ventures held by the company on the year end:	
No. of shares	16094 shares
Amount of Investment in Associates/Joint Venture (Rs. In Lakhs)	13.63
Extend of Holding %	18.27
3. Description of how there is significant influence	NA
4. Reason why the associate/joint venture is not consolidated	The Financials of Associate is not available on account of Pending arbitration proceedings
5. Networth attributable to Shareholding as per latest audited Balance Sheet	Not Available
6. Profit / Loss for the year	Not Available
i. Considered in Consolidation	Not Available
ii. Not Considered in Consolidation	Not Available

- Names of associates or joint ventures which are yet to commence operations-NIL
- Names of associates or joint ventures which have been liquidated or sold during the year-NIL

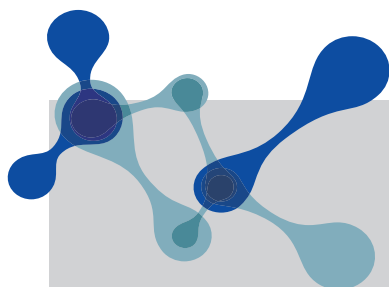
On behalf of the Board

**S.Krishnan**  
Director

**K. Raghavendra Rao**  
Managing Director

Place : Chennai  
Date : May 27, 2016

**L. Chandrasekar**  
EVP - Finance & Secretary



# Annexure X

Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014)

**Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto.**

**1. Details of contracts or arrangements or transactions not at arm's length basis.**

NIL

**2. Details of material contracts or arrangement or transactions at arm's length basis**

**a) Name(s) of the related party and nature of relationship.**

1. Orchid Pharma Inc., USA - Subsidiary
2. Orchid Europe Ltd., UK - Subsidiary

**b) Nature of contracts/arrangements/transactions**

Details of transaction with the above related parties are provided in Note No. 39 to the accounts of financial year 2015-16.

**c) Duration / Salient terms / Date(s) of approval by the Board of / for the Contracts / Arrangements / Transactions**

The value of transactions with the above related parties are less than 10% of the total income for the financial year 2015-16.

Hence, the details required as above to be furnished in respect of material related party transaction are not applicable and hence not furnished.

**d) Amounts paid as advances, if any**

Details of transaction with the above related parties are provided in Note No. 32 to the accounts of financial year 2015-16.

On behalf of the Board

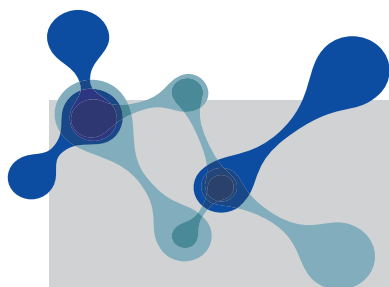
**S.Krishnan**  
Director

**K. Raghavendra Rao**  
Managing Director

Place : Chennai  
Date : May 27, 2016

**L. Chandrasekar**  
EVP - Finance & Secretary





# Independent Auditor's Report

To the Members of

**M/s.Orchid Pharma Limited**

(previously known as Orchid Chemicals and Pharmaceuticals Limited)

## Report on the Standalone Financial Statements

1. We have audited the accompanying standalone financial statements of Orchid Pharma Limited (previously known as Orchid Chemicals and Pharmaceuticals Limited) ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

## Management's Responsibility for the Standalone Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134 (5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies(Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

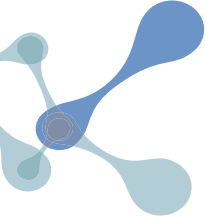
## Auditor's Responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.

4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143 (10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

## Basis of qualified opinion

- I. **The Company has given advances amounting to ₹679 crores to various parties and are outstanding as on March 31, 2016. The Company has not received any materials/ capital goods against these advances. As per information and explanation given, the Company is not able to take delivery of materials due to financial constraints. We are not able to express any opinion on the recoverability of these amounts.**
- II. **The Company has investments of ₹123.07 Crores and loans of ₹36.11 Crores in two subsidiaries carrying on research and development activities. These subsidiaries have not been spending any money on the research during the current period as**



**no financial support is given by the parent Company and the parent Company has not allocated any funds for the future development. No information is also available with the company regarding the value of molecules available with the company. In view of the above, it is necessary to impair the value of this investment.**

**III. The holdback amount receivable from party under the BTA agreement is subject to confirmation and reconciliation due to claims raised by the purchaser. The amount of such claims made by the purchaser, disputed by the Company and hence not provided for is approximately ₹50 crores.**

#### **Opinion**

8. In our opinion and to the best of our information and accord ing to the explanations given to us except for the effects of the matter described in the Basis of Qualified Opinion para graph, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the account ing principles generally accepted in India, of the state of af fairs of the Company as at 31st March, 2016, and its Loss and its cash flows for the year ended on that date.

#### **Report on Other Legal and Regulatory Requirements**

9. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in Annexure "A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

#### **10. As required by Section 143 (3) of the Act, we report that:**

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;

- (d) *Except for the effects of the matter described in the Basis for Qualified Opinion Paragraph*, in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

#### **(e) In respect of matter having adverse effect on functioning of Company refer Basis of Qualified Opinion**

- (f) On the basis of the written representations received from the directors as on 31st March, 2016 taken on re cord by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act;
- (g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B" and
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 28 to the financial statements;
- ii. The Company has made provision, as required under the applicable law or accounting standards, for mate rial foreseeable losses, if any, on long-term contracts including derivative contracts;
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

#### **For SNB ASSOCIATES**

*Chartered Accountants*

Firm Registration No: 015682N

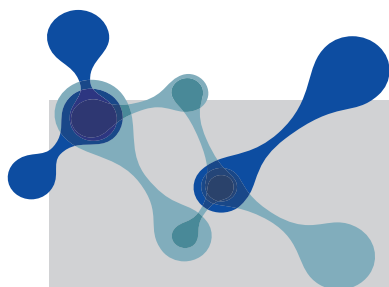
P. Bharath Kumar

*Partner*

Place: Chennai

Date: May 27, 2016

Membership No.222579



# Annexure “A” to Auditors’ Report

Referred to in paragraph 9 of our report of even date

i). a) The company has maintained proper records, showing full particulars including quantitative details and situation of fixed assets.

b) Fixed assets have been physically verified by the Management during the year based on a phased programme of verifying all the assets over three years, which in our opinion is reasonable having regard to the size of the company and the nature of its Fixed Assets. The discrepancies noticed on such verification were not material and have been properly dealt with in the books of account.

c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

ii) The Management has conducted physical verification of inventory at reasonable intervals and no material discrepancies were noticed on physical verification.

iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered by clause (76) of Section 2 of the Companies Act, 2013. Accordingly, sub-clauses (a), (b) and (c) of clause (iii) of paragraph 3 of the Order are not applicable.

iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made. The Company has not provided any guarantees / security.

v) The Company has not accepted any deposits from the public.

vi) We have reviewed the cost records maintained by the Company as prescribed by the Central Government under Section 148 (1) of the Companies Act, 2013 and are of the opinion that prima facie the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

vii) a. According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not been regular in depositing undisputed

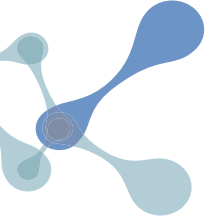
statutory dues including Provident Fund, Employees’ State Insurance, Income Tax, Sales Tax, Service tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and other statutory dues during the year with the appropriate authorities. There has been continuous delay in payment of the dues.

b. As at the Balance Sheet date, the following are the details of disputed Income Tax, Excise Duty, Customs Duty, Service tax, Sales Tax and Cess that have not been deposited with the concerned authorities;

Nature of Dues	Amount (₹ in Lakhs)	Forum where dispute is pending
<b>Excise Duty</b>		
For the year financial year 2004-05 to 2012-13	661.44	CESTAT
For the financial year 2008-09 to 2014-15	29.24	Commissioner (Appeals)
<b>Service Tax</b>		
For the year financial year 2005-06 to 2010-11	77.50	CESTAT
<b>Sales tax</b>		
For the year 2008-09 – 2012-13	121.62	Appellate Deputy Commissioner of Commercial taxes, Chennai

viii) According to the information and explanations given to us, the company has defaulted in certain repayments of Principal amount to banks and Financial Institution.

Bank	Amount of default as at the balance sheet (₹ In lakhs)	Period of defaults
ING Vysya Bank	4,000.00	1395 days
Deutsche Bank	2,499.95	1364 days
Central Bank of India	14.28	92 days
IFCI Limited	57.97	1 day
Allahabad Bank	97.59	1 day
Andhra Bank	111.04	1 day



Bank	Amount of default as at the balance sheet (₹ In lakhs)	Period of defaults
Axis Bank Limited - ECB	233.09	1 day
Bank of Baroda	4.79	1 day
Bank of India	74.74	1 day
Canara Bank	25.37	1 day
Central Bank of India	14.28	1 day
City Union Bank	15.23	1 day
Edelweiss - (Federal)	35.14	1 day
EXIM Bank	21.50	1 day
ICICI Bank	4.45	1 day
IDBI Bank	66.51	1 day
Indian Bank	16.12	1 day
Indian Overseas Bank	29.40	1 day
Punjab National Bank	87.75	1 day
State Bank of Hyderabad	49.92	1 day
State Bank of India	115.96	1 day
State Bank of Mysore	15.56	1 day
State Bank of Travancore	7.64	1 day
Union Bank of India	71.16	1 day

- ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.
- x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration during the financial year in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act. In

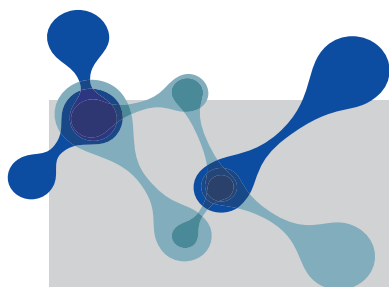
respect of the excess Managerial remuneration paid in the previous years, the company has been advised to file fresh application under the new Companies Act, 2013. Pending outcome of the application, excess remuneration amounting to ₹1193.51 lakhs recoverable from Managing director/ Whole time director has not been recovered. However, an amount equal to excess remuneration has been held back out of the unsecured loan given by the promoter group to the Company.

- xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has made preferential allotment of shares to parties covered in the register maintained under Section 42 of the Companies Act, 2013 and these shares have been issued at a price as per SEBI guidelines and hence not prejudicial to interest of the Company.
- xv) Based on the representation received by the Company and declaration given by the Directors, the Company has not entered into non-cash transactions with directors or persons connected with them.
- xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

**For SNB ASSOCIATES**  
*Chartered Accountants*  
 Firm Registration No: 015682N

**P. Bharath Kumar**  
*Partner*  
 Membership No.222579

Place: Chennai  
 Date: May 27, 2016



## Annexure “B” to Auditors’ Report

Referred to in paragraph 9 of our report of even date

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

1. We have audited the internal financial controls over financial reporting of Orchid Pharma Limited (“the Company”) as of 31 March 2016 in conjunction with our audit of the stand alone financial statements of the Company for the year ended on that date.

### Management’s Responsibility for Internal Financial Controls

2. The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (‘ICAI’). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### Auditors’ Responsibility

3. Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

### Meaning of Internal Financial Controls over Financial Reporting

6. A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls Over Financial Reporting

7. Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

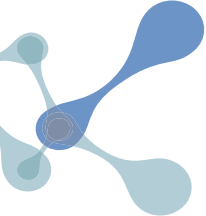
### Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For SNB ASSOCIATES**  
*Chartered Accountants*  
Firm Registration No: 015682N

**P. Bharath Kumar**  
*Partner*  
Membership No.222579

Place: Chennai  
Date: May 27, 2016



## Balance Sheet As At March 31, 2016

₹ in Lakhs

PARTICULARS	Note	As at 31.03.2016	As at 31.03.2015
<b>I EQUITY AND LIABILITIES</b>			
<b>1 SHAREHOLDERS' FUNDS</b>			
a Share capital	4	8,896.43	8,526.19
b Reserves and Surplus	5	8,217.04	35,413.65
		<b>17,113.47</b>	<b>43,939.84</b>
<b>2 NON- CURRENT LIABILITIES</b>			
a Long term borrowings	6	2,37,753.66	2,49,395.37
b Deferred tax liabilities (Net)	33	9,414.23	11,139.30
c Long term provisions	7	373.09	417.94
		<b>2,47,540.98</b>	<b>2,60,952.61</b>
<b>3 Current liabilities</b>			
a Short term borrowings	8	63,362.38	64,664.16
b Trade payables - MSME	9	82.61	-
- Others		35,226.19	29,584.99
c Other current liabilities	10	28,505.36	11,237.36
d Short term provisions	11	4,421.59	5,223.10
		<b>1,31,598.13</b>	<b>1,10,709.61</b>
<b>TOTAL</b>		<b>3,96,252.58</b>	<b>4,15,602.06</b>
<b>II ASSETS</b>			
<b>1 Non current assets</b>			
a Fixed Assets	12		
Tangible assets		1,51,248.08	1,66,396.81
Intangible assets		2,788.17	3,313.24
Capital work in progress		26,539.12	26,650.47
Intangible assets under development		1,500.93	1,500.93
b Non current investments	13	12,464.72	12,464.72
c Long term loans and advances	14	56,581.90	58,013.50
d Other non -current assets	15	12,701.07	12,583.68
		<b>2,63,823.99</b>	<b>2,80,923.35</b>
<b>2 Current assets</b>			
a Inventories	16	21,034.45	24,227.83
b Trade receivables	17	37,544.03	29,016.36
c Cash and Bank Balances	18	31,311.22	38,956.65
d Short term loans and advances	19	32,038.89	31,977.87
e Other Current Assets	20	10,500.00	10,500.00
		<b>1,32,428.59</b>	<b>1,34,678.71</b>
<b>TOTAL</b>		<b>3,96,252.58</b>	<b>4,15,602.06</b>

As per our report of even date

For **SNB Associates**

Chartered Accountants

Firm Registration No. 015682N

**P. Bharath Kumar**

Partner

M.No: 222579

Place : Chennai

Date : May 27, 2016

**S.Krishnan**

Director

**K. Raghavendra Rao**

Managing Director

**L. Chandrasekar**

EVP - Finance & Secretary



## Profit & Loss Statement For The Year Ended March 31, 2016

₹ in Lakhs

PARTICULARS		Note	Year ending 31.03.2016	18 Months ending 31.03.2015
I	Revenue from operations	21	87,933.85	1,73,619.46
II	Other income	22	2,460.41	4,237.47
	<b>Total Revenue</b>		<b>90,394.26</b>	<b>1,77,856.93</b>
III	Expenses			
	Cost of materials consumed		36,701.01	82,654.71
	Purchases of stock in trade		3,701.23	1,709.56
	Changes in inventories of finished goods, work-in-progress and Stock-in-Trade		1,528.82	(6,231.19)
	Employee benefits expense	23	8,263.08	18,579.19
	Finance costs	24	29,423.18	53,700.87
	Depreciation and amortization expenses	12	14,341.22	32,137.24
	Other expenses	25	20,333.53	44,921.22
	<b>Total Expenses</b>		<b>1,14,292.07</b>	<b>2,27,471.60</b>
IV	Profit / (Loss) before exceptional and extraordinary items and tax		(23,897.81)	(49,614.67)
V	Exceptional items - (Gains)/Loss	26	5,254.53	15,726.30
VI	Profit / (Loss) before extraordinary items and tax		(29,152.34)	(65,340.97)
VII	Extraordinary items (Net of Taxes)		-	(27,061.78)
VIII	Profit / (Loss) before tax		(29,152.34)	(38,279.19)
IX	Tax expense			
	Deferred tax		(1,725.07)	(19,175.17)
X	Net Profit / (Loss) for the period		(27,427.27)	(19,104.02)
XI	Earnings per share (EPS) before extra-ordinary item			
	Basic		(31.51)	(63.10)
	Diluted		(31.51)	(63.10)
XII	Earnings per share (EPS) after extra-ordinary item			
	Basic		(31.51)	(26.11)
	Diluted		(31.51)	(26.11)

As per our report of even date

On behalf of the Board

For **SNB Associates**

Chartered Accountants

Firm Registration No. 015682N

**P. Bharath Kumar**

Partner

M.No: 222579

**S.Krishnan**

Director

**K. Raghavendra Rao**

Managing Director

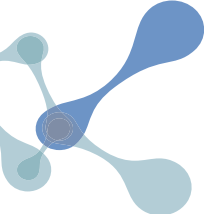
Place : Chennai

Date : May 27, 2016

**L. Chandrasekar**

EVP - Finance & Secretary





## Notes to the Accounts As at March 31, 2016

### 1 Significant Accounting Policies

#### a) (i) Accounting Convention

The Financial Statements are prepared under historical cost convention on the basis of a going concern following the accrual system of accounting and comply with the applicable mandatory accounting standards specified under section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant portions of the Companies Act, 2013.

#### (ii) Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities as at the date of the financial statements and the reported amounts of revenue and expenses during the period. Although these estimates are based upon management's knowledge of current events and actions, actual results could differ from those estimates and revisions, if any, are recognised in the current and future periods.

#### b) Fixed Assets

- (i) Fixed Assets are stated at the original cost inclusive of inward freight, incidental expenses related to acquisition and related pre-operational expenses and technical knowhow fees where applicable.
- (ii) Machinery spares which can be used only in connection with specific fixed assets and the use of which are irregular, are charged over the period of the life of such fixed asset, in accordance with Accounting Standard 10.
- (iii) Brands represent brands acquired by the company and includes IPR & Licences purchased for a consolidated consideration. The cost of brands, patents and trademarks are amortised over a period of 60 months from the month of acquisition.
- (iv) INTERNALLY GENERATED INTANGIBLE ASSETS - DMF & ANDA

DMF and ANDA costs represent expenses incurred on development of processes and compliance with regulatory procedures of the US FDA, in filing Drug Master Files ("DMF") and Abbreviated New Drug Applications ("ANDA"), in respect of products for which commercial value has been established by virtue of third party agreements/arrangements. This is in accordance with the requirements of Accounting Standard 26.

The cost of each DMF/ANDA is amortised to the extent of recovery of developmental costs applicable as per terms of agreement or over a period of five years from the date on which the product covered by DMF/ANDA is commercially marketed, whichever is earlier.

- (v) Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013.
- (vi) Leasehold assets cost is amortised over the period of the Lease.
- (vii) Depreciation on assets added/disposed off during the year is provided on pro-rata basis from the month of addition or up to the month preceeding the month of disposal, as applicable.
- (viii) Impairment of assets:

Management periodically assesses using external and internal sources whether there is an indication that an asset may be impaired. An impairment occurs where the carrying value exceeds the present value of future cash flows expected to arise from the continuing use of the assets and its eventual disposal. The impairment loss to be expensed is determined as the excess of the carrying amount over the higher of the asset's net sales price or present value as determined above.

#### c) Borrowing Costs

Borrowing costs includes interest, amortisation of ancillary cost incurred in connection with borrowings. Cost incurred for raising long term borrowings have been amortized over the period of the loan.

Interest cost on qualifying asset being an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, is capitalised at the weighted average rate of the funds borrowed and utilised for acquisition of such assets.

## Notes to the Accounts As at March 31, 2016

### d) Treatment of expenditure during construction period.

Expenditure during construction period is included under capital work-in-progress and the same is allocated to the respective fixed assets on the completion of construction.

### e) Investments

Investments considered long term are shown at cost. Diminution in the value of investments other than temporary are provided for. Current investments are valued at lower of cost and market value.

### f) Inventories

- |   |   |  |
|---|---|--|
| (i) Stores & Spares                     | - | At weighted average cost.                |
| (ii) Raw Materials                      | - | At annual weighted average cost          |
| (iii) Finished Goods @                  | - | At Lower of cost or net realisable value |
| (iv) Work in Progress & Intermediates @ | - | At Lower of cost or net realisable value |

@ After adjustment of unrealised profits on inter division transfer.

### g) Revenue Recognition

Sales are recognised on despatch of goods from the factory / warehouse and price differentials are accounted for at the end of each quarter as per the terms of marketing arrangement. Sales are net of returns, discounts and inter-division transfers. Service income is recognised as per contractual terms. In respect of composite contracts involving development and other activities, income is recognised on the basis of contractual terms after considering the quantum of work completed. Export incentives are accounted in the year in which exports are made.

### h) Retirement Benefits

Retirement Benefits are accounted on actuarial valuation carried out at the end of the year. The Company's liability towards the gratuity of employees is covered by a group gratuity policy with LIC, SBI and ICICI Prudential Life Insurance Company Ltd and the contribution to the fund is based on actuarial valuation carried out yearly as at the end of the financial year as per the revised AS15. Provision for Leave Encashment has been made based on actuarial valuation as at the year end as per revised AS15. Short term employee benefits are recognised as an expense at the undiscounted amount in the profit and loss account for the year in which the related service is rendered.

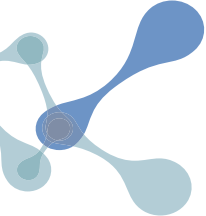
### i) Translation of Foreign Currency items

- 1) Non-Monetary foreign currency items are carried at cost
- 2) All inter-related transactions are recognised at common rates.
- 3) Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of transaction.
- 4) Monetary items denominated in foreign currencies at the year end are restated at year end rates. In case of items which are covered by forward exchange contracts, the difference between the year end rate and the rate on the date of the contract is recognised as exchange difference and the premium paid on forward contracts is recognised over the life of the contract.

The company has exercised the option provided under the amendment to the Companies (Accounting Standards) Amendment Rules, 2006 dated 31st March, 2009 (AS 11). The Ministry of Company Affairs vide notification dated 29th December 2011 has extended the amortisation of gains or losses arising on reporting of Foreign Currency Monetary items over the balance period of such long term asset / liability. Accordingly Exchange loss on Long term foreign currency loans have been amortised over the balance period of such loans. Adoption of this option has resulted in (a) amount remaining unamortised in the financial statements as on March 31, 2016 is ₹10365.05/- Lakhs (previous year ₹10804.32/- Lakhs). b) Loss for the period is higher by ₹439.27 Lakhs (previous year-Loss higher by ₹6853.52 Lakhs)

### j) Subsidy on Fixed Assets

Subsidy received on fixed assets is credited to the cost of respective fixed assets.



## Notes to the Accounts As at March 31, 2016

- 2 Sales tax recoverable has been recorded on the basis of the claims submitted or in the process of being submitted, as per rules relating to EOU and which in the opinion of the Company are recoverable.
- 3 Excise duty on finished goods has been accounted on removal of goods from factory, wherever applicable. Finished goods at factory have been valued at cost exclusive of excise duty and no provision has been made for excise duty on such goods. The above treatment has no impact on Profit & Loss account.

### 4 Share Capital

₹ in Lakhs

	As at 31.03.2016	As at 31.03.2015
<b>AUTHORISED:</b>		
<b>Equity shares</b>		
15,00,00,000 (Previous year 15,00,00,000) Equity Shares of ₹10/- each	15,000.00	15,000.00
<b>ISSUED, SUBSCRIBED AND PAID-UP</b>		
889,64,327 (Previous year - 852,61,877) equity Shares of ₹10/- each fully paid. Of the above 1,73,76,940 Equity shares of Rs10/- each were allotted as fully paid bonus shares by capitalisation of reserves.	8,896.43	8,526.19
The reconciliation of the number of shares outstanding as at March 31, 2016 and March 31, 2015 is set out below:		
Number of shares at the beginning	8,52,61,877	7,04,52,076
Add: Allotments during the period	37,02,450	1,48,09,801
Number of shares at the end	8,89,64,327	8,52,61,877
Share Allotments during the preceeding five years		
	<b>No. of shares</b>	<b>No. of shares</b>
2013-15	1,48,09,801	1,48,09,801
2012-13	10,000	10,000
2011-12	Nil	Nil
2010-11	Nil	Nil
2009-10	Nil	Nil

The details of shareholder holding more than 5% shares is set out below :

Name of the Shareholder	As at March 31, 2016		As at March 31, 2015	
	No of shares	% held	No of shares	% held
K Raghavendra Rao	63,36,173	7.12%	69,25,173	8.12%
Orchid Healthcare Pvt. Ltd.	2,05,88,610	23.14%	1,84,56,125	21.65%
Serum Institute of India	57,01,524	6.41%	57,01,524	6.69%

#### a) ORCHID ESOP 2010 SCHEME

In terms of the resolution passed by the company at the AGM dated July 21, 2010 the shareholders approved the scheme formulated under "ORCHID-ESOP 2010" for allotting 10,00,000 options. Accordingly 9,01,000 options were granted to the eligible Employees and the Executive Director except the Promoter Director by the Compensation Committee of the Board of Directors at a meeting held on October 28, 2010. Each option is convertible into one equity share of ₹10/- each at a price of ₹ 329.55 per share, being the closing share price of Orchid in the National Stock Exchange on October 27, 2010, the day prior to the date of the meeting.

Considering the fall in the price of the shares of the Company and in the interest of the employees, the Compensation Committee of the Board of Directors at its meeting held on November 1, 2011 considered repricing of 8,64,500 options in force on the said date from ₹ 329.55 to ₹166.15 as per the closing share price of Orchid at National Stock Exchange on October 31, 2011. As at March 31, 2016, the outstanding options yet to be exercised under the said scheme is Nil.

## Notes to the Accounts As at March 31, 2016

### b) ORCHID ESOP – DIRECTORS 2011 SCHEME

In terms of the resolution passed by the company at the AGM held on July 29, 2011 the shareholders approved a scheme formulated as "ORCHID ESOP – DIRECTORS 2011 SCHEME" for allotting 5,00,000 options to Directors of the Company. Accordingly 3,00,000 options were granted to the Directors of the Company including the Whole Time Director but excluding the Promoter Director, by the Compensation Committee of the Board of Directors at a meeting held on November 1, 2011. Each option is convertible into one equity share of ₹10/- each at a price of ₹166.15 per share, being the closing share price of Orchid in the National Stock Exchange Ltd on October 31, 2011, the day prior to the date of the meeting. Out of the total options granted, 240,000 options have already lapsed and 60,000 options are in force as at March 31, 2016 under ORCHID ESOP - DIRECTORS 2011 Scheme.

### c) ORCHID ESOP – SENIOR MANAGEMENT 2011 SCHEME

In terms of the resolution passed by the company at the AGM held on July 29, 2011 the shareholders approved a scheme formulated as "ORCHID ESOP – SENIOR MANAGEMENT 2011 SCHEME" for allotting 10,00,000 options to senior employees of the Company out of which 7,50,000 options will be granted to the employees of the Company and 2,50,000 options will be granted to the employees of its subsidiary companies. Accordingly 42,700 options were granted to the Employees of the Company by the Compensation Committee of the Board of Directors at a meeting held on November 01, 2011. Each option is convertible into one equity share of ₹10/- each at a price of ₹10/- each (i.e. At Par). 21,350 options are in force as at March 31, 2016 under ORCHID ESOP – SENIOR MANAGEMENT 2011 Scheme.

## 5 Reserves & Surplus

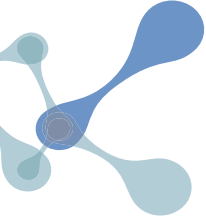
₹ in Lakhs

	As at 31.03.2016		As at 31.03.2015	
Capital Reserve		894.68		894.68
Securities Premium Account	44,974.66		39,081.84	
Add: Premium on issue of Shares	1,473.20	46,447.86	5,892.82	44,974.66
Capital Reserve on Amalgamation		9,004.21		9,004.21
General Reserve	57,533.71		57,533.71	
Less: Depreciation on transition to Schedule II of the Companies Act, 2013 on tangible Fixed Assets with nil remaining useful life	1,681.81	55,851.90	-	57,533.71
Foreign currency Monetary item Translation difference Account		(10,365.05)		(10,804.32)
Surplus in Statement of Profit / Loss				
Balance at the beginning of the year	(66,189.29)		(47,085.27)	
Deficit for the year	(27,427.27)		(19,104.02)	
Balance at the end of the year		(93,616.56)		(66,189.29)
		<b>8,217.04</b>		<b>35,413.65</b>

## 6 Long Term borrowings (Refer Note 44)

Secured				
Rupee Term loans	1,87,809.89		1,86,905.88	
Foreign currency Term loans	75,240.91		71,539.35	
Less:- Current maturities transferred to Current liabilities	(25,297.14)	2,37,753.66	(9,049.86)	2,49,395.37
		<b>2,37,753.66</b>		<b>2,49,395.37</b>
	Repayment terms	Balance No of instalments due	Rate of interest	Amt due @
Rupee Term Loan	Quarterly	28	SBI Base rate Plus 100 BPS	1,80,232.21
Foreign Currency Term Loan	Quarterly	28	LIBOR + 3 to 4.6%	74,238.91

@ amount due includes for all installments in the respective category



## Notes to the Accounts As at March 31, 2016

As per the terms of the CDR package, all Indian rupee loan from bank carries interest at SBI Base rate plus 100 Bps. These loans are repayable in 32 quarterly installments from 01/04/2015. These loans are secured by Pari Passu charge by way of joint mortgage on immovable and movable assets situated at Factory premises at SIDCO Industrial Area, Alathur and SIPCOT Industrial Park, Irungattukottai and current assets, subject to prior charges created/ to be created on current assets in favour of bankers and financial institutions for securing working capital borrowings. All term loans are additionally secured by personal guarantee of Shri K.Raghavendra Rao, Managing Director of the Company.

Terms of repayment of loan-All Foreign Currency term loan carries interest @ LIBOR plus 3 to 4.6%.The loan is repayable in 32 quarterly installments commencing from 01/04/2015. These loans are secured by Pari Passu charge by way of joint mortgage on immovable and movable assets situated at Factory premises at SIDCO Industrial Area, Alathur and SIPCOT Industrial Park, Irungattukottai and current assets, subject to prior charges created / to be created on current assets in favour of bankers and financial institutions for securing working capital borrowings. The term loans are additionally secured by personal guarantee of Shri K.Raghavendra Rao, Managing Director of the Company. The terms of the foreign currency term loan availed in Feb 2012 includes covenants pertaining to financial parameters such as limit on aggregate debt outstanding, debt service coverage ratio, ratio of net borrowings to EBDITA, Fixed assets coverage ratio, ratio of net borrowings to tangible network etc., tested on the consolidated financial statements of the Company.

### 7 Long Term provisions

₹ in Lakhs

	As at 31.03.2016	As at 31.03.2015
Provision for employee benefits- Leave encashment	373.09	417.94
	<b>373.09</b>	<b>417.94</b>

### 8 Short Term Borrowings

<b>a) Secured</b>		
Other loans and advances		
- Working Capital Facilities / Borrowings	49,475.39	49,092.45
Packing Credit and Cash Credit from Banks are secured by first charge on all current assets namely, Stocks of Raw materials, Semi-finished & Finished Goods, Stores and Spares not relating to Plant & Machinery (Consumable Stores and Spares), Bills Receivable, Book Debts & all other movable property both present and future excluding such movables as may be permitted by the Banks/ financial institutions from time to time and by second charge on immovable properties after charges created/ to be created on immovable assets in favour of Financial Institutions/Banks for securing Term Loans. The borrowings from banks are additionally secured by personal guarantee of Shri. K. Raghavendra Rao, Managing Director of the Company.		
<b>b) Unsecured</b>		
- from Banks	6,499.95	6,499.95
- from Others	2,500.00	2,500.00
<b>c) Unsecured advances from Related parties</b>	4,887.04	6,571.76
	<b>63,362.38</b>	<b>64,664.16</b>

### 9 Trade payables (Refer Note : 30)

Supplies - MSME	65.72	-
- Others	17,191.65	15,651.33
Expenses - MSME	16.89	-
- Others	18,034.54	13,933.66
	<b>35,308.80</b>	<b>29,584.99</b>

## Notes to the Accounts As at March 31, 2016

### 10 Other current liabilities

₹ in Lakhs

	As at 31.03.2016	As at 31.03.2015
Current maturities of Term loans (Refer Note no.6)	20,325.99	7,006.11
Interest accrued on borrowings	4,971.15	2,043.75
Advance received from Customer	2,070.58	1,150.79
Unpaid dividends	58.32	68.45
Share Application money refundable	5.42	5.42
Security Deposits received from Agents	433.00	433.00
Statutory liabilities	640.90	529.84
	<b>28,505.36</b>	<b>11,237.36</b>

Deposit represents security deposits received from customers which are repayable on demand and carries interest @ 9.5% p.a.

### 11 Short term provisions

Provision for employee benefits- Gratuity & Leave encashment	416.49	1,218.00
Rebates/Discounts	4,005.10	4,005.10
	<b>4,421.59</b>	<b>5,223.10</b>

### 12 FIXED ASSETS

₹ in Lakhs

S. No	Asset Description	Gross Block (at Cost)				Depreciation				Written Down Value		
		As at 01-04-2015	Additions during the year	Deletions during the year	As at 31-03-2016	Up to 31-03-2015	For the year	Transition Adjust-ment #	On Deletions	As at 31-03-2016	As at 31-03-2016	As at 31-03-2015
1	Freehold Land & Site Development @	2,608.52	-	-	2,608.52	-	-	-	-	-	2,608.52	2,608.52
2	Leasehold Land	60.77	-	-	60.77	7.33	-	-	-	7.33	53.44	53.44
3	Buildings	22,458.94	191.32	-	22,650.26	5,529.51	744.69	-	-	6,274.20	16,376.06	16,929.43
4	Plant & Machinery	2,43,391.56	141.23	-	2,43,532.79	1,00,951.75	12,684.96	173.93	-	1,13,810.64	1,29,722.15	1,42,439.81
5	Factory Equipment	545.34	-	-	545.34	399.28	22.89	10.48	-	432.65	112.69	146.06
6	Laboratory Equipment	5,770.74	7.40	-	5,778.14	2,533.08	561.75	722.78	-	3,817.61	1,960.53	3,237.66
7	Office Equipment	964.05	6.00	-	970.05	593.32	62.65	256.08	-	912.05	58.00	370.73
8	Furniture & Fittings	1,559.76	-	-	1,559.76	997.62	93.93	125.84	-	1,217.39	342.37	562.14
9	Vehicles	225.57	-	-	225.57	176.55	22.53	12.17	-	211.25	14.32	49.02
10	<b>Intangible Assets</b>											
	(Disclosure as per AS 26)											
	Acquired Brands & Trade-marks *	2,778.16	-	-	2,778.16	2,778.16	-	-	-	2,778.16	-	-
	Internally Generated DMF and ANDA **	6,364.59	-	-	6,364.59	3,577.38	63.09	-	-	3,640.47	2,724.12	2,787.21
	Computer Software	2,242.26	3.28	-	2,245.54	1,716.23	84.73	380.53	-	2,181.49	64.05	526.03
	<b>TOTAL</b>	<b>2,88,970.26</b>	<b>349.23</b>	<b>-</b>	<b>2,89,319.49</b>	<b>1,19,260.21</b>	<b>14,341.22</b>	<b>1,681.81</b>	<b>-</b>	<b>1,35,283.24</b>	<b>1,54,036.25</b>	<b>1,69,710.05</b>
	Previous Year's Figures	3,65,970.82	3,547.90	80,548.46	2,88,970.26	1,17,689.78	30,693.80	-	29,123.37	1,19,260.21	1,69,710.05	2,48,281.04

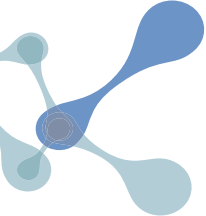
\* Represents value of registrations and value of applications filed pending registration.

\*\* Refer Note 1 (b) (iv)

# Refer Note 37.

@ Assets acquired pending for registration in favour of the Company.

	Mar 31, 2016	Mar 31, 2015
Freehold Land	59.09	59.09



## Notes to the Accounts As at March 31, 2016

### 13 Non-Current Investments

₹ in Lakhs

	As at 31.03.2016	As at 31.03.2015
<b>Quoted investments</b>		
Others-Non-trade		
Bank of India -		
18,600 fully paid up Equity shares of ₹10/- each	8.37	8.37
Aggregate market value of quoted investments	17.29	36.43
<b>Unquoted investments</b>		
<b>Subsidiary Companies</b>		
<b>Traded</b>		
Orchid Europe Limited, UK	6.42	6.42
10000 Common stock of GBP 1 each fully paid up		
Orchid Pharmaceuticals Inc., USA	85.07	85.07
200,000 Common stock of US\$ 1 each fully paid up		
Bexel Pharmaceutical Inc.*	8,883.24	8,883.24
9,999,990 Series A & 48,93,750 Series B Convertible Preferred Stock par value USD 0.001 per share and 9,001,090 Common stock of par value USD 0.001 per share		
11,000,000 Common stock of Par value of USD 0.125 per share	599.09	599.09
Each Series A & B Preferred stock is convertible into One Common stock, at any time, at the option of the Company and will have voting rights equal to one common stock and has the same value as common stock.		
Orchid Pharmaceuticals SA(Proprietary)Limited.South Africa	17.69	17.69
303,639 Ordinary shares each Rand 1 fully paid up		
Diakron Pharmaceuticals, Inc. USA	2,825.01	2,825.01
7,140,378 Series A Preferred stock & 322,986 Common stock par value of 0.83595 USD per share		
<b>Others</b>		
Sai Regency Power Corporation Pvt.Ltd.-Traded 450,000 fully paid up equity shares of ₹10 each	45.00	45.00
Madras Stock Exchange-Non Traded 911,430 fully paid up equity shares of ₹10/- each	23.99	23.99
MSE Financial services Ltd	3.83	3.83
31,936 fully paid up equity shares of Rs.10/- each		
<b>Associate Companies</b>		
Allegra Therapeutics GmbH**	13.63	13.63
16094 fully paid up equity shares of Euro 1 each		
<b>Total</b>	<b>12,502.97</b>	<b>12,502.97</b>
Aggregate provision for diminution in value of investments	(46.62)	(46.62)
Aggregate value of Un-quoted investments	<b>12,456.35</b>	<b>12,456.35</b>
<b>Grand Total of Investments</b>	<b>12,464.72</b>	<b>12,464.72</b>

\* Each Series A & B Preferred stock is convertible into One Common stock, at any time, at the option of the Company and will have voting rights equal to one common stock and has the same value as common stock. \*\* Shares in Dispute



## Notes to the Accounts As at March 31, 2016

### 14 Long term loans and advances

₹ in Lakhs

	As at 31.03.2016	As at 31.03.2015
<b>Unsecured, considered good</b>		
Capital advances	54,593.82	54,707.42
Prepaid Financial charges	1,132.36	2,234.04
Deposits with Govt. Agencies	519.75	736.17
Other Deposits	335.97	335.87
<b>Doubtful</b>		
Others	202.66	202.66
Less: Provision for Doubtful advances	(202.66)	(202.66)
	<b>56,581.90</b>	<b>58,013.50</b>

### 15 Other Non current assets

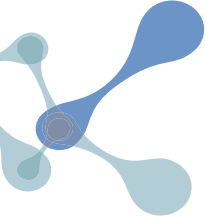
<b>Secured, considered good</b>		
Earmarked balance transferred from Other Bank balances	67.32	178.08
<b>Unsecured, considered good</b>		
Advance Payment of Tax	12,633.75	12,405.60
	<b>12,701.07</b>	<b>12,583.68</b>

### 16 Inventories

Raw materials	5,083.13	6,806.23
Intermediates & WIP	7,247.95	8,854.85
Finished Goods	4,479.82	4,013.54
Traded Goods	696.97	1,085.18
Stores and Spare parts	1,847.15	1,834.56
Chemicals and Consumables	1,021.18	981.92
Packing Materials	658.25	651.55
	<b>21,034.45</b>	<b>24,227.83</b>

### 17 Trade Receivables

<b>Outstanding for a period exceeding six months from the date they are due for payment</b>		
Unsecured, considered good	16,969.67	10,135.18
<b>Other receivables</b>		
Secured, considered good	293.56	350.38
Unsecured, considered good	20,280.80	18,530.80
	<b>37,544.03</b>	<b>29,016.36</b>



## Notes to the Accounts As at March 31, 2016

### 18 Cash and Bank Balances

₹ in Lakhs

	As at 31.03.2016		As at 31.03.2015	
Cash and Cash Equivalents				
Cash on hand	9.49		8.71	
Balances with Banks				
In current accounts	748.33		4,359.72	
Others - Term Deposits	30,553.40	31,311.22	34,588.22	38,956.65
Other Bank balances				
Ear-marked balances				
Margin Money deposit	9.00		109.63	
Unpaid Dividend	58.32		68.45	
Less:- Ear-marked balance transferred to non- current assets	(67.32)	-	(178.08)	-
		<b>31,311.22</b>		<b>38,956.65</b>

### 19 Short term loans and advances

<b>Unsecured, considered good</b>			
Loans & Advances to related parties (Refer Note no.32)		5,003.18	4,700.74
Advances to Suppliers		33,114.92	34,746.92
Prepaid expenses		1,140.83	51.53
Balances with Statutory agencies		2,687.94	2,399.21
Rent advances		62.26	62.26
Employees advances		29.76	17.21
<b>Doubtful</b>			
Loans & Advances to related parties		99.25	99.25
		42,138.14	42,077.12
Less: Provision for Doubtful advances		(10,099.25)	(10,099.25)
		<b>32,038.89</b>	<b>31,977.87</b>

### 20 Other current assets

<b>Unsecured and considered good:</b>			
Retention money receivable towards sale of undertaking		<b>10,500.00</b>	<b>10,500.00</b>

	<b>Yearended 31.03.2016</b>	18 months ended 31.03.2015
--	---------------------------------	-------------------------------

### 21 Revenue from operations

Sale of products	87,666.17	1,72,210.79
Other operating revenues		
Sale of other materials	1,230.12	651.21
Others	92.27	1,701.09
Less: Excise duty	(1,054.71)	(943.63)
	<b>87,933.85</b>	<b>1,73,619.46</b>

## Notes to the Accounts As at March 31, 2016

### 22 Other income

₹ in Lakhs

	<b>Yearended 31.03.2016</b>	<b>18 months ended 31.03.2015</b>
Dividend income	1.03	1.38
Profit on sale of assets	-	3.54
Net gain on foreign currency translation and transaction	1,543.72	2,400.42
Other non-operating income	915.66	1,832.13
	<b>2,460.41</b>	<b>4,237.47</b>

### 23 Employee benefits expense

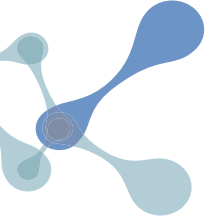
Salaries & Wages	7,119.77	16,246.18
Contribution to provident and other funds	466.28	966.57
Staff Welfare expenses	677.03	1,366.44
	<b>8,263.08</b>	<b>18,579.19</b>

### 24 Finance costs

Interest expenses	28,849.38	48,499.70
Other borrowing costs	573.80	5,201.17
	<b>29,423.18</b>	<b>53,700.87</b>

### 25 Other expenses

Power and Fuel	5,527.74	10,218.96
Conversion Charges	1,295.57	3,883.88
Consumption of Stores, Spares & Chemicals	2,926.28	4,579.42
Rent	21.34	43.71
Repairs to buildings	175.40	238.45
Repairs to Machinery	221.47	392.16
Factory maintenance	1,620.38	3,066.77
Insurance	648.10	2,118.79
Rates & Taxes	69.35	783.44
Postage, Telephone & Telex	66.46	113.00
Printing & Stationery	98.79	193.90
Vehicle Maintenance	25.18	63.92
Research & Development Expenses (Refer Note no. 40)	2,883.53	5,995.18
Advertisement	4.03	6.56
Recruitment expenses	31.68	31.40
Auditors' Remuneration		
Auditor	57.25	85.88
Taxation	9.75	14.63
for other services	8.00	20.00
Cost Audit fee	14.00	25.00



## Notes to the Accounts As at March 31, 2016

### 25 Other expenses

₹ in Lakhs

	Yearended 31.03.2016	18 months ended 31.03.2015
Travelling and Conveyance	315.99	619.92
Directors' Remuneration & perquisites	68.20	225.23
Directors' travelling		
Inland	7.50	28.33
Overseas	19.10	26.93
Directors' sitting fees	9.40	11.60
Loss on sale of fixed asset/writtenoff	-	19.70
Freight outward	990.50	1,022.73
Commission on Sales	1,057.54	815.52
Business Promotion and Selling Expenses	83.36	309.24
Lease Rentals	1,108.75	1,435.02
Consultancy & Professional Fees	250.24	3,035.93
Provision for Diminution in value of Investments	-	0.41
Provision for Rebates & Discounts	-	2,705.10
Miscellaneous expenses	718.65	2,790.51
	<b>20,333.53</b>	<b>44,921.22</b>

### 26 Exceptional Items

Exchange rate loss on Foreign Currency Term Loans	5,254.53	6,372.71
Interest Provision reversed on interest rate reduction	-	(4,197.70)
Provision for Contingencies	-	10,000.00
CDR Expenses	-	551.29
One time Management Fee	-	3,000.00
	<b>5,254.53</b>	<b>15,726.30</b>

	As at 31.03.2016	As at 31.03.2015
<b>27</b> Estimated amounts of contracts remaining to be executed on capital account (net of advances) and not provided for.	<b>3,687.99</b>	<b>3,524.24</b>

### 28 a. Other monies for which company is contingently liable:

- Unexpired Letters of Credit	4,706.66	8,859.65
- Bank Guarantees outstanding	561.89	14.20
- Claims against the company not acknowledged as debts		
Excise demands under dispute pending before Excise authorities	690.70	1,044.63
Service Tax dispute pending before Service Tax authorities	77.50	85.26
Sales Tax dispute pending before Sales Tax authorities	121.62	-
Self Generation Tax under dispute with State Electricity Board	973.82	698.90
<b>b. Provision and contingencies in accordance with AS 29:</b>		
Opening Balance	14,005.00	1,300.00
Additions/(deletions) during the year	-	12,705.00
closing Balance	<b>14,005.00</b>	<b>14,005.00</b>

## Notes to the Accounts As at March 31, 2016

₹ in Lakhs

	Year ended 31.03.2016	18 Months ended 31.03.2015
<b>29</b> Other Interest and Finance Charges is after crediting interest receipts	1,876.42	1,506.65
TDS on interest receipts	174.96	146.51

### 30 Amounts Due to Micro, Small and Medium Enterprises

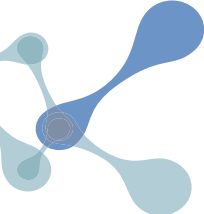
The Identification of Micro, Small and Medium Enterprises Suppliers as defined under "The Micro, Small and Medium Enterprises Development Act 2006" is based on the Information available with the management.

Particulars	As at 31.03.2016	As at 31.03.2015
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	74.20	-
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	8.41	-
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-
(iv) The amount of interest due and payable for the year	8.41	-
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	8.41	-
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-

### 31 Derivative Instruments and unhedged Foreign currency Exposure :

The Foreign Currency Exposures that are not hedged by a derivative instrument or otherwise :

		As at 31/03/2016			As at 31/03/2015	
		Currency	Foreign Currency	₹ Lakhs	Foreign Currency	₹ Lakhs
i)	Receivables Outstanding					
		USD	3,73,62,361	24,629.27	3,24,93,191	20,308.24
		EUR	18,44,402	1,367.81	16,34,560	1,098.26
ii)	Payables Outstanding					
		USD	1,52,98,882	10,215.06	1,68,69,095	10,544.87
		EUR	4,14,427	314.05	4,01,917	270.13
		GBP	2,53,840	244.07	2,00,650	185.62
		Others	7,88,77,196	72.46	9,70,57,246	163.44
iii)	Advance Paid					
		GBP	73,423	70.60	73,423	67.92
		USD	2,56,94,009	17,155.89	2,58,90,238	16,183.99
		EUR	2,00,59,084	15,200.77	2,02,27,647	13,595.00
		Others	7,38,030	16.04	4,08,030	14.53
iv)	Loans availed					
		USD	11,26,86,701	75,240.91	11,44,53,798	71,539.35



## Notes to the Accounts As at March 31, 2016

### 32 a) Related Party Transactions

In accordance with Accounting Standard 18, the disclosure required is given below:

₹ in Lakhs

Nature of Transaction		Subsidiary	Associate / Joint Ventures	Key Management Personnel	Companies in which Directors'/ Key Management Personnel are interested / exercise significant influence.
Equity Infusion	Orchid Healthcare (P) Ltd.				1,843.45
					(7,373.80)
Unsecured advance received	Orchid Healthcare (P) Ltd.	-	-	-	-
		-	-	-	(6,571.76)
Sale of goods	Orchid Pharma Inc.	6,720.96		-	-
		(2,512.22)		-	-
Availment of services/ rent/ reimbursement	Orgenus	-	-	-	-
		(177.72)	-	-	-
	Orchid Pharma Inc.	-			
		(726.29)			
	Orchid Europe	280.03			
		(350.58)			
	Bexel	-	-	-	-
		(29.55)	-	-	-
	Orionsayi				12.37
					(-)
Remuneration - Managing Director				68.20	-
				(225.23)	-
Remuneration - CFO				43.90	
				(80.97)	
Amounts due at the end of the year - Debit		12,461.62	-	-	-
		(8,771.83)	-	-	-
Amounts due at the end of the year - Credit		-	-	-	4,887.04
		-	-	-	(6,571.76)

(Figures in brackets are for previous years representing 18 months)

## Notes to the Accounts As at March 31, 2016

Names of the related parties and description of relationship.

1	Subsidiary	Orchid Europe Limited, UK
		Orchid Pharmaceuticals Inc., USA
		Orgenus Pharma Inc., USA (Subsidiary of Orchid Pharmaceuticals Inc USA.)
		Orchid Pharma Inc / Karalex Pharma USA, (Subsidiary of Orchid Pharmaceuticals Inc, USA)
		Orchid Pharmaceuticals SA (Proprietary) Limited, South Africa
		Bexel Pharmaceuticals Inc., USA
		Diakron Pharmaceuticals Inc., USA
2	Associate	Allecrea Therapeutics GMBH, Germany
3	Companies in which Directors' interested	Orionsayi Consultants (P) Ltd.
4	Key Management Personnel	Mr. K Raghavendra Rao, Managing Director Mr. L. Chandrasekar, Chief Financial Officer
5	Relatives of Key Management Personnel	Mrs. R Vijayalakshmi (wife of Mr. K Raghavendra Rao) Ms R Divya and Ms R Sowmya (daughters of Mr.K.Raghavendra Rao)
6	Companies in which relatives of Key Management personnel exercise significant influence.	Orchid Healthcare (Private) Ltd.

### b) Information on Loans & Advances as per clause 32 of the listing Agreement

₹ in Lakhs

		Balance as on 31-03-2016	Maximum amount outstanding during the year
Subsidiary - Orchid Pharmaceuticals Inc., USA	Dr	1,671.65	1,671.65
Bexel Pharmaceuticals Inc, USA	Dr	3,398.26	3,398.26
Diakron Pharmaceuticals Inc., USA	Dr	3.34	3.34
Orchid Europe Limited, UK	Cr	111.90	111.90
Orgenus Pharma Inc., USA	Cr	60.95	60.95

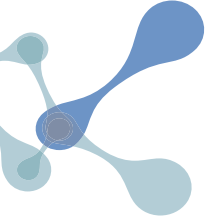
	As at 31/03/2016	As at 31/03/2015
<b>33</b> Provision for Deferred tax for the year (₹1,721.07/- Lakhs) (Previous year (₹19175.17/- Lakhs)) Deferred Tax liability represents the following		
Timing Difference on account of Depreciation	9,414.23	11,139.30

In accordance with Clause 29 of Accounting Standard (AS22) Deferred tax Assets and Deferred tax Liabilities have been set off.

### 34 Segmental Reporting

The Company was disclosing segment information classifying the business as Bulk drugs and Formulations till the financial year 2004-05. However in view of integration of bulk actives and formulations business, with the commissioning of Generics formulation facilities from the financial year 2005-06, the Company considers the business as one interrelated and integrated business of "Pharmaceutical products" and hence no separate segmental reporting is provided.





## Notes to the Accounts As at March 31, 2016

₹ in Lakhs

### 35 Disclosure on Lease Rentals as per AS 19 :

A	The total of future minimum lease payments under non-cancellable operating leases for each of the following periods;	
	Not later than 1 year	172.67
	Later than 1 year and not later than 5 years	-
	later than 5 years	-
B	The total of future minimum sublease payments expected to be received under non-cancellable sub-leases at the balance sheet date	Nil
C	Lease payments recognised in the statement of profit and loss for the period.	1,108.75
D	Sub lease payment received or Receivable recognised in the statement of profit and loss for the period	Nil
E	A general description of the lessee's significant leasing arrangements including, but not limited to the following ;	
	(1) The basis on which contingent rent payments are determined - The future rent payments are determined as per the lease agreement executed.	
	(2) The existence and terms of renewal or purchase options and escalations clauses	
	- The current lease is for a block of 3 years, subject to renewal at the end of every year.	
	- The lease rentals are subject to escalation at the end of every year.	
	(3) Restriction imposed by lease arrangements, such as those concerning Dividend Additional Debt and further leasing : There are no restrictions under the lease agreement.	

### 36 ADDITIONAL INFORMATION PURSUANT TO THE PROVISIONS OF PARAGRAPH 5 (ii) and (viii) OF PART II OF SCHEDULE II TO THE COMPANIES ACT, 2013

#### A) Major Raw materials / Goods Consumed:

Description	Year ended 31.03.2016	18 Months ended 31.03.2015
7 Amino Cephalosporanic Acid	6,231.01	6,280.75
GCLE	4,719.10	5,306.06
Others	30,980.94	66,546.26
	<b>41,931.05</b>	<b>78,133.07</b>

#### B) Value of Raw Materials, Stores, Spare Parts and components consumed during the year

	Year ended 31.03.2016		18 months ended 31.03.2015	
	Percentage	Amount	Percentage	Amount
		₹ in Lakhs		₹ in Lakhs
Raw Materials & Packing Material				
Imported	51.80%	21,721.27	53.72%	41,976.32
Indigenous	48.20%	20,209.78	46.28%	36,156.75
	<b>100.00%</b>	<b>41,931.05</b>	<b>100.00%</b>	<b>78,133.07</b>
Stores ,Spare Parts & Consumables				
Imported	16.78%	490.98	14.07%	644.34
Indigenous	83.22%	2,435.31	85.93%	3,935.07
	<b>100.00%</b>	<b>2,926.29</b>	<b>100.00%</b>	<b>4,579.41</b>

## Notes to the Accounts As at March 31, 2016

₹ in Lakhs

Description	Year ended 31.03.2016	18 Months ended 31.03.2015
C) Earnings In Foreign Exchange during the year		
F.O.B. Value of Exports	58,659.17	77,768.09
D) C.I.F Value of Imports		
Raw Materials & Packing Materials	17,341.74	39,823.00
Capital Goods	57.15	274.22
Spare Parts, Components , Consumables	1,496.38	2,541.99
E) Expenditure in Foreign Currency (on cash basis)		
Travelling Expenses	29.72	15.16
Interest & Bank Charges	3,726.65	7,218.30
Professional/Consultancy Fees	469.46	2,162.26
Others	2,475.19	4,575.28

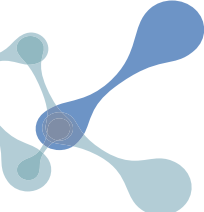
- 37** During the year, pursuant to the notification of Schedule II to the Companies Act, 2013 as applicable for the financial year beginning on or after 01/04/2014, the Company has revised the estimated useful life of some of its assets to align the useful life with those specified in Schedule II.

Pursuant to transition provisions prescribed in Schedule II to the Companies Act, 2013, the Company has fully depreciated the carrying value of assets (determined after considering the revised useful life as prescribed by Schedule II), net of residual value, where the remaining useful life of the asset was determined to be nil as at 31/03/2015, and has adjusted an amount of ₹1681.81 Lakhs against the opening balance of Reserves of the Company.

The Depreciation expense in the Statement of Profit and Loss for the year is lower by ₹2,818.50 Lakhs consequent to the adoption of revised useful life as prescribed by Schedule II to the Companies Act, 2013.

- 38 Reconciliation of Basic and Diluted shares used in computing Earnings per share (Equity shares of ₹10/-each fully paid-up)**

		Year ended	
		March 31, 2016	March 31, 2015
Profit After Tax before extra ordinary item	₹ Lakhs	(27,427.27)	(46,165.78)
Profit After Tax after extra ordinary item	₹ Lakhs	(27,427.27)	(19,104.00)
No of Shares Outstanding	Nos.	8,89,64,327	8,52,61,877
Weighted Average Number of shares	Nos.	8,70,32,174	7,31,59,535
Earnings per Share - Basic before extra ordinary item	₹	(31.51)	(63.10)
Earnings per Share - Basic after extra ordinary item	₹	(31.51)	(26.11)
Total No of Equity shares to compute diluted EPS	Nos.	8,70,32,174	7,31,59,535
Earnings per Share - Diluted before extraordinary item	₹	(31.51)	(63.10)
Earnings per Share - Diluted after extraordinary item	₹	(31.51)	(26.11)



## Notes to the Accounts As at March 31, 2016

### 39 (a.) Details of Group Companies

Name of Subsidiary/Associate	Country	Type of Holding	Percentage of holding	Nature of relationship	Nature of Business
Orchid Europe Limited	U.K	Equity	100%	Subsidiary	Marketing
Allecra Therapeutics GmbH	Germany	Equity	18.27%	Associate	Research
Bexel Pharmaceuticals Inc.*	USA	Convertible Preferred stock with equal voting rights as Common stock and Common stock.	100%	Subsidiary	Research
Orchid Pharmaceuticals Inc.	USA	Common stock	100%	Subsidiary	Services
Orgenus Pharma Inc.	USA	-	-	Subsidiary of Orchid Pharmaceuticals Inc.	Services
Orchid Pharma Inc/Karalex Pharma	USA	-	-	Subsidiary of Orchid Pharmaceuticals Inc.	Marketing
Orchid Pharmaceuticals SA (proprietary) Limited	South Africa	Equity	100%	Subsidiary	Marketing
Diakron Pharmaceuticals Inc. *	USA	Convertible Preferred Stock and Common stock	76.65%	Subsidiary	Research

\* Preferred stock has been considered as common stock for the purpose of calculating the percentage of holding since Preferred stock has the same voting rights as common stock.

### 40 Expenditure on Research and Development

₹ in Lakhs

	31/03/2016	31/03/2015
<b>Revenue expenditure charged to the Profit &amp; Loss account (excluding depreciation)</b>	<b>2,883.53</b>	<b>5,995.18</b>
<b>Research and Development Expenses include:</b>		
Power and Fuel	182.31	411.98
Consumption of Stores, Spares & Chemicals	364.47	319.81
Salaries, Wages and Bonus	1,294.83	3,126.45
Contribution to Provident & other funds	118.26	260.96
Staff Welfare	103.66	160.87
Excise duty	-	419.86
Rates & Taxes	2.19	27.50
Insurance	14.49	25.68
Postage, Telephone & Telex	6.07	10.06
Printing & Stationery	5.87	12.59
Vehicle Maintenance	0.54	7.34
Recruitment expenses	7.18	1.49
Travelling and Conveyance	8.07	18.92
Loss on Sale of Asset	-	14.17
Filing & Registration Expenses	32.64	180.03
Testing Charges	40.69	117.40
Consultancy & Professional Fees	614.05	723.64
Others	88.21	156.43
	<b>2,883.53</b>	<b>5,995.18</b>

## Notes to the Accounts As at March 31, 2016

### 41 Disclosure as required by Accounting Standard 15 (Revised) on Employee Benefits

#### A Defined Contribution Plan

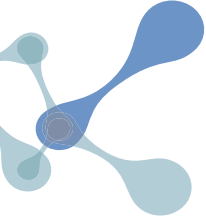
- i) The company contributes 12% of the salary for all eligible employees towards provident fund managed by the Central Government.
- ii) The company also contributes a certain percentage of salary for all eligible employees in managerial cadre towards Superannuation Funds managed by Life Insurance Corporation of India

#### B Defined Benefit Plan

₹ in Lakhs

	31/03/2016	31/03/2015	31/03/2016	31/03/2015
	Gratuity (Funded)		Leave Encashment (Unfunded)	
1) Reconciliation of opening and closing balances of Defined Benefit obligation				
Defined Benefit Obligation at the beginning of the year	1,020.18	1,147.50	420.03	534.40
Current Service Cost	86.45	229.03	33.52	27.52
Interest Cost	66.89	151.29	32.59	80.22
Actuarial (gain)/ loss	130.73	(356.43)	(107.55)	(94.66)
Benefits paid	(325.31)	(151.22)	(4.10)	(127.46)
Defined Benefit Obligation at the year end	978.94	1,020.17	374.49	420.02
2) Reconciliation of opening and closing balances of fair value of plan assets				
Fair Value of plan assets at the beginning of the year	849.27	505.80		
Adjustment to last valuation assets	-	(48.65)		
Expected return on plan assets	68.66	81.79		
Actuarial (gain / (loss)	(28.78)	(86.93)		
Employer contribution	-	548.49		
Benefits paid	(325.31)	(151.22)		
Fair value of plan assets at year end	563.84	849.28		
Actual return on plan assets	39.88	(5.15)		
3) Reconciliation of fair value of assets and obligations				
Fair value of plan assets	563.84	849.28	-	-
Present value of obligation	978.94	1,020.17	374.49	420.02
Amount recognised in Balance Sheet	415.09	170.91	374.49	420.02
4) Expense recognised during the year				
Current Service Cost	86.45	229.03	33.52	27.52
Interest Cost	66.89	151.29	32.59	80.22
Expected return on plan assets	(68.66)	(81.79)	-	-
Actuarial (gain) / loss	159.51	(269.50)	(107.55)	(94.66)
Net Cost	244.19	29.03	(41.44)	13.08
5) Investment Details	% Invested			
Funds Managed by Insurer	100%	100%		
6) Actuarial assumptions				
Discount rate ( per annum)	-	8.00%	-	8.00%
Expected rate of return on plan assets (per annum)	-	10.00%	-	-
Rate of escalation in salary (per annum)	-	5.00%	-	5.00%

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.



## Notes to the Accounts As at March 31, 2016

- 42** The company has paid managerial remuneration to its Managing Director amounting to ₹68.20 Lakhs, which is within the limit prescribed by Schedule V to the Companies Act, 2013. The remuneration in respect of the Managing Director and Whole time director in excess of the limit prescribed under Schedule XIII to the Companies Act, 1956 during the previous years amounted to ₹1,193.51 Lakhs. The said excess is subject to the approval of the members in General Meeting and from the Central Government.
- 43** During the FY 2015-16, the name of the Company has been changed from "Orchid Chemicals & Pharmaceuticals Ltd." to "Orchid Pharma Ltd." effective from 09/10/2015 vide approval from Registrar of Companies of even date.
- 44** Period and amount of continuing default as on the Balance sheet date

Due date	Principal Due	Interest Due
06-11-2015	-	29.24
06-12-2015	-	27.98
06-01-2016	-	29.11
06-02-2016	-	29.37
06-03-2016	-	27.73
06-03-2016	-	1,021.10
31-12-2015	14.28	-
31-03-2016	1,155.21	-

- 45** Previous year's figures have been re-grouped wherever necessary to conform to current year's classification.
- 46** Previous year figures are for 18 months and hence not strictly comparable with current year figures.

As per our report of even date  
For **SNB Associates**  
Chartered Accountants  
Firm Registration No. 015682N

**P. Bharath Kumar**  
Partner  
M.No: 222579

Place : Chennai  
Date : May 27, 2016

**S.Krishnan**  
Director

On behalf of the Board

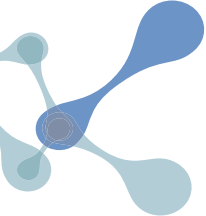
**K. Raghavendra Rao**  
Managing Director

**L. Chandrasekar**  
EVP - Finance & Secretary

## Cash Flow Statement For The Year Ended March 31, 2016

₹ in Lakhs

PARTICULARS	Year ended 31.03.2016	18 Months ended 31.03.2015
<b>A. Cash Flow from Operating Activities</b>		
<b>Net Profit / (Loss) before taxation</b>	<b>(29,152.34)</b>	<b>(23,753.48)</b>
Adjustment for:		
Depreciation	14,341.22	32,137.24
Dividend Income	(1.03)	(1.38)
Provision for doubtful debts/advances	-	10,000.00
Provision for Rebates & Discounts	-	2,705.10
Provision for diminution in value of investments	-	0.41
Loss / (profit) on sale of Fixed Assets	-	16.16
Foreign Exchange Rate Fluctuations - Unrealised	5,792.90	5,568.20
Interest Expense (net of interest credit considered as exceptional)	29,423.18	49,503.17
<b>Operating Profit before Working Capital Changes</b>	<b>20,403.93</b>	<b>76,175.42</b>
Adjustments for:		
Trade and other Receivables	(7,830.65)	(63,292.35)
Inventories	3,193.37	25,780.19
Trade Payables	5,363.07	(29,344.98)
<b>Cash generated from Operations</b>	<b>21,129.72</b>	<b>9,318.28</b>
Income Taxes Paid	-	(4,703.08)
Cash Flow before Extraordinary item	21,129.72	4,615.20
Extraordinary item	-	(41,587.48)
<b>Net Cash from Operating Activities</b>	<b>21,129.72</b>	<b>(36,972.28)</b>
<b>B. Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets, including Capital advances	(124.29)	(8,312.31)
Proceeds from Sale / Deletion of Fixed Assets	-	121.89
Dividends received	1.03	1.38
Cash flow from Investing Activities before Extra-ordinary items	(123.26)	(8,189.04)
Proceeds from Sale of Undertaking	-	1,41,610.00
<b>Net cash used in Investing Activities after Extra-ordinary items</b>	<b>(123.26)</b>	<b>1,33,420.96</b>



## Cash Flow Statement For The Year Ended March 31, 2016

₹ in Lakhs

PARTICULARS	Year ended As at 31.03.2016	18 Months ended As at 31.03.2015
<b>C. Cash Flow from Financing Activities</b>		
Proceeds from issuance of Share Capital ( net of expenses )	1,843.45	7,373.80
Increase in Working Capital Borrowings	382.94	10,566.56
Proceeds from Long Term Borrowings	(6,665.83)	-
Repayment of Long Term Borrowings	3,968.05	(48,419.99)
Repayment of Working Capital Borrowings	-	(20,777.70)
Increase / (Decrease) in Short Term Borrowings (Unsecured)	(1684.72)	6,571.76
Interest paid	(26,495.78)	(15,045.98)
<b>Net cash from Financing Activities</b>	<b>(28,651.89)</b>	<b>(59,731.55)</b>
<b>D. Net Increase/(Decrease) in Cash and Cash equivalents</b>	<b>(7,645.43)</b>	<b>36,717.13</b>
<b>Cash and Cash equivalents at the beginning of period</b>	<b>38,956.65</b>	<b>2,239.52</b>
<b>Cash and Cash equivalents at the end of period</b>	<b>31,311.22</b>	<b>38,956.65</b>

As per our report of even date  
For [SNB Associates](#)  
*Chartered Accountants*  
Firm Registration No. 015682N

[P. Bharath Kumar](#)  
*Partner*  
M.No: 222579

Place : Chennai  
Date : May 27, 2016

[S.Krishnan](#)  
*Director*

On behalf of the Board

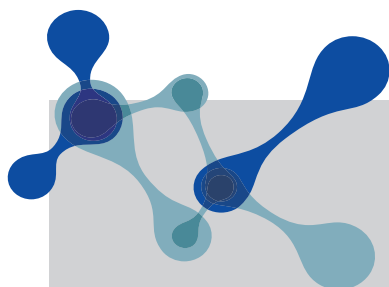
[K. Raghavendra Rao](#)  
*Managing Director*

[L. Chandrasekar](#)  
*EVP - Finance & Secretary*





# Consolidated Financial Section



# Independent Auditor's Report

To the Members of Orchid Pharma Limited (previously known as Orchid Chemicals and Pharmaceuticals Limited)

## Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Orchid Pharma Limited (previously known as Orchid Chemicals and Pharmaceuticals Limited) (hereinafter referred to as "the Holding Company") and its subsidiaries and associates (the Holding Company, its subsidiaries and associate together referred to as "the Group"), comprising of the Consolidated Balance Sheet as at 31st March, 2016, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

## Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

## Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those standards required that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Holding Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by other auditors in terms of their reports referred to in sub-paragraph 8 of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

## Basis of Qualified Opinion

- a) **The Company has given advances amounting to ₹679 crores to various parties and are outstanding as on March 31, 2016. The Company has not received any materials/**

capital goods against these advances As per information and explanation given, the Company is not able to take delivery of materials due to financial constraints. We are not able to express any opinion on the recoverability of these amounts.

**b) The consolidated financial statements carries an intangible asset of ₹94.82 Crores representing good will relating to one of the Company's wholly owned subsidiary viz., Bexel Pharmaceuticals Inc. The subsidiary has not been spending any money on the research on the molecule as no financial support is given by the parent Company and the parent Company has not allocated any funds for the future development. In view of the above, it is necessary to impair the value of this intangible asset as no information is available with the Company regarding the value that can be recovered from the sale of rights over the molecule possessed by the Subsidiary**

**c) The holdback amount receivable from party under the BTA agreement is subject to confirmation and reconciliation due to claims raised by the purchaser. The amount of such claims made by the purchaser, disputed by the Company and hence not provided for is approximately ₹50 crores.**

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, **except for the effects of the matter described in the Basis of Qualified Opinion paragraph**, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March, 2016, and their consolidated loss and their consolidated cash flows for the year ended on that date.

## Other Matters

We did not audit the financial statements/ financial information of five subsidiaries and one associate, whose financial statements/ financial information reflect total assets (net) of ₹(8950.45 Lakhs) as at 31st March, 2016, total revenues of ₹6432.56 Lakhs and net cash flows amounting to ₹82.94 Lakhs for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements does not include the group's share of net profits/loss of an associate for the year ended 31st March 2016, as financial statements/financial information have not been received by Management.

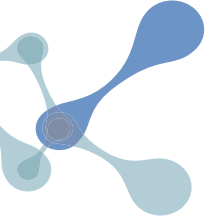
The financial statements/financial information are unaudited and have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiaries and associate, and our report in terms of sub section (3) and (11) of section 143 of the act, in so far as it relates to the aforesaid subsidiaries and associate, is based solely on such unaudited financial statements /financial information. In our opinion and according to the information and explanation given to us by the management, these financial statements/ financial information are not material to the group.

Our opinion on the consolidated financial statements and our report on other legal and Regulatory Requirement below, is not modified in respect of the above matters

## Report on Other Legal and Regulatory Requirements

10. As required by Section 143 (3) of the Act, we report, to the extent applicable, that:

- We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated



financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- d) *Except for the effects of the matter described in the Basis for Qualified Opinion Paragraph*, in our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) **In respect of matter having adverse effect on functioning of Company refer Basis of Qualified Opinion**
- f) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2016 taken on record by the Board of Directors of the Holding Company incorporated in India, none of the directors of the holding company is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- g) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A", and
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - (i) The consolidated financial statements disclose the

impact of pending litigations on the consolidated financial position of the holding company, its subsidiaries and associate - Refer Note 29 of the consolidated financial statements.

- (ii) The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
- (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company

**For SNB ASSOCIATES**

*Chartered Accountants*

Firm Registration No: 015682N

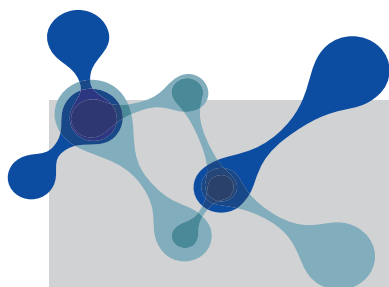
**P. Bharath Kumar**

*Partner*

Place: Chennai

Date: May 27, 2016

Membership No.222579



## Annexure “A” to Auditors’ Report

Referred to in paragraph 10 of our report of even date

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2016, we have audited the internal financial controls over financial reporting **Orchid Pharma Limited (previously known as Orchid Chemicals and Pharmaceuticals Limited)** (hereinafter referred to as “the Holding Company”) which is a company incorporated in India, as of that date.

### Management’s Responsibility for Internal Financial Controls

The Board of Directors of the Holding Company which is incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (‘ICAI’). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### Auditors’ Responsibility

Our responsibility is to express an opinion on the Holding Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent

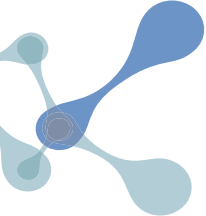
applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

### Meaning of Internal Financial Controls over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance



of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, the Holding Company which is incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company

considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For SNB ASSOCIATES**

*Chartered Accountants*

Firm Registration No: 015682N

**P. Bharath Kumar**

*Partner*

Place: Chennai

Date: May 27, 2016

Membership No.222579

## Consolidated Balance Sheet As At March 31, 2016

₹ in Lakhs

PARTICULARS	Note	As at 31.03.2016	As at 31.03.2015
<b>I EQUITY AND LIABILITIES</b>			
<b>1 SHAREHOLDERS' FUNDS</b>			
a Share capital	5	8,896.43	8,526.19
b Reserves and Surplus	6	(3,991.94)	24,412.38
		<b>4,904.49</b>	<b>32,938.57</b>
<b>2 NON- CURRENT LIABILITIES</b>			
a Long term borrowings	7	2,37,753.65	2,49,395.36
b Deferred tax liabilities (Net)	32	9,414.23	11,121.45
c Long term provisions	8	373.09	417.94
		<b>2,47,540.97</b>	<b>2,60,934.75</b>
<b>3 Current liabilities</b>			
a Short term borrowings	9	63,379.07	64,664.16
b Trade payables - MSME	10	82.61	-
- Others		37,344.02	31,115.02
c Other current liabilities	11	28,534.46	11,263.91
d Short term provisions	12	4,421.59	5,223.10
		<b>1,33,761.75</b>	<b>1,12,266.19</b>
<b>TOTAL</b>		<b>3,86,207.21</b>	<b>4,06,139.51</b>
<b>II ASSETS</b>			
<b>1 Non current assets</b>			
a Fixed Assets	13		
Tangible assets		1,51,250.87	1,66,401.10
Intangible assets		12,432.35	13,119.03
Capital work in progress		26,539.12	26,650.47
Intangible assets under development		1,500.93	1,500.93
b Non current investments	14	81.19	81.19
c Long term loans and advances	15	56,581.90	58,013.50
d Other non -current assets	16	12,701.07	12,561.23
		<b>2,61,087.43</b>	<b>2,78,327.45</b>
<b>2 Current assets</b>			
a Inventories	17	24,184.91	25,192.80
b Trade receivables	18	31,007.45	25,656.70
c Cash and Bank Balances	19	31,494.01	39,056.50
d Short term loans and advances	20	27,933.41	27,406.06
e Other Current Assets	21	10,500.00	10,500.00
		<b>1,25,119.78</b>	<b>1,27,812.06</b>
<b>TOTAL</b>		<b>3,86,207.21</b>	<b>4,06,139.51</b>

As per our report of even date  
For **SNB Associates**  
Chartered Accountants  
Firm Registration No. 015682N

On behalf of the Board

**P. Bharath Kumar**  
Partner  
M.No:222579

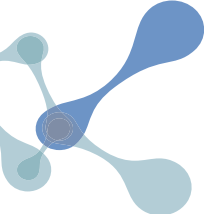
**S.Krishnan**  
Director

**K. Raghavendra Rao**  
Managing Director

Place : Chennai  
Date : May 27, 2016

**L. Chandrasekar**  
EVP - Finance & Secretary





## Consolidated Profit & Loss Statement FOR THE YEAR ENDED MARCH 31, 2016

₹ in Lakhs

PARTICULARS	Note	Year ending	18 Months ending
		31.03.2016	31.03.2015
I Revenue from operations	22	87,343.91	1,74,660.91
II Other income	23	2,490.58	4,246.85
<b>Total Revenue</b>		<b>89,834.49</b>	<b>1,78,907.76</b>
III Expenses			
Cost of materials consumed		37,051.89	82,424.44
Purchases of stock in trade		3,701.23	1,709.56
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade		(656.66)	(6,231.19)
Employee benefits expense	24	8,680.93	19,382.38
Finance costs	25	29,424.49	53,712.45
Depreciation and amortization expenses	13	14,526.65	32,458.46
Other expenses	26	21,487.77	45,646.35
<b>Total Expenses</b>		<b>1,14,216.30</b>	<b>2,29,102.45</b>
IV Profit / (Loss) before exceptional and extraordinary items and tax		(24,381.81)	(50,194.69)
V Exceptional items	27	5,254.53	15,726.30
VI Profit / (Loss) before extraordinary items and tax		(29,636.34)	(65,920.99)
VII Extraordinary items (Net of Taxes)		-	(27,061.78)
VIII Profit / (Loss) before tax		(29,636.34)	(38,859.21)
IX Tax expense			
Deferred tax	32	(1,725.07)	(19,145.75)
X Share of Profit / (Loss) in Associate		-	(13.63)
XI Less : Minority Interest		-	(61.82)
XII Net Profit / (Loss) for the period		(27,911.27)	(19,665.27)
XIII Earnings per share (EPS) before extra-ordinary item			
Basic		(32.07)	(63.94)
Diluted		(32.07)	(63.94)
XIV Earnings per share (EPS) after extra-ordinary item			
Basic		(32.07)	(26.88)
Diluted		(32.07)	(26.88)

As per our report of even date  
For **SNB Associates**  
Chartered Accountants  
Firm Registration No. 015682N

On behalf of the Board

**P Bharath Kumar**  
Partner  
M.No: 222579

**S.Krishnan**  
Director

**K. Raghavendra Rao**  
Managing Director

Place : Chennai  
Date : May 27, 2016

**L. Chandrasekar**  
EVP - Finance & Secretary

## Notes to the Consolidated Accounts As at March 31, 2016

### 1 a) The Company and description of business

Orchid Pharma Limited [Formerly Orchid Chemicals & Pharmaceuticals Limited] was incorporated in India in July 1992 and started commercial production in February 1994. The Company manufactures Active Pharmaceuticals Ingredients as 100% export oriented unit, and manufactures and sells finished dosage forms (formulations) in domestic and export markets. The company also has a fullfledged R & D facilities. The Company has invested in the following companies :

- a) Orchid Europe Limited, a company formed in the United Kingdom initially to market nutraceuticals through mail order/ direct marketing in the United Kingdom and Europe.
- b) Bexel Pharmaceuticals Inc., USA engaged in Pharmaceutical research and development.
- c) Orchid Pharmaceuticals Inc., USA to provide services in USA. It has a wholly owned subsidiaries "Orgenus Pharma Inc, USA" which provides services in USA and "Orchid Pharma Inc./Karalex Pharma, USA" which sells pharmaceutical products in USA.
- d) Orchid Pharmaceuticals SA ( Proprietary) Limited, South Africa to register and market formulations in South Africa.
- e) Diakron Pharmaceuticals Inc., USA engaged in Pharmaceutical research and development.
- f) Allekra Therapeutics GmbH, Germany engaged in Pharmaceutical research and development.

The Company, its Subsidiaries and its Associate are collectively referred as "the Group" .

### b) Consolidation

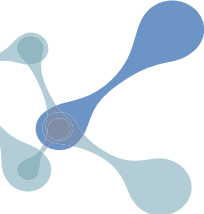
The Company's consolidated financial statement has been prepared on the following basis.

Name of Subsidiary/Associate	Country	Type of Holding	Percentage of holding	Nature of Relationship	Accounting Standard adopted for consolidation of accounts
Orchid Europe Limited	U.K	Equity	100%	Subsidiary	A S 21
Orchid Pharmaceuticals Inc.	USA	Common stock	100%	Subsidiary	A S 21
Orgenus Pharma Inc.	USA	Equity	100%	Subsidiary of Orchid Pharmaceuticals Inc.	A S 21
Orchid Pharma Inc./Karalex Pharma	USA	Equity	100%	Subsidiary of Orchid Pharmaceuticals Inc.	A S 21
Orchid Pharmaceuticals SA (Proprietary) Limited	South Africa	Equity	100%	Subsidiary	A S 21
Bexel Pharmaceuticals Inc.***	USA	Convertible Preferred stock with equal voting rights as Common stock and Common stock	100%	Subsidiary	A S 21
Diakron Pharmaceuticals Inc. ***	USA	Convertible Preferred Stock and Common Stock	76.65%	Subsidiary	A S 21
Allekra Therapeutics GmbH	Germany	Common Stock	18.27%	Associate	AS 23

\*\*\* Preferred stock has been considered as common stock for the purpose of calculating the percentage of holding since Preferred stock has the same voting rights as common stock. The consolidated statements have been prepared on the basis of unaudited financial results of subsidiaries and associates.

### c) Convenience Translation

The accounts of the subsidiary companies and the Associate company have been prepared in their respective currencies.. For the purpose of convenience the balances are translated into Indian currency, being the reporting currency in the consolidated financial statements, at the closing rate as at March 31, 2016.



## Notes to the Consolidated Accounts As at March 31, 2016

### 2 Significant Accounting Policies

#### a) Accounting Convention

The Financial Statements are prepared under historical cost convention on the basis of a going concern following the accrual system of accounting and comply with the applicable mandatory accounting standards specified under section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant portions of the Companies Act, 2013.

#### b) Fixed Assets

- (i) Fixed Assets are stated at the original cost inclusive of inward freight, incidental expenses related to acquisition and related pre-operational expenses and technical knowhow fees where applicable.
- (ii) Machinery spares which can be used only in connection with specific fixed assets and the use of which are irregular, are charged over the period of the life of such fixed asset, in accordance with Accounting Standard 10.
- (iii) Brands represent brands acquired by the company and includes IPR & Licences purchased for a consolidated consideration. The cost of brands, patents and trademarks are amortised over a period of 60 months from the month of acquisition.
- (iv) The cost of patents / registrations acquired by subsidiaries are amortised over their useful life after they are put to use.
- (v) INTERNALLY GENERATED INTANGIBLE ASSETS - DMF & ANDA

DMF and ANDA costs represents expenses incurred on development of processes and compliance with regulatory procedures of the US FDA, in filing Drug Master Files ("DMF") and Abbreviated New Drug Applications ("ANDA"), in respect of products for which commercial value has been established by virtue of third party agreements/arrangements. This is in accordance with the requirements of Accounting Standard 26.

The cost of each DMF/ANDA is amortised to the extent of recovery of developmental costs applicable as per the terms of agreement or over a period of five years from the date on which the product covered by DMF/ANDA is commercially marketed, whichever is earlier.

- (vi) Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013.
- (vii) Leasehold assets cost is amortised over the period of the Lease.
- (viii) Depreciation on assets added/disposed off during the year is provided on pro-rata basis from the month of addition or up to the month preceeding the month of disposal, as applicable.
- (ix) Impairment of assets:

Management periodically assesses using external and internal sources whether there is an indication that an asset may be impaired. An impairment occurs where the carrying value exceeds the present value of future cash flows expected to arise from the continuing use of the assets and its eventual disposal. The impairment loss to be expensed is determined as the excess of the carrying amount over the higher of the asset's net sales price or present value as determined above.

#### c) Borrowing Costs

Borrowing costs includes interest, amortisation of ancillary cost incurred in connection with borrowings. Cost incurred for raising long term borrowings have been amortized over the period of the loan.

Interest cost on qualifying asset being an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, is capitalised at the weighted average rate of the funds borrowed and utilised for acquisition of such assets.

#### d) Treatment of expenditure during construction period.

Expenditure during construction period is included under capital work-in-progress and the same is allocated to the respective fixed assets on the completion of construction.

- e) The excess of cost to the Company of its interest in subsidiaries over its share of net assets of such subsidiaries at the date of acquisition of interest is recognised as goodwill on consolidation. Goodwill arising on consolidation is not amortised.

**f) Investments**

Investments considered long term are shown at cost. Diminution in the value of investments other than temporary are provided for. Current investments are valued at lower of cost and market value.

**g) Inventories**

- |   |  |
|---|--|
| (i) Stores & Spares                     | - At weighted average cost.                |
| (ii) Raw Materials                      | - At annual weighted average cost          |
| (iii) Finished Goods @                  | - At Lower of cost or net realisable value |
| (iv) Work in Progress & Intermediates @ | - At Lower of cost or net realisable value |

@ After adjustment of unrealised profits on inter division transfer.

**h) Revenue Recognition**

"Sales are recognised on despatch of goods from the factory/ warehouse and price differentials are accounted for at the end of each quarter as per the terms of marketing arrangement. Sales are net of returns, discounts and inter-division transfers. Service income is recognised as per contractual terms. In respect of composite contracts involving development and other activities, income is recognised on the basis of contractual terms after considering the quantum of work completed. Export incentives are accounted in the year in which exports are made."

**i) Retirement Benefits**

Retirement Benefits are accounted on actuarial valuation carried out at the end of the year. The Company's liability towards the gratuity of employees is covered by a group gratuity policy with LIC, SBI and ICICI Prudential Life Insurance Company Ltd and the contribution to the fund is based on actuarial valuation carried out yearly as at the end of the financial year as per the revised AS15. Provision for Leave Encashment has been made based on actuarial valuation as at the year end as per revised AS15. Short term employee benefits are recognised as an expense at the undiscounted amount in the profit and loss account for the year in which the related service is rendered.

**j) Translation of Foreign Currency items**

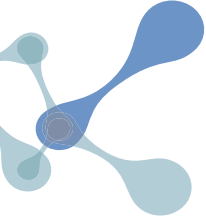
- 1) Non - Monetary foreign currency items are carried at cost
- 2) All inter-related transactions are recognised at common rates.
- 3) Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of transaction.
- 4) Monetary items denominated in foreign currencies at the year end are restated at year end rates. In case of items which are covered by forward exchange contracts, the difference between the year end rate and the rate on the date of the contract is recognised as exchange difference and the premium paid on forward contracts is recognised over the life of the contract.

The company has exercised the option provided under the amendment to the Companies (Accounting Standards) Amendment Rules, 2006 dated 31st March, 2009 (AS 11). The Ministry of Company Affairs vide notification dated 29th December 2011 has extended the amortisation of gains or losses arising on reporting of Foreign Currency Monetary items over the balance period of such long term asset / liability. Accordingly Exchange loss on Long term foreign currency loans have been amortised over the balance period of such loans. Adoption of this option has resulted in (a) amount remaining unamortised in the financial statements as on March 31, 2016 is 10365.05/- Lakhs (previous year ₹ 10804.32/- Lakhs). (b) Loss for the period is higher by ₹ 439.27 Lakhs (Previous year - Loss higher by ₹ 6853.52 Lakhs).

**k) Subsidy on Fixed Assets**

Subsidy received on fixed assets is credited to the cost of respective fixed assets.

- 3 Sales tax recoverable has been recorded on the basis of the claims submitted or in the process of being submitted, as per rules relating to EOU and which in the opinion of the Company are recoverable.
- 4 Excise duty on finished goods has been accounted on removal of goods from factory, wherever applicable. Finished goods at factory have been valued at cost exclusive of excise duty and no provision has been made for excise duty on such goods. The above treatment has no impact on Profit & Loss account.



## Notes to the Consolidated Accounts As at March 31, 2016

### 5 Share Capital

₹ in Lakhs

	As at 31.03.2016	As at 31.03.2015
<b>AUTHORISED:</b>		
<b>Equity shares</b>		
15,00,00,000 (Previous year 15,00,00,000) Equity Shares of ₹10/- each	15,000.00	15,000.00
<b>ISSUED, SUBSCRIBED AND PAID-UP</b>		
889,64,327 ( Previous year - 852,61,877) equity Shares of ₹10/- each fully paid. of the above 1,73,76,940 Equity shares of ₹10/- each were allotted as fully paid bonus shares by capitalisation of reserves.	8,896.43	8,526.19
The reconciliation of the number of shares outstanding as at March 31, 2016 and March 31, 2015 is set out below:		
Number of shares at the beginning	8,52,61,877	7,04,52,076
Add: Allotments during the period	37,02,450	1,48,09,801
Number of shares at the end	8,89,64,327	8,52,61,877
Share Allotments during the preceeding five years		
	<b>No. of shares</b>	<b>No. of shares</b>
2013-15	1,48,09,801	1,48,09,801
2012-13	10,000	10,000
2011-12	Nil	Nil
2010-11	Nil	Nil
2009-10	Nil	Nil

The details of shareholder holding more than 5% shares is set out below :

Name of the Shareholder	As at March 31, 2016		As at March 31, 2015	
	No of shares	% held	No of shares	% held
K Raghavendra Rao	63,36,173	7.12%	69,25,173	8.12%
Orchid Healthcare Pvt. Ltd.	2,05,88,610	23.14%	1,84,56,125	21.65%
Serum Institute of India	57,01,524	6.41%	57,01,524	6.69%

#### a) ORCHID ESOP 2010 SCHEME

In terms of the resolution passed by the company at the AGM dated July 21, 2010 the shareholders approved the scheme formulated under "ORCHID-ESOP 2010" for allotting 10,00,000 options. Accordingly 9,01,000 options were granted to the eligible Employees and the Executive Director except the Promoter Director by the Compensation Committee of the Board of Directors at a meeting held on October 28, 2010. Each option is convertible into one equity share of ₹10/- each at a price of ₹329.55 per share, being the closing share price of Orchid in the National Stock Exchange on October 27, 2010, the day prior to the date of the meeting.

Considering the fall in the price of the shares of the Company and in the interest of the employees, the Compensation Committee of the Board of Directors at its meeting held on November 1, 2011 considered repricing of 8,64,500 options in force on the said date from ₹329.55 to ₹166.15 as per the closing share price of Orchid at National Stock Exchange on October 31, 2011. As at March 31, 2016, the outstanding options yet to be exercised under the said scheme is Nil.

#### b) ORCHID ESOP – DIRECTORS 2011 SCHEME

In terms of the resolution passed by the company at the AGM held on July 29, 2011 the shareholders approved a scheme formulated as "ORCHID ESOP–DIRECTORS 2011 SCHEME" for allotting 5,00,000 options to Directors of the Company. Accordingly 3,00,000 options were granted to the Directors of the Company including the Whole Time Director but excluding the Promoter Director, by the Compensation Committee of the Board of Directors at a meeting held on November 1, 2011. Each option is convertible into one equity share of ₹10/- each at a price of ₹166.15 per share, being the closing share price of Orchid in the National Stock Exchange Ltd

## Notes to the Consolidated Accounts As at March 31, 2016

on October 31, 2011, the day prior to the date of the meeting. Out of the total options granted, 240,000 options have already lapsed and 60,000 options are in force as at March 31, 2016 under ORCHID ESOP - DIRECTORS 2011 Scheme.

### c) ORCHID ESOP – SENIOR MANAGEMENT 2011 SCHEME

In terms of the resolution passed by the company at the AGM held on July 29, 2011 the shareholders approved a scheme formulated as "ORCHID ESOP – SENIOR MANAGEMENT 2011 SCHEME" for allotting 10,00,000 options to senior employees of the Company out of which 7,50,000 options will be granted to the employees of the Company and 2,50,000 options will be granted to the employees of its subsidiary companies. Accordingly 42,700 options were granted to the Employees of the Company by the Compensation Committee of the Board of Directors at a meeting held on November 01, 2011. Each option is convertible into one equity share of ₹10/- each at a price of ₹10/- each (i.e. At Par). 21,350 options are in force as at March 31, 2016 under ORCHID ESOP – SENIOR MANAGEMENT 2011 Scheme."

## 6 Reserves & Surplus

₹ in Lakhs

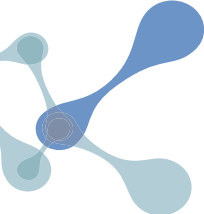
	As at 31.03.2016		As at 31.03.2015	
Capital Reserve		894.68		894.68
Securities Premium Account	44,974.66		39,081.84	
Add: Premium on issue of Shares	1,473.20	46,447.86	5,892.82	44,974.66
Capital Reserve on Amalgamation		9,004.21		9,004.21
General Reserve	63,712.07		63,712.07	
Less: Depreciation on transition to Schedule II of the Companies Act, 2013 on tangible Fixed Assets with nil remaining useful life	1,681.81	62,030.26	-	63,712.07
Foreign currency Monetary item Translation difference Account		(10,365.05)		(10,804.32)
Foreign Currency Fluctuation Reserve	1,158.74		628.38	
Add : Adjustments	818.91	1,977.65	530.36	1,158.74
Surplus in Statement of Profit / Loss			(54,273.97)	
Balance at the begining of the year	(73,939.24)		(19,665.27)	
Deficit for the year	(27,911.26)			
Balance at the end of the year		(1,01,850.50)		(73,939.24)
Adjustment on Consolidation		(12,131.05)		(10,588.42)
		<b>(3,991.94)</b>		<b>24,412.38</b>

## 7 Long Term borrowings

Secured				
Rupee Term loans	1,87,809.89		1,86,905.88	
Foreign currency Term loan	75,240.91		71,539.35	
Less:- Current maturities transferred to Current liabilities	(25,297.15)	2,37,753.65	(9,049.87)	2,49,395.36
		<b>2,37,753.65</b>		<b>2,49,395.36</b>

	Repayment terms	BalanceNoof instalments due	Rate of interest	Amt due @
Rupee Term Loan	Quarterly	28	SBI Base rate Plus 100 BPS	1,80,232.21
Foreign Currency Term Loan	Quarterly	28	LIBOR + 3 to 4.6%	74,238.91

@ amount due includes for all installments in the respective category



## Notes to the Consolidated Accounts As at March 31, 2016

As per the terms of the CDR package, all Indian rupee loan from bank carries interest SBI Base rate plus 100 BPS. These loans are repayable in 32 quarterly installments from 01/04/2015. These loans are secured by Pari Passu charge by way of joint mortgage on immovable and movable assets situated at Factory premises at SIDCO Industrial Area, Alathur, and SIPCOT Industrial Park, Irungattukottai and current assets, subject to prior charges created / to be created on current assets in favour of bankers and financial institutions for securing working capital borrowings. All term loans are additionally secured by personal guarantee of Shri K.Raghavendra Rao, Managing Director of the Company.

Terms of repayment of loan- All Foreign Currency term loan carries interest @ LIBOR plus 3 to 4.6%. The loan is repayable in 32 quarterly installments commencing from 01/04/2015. These loans are secured by Pari Passu charge by way of joint mortgage on immovable and movable assets situated at Factory premises at SIDCO Industrial Area, Alathur and SIPCOT Industrial Park, Irungattukottai and current assets, subject to prior charges created/ to be created on current assets in favour of bankers and financial institutions for securing working capital borrowings. The term loans are additionally secured by personal guarantee of Shri K.Raghavendra Rao, Managing Director of the Company. The terms of the foreign currency term loan availed in Feb 2012 includes covenants pertaining to financial parameters such as limit on aggregate debt outstanding, debt service coverage ratio, ratio of net borrowings to EBDITA, Fixed assets coverage ratio, ratio of net borrowings to tangible networth etc., tested on the consolidated financial statements of the Company.

### 8 Long Term provisions

₹ in Lakhs

	As at 31.03.2016	As at 31.03.2015
Provision for employee benefits- Leave encashment	373.09	417.94
	<b>373.09</b>	<b>417.94</b>

### 9 Short Term Borrowings

<b>a) Secured</b>		
Other loans and advances		
- Working Capital Facilities / Borrowings	49,475.39	49,092.45
Packing Credit and Cash Credit from Banks are secured by first charge on all current assets namely, Stocks of Raw materials, Semi-finished & Finished Goods, Stores and Spares not relating to Plant & Machinery (Consumable Stores and Spares), Bills Receivable, Book Debts & all other movable property both present and future excluding such movables as may be permitted by the Banks/ financial institutions from time to time and by second charge on immovable properties after charges created/ to be created on immovable assets in favour of Financial Institutions/Banks for securing Term Loans. The borrowings from banks are additionally secured by personal guarantee of Shri. K. Raghavendra Rao, Managing Director of the Company.		
<b>b) Unsecured</b>		
- from Banks	6,499.95	6,499.95
- from Others	2,516.69	2,500.00
<b>c) Unsecured advances from Related parties</b>	<b>4,887.04</b>	<b>6,571.76</b>
	<b>63,379.07</b>	<b>64,664.16</b>

### 10 Trade payables

Supplies - MSME	65.72	-
- Others	18,792.00	15,761.02
Expenses - MSME	16.89	-
- Others	18,552.02	15,354.00
	<b>37,426.63</b>	<b>31,115.02</b>



## Notes to the Consolidated Accounts As at March 31, 2016

### 11 Other current liabilities

₹ in Lakhs

	As at 31.03.2016	As at 31.03.2015
Current maturities of Term loans (Refer Note no.7)	20,325.99	7,006.11
Interest accrued on borrowings	4,971.16	2,043.75
Advance received from Customer	2,070.59	1,177.34
Unpaid dividends	58.32	68.45
Share Application money refundable	5.42	5.42
Security Deposits received from Agents	433.00	433.00
Statutory liabilities	669.98	529.84
	<b>28,534.46</b>	<b>11,263.91</b>

Deposit represents security deposits received from customers which are repayable on demand and carries interest @9.5% p.a.

### 12 Short term provisions

Provision for employee benefits- Gratuity & Leave encashment	416.49	1,218.00
Rebates/Discounts	4,005.10	4,005.10
	<b>4,421.59</b>	<b>5,223.10</b>

### 13 FIXED ASSETS

₹ in Lakhs

S. No	Asset Description	Gross Block (at Cost)			Depreciation					Written Down Value		
		As at 01-04-2015	Additions during the year	Deletions during the year	As at 31-03-2016	Up to 31-03-2015	For the year	Transition Adjustment #	On Deletions	As at 31-03-2016	As at 31-03-2015	As at 31-03-2015
1	Goodwill on Consolidation *	10,060.88	-	-	10,060.88	578.56	-	-	-	578.56	9,482.32	9,482.32
2	Freehold Land & Site Development @	2,608.52	-	-	2,608.52	-	-	-	-	-	2,608.52	2,608.52
3	Leasehold Land	60.77	-	-	60.77	7.33	-	-	-	7.33	53.44	53.44
4	Buildings	22,458.94	191.32	-	22,650.26	5,529.53	744.69	-	-	6,274.22	16,376.04	16,929.41
5	Plant & Machinery	2,43,395.63	141.23	-	2,43,536.86	1,00,955.93	12,684.96	173.93	-	1,13,814.82	1,29,722.04	1,42,439.70
6	Factory Equipment	545.34	-	-	545.34	399.26	22.89	10.48	-	432.63	112.71	146.08
7	Laboratory Equipment	5,775.24	7.40	-	5,782.64	2,537.55	561.75	722.78	-	3,822.08	1,960.56	3,237.69
8	Office Equipment	981.68	6.00	-	987.68	609.79	63.51	256.08	-	929.39	58.29	371.89
9	Furniture & Fittings	1,617.33	0.31	-	1,617.64	1,051.93	94.87	125.84	-	1,272.64	345.00	565.40
10	Vehicles	225.55	-	-	225.55	176.58	22.53	12.17	-	211.28	14.27	48.97
11	Intangible Assets (Disclosure as per AS 26)											-
	INTANGIBLE ASSETS											
	ACQUIRED											
	Brands & Trademarks **	2,778.16	-	-	2,778.16	2,778.16	-	-	-	2,778.16	-	-
	Patents & Registrations	1,100.35	22.01	-	1,122.36	776.92	183.62	-	-	960.54	161.82	323.43
	Internally Generated DMF and ANDA ***	6,364.59	-	-	6,364.59	3,577.38	63.09	-	-	3,640.47	2,724.12	2,787.21
	Computer Software	2,242.29	3.28	-	2,245.57	1,716.22	84.73	380.53	-	2,181.48	64.09	526.07
	<b>TOTAL</b>	<b>3,00,215.27</b>	<b>371.55</b>	<b>-</b>	<b>3,00,586.82</b>	<b>1,20,695.14</b>	<b>14,526.65</b>	<b>1,681.81</b>	<b>-</b>	<b>1,36,903.60</b>	<b>1,63,683.22</b>	<b>1,79,520.13</b>
	PREVIOUS YEAR'S FIGURES	3,77,217.14	3,547.97	80,549.86	3,00,215.27	1,18,860.14	30,958.76	-	29,123.75	1,20,695.14	1,79,520.13	2,58,357.00

\* Refer Note 2 (e)

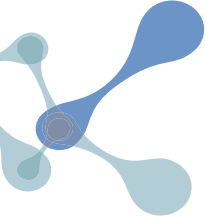
\*\* Represents value of registrations and value of applications filed pending registration.

\*\*\* Refer Note 2 (b) (v)

# Refer Note 35

@ Assets acquired pending for registration in favour of the Company.

	Mar 31, 2016	Mar 31, 2015
Freehold Land	59.09	59.09



## Notes to the Consolidated Accounts As at March 31, 2016

### 14 Non-Current Investments

₹ in Lakhs

	As at 31.03.2016	As at 31.03.2015
<b>Quoted investments</b>		
Others- Non-trade		
Bank of India -18,600 fully paid up Equity shares of ₹10/- each	<b>8.37</b>	<b>8.37</b>
<b>Aggregate market value of quoted investments</b>	17.29	36.43
<b>Unquoted Investments</b>		
Sai Regency Power Corporation Pvt.Ltd.- Traded 450,000 fully paid up equity shares of ₹10 each	45.00	45.00
Madras Stock Exchange- Non Traded 911,430 fully paid up equity shares of ₹10/- each	23.99	23.99
MSE Financial services Ltd 31,936 fully paid up equity shares of ₹10/- each	3.83	3.83
<b>Associate Companies</b>		
Allegra Therapeutics GmbH 16094 fully paid equity shares of Euro 1 each	-	-
<b>Aggregate value of Un-quoted investments</b>	<b>72.82</b>	<b>72.82</b>
<b>Grand Total of Investments</b>	<b>81.19</b>	<b>81.19</b>

## Notes to the Consolidated Accounts As at March 31, 2016

### 15 Long term loans and advances

₹ in Lakhs

	As at 31.03.2016	As at 31.03.2015
<b>Unsecured, considered good</b>		
Capital advances	54,593.82	54,707.42
Prepaid Financial charges	1,132.36	2,234.04
Deposits with Govt. Agencies	519.75	736.17
Other Deposits	335.97	335.87
<b>Doubtful</b>		
Others	202.66	202.66
Less: Provision for doubtful advances	(202.66)	(202.66)
	<b>56,581.90</b>	<b>58,013.50</b>

### 16 Other Non current assets

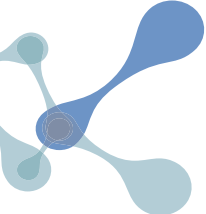
<b>Secured, considered good</b>		
Ear-marked balance transferred from Other Bank balances	67.32	178.08
<b>Unsecured, considered good</b>		
Advance Payment of Tax	12,633.75	12,383.15
	<b>12,701.07</b>	<b>12,561.23</b>

### 17 Inventories

Raw materials	5,083.13	6,806.23
Intermediates & WIP	7,247.95	8,854.85
Finished Goods	7,630.28	4,978.51
Traded Goods	696.97	1,085.18
Stores and Spare parts	1,847.15	1,834.56
Chemicals and Consumables	1,021.18	981.92
Packing Materials	658.25	651.55
	<b>24,184.91</b>	<b>25,192.80</b>

### 18 Trade Receivables

<b>Outstanding for a period exceeding six months from the date they are due for payment</b>		
Unsecured, considered good	15,466.09	10,135.18
<b>Other receivables</b>		
Secured, considered good	309.68	350.38
Unsecured, considered good	15,231.68	15,171.14
	<b>31,007.45</b>	<b>25,656.70</b>



## Notes to the Consolidated Accounts As at March 31, 2016

### 19 Cash and Bank Balances

₹ in Lakhs

	As at 31.03.2016		As at 31.03.2015	
Cash and Cash Equivalents				
Cash on hand	9.50		20.73	
Balances with Banks				
In current accounts	929.00		4,447.55	
Others- Term Deposits	30,555.51	31,494.01	34,588.22	39,056.50
Other Bank balances				
Ear-marked balances				
Margin Money deposit	9.00		109.63	
Unpaid Dividend	58.32		68.45	
Less:- Ear-marked balance transferred to non- current assets	(67.32)	-	(178.08)	-
		<b>31,494.01</b>		<b>39,056.50</b>

### 20 Short term loans and advances

<b>Un Secured, considered good</b>			
Advances to Suppliers	33,970.13		34,831.34
Prepaid expenses	1,171.78		79.60
Balances with Statutory agencies	2,687.94		2,399.21
Rent advances	62.26		62.26
Employees advances	41.30		28.31
Other Deposits	-		5.34
<b>Doubtful</b>			
Less: Provision for Doubtful advances	(10,000.00)		(10,000.00)
	<b>27,933.41</b>		<b>27,406.06</b>

### 21 Other current assets

<b>Unsecured and considered good:</b>			
Retention money receivable towards sale of undertaking	10,500.00		10,500.00
	<b>Year ended</b>	<b>18 Months</b>	
	<b>31.03.2016</b>	<b>ended</b>	
		<b>31.03.2015</b>	
Sale of products	87,004.70		1,72,385.41
Other operating revenues			
Sale of other materials	1,230.12		651.21
Development & License fee	71.53		502.24
Others	92.27		2,065.68
Less: Excise duty	(1,054.71)		(943.63)
	<b>87,343.91</b>		<b>1,74,660.91</b>

## Notes to the Consolidated Accounts As at March 31, 2016

### 23 Other income

₹ in Lakhs

	<b>Year ended 31.03.2016</b>	<b>18 Months ended 31.03.2015</b>
Dividend income	1.03	1.38
Profit on sale of assets	-	3.54
Net gain on foreign currency translation and transaction	1,573.89	2,400.42
Other non-operating income	915.66	1,841.51
	<b>2,490.58</b>	<b>4,246.85</b>

### 24 Employee benefits expense

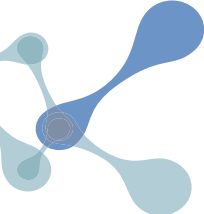
Salaries & Wages	7,514.60	17,049.37
Contribution to provident and other funds	479.41	966.57
Staff Welfare expenses	686.92	1,366.44
	<b>8,680.93</b>	<b>19,382.38</b>

### 25 Finance costs

Interest expenses	28,849.38	48,509.52
Other borrowing costs	575.11	5,202.93
	<b>29,424.49</b>	<b>53,712.45</b>

### 26 Other expenses

Power and Fuel	5,527.74	10,218.96
Conversion Charges	1,295.57	3,883.88
Consumption of Stores, Spares & Chemicals	2,926.28	4,579.42
Rent	87.33	134.98
Repairs to buildings	175.41	238.45
Repairs to Machinery	221.47	392.16
Factory maintenance	1,620.38	3,066.77
Insurance	703.47	2,198.58
Rates & Taxes	131.25	897.00
Postage, Telephone & Telex	69.77	119.14
Printing & Stationery	99.22	194.22
Vehicle Maintenance	29.19	63.92
Research & Development Expenses (Refer Note no.37)	3,165.10	6,015.53
Advertisement	4.03	6.56
Recruitment expenses	31.68	31.40
Auditors' Remuneration		
Auditor	61.10	91.24
Taxation	9.75	14.63
for other services	8.00	20.00
Cost Audit fee	14.00	25.00



## Notes to the Consolidated Accounts As at March 31, 2016

### 26 Other expenses

₹ in Lakhs

	As at 31.03.2016	As at 31.03.2015
Travelling and Conveyance	318.31	631.03
Directors' Remuneration & perquisites	68.20	225.23
Directors' travelling		
Inland	7.50	28.33
Overseas	19.10	26.93
Directors' sitting fees	9.40	11.60
Loss on sale of fixed asset/writtenoff	-	19.70
Freight outward	1,399.73	1,156.99
Commission on Sales	1,249.87	906.50
Business Promotion and Selling Expenses	119.51	353.14
Lease Rentals	1,108.75	1,435.02
Consultancy & Professional Fees	362.72	3,077.92
Provision for Diminution in value of Investments	-	0.41
Provision for Rebates & Discounts	-	2,705.10
Miscellaneous expenses	643.94	2,876.61
	<b>21,487.77</b>	<b>45,646.35</b>

### 27 Exceptional Items

Exchange rate loss on Foreign Currency Term Loans	5,254.53	6,372.71
Interest Provision reversed on interest rate reduction	-	(4,197.70)
Provision for Contingencies	-	10,000.00
CDR Expenses	-	551.29
One time Management Fee	-	3,000.00
	<b>5,254.53</b>	<b>15,726.30</b>

	As at 31.03.2016	As at 31.03.2015
<b>28</b> Estimated amounts of contracts remaining to be executed on account of capital account (net of advances) and not provided for.	<b>3,687.99</b>	<b>3,524.24</b>

### 29 a. Other monies for which company is contingently liable :

- Unexpired Letters of Credit	4,706.66	8,859.65
- Bank Guarantees outstanding	561.89	14.20
- Claims against the company not acknowledged as debts		
Excise demands under dispute pending before Excise authorities	690.70	1,044.63
Service Tax dispute pending before Service Tax authorities	77.50	85.26
Sales Tax dispute pending before Sales Tax authorities	121.62	-
Self Generation Tax under dispute with State Electricity Board	973.82	698.90
<b>b. Provision and contingencies in accordance with AS 29 :</b>		
Opening Balance	14,005.00	1,300.00
Additions/(deletions) during the year		12,705.00
Closing Balance	<b>14,005.00</b>	<b>14,005.00</b>

c. The shareholding of the Company in Allecra Therapeadics GmbH (Allecra) had been redeemed by Allecra and the dispute is presently pending before arbitration.

## Notes to the Consolidated Accounts As at March 31, 2016

₹ in Lakhs

	Year ended	
	31.03.2016	31.03.2015
<b>30</b> Other Interest and Finance Charges is after crediting interest receipts	1,876.42	1,506.65
TDS on interest receipts	174.96	146.51

### 31 Related Party Transactions

In accordance with Accounting Standard 18, the disclosure required is given below:

₹ in Lakhs

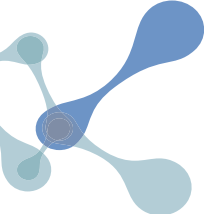
Nature of Transaction		Subsidiary	Associate	Key Management Personnel	Companies in which Directors / Key Management personal are interested / exercise significant influence
Equity Infusion	Orchid Healthcare				1,843.45 (7,373.80)
Availment of services/ reimbursement	Orionsaye				12.37 (-)
Remuneration - Managing Director				68.20 (225.23)	
Remuneration - CFO				43.90 (80.97)	
Amounts Due at the end of the year - Credit					4,887.04 (6,571.76)

Figures in brackets are for previous year

Names of the related parties and description of relationship.

1	Subsidiary	Orchid Europe Limited, UK Orchid Pharmaceuticals Inc., USA Orgenus Pharma Inc., USA (Subsidiary of Orchid Pharmaceuticals Inc USA.) Orchid Pharma Inc / Karalex Pharma USA, (Subsidiary of Orchid Pharmaceuticals Inc, USA) Orchid Pharmaceuticals SA (Proprietary) Limited, South Africa Bexel Pharmaceuticals Inc., USA Diakron Pharmaceuticals Inc., USA
2	Associate	Allegra Therapeutics GMBH, Germany
3	Companies in which Directors' interested	Orionsaye Consultants (P) Ltd.
4	Key Management Personnel	Mr. K Raghavendra Rao, Managing Director Mr. L. Chandrasekar, Chief Financial Officer
5	Relatives of Key Management Personnel	Mrs. R Vijayalakshmi (wife of Mr. K Raghavendra Rao) Ms R Divya and Ms R Sowmya (daughters of Mr.K.Raghavendra Rao)
6	Companies in which relatives of Key Management personnel exercise significant influence.	Orchid Healthcare (Private) Ltd.





## Notes to the Consolidated Accounts As at March 31, 2016

	As at 31.03.2016	As at 31.03.2015
<b>32</b> Provision for Deferred Tax for the year ₹(1,725.07) Lakhs (Previous year ₹(19,145.75) Lakhs).		
Deferred Tax liability represents the following		
Timing Difference on account of Depreciation	9,414.23	11,139.30
Timing Difference on account of Losses	(17.85)	(17.85)

In accordance with Clause 29 of Accounting Standard (AS22) Deferred tax Assets and Deferred tax Liabilities have been set off.

### 33 Segmental Reporting

The Company was disclosing segment information classifying the business as Bulk drugs and Formulations till the financial year 2004-05. However in view of integration of bulk actives and formulations business, with the commissioning of Generics formulation facilities from the financial year 2005-06, the Company considers the business as one interrelated and integrated business of "Pharmaceutical products" and hence no separate segmental reporting is provided.

### 34 Disclosure on Lease Rentals as per AS 19 :

A	The total of future minimum lease payments under non-cancellable operating leases for each of the following periods;	
	Not later than 1 year	172.67
	Later than 1 year and not later than 5 years	-
	later than 5 years	-
B	The total of future minimum sublease payments expected to be received under non-cancellable sub-leases at the balance sheet date	Nil
C	Lease payments recognised in the statement of profit and loss for the period.	1,108.75
D	Sub lease payment received (or Receivable) recognised in the statement of profit and loss for the period	Nil
E	<b>A general description of the lessee's significant leasing arrangements including, but not limited to the following</b>	
	(1) The basis on which contingent rent payments are Determined - The future rent payments are determined as per the lease agreement executed.	
	(2) The existence and terms of renewal or purchase options and escalations clauses	
	- The current lease is for a block of 3 years, subject to renewal at the end of every year.	
	- The lease rentals are subject to escalation at the end of every year.	
	(3) Restriction imposed by lease arrangements, such as those concerning dividend Additional Debt and further leasing : There are no restrictions under the lease agreement.	

**35** During the year, pursuant to the notification of Schedule II to the Companies Act, 2013 as applicable for the financial year beginning on or after 01/04/2014, the Company has revised the estimated useful life of some of its assets to align the useful life with those specified in Schedule II.

Pursuant to transition provisions prescribed in Schedule II to the Companies Act, 2013, the Company has fully depreciated the carrying value of assets (determined after considering the revised useful life as prescribed by Schedule II), net of residual value, where the remaining useful life of the asset was determined to be nil as at 31/03/2015, and has adjusted an amount of ₹1681.81 Lakhs against the opening balance of Reserves of the Company.

The Depreciation expense in the Statement of Profit and Loss for the year is lower by ₹2,818.50 Lakhs consequent to the adoption of revised useful life as prescribed by Schedule II to the Companies Act, 2013.

## Notes to the Consolidated Accounts As at March 31, 2016

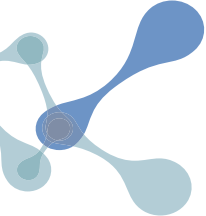
### 36 Reconciliation of Basic and Diluted shares used in computing Earnings per share

(Equity shares of ₹10/-each fully paid-up)

		₹ in Lakhs	
		<b>Year ended 31.03.2016</b>	<b>18 Months ended 31.03.2015</b>
Profit After Tax before extra ordinary item	₹ Lakhs	(27,911.26)	(46,775.20)
Profit After Tax after extra ordinary item	₹ Lakhs	(27,911.26)	(19,665.27)
No of Shares Outstanding	Nos.	8,89,64,327	8,52,61,877
Weighted Average Number of shares	Nos.	8,70,32,174	7,31,59,535
Earnings per Share - Basic before extra ordinary item	₹	(32.07)	(63.94)
Earnings per Share - Basic after extra ordinary item	₹	(32.07)	(26.88)
Total No of Equity shares to compute diluted EPS	Nos.	8,70,32,174	7,31,59,535
Earnings per Share - Diluted before extraordinary item	₹	(32.07)	(63.94)
Earnings per Share - Diluted after extraordinary item	₹	(32.07)	(26.88)

### 37 Expenditure on Research and Development

<b>Revenue expenditure charged to the Profit &amp; Loss account (excluding depreciation)</b>	<b>3,165.10</b>	<b>6,015.53</b>
<b>Research and Development Expenses includes :</b>		
Power and Fuel	182.31	411.98
Consumption of Stores, Spares & Chemicals	364.47	319.81
Salaries, Wages and Bonus	1,312.18	3,134.75
Contribution to Provident & other funds	118.26	260.96
Staff Welfare	103.66	160.87
Excise duty	-	419.86
Rates & Taxes	2.19	27.50
Insurance	14.49	25.68
Postage, Telephone & Telex	6.07	10.06
Printing & Stationery	5.87	12.59
Vehicle Maintenance	0.54	7.34
Recruitment expenses	7.18	1.49
Travelling and Conveyance	8.07	18.92
Loss on Sale of Asset	-	14.17
Filing & Registration Expenses	32.64	180.03
Testing Charges	67.53	117.40
Consultancy & Professional Fees	794.33	723.64
Others	145.31	168.46
	<b>3,165.10</b>	<b>6,015.53</b>



## Notes to the Consolidated Accounts As at March 31, 2016

### 38 Derivative Instruments and unhedged Foreign currency Exposure :

The Foreign Currency Exposures that are not hedged by a derivative instrument or otherwise:

₹ in Lakhs

		Currency	2015-16		2013-15	
			Foreign Currency	₹ Lakhs	Foreign Currency	₹ Lakhs
i)	Receivables Outstanding					
		USD	3,73,62,361	24,629.27	3,24,93,191	20,308.24
		EUR	18,44,402	1,367.81	16,34,560	1,098.26
ii)	Payables Outstanding	USD	1,52,98,882	10,215.06	1,68,69,095	10,544.87
		EUR	4,14,427	314.05	4,01,917	270.13
		GBP	2,53,840	244.07	2,00,650	185.62
		Others	7,88,77,196	72.46	9,70,57,246	163.44
iii)	Advance Paid	GBP	73,423	70.60	73,423	67.92
		USD	2,56,94,009	17,155.89	2,58,90,238	16,183.99
		EUR	2,00,59,084	15,200.77	2,02,27,647	13,595.00
		Others	7,38,030	16.04	4,08,030	14.53
iv)	Loans availed	USD	11,26,86,701	75,240.91	11,44,53,798	71,539.35

**39** During the FY 2015-16, the name of the Company has been changed from "Orchid Chemicals & Pharmaceuticals Ltd." to "Orchid Pharma Ltd." effective from 09/10/2015 vide approval from Registrar of Companies of even date.

### 40 Period and amount of continuing default as on the Balance sheet date

Due date	Principal Due	Interest Due
06-11-2015	-	29.24
06-12-2015	-	27.98
06-01-2016	-	29.11
06-02-2016	-	29.37
06-03-2016	-	27.73
31-12-2015	14.28	-
06-03-2016	-	1,021.10
31-03-2016	1,155.21	-

## Notes to the Consolidated Accounts As at March 31, 2016

### 41 Additional information as required by Paragraph 2 of the General instructions for preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013

₹ in Lakhs

S.No	Name of the Entity	Net Assets		Share in Profit or Loss	
		As % of consolidated net assets	Amount	As % of consolidated Profit or Loss	Amount
1	Parent				
	Orchid Pharma Ltd.	349.5%	17,141.99	98.3%	(27,427.29)
2	Subsidiaries				
	Foreign				
i)	Bexel Pharmaceuticals Inc. USA	(72.2%)	(3,541.50)	0.1%	(24.98)
ii)	Orchid Pharma Inc. USA	(99.8%)	(4,892.78)	0.5%	(133.33)
iii)	Diakron Pharmaceuticals Inc. USA	(84.7%)	(4,155.12)	1.6%	(447.76)
iv)	Orchid Pharmaceuticals SA (Proprietary) Ltd. South Africa	(0.4%)	(17.85)	0.0%	(0.07)
v)	Orchid Europe Ltd. United Kingdom	7.5%	369.76	(0.4%)	122.16
3	Associates				
	Foreign				
	Allegra Therapeutics GMBH Germany	-	-	-	-
		100.0%	4,904.49	100.0%	(27,911.27)

The financials of the associate was not considered for consolidation as the same is not available on account of pending arbitration proceedings.

42 Previous year's figures have been re-grouped wherever necessary to conform to current year's classification.

43 Previous year figures are for 18 months and hence not strictly comparable with current year figures.

As per our report of even date

On behalf of the Board

For **SNB Associates**

Chartered Accountants

Firm Registration No. 015682N

**P. Bharath Kumar**

Partner

M.No: 222579

**S.Krishnan**

Director

**K. Raghavendra Rao**

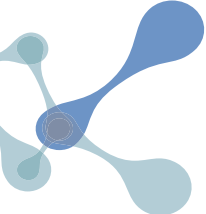
Managing Director

Place : Chennai

Date : May 27, 2016

**L. Chandrasekar**

EVP - Finance & Secretary



## Consolidated Cash Flow Statement For The Year Ended March 31, 2016

₹ in Lakhs

PARTICULARS	Year ended 31.03.2016	18 Months ended 31.03.2015
<b>A. Cash Flow from Operating Activities</b>		
<b>Net Profit / (Loss) before taxation</b>	<b>(29,618.48)</b>	<b>(24,329.07)</b>
Adjustment for :		
Depreciation	14,526.65	32,458.46
Dividend Income	(1.03)	(1.38)
Provision for doubtful debts/advances written back	-	10,000.00
Provision for Rebates & Discounts	-	2,705.10
Loss / (profit) on sale of Fixed Assets	-	16.16
Foreign Exchange Rate Fluctuations - Unrealised	5,069.18	5,946.03
Interest Expense (net of interest credit considered as exceptional)	29,424.49	49,514.74
<b>Operating Profit before Working Capital Changes</b>	<b>19,400.81</b>	<b>76,310.04</b>
Adjustments for:		
Trade and other Receivables	(5,142.50)	(60,980.13)
Inventories	1,007.89	25,431.13
Trade Payables	5,953.40	(31,377.52)
<b>Cash generated from Operations</b>	<b>21,219.60</b>	<b>9,383.52</b>
Income Taxes Paid	-	(4,703.08)
Cash Flow before extraordinary item	21,219.60	4,680.44
Extraordinary item	-	(41,587.48)
<b>Net Cash from Operating Activities</b>	<b>21,219.60</b>	<b>(36,907.04)</b>
<b>B Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets, including Capital advances	(146.63)	(8,367.67)
Proceeds from Sale / Deletion of Fixed Assets	-	121.89
Dividends received	1.03	1.38
Cash flow from Investing Activities before Extra-ordinary items	(145.60)	(8,244.40)
Proceeds from Sale of Undertaking	-	1,41,610.00
<b>Net cash used in Investing Activities after Extra-ordinary items</b>	<b>(145.60)</b>	<b>1,33,365.60</b>

## Consolidated Cash Flow Statement For The Year Ended March 31, 2016

₹ in Lakhs

PARTICULARS	Year ended As at 31.03.2016	18 Months ended As at 31.03.2015
<b>C. Cash Flow from Financing Activities</b>		
Proceeds from issuance of Share Capital ( net of expenses )	1,843.45	7,373.80
Increase in Working Capital Borrowings	(382.94)	10,566.56
Proceeds from Long Term Borrowings	1,270.28	-
Repayment of Long Term Borrowings	(3,968.05)	(48,421.28)
Repayment of Working Capital Borrowings	-	(20,777.69)
Increase / Decrease in Short Term Borrowings (Unsecured)	1,668.03	6,571.76
Interest paid	(26,497.09)	(15,057.56)
<b>Net cash from Financing Activities</b>	<b>(28,636.49)</b>	<b>(59,744.41)</b>
<b>D. Net Increase/(Decrease) in Cash and Cash equivalents</b>	<b>(7,562.49)</b>	<b>36,714.15</b>
<b>Cash and Cash equivalents at the beginning of period</b>	<b>39,056.50</b>	<b>2,342.35</b>
<b>Cash and Cash equivalents at the end of period</b>	<b>31,494.01</b>	<b>39,056.50</b>

As per our report of even date  
For **SNB Associates**  
*Chartered Accountants*  
Firm Registration No. 015682N

On behalf of the Board

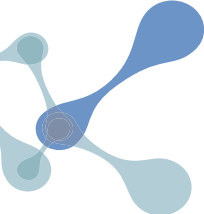
**P. Bharat Kumar**  
*Partner*  
M.No: 222579

**S.Krishnan**  
*Director*

**K. Raghavendra Rao**  
*Managing Director*

Place : Chennai  
Date : May 27, 2016

**L. Chandrasekar**  
*EVP - Finance & Secretary*



## KEY FINANCIAL PARAMETERS

₹ in Lakhs

S.No	Particulars	2015-16 (12 Months)	2013-15 (18 Months)	2012-13 (18 Months)	2011-12 (12 Months)	2010-11 (12 Months)
<b>1)</b>	<b>Financial Results Summary:</b>					
a	Total Sales & Operating Income	87,933.85	1,73,619.46	1,90,658.45	1,73,633.06	1,66,334.50
b	Other income	2,460.41	4,237.47	3,976.94	5,581.17	4,879.96
c	Total Income	90,394.26	1,77,856.93	1,94,635.39	1,79,214.23	1,71,214.46
d	Operating Expenditure	70,527.67	1,41,633.49	1,77,673.75	1,38,041.30	1,31,481.13
e	Earnings before Interest, Depreciation, Tax, Exceptional & Extra-ordinary items	19,866.59	36,223.44	16,961.64	41,172.93	39,733.33
f	Depreciation	14,341.22	32,137.24	24,386.87	14,905.56	12,845.43
g	Interest	29,423.18	53,700.87	52,038.06	17,905.29	11,576.50
h	Earnings before Tax, Exceptional & Extra-ordinary items	(23,897.81)	(49,614.67)	(59,463.29)	8,362.08	15,311.40
i	Exceptional (Income)/Expenditure	5,254.53	15,726.30	(5,111.08)	8,388.14	(2,069.09)
j	Earnings before Tax, & Extra-ordinary items	(29,152.34)	(65,340.97)	(54,352.21)	(26.06)	17,380.49
k	Tax	(1,725.07)	(19,175.17)	(1,329.56)	(2,337.22)	1,432.13
l	Earnings before Extra-ordinary items	(27,427.27)	(46,165.80)	(53,022.65)	2,311.16	15,948.36
m	Extra-ordinary (Gain)/Loss	-	(27,061.78)	-	(8,000.00)	-
n	Net Profit / (Loss)	(27,427.27)	(19,104.02)	(53,022.65)	10,311.16	15,948.36
<b>2)</b>	<b>Profitability Ratios:</b>					
a	EBITDA Margin - %	23%	21%	9%	24%	24%
b	Net Profit Margin - %	-31%	-11%	-28%	6%	10%
<b>3)</b>	<b>Share holder related:</b>					
a	EPS - Basic - Rs/Share (after Extra-ordinary Items)	(31.51)	(26.11)	(75.26)	14.64	22.64
b	Net worth	17,113.47	43,939.84	48,816.54	1,14,630.96	1,13,402.48



## NOTES

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## NOTES

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## NOTES

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## NOTES

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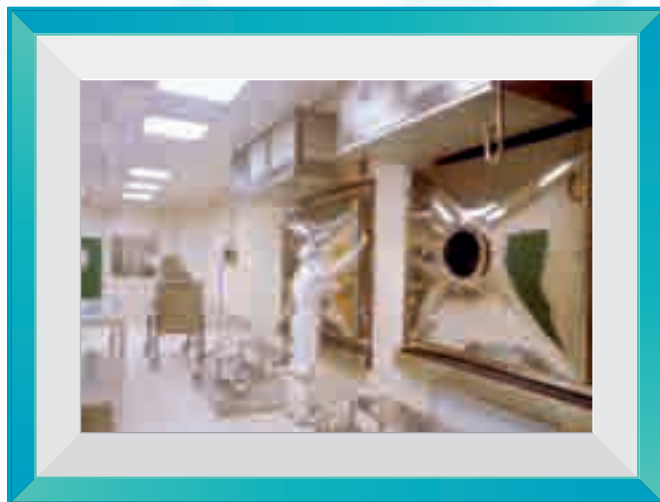
K. Raghavendra Rao, Managing Director received the Export Excellence Award for the year 2012-13 from Shri S. Ramesh, I.R.S., Chief Commissioner of Customs, Chennai during October 2015



K. Raghavendra Rao, Managing Director received the Export Excellence Award for the year 2013-14 from Shri V. Venkatachalam, I.R.S. (Retired), Development Commissioner, Madras Export Processing Zone – Special Economic Zone during October 2015



API manufacturing Plant, Alathur



The Sterile Lyophilization "Advanced freeze drying technologies"



Regd. Off: 'Orchid Towers', 313, Valluvarkottam High Road,  
Nungambakkam, Chennai 600 034. Tamilnadu, India.  
Tel: (91)-44-28211000, Fax: (91)-44-28211002  
CIN: L24222TN1992PLC022994  
Email: [corporate@orchidpharma.com](mailto:corporate@orchidpharma.com)  
Web: [www.orchidpharma.com](http://www.orchidpharma.com)

**ATTENDANCE SLIP**  
**23<sup>RD</sup> ANNUAL GENERAL MEETING**

Name and Address of the Member(s)

<b>Date &amp; Time :</b>	<b>Wednesday, September 28, 2016, 10.30 A.M.</b>	<b>DP ID</b>	<b>Folio No : / Client ID</b>
<b>Venue :</b>	<b>Kamaraj Memorial Hall, TNCC Charitable Trust , No : 492, Anna Salai, Teynampet West, Chennai - 600 006, Tamilnadu, India.</b>		
		<b>No. of Shares :</b>	

<b>MEMBER</b> <input type="checkbox"/>	<b>PROXY</b> <input type="checkbox"/>	<b>I hereby record my presence at the twenty third Annual General Meeting of the Company</b>
<b>(NAME IN CAPITAL LETTERS)</b> <b>Note : Only shareholders of the Company or their proxies will be allowed to attend the meeting ON PRODUCTION OF THIS ATTENDANCE SLIP duly completed and signed</b>		<b>Signature of Member / Proxy*</b>

\* Strike out whichever is not applicable.

**ELECTRONIC VOTING PARTICULARS**

<b>EVEN</b> (E Voting Event Number)	<b>USER ID</b>	<b>PASSWORD/PIN</b>

The e-voting facility will be available during the following voting period:

Commencement of e-voting	From 09.00 a.m. (IST) on September 24, 2016
End of e-voting	Upto 05.00 p.m. (IST) on September 27, 2016

The cut-off date for the purpose of e-voting is September 21, 2016.

**PROXY FORM** (Form No.MGT-11)

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the member(s):

Registered address:

E-mail ID:

Folio. No. / Client ID No.:

DP ID No.

No. of Shares :

I/We, being the member(s) holding ..... shares of the above named Company, hereby appoint:

1. Name:..... 2. Name:..... 3. Name:.....

Address:..... Address:..... Address:.....

E-mail Id:..... E-mail Id:..... E-mail Id:.....

Signature:....., or failing him/her Signature:....., or failing him/her Signature:.....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Twenty Third Annual General Meeting (AGM) of the Company, to be held on Wednesday, September 28, 2016 at 10.30 A.M. at Kamaraj Memorial Hall, TNCC Charitable Trust, No. 492, Anna Salai, Teynampet West, Chennai - 600 006, Tamilnadu, India and at any adjournment(s) thereof in respect of such resolutions as are indicated below:

Sl. No.	Resolution	*Optional	
		For	Against
Ordinary Business			
1.	Receive, consider and adopt the Audited Financial Statements (Standalone and Consolidated) of the Company for the Year ended 31 <sup>st</sup> March, 2016, including the Audited Balance Sheet as at 31 <sup>st</sup> March, 2016, the Statement of Profit & Loss for the year ended on that date and the reports of the Board of Directors and the Auditors thereon.		
2.	Appoint a Director in place of Shri K Raghavendra Rao who retires by rotation and being eligible offers himself for re-appointment.		
3.	Ratify the appointment of Statutory Auditors M/s. SNB Associates, Chartered Accountants and to authorize the Board to fix their remuneration.		
Special Business			
4.	Approval of Remuneration payable to Cost Auditor, Shri. V Kalyanaraman for the Financial years 2016-17 & 2017-18.		

Signed this ..... day of ..... 2016

Signature of shareholder(s) .....

**Note:**

- This form of proxy in order to be effective should be duly completed and deposited at the registered office of the Company, not less than 48 hours before the commencement of the Meeting.
  - For the resolutions, explanatory statement and notes, please refer to the notice of the 23rd AGM.
  - Please complete all details including details of member(s) in the box before submission.
  - A Person can act as proxy on behalf of Members upto and not exceeding fifty and holding in aggregate not more than ten percent of the total share capital of the Company. Further, a Member holding more than ten percent of the total share capital of the Company carrying voting rights, may appoint a single person as proxy and such person shall not act as proxy for any other person or Member.
  - The Proxy need not be a Member of the Company.
- \* It is optional for the member to put a (✓) in the appropriate column for the Resolutions mentioned in Sl. Nos 1 - 4 indicated above. If you leave the 'For' or 'Against' column blank, your proxy will be entitled to vote at the AGM in the manner as he/she thinks appropriate.

Affix  
Revenue  
Stamp