Corporate Information

Board of Directors

Shri K N Venkatasubramanian
Chairman & Independent Director
Resigned w.e.f 13.10.2017

Shri K Raghavendra Rao
Managing Director

Shri R Kannan — Independent Director
Resigned w.e.f 27.12.2017

Shri Ramakrishna Eda — Nominee of IDBI Bank Ltd
IDBI Bank Ltd has withdrawn his Nomination w.e.f 18.09.2018

Smt Soundara Kumar — Nominee of State Bank of India
Resigned w.e.f 10.09.2018

Resolution Professional

Shri Ramkumar S V
(IP Registration No.IBBI/IPA-001/IP-P00015/2016-17/10039)

Management Team

Ms Edna Braganza	Chief Operating Officer
Shri S Mani	President – API, CSR & SH &E
Shri L Chandrasekar	Executive VP - Finance & Company Secretary
Dr U P Senthil Kumar	Senior Vice President – Process Research
Dr J Surya Kumar	Senior Vice President - Pharma Research & Manufacturing
Shri A Suresh Babu	Head - Corporate Affairs

Auditors

Statutory Auditors

CNGSN & Associates LLP
Chartered Accountants
Flat No.6, Vignesh Apartments, North Avenue ,Srinagar Colony,
Chennai - 600 015.
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
Andhra Bank
AXIS Bank
AfrAsia Bank
Bank of Baroda
Bank of India
Canara Bank
City Union Bank
Deutsche Bank
Edelweiss Asset Reconstruction Company Limited
Exim Bank
ICICI Bank
IDBI Bank
IFCI Ltd
Indian Bank
Indian Overseas Bank
Kotak Mahindra Bank
Punjab National Bank
State Bank of India
Union Bank of India

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Board's Report

Dear Members,

In accordance with the applicable provisions of the Insolvency and Bankruptcy Code 2016 ("IBC/Code"), the Corporate Insolvency Resolution Process ("CIRP Process") of Orchid Pharma Limited ("Company") was initiated by an Operational Creditor of the Company. The Operational Creditor's petition to initiate the CIRP Process was admitted by the National Company Law Tribunal ("NCLT") vide CP. No. CP/ 540/ (IB)/ CB/ 2017 on August 17, 2017 ("Insolvency Commencement Date"). Mr. CMA CS Rajasekaran R was appointed as the Interim Resolution Professional ("IRP") to manage the affairs of the Company. Subsequently, Mr. Ramkumar Sripatham Venkatasubramanian (IP Registration No. IBBI /IPA-001 /IP-P00015 /2016-17 /10039) was confirmed as the Resolution Professional ("RP") by the committee of creditors ("CoC") and NCLT with effect from October 27, 2017. On appointment of the IRP /RP, the powers of the Board were suspended and the same vests with the RP.

RP invited expressions of interest and submission of a resolution plan in accordance with the provisions of the Code. Upto the CIRP extended last date i.e. the 270^{th} day – May 14, 2018, there were no successful resolution applicants and accordingly RP filed the status with the Hon'ble NCLT for necessary directions. Subsequently, as directed by Hon'ble NCLT, Chennai, Resolution Professional (RP) placed the Resolution Plan from prospective resolution applicant namely - Ingen Capital Group LLC, USA - before Committee of Creditors (CoC) for voting on June 04, 2018 and re-voting on August 04, 2018 in view of the Ordinance (IBC) passed on 6^{th} June 2018. In the re-voting which concluded on 4^{th} August 2018, the resolution plan had received an affirmative vote of 78% of the CoC by value in its favour. RP filed the re-voting results with Hon'ble NCLT and as on the date of this Report, the status is "Order Reserved".

Pending this, and measures to be adopted as part of the resolution process, the audited financial results have been continued to be prepared on a going concern basis

With this backdrop, RP and the Board take pleasure in presenting the report on business and operations of your Company along with the audited statement of accounts (Standalone and Consolidated) for the financial year ended March 31, 2018.

Financial summary /Performance /State of Company's affairs

Transition to IND AS

The Ministry of Corporate Affairs (MCA) vide its notification in the Official Gazette dated February 16, 2015 notified the Indian Accounting Standards (Ind AS) applicable to certain classes of Companies. Ind AS has replaced the existing Indian GAAP prescribed under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014. For your company Ind AS is applicable from April 1, 2017, with a transition date of April 1, 2016.

The highlights of the standalone financial results for the year 2017-2018 as per the IND AS are given below:-

(Rs.in Crores)

Particulars	IND-AS	
	Year ended 31.03.2018	Year ended 31.03.2017
Sales & Operating Income	649.00	766.29
Other Income	19.87	27.32
Total Expenditure	635.40	768.54
Gross profit	33.47	25.06
Interest & Finance Charges	301.65	336.27
Gross Profit after Interest but before Depreciation and Taxation	(268.18)	(311.20)
Depreciation	133.29	139.42
Profit / (Loss) before Tax, extraordinary items	(401.47)	(450.62)
Extraordinary items - Income (Expenditure)	-	(86.26)
Profit / (Loss) Before Tax	(401.47)	(536.88)
Current & Deferred Tax	(46.19)	(48.34)
Profit /(Loss) after Tax	(355.28)	(488.54)
Other Comprehensive Income (OCI)	0.74	(1.58)
Net Profit / (Loss) for the period including OCI	(354.53)	(490.11)

During the financial year 2017-18, your Company achieved a turnover and operating income of Rs. 649 crores (Rs.766.29 crores in 2016-17). The gross profit before interest, depreciation and taxes stood at Rs. 33.47crores (Rs. 25.06 crores in 2016-17). After providing for interest expense of Rs. 301.65 crores (Rs.336.27crores in 2016-17), depreciation of Rs.133.29 crores (Rs. 139.42 crores in 2016-17), Extraordinary item of Nil (Rs. 86.26Crores in 2016-17), the Loss before tax of the Company was Rs. 401.47 crores (Rs. 536.88 crores (Loss) in 2016-17). The net loss after tax including Other Comprehensive Income stood at Rs.354.53crores (Rs. 490.11 crores (Loss) in 2016-17).

Business Overview

During the financial year, i.e. in August 2017, due to non-payment of the dues of an operational creditor, your Company was admitted in the insolvency resolution process as per the IBC by NCLT, Chennai Bench.

During the financial year 2017-18, your Company continued to reel under financial stress and the performance of the Company was affected due to liquidity constraints, mounting interest burdens, which had an impact on the net profits of the Company. As a result, the ability of the Company to meet its repayment obligations /liabilities were adversely affected. Despite the tough liquidity and working capital constraints, your Company managed to sustain sales with a lower EBIDTA denoting the basic strength of the business.

During the year, your Company had received ANDA approval from the USFDA for Aripiprazole tablets USP, 2mg, 5mg, 10mg, 15mg, 20mg and 30 mg Aripiprazole Orally-Disintegrating Tablets USP, 10 mg and 15 mg.

Future Prospects

It is now four years since the restructuring of the debt and one year since the CIRP, approval of the resolution plan for revival of the Business as recommended with an affirmative vote of 78% by the Committee of Creditors and given to the NCLT is still in progress. The resolution plan submitted by RP, came up for Hearings in NCLT and as it stands "the Order is Reserved".

Your Company has been extremely fortunate to have the full support of its Lenders, Employees, Vendors and Customers during the financially stressed period. Although, huge efforts are required towards regaining the confidence of various Stakeholders, your Company is hopeful and confident of accomplishing the same during the course of time. Your Board believes that the Company will be able to revive its operations towards profitability post receipt of the approval from NCLT and the implementation of the Resolution Plan.

Management Discussion and Analysis report

A report on the Management discussion and analysis in terms of the provisions of Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is provided as a separate annexure in the annual report.

Corporate Governance Report and Additional Shareholder's information

A report on the corporate governance systems and practices of your company along with a certificate of compliance from the Practising Company Secretary is given in Annexure V which forms part of this report

Audit committee

The details of the Composition of the Audit committee are available in the Corporate Governance report. The Board has accepted the recommendations made by the Audit committee during the financial year 2017-2018.

Pursuant to the resignation of Shri K N Venkatasubramanian, Chairman & Independent Director and Shri R Kannan, Independent Director, the reconstitution of the Board as well as the Audit committee is pending.

Adequacy of Internal Financial Control System

The internal financial control over financial reporting system are existing and operative, however based on the observations of the auditors, the Company is further strengthening the internal financial control systems over financial reporting

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.

During the year, the Company had received ANDA approval from the USFDA for Aripiprazole tablets USP, 2mg, 5mg, 10mg, 15mg, 20mg and 30 mg and for Aripiprazole Orally-Disintegrating Tablets USP, 10 mg and 15 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 European market space the cumulative filings of COS (Certificate of Suitability) count remained at 19 which includes 14 in cephalosporin segment,5 in NPNC segment. In Japan market, the cumulative filings of JDMFs count remained at 7 only in Cephalosporin segment.

Intellectual Property Rights

During the year, Orchid continued to take forward 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 was 219 including Process, Formulation, New Chemical Entities (NCE), Novel Drug Delivery System (NDDS), Biotech and Generics. As of March 31, 2018, 27 patent applications have been published while 178 patents have been granted cumulatively.

The number of patent applications filed by Orchid from April 01, 2017 to March 31, 2018 is 23 (Including Process, Formulation, NCE, NDDS, Biotech and Generics), and out of this 9 patents have been granted.

Dividend & Reserves

In view of the net loss incurred during the financial year ended March 31, 2018, the Resolution Professional does not recommend any dividend to the shareholders of the Company. Also, no amount has been transferred to reserves.

Awards and Achievements

During the year, your Company's Generics Manufacturing Unit, Irungattukottai (IKKT) was chosen for the Export Excellence Award (II Position) by the Ministry of Commerce & Industry, Government of India for performance during 2015 – 2016 and Exim Achievement Award (II Position) by the Tamil Chamber of Commerce in Association with Chozha Nachiar Foundation, Government of Tamil Nadu for performance during the financial year 2014-15.

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 obtained in principle approval from NSE Ltd. & BSE Ltd. to allot 1,85,12,251 (One Crore Eighty Five Lakhs Twelve Thousand Two Hundred Fifty One Only) equity shares of Rs.10/- each at a premium of Rs.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 RS.10/- each at a premium of Rs.39.79 per share during October 2015. During the financial year 2017-2018, your Company had received the final trading approval for 37,02,450 shares from NSE Ltd and BSE Ltd.

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, 2018 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 originaltransaction 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, Pharma covigilance, 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.

Highlights of the performance of subsidiaries and their contribution to the overall performance of the Company during the period under report

One of the Subsidiary Companies contributed 6% of the sales of the Company. The Company accesses the US market through this subsidiary and expects strong growth in the US market in the years to come. The R&D subsidiaries of the Company are used for carrying out Research & Development of selected molecules, having good potential. Your Company has a subsidiary for holding Product registrations and approvals in Europe.

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 –VIII, forming part of this report.

Key & Senior 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 as per Section 203 of the Companies Act, 2013. Ms. Edna Braganza, Chief Operating Officer and Shri Mani Sivaswami, President - API, CSR&SH&E are part of the Senior Management Team.

Extract of Annual Return

As per the amendments carried out by the Companies (Amendment) Act, 2017 in section 92(3), every company shall place a copy of the Annual Return on the website of the Company, if any, and the web-link of such Annual return shall be disclosed in the Board's report. A copy of Annual return of the company is available on the website of the company www.orchidpharma.com

Board & RP Meetings held during the year

During the year, 2 (two) meetings of the Board were held prior to commencement of the CIRP. The Board Meetings were held in accordance with provisions of the Companies Act, 2013 and the relevant rules made there under. After the commencement of the CIRP on August 17, 2017, Board Meetings have not taken place as the Powers of the Board remained suspended and entrusted to the Resolution Professional appointed by NCLT. During CIRP, RP had convened meetings with the Senior Management, KMP and with the Board members.

The details of the RP meetings, dates of Board & Committee meetings alongwith the CoC Meetings held during the FY 2017-18 are furnished in the Corporate Governance Report forming part of this report.

Board's Responsibility Statement

Members may kindly note that during the CIRP Process (i.e. after August 17, 2017 and continuing till the date of this Report), the RP was entrusted with the management of the affairs of the Company. Prior to the Insolvency Commencement Date, the Board of Directors had the oversight on the management of the affairs of the Company. The Resolution Professional along with the Managing Director is submitting this report. The RP is not to be considered responsible to discharge fiduciary duties with respect to the oversight on financial and operational health of the Company and performance of the management for the period prior to the commencement of CIRP.

Accordingly, pursuant to Section 134(5) of the Act, the Board & RP (based on the knowledge /information gained by him about the affairs of the Company in a limited period of time and based on understanding of the then existing processes of the Company) and to the best of their /his knowledge state:

a) that in the preparation of the annual accounts for the financial year ended March 31, 2018, the applicable accounting standards have been followed along with proper explanation relating to material departures,

b) that RP has continued with such accounting policies as were adopted on CIRP date, made judgments and estimates that are reasonable and prudent so as to give a reasonably true and fair view of the state of affairs of the Company at the end of the financial year ended March 31, 2018 and of the profit or loss of the Company for that period,

c) that the annual accounts for the financial year ended March 31, 2018 have been prepared on a going concern basis as explained herein above in the preamble,

d) that proper systems which have been devised to ensure compliance with the provisions of applicable laws are adequate and operating and

e) that Internal financial controls which were laid down and followed by the company on the date of CIRP, along with the necessary steps and changes in the Management Structure that have been taken to improve the internal financial controls during CIRP are operating effectively.

f) that proper and sufficient care has been taken care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safe guarding the assets of the Company and for preventing and detecting fraud and other irregularities.

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.

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 of your 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

Your 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. 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 – IX, forming part of this report.

Prior omnibus approval of the Audit Committee is has been obtained for the transactions which are foreseeable and of repetitive nature.

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 details of the composition of the Corporate Social Responsibility committeee are disclosed in the Corporate Governance report.

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), Tribal development, Environment & Renewable energy programmes during the financial year 2017-18 through "Orchid Trust" and spent Rs. 11 Lakhs towards CSR activities.

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

Subject to the ongoing CIRP process as per the IBC 2016, there are no material changes and commitment affecting financial position of the Company from the end of Financial Year and till the date of this Report.

Conservation of Energy

Your Company has always been striving in the field of energy conservation. Certain measures to conserve energy and to reduce associated costs were taken in a small way during the fiscal under review. 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, 2013 are given in Annexure III to this report.

Risk Management Policy

The details and the process of Risk Management as were 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

Pursuant to the initiation of the Corporate Insolvency Resolution Process and as the same is still in process, the powers of the Board of Directors stands suspended from August 17, 2017. Accordingly, the Annual evaluation of Board, its committees and individual directors as required under Section 134 (p) could not be carried out.

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 2018.

Details regarding deposits, covered under Chapter V of the Act

During the Financial Year 2017-18, 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 and as such, no amount of principal or interest was outstanding as of the balance sheet date.

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

In view of pendency of the CIRP, and in view of suspension of the powers of board of directors, the powers of adoption of this standalone & consolidated financial results vests with the RP. The RP as relied upon the representations, clarifications and explanations provided by the Managing Director, Chief Financial Officer and Senior Management Personnel of the Company. During CIRP, 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.

Vigil Mechanism (Whistle Blower Policy)

Your Company has established a vigil mechanism that enables the Directors & the Employees report genuine concerns. The Company encourages its employees who have concerns about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct to come forward and express their concerns without fear of punishment or unfair treatment. The committee affirms that in compliance with the Whistle –Blower Policy/Vigil Mechanism no personnel had been denied access to the Audit Committee. 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

Your 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

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

Your Company has in place an anti-sexual harassment Policy in line with the requirements of The Sexual Harassment of Women at the Workplace (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, temporary, trainees) are covered under this policy. The Company has not received complaints on sexual harassment during the financial year ended 31st March, 2018.

Your Company has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

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 Water Treatment:

Low TDS effluent is collected, equalized and neutralized into neutral pH and treated aerobically by Membrane Bio Reactor process comprising of aeroapc equipped with jet aeration system made up of Glass Fibre Reinforced Plastic & Ultrafiltration System loaded with ceramic membrane (aluminum zirconium). Waste Air Treatment is done through installation of process scrubbers, vent gas condensation, Reverse Jet Ventury Filter, Adequate stack height and Electro Static Precipitator.

Hazardous waste management is done by collecting and storing hazardous wastes in protected storage shed and disposing it into the approved landfill sites / authorized recyclers

Safety

Orchid is highly committed to Safety, Health and Environment aspects. Though resource constraints continue to be a challenge in this financial year also, there is no compromise on critical needs of safety. This has been possible because of committed Line Management, dedicated SPROs and relentless Leadership direction. CSC, the apex committee of the organization have ensured that risks have been contained to keep us free from any major incident. Orchid strongly believes that human behavior plays key role in safety management. To reinforce that Safety observation & Audit (SOA) – Lead indicator, become key focus area always in Our Central Safety Committee meetings (CSC). CSC continues to meet every month review critical concerns on Safety and also provides directions to minimize the risks at all levels.

Process safety management is another key area, being a pharma sector. The company also realized the need of effective safety communication in culture building activity / exercise. This is backed up by periodical safety talks, Safety Posters and Interactive discussions. Orchid also believes Continuous learning is the critical element in Safety Management. Hence, various training programs have been conducted in the year 2017-18 to reinforce the safe behaviour and also to enhance the necessary skills to perform the job safely.

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 VI 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 working days of the company. 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 as required under Section 186 of the Companies Act, 2013 are given in Notes to standalone Financial Statements – Reference Nos. 7, 8, 9 & 46.

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, thereby contributing to a greener environment. The full text of the Annual Report 2017-18 is available at www.orchidpharma.com. As a member of the Company, you are entitled to receive all such communications in physical form, upon request.

Directors

Reappointment of Directors and Resignations

During the year under review, Shri K N Venkatasubramanian resigned from his position of Chairman and Non-Executive Independent Director with effect from October 13, 2017 and Shri R Kannan, resigned from his position of Independent Director with effect from December 27, 2017 due to personal reasons and other professional pre –occupations.

RP /Board wish to record its appreciation for the services rendered and the professional guidance given by Shri K N Venkatasubramanian, Chairman & Non-Executive, Independent Director and Shri R Kannan, Independent Director to the Board from time to time during their tenure.

During the year, IDBI Bank Ltd withdrew the nomination of Shri Rabinarayan Panda and instead appointed Shri Rama Krishna Eda, on the Board with effect from August 10, 2017.

Shri Ramakrishna Eda, Nominee Director will retire by rotation at the ensuing Annual General Meeting and is eligible for re-appointment in accordance with the provisions of the said Act.

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

Statutory Auditors:

The Statutory Auditors, M/s. CNGSN & Associates LLP, Chartered Accountants have been appointed for a period of five (5) years from the conclusion of 24th Annual General Meeting till the conclusion of 29th Annual General Meeting subject to ratification at every AGM.

The Companies(Amendment) Act, 2017 has done away with the provisions of ratification of statutory auditors.

The resolution seeking approval for remuneration to M/s. CNGSN & Associates LLP, Chartered Accountants, the statutory Auditors of the company for the four financial years from 2018-2019 to 2021-2022 is being sought for in the ensuing 25th AGM.

Auditors' Report

Explanation to the Audit qualifications

The Auditors in their report have made certain observations relating to realisation of value of inventories, overdue receivables, recovery of loans and advances, provision for impairment confirmation of balance from banks for loans, net worth of subsidiaries, further strengthening of internal controls over financial reporting and about their inability to comment on the possible adjustments to be made in the assets, liabilities, disclosure requirements, etc., under "Qualified Opinion" in their report to the members.

The Company is under CIRP and the Resolution Professional is required to invite submission of resolution plans from potential resolution applicants, which has been put up for necessary approvals before the Honourable NCLT. The CIRP is not yet concluded and hence, the final outcome is yet to be ascertained.

The company has not taken in consideration impact on the value of the assets due to this information for impairment, if any, in preparation of Financial Result as required by Ind-AS 10 on "Events after the reporting period" and Ind-AS 109 on Financial Instruments". Further, the Company has not made assessment of impairment as required by Ind AS 36 on Impairment of Assets, if any, as at 31st March 2018 in the value of tangible and intangible assets.

In respect of investments /loans given to subsidiaries, the company is exporting and selling profitable products through its marketing subsidiary and the profit generated by the marketing subsidiary from the operations will be available for settlement of loan, after meeting their dues. The investments made in R&D Subsidiaries are strategic and long term in nature and hence no provision has been considered.

In accordance with the Code, public announcement was made calling upon the financial creditors and operational creditors of the Company to submit their claims with the Interim Resolution Professional ("IRP").

The Company is in the process of obtaining confirmation for receivables, loans and advances given, payables, employee claims and bank loans as at March 31, 2018. NCLT and the final decision of NCLT is awaited. Such claims can be submitted to the IRP /RP during CIRP, till the approval of a resolution plan by the Committee of Creditors (CoC). Pursuant to the claims received the CoC was informed and the list of such creditors was duly notified to the NCLT and uploaded on the company website. Thereafter, there have been regular revisions to the list in view of the claims received and the Company and RP are in process of receiving, collating, verifying, seeking clarifications, sending communications for unreconciled balance calling for additional documents to substantiate whole /part of the unreconciled claims on such claims.

The Company's ability to meet the financial /contractual obligations including repayment of various loans, unpaid interest and ability to fund various obligations pertaining to operations for ensuring / commencing normal operations and further investments required towards ongoing research and development projects under progress, is dependant on the resolution of the aforesaid matters as part of the CIRP.

Under the CIRP, a resolution plan has been presented and approved by the Committee of Creditors ("CoC") and thereafter to be approved by the Hon'ble NCLT to keep the company as a going concern. The extended CIRP period was over on May 14, 2018 and RP has completed required fillings with NCLT and the final decision of NCLT is awaited.

Pending this and measures to be adopted as part of the resolution process, the audited financial results have been continued to be prepared on a going concern basis.

In respect of claims submitted of the financial creditors, the process for submission and reconciliation of claims as on the Insolvency Commencement Date remains an on-going process.

The RP has received the claims from the creditors of the Company under the provisions of the Insolvency and Bankruptcy Code, 2016 and the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 (as amended). The status of these claims are available at the following link: http://www.orchidpharma.com/downloads-cirp.aspx.

The internal financial control over financial reporting system are existing and operative, however based on the observation of the auditors we are further strengthening the internal financial control over financial reporting.

With regard to the inability to comment on the possible adjustments required to be carried in the carrying amount of assets, liabilities, possible presentation and disclosure impacts, it is submitted, that the RP is obliged not to share certain information which are integral part of the CIRP, in order to maintain confidentiality of the process and in line with the directions of the COC.

The resolution plan has been submitted to NCLT and the status is “Order Reserved”

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 (a firm of Practising Company Secretaries), Practicing Company Secretary were appointed to conduct the secretarial audit of your Company for FY 2017-18. The secretarial audit report for the fiscal year ended March 31, 2018 is attached herewith as “Annexure VII”.

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 Kalyanaraman as Cost Auditor for the FY 2017-2018, 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, 2017, the due date for filing the cost audit report was October 20, 2017 and the cost audit report was filed on October 12, 2017.

Acknowledgements

The Board is 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 during the CIRP ~ and for their wholehearted mandate for approving a resolution plan and for the revival of the Company’s businesses.

RP / the Board is grateful to the Central and State Governments and the Central DCGI and State FDAs for their support to the Company’s business plans. RP /Board places on record their appreciation of the support provided by the customers, suppliers, service providers, medical fraternity and business partners.

RP / the Board and the Management acknowledge and are thankful to the employees who stayed back with the Company during this crucial period and for their contributions for the revival of the businesses and operations.

K.Raghavendra Rao
Managing Director
DIN: 00010096

Shri Ramkumar S V
(IP Registration No.IBBI/IPA-001/IP-P00015/2016-17/10039)

Resolution Professional

Place : Chennai
Date : August 21, 2018

Addendum to the Board's Report dated August 21, 2018

Resolution Plan - implementation status

As stated in the Board's Report, the Resolution Professional (RP) invited expressions of interest and submission of a resolution plan in accordance with the provisions of the Code. Of the various resolution plans submitted, the CoC approved the resolution plan submitted by Ingen Capital Group LLC, USA **("Ingen").** The RP submitted the CoC approved resolution plan to the NCLT for its approval and the NCLT approved the resolution plan submitted by Ingen and approved by the CoC **("Approved Resolution Plan")**, by an Order dated September 17, 2018 **("IBC/NCLT Order")**. Based on this Order the moratorium period as per IBC ended on this date.

Subsequently, NCLT passed an Order on October 10, 2018 to constitute interim monitoring committee (iMC) with the Officials of 5 Lenders, stating that the RP shall discharge the functions of the Company as per the instructions of the iMC until further orders, as Ingen did not infuse any money into the Company.

Again, NCLT passed another Order on November 02, 2018 directing Ingen to deposit within 5 days an amount of Rs. 334 crores (representing 1/3rd of the payment due to financial creditors) into the Company Account. As of this date, Ingen is yet to comply with this Order.

Remuneration of Cost Auditor

RP and Board have appointed M/s Karthikeyan J, Cost Accountants, (Membership Number: FCMA 102695) Chennai as the Cost Auditors of your Company for the Year 2018-19 and recommend payment of remuneration of Rs. 2 (two) lakhs p.a. + out of pocket expenses + GST. As per the provisions of Companies Act 2013, the remuneration payable to the cost auditors requires the approval of the shareholders. The RP/Board recommends the same to the members and are seeking necessary approvals at the ensuing 25th AGM.

Annual General Meeting (AGM)

In normal course, your Company should have conducted the AGM this year on or before September 30, 2018 as per the provisions of the Companies Act 2013. Based on an application made by your Company, ROC, Chennai vide an Order dated November 01, 2018 granted additional time upto December 12, 2018 to conduct the 25th AGM.

Resignation /Withdrawal of Nomination of Directors

Smt. Soundarakumar, Nominee Director representing State Bank of India has resigned from the Board with effect from September 10, 2018

IDBI Bank Ltd has withdrawn the nomination of Shri. Ramakrishna Eda as its nominee director with effect from September 18, 2018.

Reappointment of Directors retiring by rotation

As stated in the Board Report, at the ensuing 25th AGM, the nominee appointed by IDBI Bank Shri Ramakrishna Eda retires by rotation and is eligible for reappointment. As IDBI Bank Ltd, has withdrawn the nominee from the Board subsequently (as stated above), RP /the Board is not seeking any approval from the members for replacement in his place. .

For and on behalf of the Board

K. Raghavendra Rao
Managing Director
DIN: 00010096

Shri Ramkumar S V
(IP Registration No.IBBI/IPA-001/
IP-P00015/2016-17/10039)
Resolution Professional

Place :Chennai
Date : November 9, 2018

Management discussion and analysis

Global Pharmaceutical Market

Life sciences companies have always operated in a world of uncertainty. Issues around cost and pricing, clinical and operational innovation, customer and consumer engagement, and regulatory compliance have existed for decades. In addition, new and evolving technology advancements– more sophisticated electronic medical records (EMRs), wearable health care devices, next-generation sequencing, breakthroughs in genomics and gene therapy, and use of real-world evidence (RWE) and data analytics–have primed the life sciences sector for disruption. Each year brings changes and challenges, and 2018 is likely to follow suit.

Life sciences sector growth is closely tied to global health care expenditures which, in 2018 and successive years, are expected to be fueled by increasing demand from an aging population and the prevalence of chronic and communicable diseases (Figure 1, next page). Other potential growth drivers include improved economic activity in key geographies, continuing industry consolidation and collaboration; and new business models enabled by scientific and technology advances.

Life sciences companies of all sizes and in all segments–pharmaceuticals, biotechnology, generics and biosimilar, medical technology, and wholesale and distribution–will continue to focus on achieving profitable and sustainable growth in 2018. But this growth won't come easy in an industry heavily influenced by health reform, cost pressures, price, and valued-based care models, and disintermediation from downstream vertical integration, economic fluidity, and political instability. Looking across a landscape of challenges, the mismatch between increasing R&D expenses and the payer and public demand for lower-cost treatments is a game-changing issue because it will likely affect both the direction and speed of the sector's future development.

How should life sciences companies invest and operate to thrive in today's world of uncertainty? What capabilities do they need to leverage massive (and growing) quantities of electronic health information across the enterprise, from R&D through product commercialization? How can company leaders develop incremental and breakthrough strategies that de-risk clinical, business, and operating models and create added value for patients, payers, and shareholders?

Overview & Outlook

Although pharmaceutical companies continue to deal with the repercussions of patent expiries and payers' cost control efforts, the growing acceptance of sometimes high-priced innovative orphan drugs and ongoing industry consolidation are expected to drive sales growth for the next several years. 2015 saw a drop in total global pharma sales, in nominal US-dollar terms, due to exchange-rate effect and the impact of cost control efforts in several markets; however, sales are expected to improve over the 2016-2020 period, growing at an average of 4.4 percent annually to total a projected $1.2 trillion in 2020 (Figure 1). Sales from the top 10 pharmaceutical companies accounted for ~35 percent of the 2015 global pharma market.

Current Trends

Pharmaceutical manufacturers posted consistent growth during the five-year period to 2017, thanks to a globally aging population and a growing middle class in emerging economies, boosting demand for both brand-name and biosimilar prescription products. As the baby-boomer population ages, more individuals over the age of 65 require pharmaceuticals to treat their chronic illnesses, spurring demand for industry products. In addition, longer life expectancies prompted many individuals to purchase medications to enhance quality of life and wellness around the globe. Additionally, the emergence of new viruses, pandemics and drug-resistant infections spurred significant research and development (R&D) activity, providing pharmaceutical manufacturers with revenue streams from more products in their drug pipeline.

Over the five years to 2017, industry revenue is anticipated to grow at an annualized rate of 2.1% to $1.2 trillion, including 2.7% revenue growth in 2017 that was realized. As more pharmaceutical manufacturers expand to serve emerging markets, industry revenue is expected to grow, especially as manufacturers target prevalent region-specific diseases. Profit is increased from 22.9% of industry revenue in 2012 to 24.1% in 2017, driven by rising global consumer demand for high-margin biologic drugs.

Patent Cliff

A wave of patent cliffs threatened the industry over the past five years. In 2012, the industry contended with the loss of patent protection, costing brand-name manufacturers an estimated $30.0 billion in annual sales. While the patent cliff constrained industry revenue growth for manufacturers, it has benefited consumers, especially patients in emerging economies who can afford generics over brand name drugs. Though generating less revenue than brand-name pharmaceuticals, the introduction of many new generics, also known as biosimilar, expanded pharmaceutical access. Adapting to the changing global consumer, many brand-name pharmaceutical manufacturers entered into agreements with generic manufacturers in an attempt to sell licensing rights for generic manufacturers to make authorized generics.

Changing Structure

An increasing number of major pharmaceutical companies have restructured their R&D activities to cut costs and improve productivity. For example, Pfizer and GlaxoSmithKline have developed intellectual property, and asset-sharing agreements to develop new drugs for diseases, such as HIV. Meanwhile, several pharmaceutical companies have partnered with academic institutions to promote research-based innovation, while major global players have formed alliances with generic drug manufacturers to expand their presence in emerging markets.

To keep research costs low, operators have slashed research facility numbers and employees and engaged in mergers and acquisitions. For example, some pharmaceutical companies acquired others simply to gain the acquired company's drugs already in development, rather than develop these drugs in-house via R&D efforts. As a result, over the five years to 2017, the number of worldwide industry enterprises is expected to decrease at an annualized rate of 1.0% to 4,680. At the same time, many large pharmaceutical companies are acquiring biotechnology companies that have a strong portfolio in a particular therapeutic class. During the same period, the number of employees is expected to decline at an annualized rate of 3.3% to 6.4 million workers due to increased automation.

Global Trade and Regulations

The industry contended with global governments seeking to reduce drug costs. This trend has been particularly popular in Europe, with austerity measures resulting in many countries announcing reimbursement reductions. In response, many pharmaceutical companies have altered their drug portfolios from primary-care blockbusters to specialties such as oncology, immunology and inflammation, where the medical need is so high that prices are more-readily accepted by regulators.

While this trend provided the industry with stable need-based demand, counterfeit drugs have hampered industry revenue growth. According to the World Health Organization, counterfeit drugs currently account for 10.0% of the global market, but in some emerging countries, this proportion is as high as 30.0% to 40.0%. Recent data from the World Customs Organization puts the drug counterfeiting business at $250.0 billion a year. Protection and enforcement of intellectual property rights remains a difficult issue in many emerging markets, with forgery and first-copy products widespread.

Global Industry Landscape

Nevertheless, global cost-cutting strategies to lower healthcare costs will constrain industry revenue growth. In 2015, the Chinese government removed its drug pricing caps; however, the introduction of price bidding will likely intensify price-based competition for industry operators that manufacture products for the Chinese market. Some markets, such as Germany, have moved toward value-based pricing, which prices drugs based on their efficacy. India and Brazil have national lists of essential drugs and their respective prices. While many manufacturers will focus on blockbuster-drug development within a small market niche, such as orphan drugs, many manufacturers will instead focus on developing drugs that demonstrate efficacy for value-based healthcare models. During the five-year period to 2022, industry trade is expected to rise at an annualized rate of 4.0% to $765.4 billion, due to the burgeoning elderly population stimulating global demand for pharmaceuticals, which will likely exceed production capabilities for many manufacturers in developed markets.

The current trend of consolidation is likely to continue, given the globalized nature of the industry's major players and their need to sustain waning drug pipelines due to the patent cliff. Additionally, a large number of small acquisitions are expected to occur across national boundaries as many pharmaceutical manufacturers acquire biotechnology firms. However, the recent implementation of tax inversion laws in the United States may prevent some US-based pharmaceutical companies' willingness to acquire foreign companies that are at least one-fourth of their size, potentially slowing down merger and acquisition activity.

During the five-year period to 2022, the number of industry enterprises is expected to grow at an annualized rate of 2.9% to 5,388, and employment is anticipated to rise at an equivalent rate to 7.4 million employees, driven by many manufacturers acquiring biotechnology companies and enhancing their research and development capabilities to meet global demand for biosimilar drugs.

Risks and Barriers

The high costs of R&D pose a substantial obstacle for new companies. High levels of capital expenditure are required at the onset to establish a manufacturing plant geared to producing such high-cost, high-tech drugs. Continuous technological and research investments add to initial costs for drug development.

The time factor involved is another obstacle; developing a product from conception and synthesis through to the regulatory approval process can take up to 15 years. As a result, less than one-third of the products that make it to the market successfully recoup R&D costs.

Government regulatory policies are also a significant barrier to entry; the pharmaceutical industry is among one of the most highly regulated industries. Varying regulatory frameworks, which vary by country, may pose as a barrier to potential industry entrants that want to have a global market reach. The cost of complying with various regulations, such as marketing, manufacturing inspections, licensing as well as clinical trial regulations poses as a barrier to potential industry entrants. Prices for pharmaceutical products are not set by market forces in many countries but, instead, by government policies that have been designed to curb escalating healthcare costs. Furthermore, the high costs of government-mandated testing trials and continuous manufacturing oversight can discourage a new pharmaceutical company from entering the market.

M&A Landscape

In 2017, deal volume in the healthcare sector overall was very active as far as mergers and acquisitions (M&A) were concerned. However, in the biotech and pharma space it was at the lowest levels in many years and a fraction of that of the boom years of 2014 and 2015. The actual number of pharma/biotech M&A transaction announcement tracked by The Pharma Letter for full-year 2017 was just 101, compared with 130 in 2016 and 166 in 2015, which was a record year.

Moreover, in value terms, nothing has ever come close to the 1999 acquisition of Warner Lambert by Pfizer (NYSE: PFE), worth a massive $111.8 billion, but which, adjusted for inflation, would have been a staggering $160 billion. Of the total deals tracked in 2017, just 15 had a potential value of over $1 billion to the sellers, compared with 23 in 2016 and 30 in 2015. The combined value of these 15 deals was $149.51 billion.

The $69 billion merger of CVS Health and Aetna was by far the biggest healthcare M&A deal announced in 2017, but given it is the combination of a US drugstore chain and a healthcare insurer, it was not strictly speaking a “pharmaceutical” deal as covered in The Pharma Letter’s annual review of activity in this sector.

At $30 billion, the Johnson & Johnson (NYSE: JNJ) acquisition of Swiss biotech Actelion, which was first mooted in 2016 but only formerly pursued in 2017, was by far the biggest pure biotech/pharma transaction of the year. Besides Gilead Sciences’ (Nasdaq: GILD) $11.9 billion purchase of Kite Pharma, and Thermo Fischer’s $7.2 billion takeover of Dutch group Patheon, 2017 was a rather quiet one on the M&A front in the pharmaceutical sector.

As well at the Kite deal, which took anti-viral biotech giant Gilead into the field of cell therapy, the company made a smaller acquisition, that of USA-based Cell Design Labs for $175 million upfront plus $322 million contingent, thus gaining new technology platforms that it hopes will further enhance its research and development efforts in cellular therapy.

Indian Pharmaceutical Industry

Introduction

India is the largest provider of generic drugs globally. Indian pharmaceutical sector industry supplies over 50 per cent of global demand for various vaccines, 40 per cent of generic demand in the US and 25 per cent of all medicine in UK.

India enjoys an important position in the global pharmaceuticals sector. The country also has a large pool of scientists and engineers who have the potential to steer the industry ahead to an even higher level. Presently over 80 per cent of the antiretroviral drugs used globally to combat AIDS (Acquired Immune Deficiency Syndrome) are supplied by Indian pharmaceutical firms.

Market Size

The pharmaceutical sector was valued at US$ 33 billion in 2017. The country’s pharmaceutical industry is expected to expand at a CAGR of 22.4 per cent over 2015–20 to reach US$ 55 billion. India’s pharmaceutical exports stood at US$ 17.27 billion in 2017-18. In 2018-19 these exports are expected to cross US$ 19 billion.

Indian companies received 304 Abbreviated New Drug Application (ANDA) approvals from the US Food and Drug Administration (USFDA) in 2017. The country accounts for around 30 per cent (by volume) and about 10 per cent (value) in the US$ 70-80 billion US generics market.

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 per cent a year and reach US$ 100 billion by 2025.

Investments and Recent Developments

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$ 15.83 billion between April 2000 and June 2018, according to data released by the Department of Industrial Policy and Promotion (DIPP).

Some of the recent developments/investments in the Indian pharmaceutical sector are as follows:

- In August 2018, the market grew by 8.7 per cent year-on-year with sales of Rs 11,342 crore (US$ 1.69 billion).
- During April-June 2018, pharmaceutical sector in India witnessed private equity and venture capital investments of US$ 396 million.
- In 2017, Indian pharmaceutical sector witnessed 46 merger & acquisition (M&A) deals worth US$ 1.47 billion
- The exports of Indian pharmaceutical industry to the US will get a boost, as branded drugs worth US$ 55 billion will become off-patent during 2017-2019.

Government Initiatives

Some of the initiatives taken by the government to promote the pharmaceutical sector in India are as follows:

- The National Health Protection Scheme is largest government funded healthcare programme in the world, which is expected to benefit 100 million poor families in the country by providing a cover of up to Rs 5 lakh (US$ 7,723.2) per family per year for secondary and tertiary care hospitalisation. The programme was announced in Union Budget 2018-19.
- In March 2018, the Drug Controller General of India (DCGI) announced its plans to start a single-window facility to provide consents, approvals and other information. The move is aimed at giving a push to the Make in India initiative.
- The Government of India is planning to set up an electronic platform to regulate online pharmacies under a new policy, in order to stop any misuse due to easy availability.
- 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.
- 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.

Road Ahead

Medicine spending in India is expected to increase at 9-12 per cent CAGR between 2018-22 to US$ 26-30 billion, driven by increasing consumer spending, rapid urbanisation, and raising healthcare insurance among others.

Going forward, better growth in domestic sales would also depend on the ability of companies to align their product portfolio towards chronic therapies for diseases such as such as cardiovascular, anti-diabetes, anti-depressants and anti-cancers that are on the rise.

The Indian government has taken many steps to reduce costs and bring down healthcare expenses. Speedy introduction of generic drugs into the market has remained in focus and is expected to benefit the Indian pharmaceutical companies. In addition, the thrust on rural health programmes, lifesaving drugs and preventive vaccines also augurs well for the pharmaceutical companies.

Exchange Rate Used: INR 1 = US$ 0.0149 as on June 29, 2018

The Company

Orchid Pharma Ltd. is one of the leading pharmaceutical companies in India head quartered in Chennai and involved in the development, manufacture and marketing of bulk actives, formulations with exports spanning over 50 countries. Orchid's world class manufacturing infrastructure include US FDA compliant "API" and "Finished Dosage Form" facilities at Chennai in India.

Orchid has R&D infrastructure for Process research and Pharmaceutical research in respective manufacturing Units located near Chennai, India.

Orchid has ISO 14001 and OHSAS 18001 certifications.

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

Financial Overview

Profitability

- During the year ended on March 31, 2018, the Company has achieved an EBITDA of Rs. 33.47 Crore as against Rs. 25.06 Crore during the previous year ending on March 31, 2017.
- The net loss of the Company before Exceptional items & Tax for the year ended on March 31, 2018 stood at Rs. 401.47 Crore as against Rs. 450.62 Crore during the previous year ending on March 31, 2017.
- EPS for the year ending on March 31, 2018 stood at a negative Rs. 39.93 as compared to a negative Rs. 54.91 for the previous year ending on March 31, 2017.

Components of Revenue & Expenditure

- The operating revenues for the year 2017-18 was Rs. 649 Crore as against Rs. 766 Crore during the previous year ending on March 31, 2017.

- Material cost for the year ended March 2018 was Rs. 330.86 Crore (51.0% of the Operating revenues) as compared to Rs. 367.47 Crore (48.0% of the Operating revenue) during the previous year ending on March 31, 2017.
- The other operating cost, including employee cost for the year ended March 2018 was Rs. 304.52 Crore as against Rs. 401.08 Crore during the previous year ending on March 31, 2017.
- The interest cost for the year ended March 31, 2018 was Rs. 301.65 Crore as compared to an effective interest cost of Rs. 336.27 crore during the previous year ending on March 31, 2017.
- The Depreciation & Amortisation for the year ending March 2018 was Rs. 133.29 Crore as compared to Rs. 139.42 Crore (including amortisation of Intangible assets under development) during the previous year ending on March 31, 2017.
- Exceptional items (Loss) for the year ending on March 31, 2018 was NIL as against Rs. 86.26 Crore during the previous year ending on March 31, 2017.

Balance Sheet

- The Equity and Reserves as at March 31, 2018 stood at a negative of Rs.674.13 Crore as compared to Rs. 342.92 Crore as at March 31, 2017.
- The total borrowings as at March 31, 2018 stood at Rs.3,202 Crore as compared to Rs. 3,106 Crore as at March 31, 2017.

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 monitoring the environment to align with the Company's overall vision and road-map.

During the period under review, Orchid maintained a cordial industrial relationship environment at all manufacturing Units of the Company.

As at March 31, 2018, Orchid had 1533 permanent employees including corporate, managerial, sales and manufacturing staff.

With our communication to employees and participation in social activities and by providing challenging and safe working atmosphere, we were able to develop employee's own strength to deliver their expertise in the interest of the Company.

In spite of the financial crisis faced by the Company, the Company was able to retain talent through certain HR initiatives.

Risks and their management

Orchid has a risk management and mitigation strategy, taking a fairly wholesome view of the internal and external environment to address present challenges.

The treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

A significant part of the 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 under natural hedge process at various stages of operations depending upon the nature of the transaction. During the year, risk management practices continued to focus on minimising the economic impact on company's profitability arising from fluctuations in exchange rates.

Risks associated with interest rate fluctuation have been substantially mitigated wherein the interest rate on all Rupee loans /other Rupee financial facilities from Banks /Financial Institutions has been fixed at SBI rate plus 100 BPS.

Fair Value Measurement

When the fair values of financial assets and financial liabilities could not be measured based on quoted prices in active markets, management uses valuation techniques including the Discounted Cash Flow (DCF) model, to determine its fair value The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is exercised in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility.

Impairment of Financial Assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the financial assets and credit risk exposure.

For impairment purposes, significant financial assets are tested on individual basis at each reporting date. Other financial assets are assessed collectively in groups that share similar credit risk characteristics.

An elaborative note is available in the attached "Notes to Financial Statements".

Internal audit and control

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

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 Internal Audit, Concurrent Audit, Cost Audit, Stock Audit & Statutory Audit observations and reviews, suitable steps are being taken periodically to strengthen the adequacy of the internal control systems in various functions.

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 Director's Report

Annexure I Conservation of Energy

(Pursuant to Section 134(3) (m) of the Companies Act, 2013 and Rule 8(3) of the Companies (Accounts) Rules, 2014

Steps taken or impact on 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

- Secondary re-boiler Re-Conditioning to ensure improved quantity of Impure steam generation for process plant usage
- De-scaling of reactor jacketing
- Re-vamping of cooling tower
- Level based automation for pump motors in plant
- Light load reduction by the conversion of High Rating Lights to its equivalent LED (Light Emitting Diodes)
- Daily monitoring of energy consumption and decision of cold rooms stoppage based on Raw material availability and planning as well as AHUs, Process blowers.

Due to the various energy conservation activities implemented, mentioned in (a) above, there was a reduction in power consumption by around 592 UPD (Units Per Day) and 26.78 TPD (Tons Per Day) leading to a saving of around Rs.47.526 Lakhs annually with the investment of Rs. 32.85 lakhs.

b) Proposed energy conservation measures

Some of the proposals that are considered / being implemented for saving energy are:

- Conversion of -40'B' chiller from single stage to double stage.
- Conversion of tube lights and CFL lamps to LED lamps
- Provision of Hot and Cold insulation.
- Effective utilization of cold room compressors.
- Timer provision for process blowers.
- Improving condensate recovery.

Further, the energy conservation measures proposed to be taken up by the company as mentioned in (b) above are expected to bring in savings of around Rs.57.98 lakhs annually with the investment of Rs.86.58 lakhs.

(c) The steps taken by the Company for utilizing alternate sources of energy

Energy wheeling through gas based captive generating plant is being done resulting in lesser cost of power compared to TANGEDCO (TamilNadu Generation and Distribution Corporation) power. We are trying to source renewable power on economical cost.

(d) Capital Investment on Energy Conservation Equipments:

No capital investment was made on energy conservation equipment during the Financial Year 2017-2018.

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.

R&D team focussed on the development of manufacturing process for selected APIs (Active Pharmaceutical Ingredients) in cephalosporin segment. For few approved products, R&D has pursued cost reduction research for manufacturing APIs through review of technology and improvement in process of APIs and API Intermediates to improve competitiveness. R&D has also generated scientific data, new validations, and experimental support to respond to the queries from various regulatory agencies related to review of ANDA (Abbreviated New Drug Application), and support the approval process of dossiers. R&D ensured the availability of impurities through synthesis and isolation to meet the requirement of commercial supply of APIs and developing new customers. R&D team supported the investigations required for continuing the production of the approved APIs for commercial supply. R&D team supported manufacturing locations through demonstration of the process with appropriate modification on manufacturing scale for few APIs.

In Drug Discovery Research, the Malaysian regulatory has approved the renewal of Clinical trial application for NAFLD/NASH. In the anti-infective area, with the new findings of the collaborative research work, a patent application was filed now in collaboration with Merck.

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

Generation of scientific data, scientific/experimental justification for the process and analytical data at R&D Centre has enabled to get approval or progress towards approval of ANDA dossiers filed with various regulatory agencies, pave way for commercialization of APIs, and supply of APIs for developing in house formulation for generic business. Cost reduction improvements for APIs and API intermediates, generation of impurity standards, and investigations required at the manufacturing locations have enabled to prepare for commercialization of APIs. Development of manufacturing process for new APIs will pave way for introducing new products in the Orchid's product portfolio. The analytical data and methods have been utilized to include Orchid's methods in Official Pharmacopoeia Monographs.

3. Future plan of action

R&D will focus its efforts in the development of manufacturing process of APIs of new drug products which have potential to be launched in next few years. In addition to the reduction of the cost of materials and improvement of productivity to maintain and increase the competitiveness, R&D will also concentrate on improvement of the manufacturing and route of synthesis. In case of high cost KSMs (Key Starting Materials), R&D will focus on developing manufacturing process to produce it at an economic 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. Efforts have been taken-up further to continue research on Metabolic disorders/diseases to develop back-up compound for clinical stage NCEs. Drug Discovery R & D has initiated developmental activities towards positioning the lead anti-inflammatory candidate to other indications also.

4. Expenditure on R & D

The R&D outlay was as follows:

₹ in Lakhs

	Particulars	Year ended March 31,2018	Year ended March 31,2017
a)	Capital	-	-
b)	Recurring	1516.11	3532.47
c)	Total	1516.11	3532.47
d)	Total R & D expenditure as a percentage of the total turnover	2.34%	4.61%

II. Technology absorption, adaptation and innovation

I. Research and Development:

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

With a need to have an alternate site for manufacturing APIs for both in house consumption and for market requirement, R&D evaluated a few facilities and subsequently transferred the manufacturing technology to a new facility. In addition, R&D was actively involved in identifying new KSM manufactures besides supporting existing KSM manufactures through scientific support in order to supply KSMs meeting the stringent quality requirements.

2. Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution, etc.:

The product improvement and demonstration of process at the manufacturing location have helped progress towards commercialization of the drug products in the markets. Scientific and technical inputs with respect to manufacturing of APIs at the manufacturing location and manufacturing of KSMs by the KSM manufacturers have helped maintain the manufacturing of API and KSM meeting the respective filed specifications and maintain commercialization in regulated and other markets.

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 andfuture 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 in generics form in regulated markets including United States, Canada, Europe, Japan and Australia, as applicable.

b) Total foreign exchange earnings and outgo

₹ in Lakhs

		Year ended 31.03.2018	Year ended 31.03.2017
1.	**Earnings in foreign exchange during the year**		
	F.O.B value of exports	50024.83	55876.18
	Export of services (net of TDS)	-	-
2.	**C.I.F. value of imports (on cash basis)**		
	Raw materials & Packing materials	14072.42	19494.20
	Capital goods	168.38	90.85
	Spare parts, components and consumables	1268.31	1675.84
3.	**Expenditure in foreign currency during the year (on cash basis)**		
	Travelling expenses	10.47	21.90
	Interest and bank charges	4315.17	3988.05
	Professional / Consultancy fees	238.51	846.16
	Others	2460.96	2328.32
4.	**Dividend remittances in foreign currency during the year**		
	Net dividend	-	-
5.	**Total foreign exchange used (2+3+4)**	**22534.22**	**28445.32**

Place : Chennai
Date : August 21, 2018

K.Raghavendra Rao
Managing Director
DIN: 00010096

Shri Ramkumar S V
(IP Registration No.IBBI/IPA-001/IP-P00015/2016-17/10039)
Resolution Professional

Annexure IV to the Directors' Report

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

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 Rs. 10/- each at a price of Rs. 329.55 per share, being the closing share price of Orchid at the National Stock Exchange of India Ltd 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 Rs.329.55 to Rs.166.15 as per the closing share price of Orchid at the National Stock Exchange of India Ltd on October 31, 2011. As at March 31, 2018, 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 Rs. 10/- each at a price of Rs. 166.15 per share, being the closing share price of Orchid at the National Stock Exchange of India Ltd on October 31, 2011, the day prior to the date of the meeting. As at March 31, 2018, the outstanding options yet to be exercised under the said scheme is Nil.

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 Rs.10/- each at a price of Rs. 10/- each (i.e. At Par). No options are in force as at March 31, 2018 under ORCHID ESOP – SENIOR MANAGEMENT 2011 Scheme.

S.No	DESCRIPTION	ORCHID ESOP - 2010 SCHEME	ORCHID ESOP - DIRECTORS 2011 SCHEME	ORCHID ESOP - SENIOR MANAGEMENT 2011 SCHEME
a.	No. of shares availabe 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		Rs 10/-
d.	Options Vested during FY 2017-18	Nil	Nil	Nil

S.No	DESCRIPTION	ORCHID ESOP - 2010 SCHEME	ORCHID ESOP - DIRECTORS 2011 SCHEME	ORCHID ESOP - SENIOR MANAGEMENT 2011 SCHEME
e.	Options exercised during FY 2017-18	Nil	Nil	Nil
f.	Total no. of shares arising out of Exercise of options	Nil	Nil	Nil
g.	Options lapsed during FY 2017-2018	Nil	Nil	10,675
h.	Variation of terms of Options	Due to the fall in the share price the compensation committe revised the price of the options from Rs 329.55 to Rs 166.15 as per the closing price of Orchid at NSE on October 31, 2011.	Nil	Nil
i.	Money realized by exercise of options	Nil	Nil	Nil
j.	Total no. of options in force as on March 31,2018	Nil	Nil	Nil
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	(Rs. 39.93)		
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		(Rs. 35453.38) lakhs
		Add:Employee cost of intrinsic value over fair value		Nil
		Adjusted PAT (loss)		(Rs. 35453.38) lakhs
		Adjusted EPS		Rs. 39.93

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 practicing good Corporate Governance norms. Orchid believes in adhering to Corporate Governance code to ensure protection of its investor's interest as well as healthy growth of the Company. The philosophy of your Company in relation to Corporate Governance is to achieve and maintain the highest standard of Corporate Governance by providing adequate and timely information to all the shareholders and recognizing the rights of its shareholders and encouraging co-operation between the Company and the stakeholders.

CORPORATE INSOLVENCY RESOLUTION PROCESS

Your Company is under Corporate Insolvency Resolution Process (CIRP) vide order of the Honourable National Company Law Tribunal (NCLT), Chennai Bench with effect from August 17, 2017.

CMA CS R Rajasekaran was appointed as the Interim Resolution Professional (IRP) of the Company. Later on, Shri Sripatham Venkatasubramanian Ram kumar was appointed as the Resolution Professional (RP) as approved by the Committee of Creditors (CoC) and pursuant to the order of Honourable NCLT dated October 27, 2017.

Pursuant to the initiation of the CIRP, the powers of the Board of Directors stands suspended and the management of the affairs of the Company vests with Shri Sripatham Venkatasubramanian Ramkumar, Resolution Professional appointed by the Honourable NCLT.

A report on your Company's adherence to the Code of Corporate Governance prior to the initiation of the CIRP is presented herewith.

B. Board of Directors

1. Composition of Board

During the year, Corporate Insolvency Resolution Process was initiated in respect of the Company, vide order of the Hon'ble National Company Law Tribunal, Chennai Bench dated 17th August 2017, under Insolvency & Bankruptcy Code, 2016. During the pendency of the proceedings, the powers of the Board of Directors of the Company were suspended and the powers of the Board were instead exercised by Shri Sripatham Venkatasubramanian Ramkumar, Resolution Professional appointed for the Company.

Prior to the initiation of the CIRP, the Board had optimum combination of Executive and Non-Executive Directors. The Chairman of the Board of Directors was a Non – Executive, Independent Director. Board comprised of 5 Directors, out of whom 4 are Non-Executive Directors. Non-Executive Directors constituted 80% of the total Strength which is more than the requirement of Regulation 17 of Listing Regulations. Out of 4 Non-Executive Directors, two were Independent Directors which is equal to 1/3rd of the total strength and a woman director as required under the Companies Act, 2013 and Listing Regulations. All the Directors of the company are Resident Indians.

The composition of the Board is in conformity with Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations,2015, prior to the CIRP.

None of the directors are related to each other.

The composition of Board and the details of directorships in other Companies and Committee positions during the year ended March 31, 2018 are as follows:

Composition of Board of Directors					
S. No	Name(s) of the Directors(s)	Category	Number of Directorship held in other listed companies	Number of Board committee positions held in other public companies: Member *	Number of Board committee positions held in other public companies: Chairman *
1	Shri K N Venkatasubramanian#	Non-Executive, Independent	-	-	-
2	Shri K Raghavendra Rao	Promoter and Executive Director	-	1	-
3	Shri R Kannan #	Non-Executive, Independent	-	-	-

4	Smt Soundara Kumar	Non-Executive, Non Independent (Nominee of SBI Ltd)	4	2	-
5	Shri Rabinarayan Panda @	Non- Executive, Non Independent (Nominee of IDBI Bank Ltd)	-	-	-
6	Shri Ramakrishna Eda	Non- Executive, Non Independent (Nominee of IDBI Bank Ltd)	-	1	-

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

*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, including Orchid.

Shri K N Venkatasubramanian, Chairman and Independent Director and Shri R Kannan, Independent Director have resigned from Office of Director with effect from October 13, 2017 and December 27,2017 respectively.

@ Industrial Development Bank of India Limited (IDBI Bank Ltd) withdrew the nomination of Shri Rabinarayan Panda and appointed Shri Ramakrishna Eda, as its nominee on the board with effect from August 10, 2017.

None of the Directors on the Board are Members in more than 10 committees or act as Chairman of more than five committees across all companies in which he/she is a Director.

2. Board Meetings & Attendance Record of the Directors

During the year ended March 31, 2018, the Board met 2 (Two) times on May 26, 2017 and June 29, 2017. In view of commencement of CIRP with effect from August 17, 2017, there was no meeting of Board of Directors of the Company after the aforesaid date. During CIRP, meetings of Resolution Professional with KMP, Auditors & Directors were held.

The attendance records of the Directors for the Board meetings held prior to CIRP are as under:

Name(s) of the Director(s)	Number of Board Meetings Attended	Last AGM Attendance
Shri K N Venkatasubramanian	2	Not Present
Shri K Raghavendra Rao	2	Present
Shri R Kannan	2	Not Present
Shri Rabinarayan Panda	2	@
Smt Soundara Kumar	2	Not Present
Shri Ramakrishna Eda	#	Not Present

@ Not a member of the Board on the date of AGM.

Shri Ramakrishna Eda was inducted as the Nominee Director with effect from August 10, 2017.

Meetings held by the Resolution Professional

During the year ended March 31, 2018, pursuant to the commencement of the CIRP, (two) meetings were convened by the Resolution Professional on March 05, 2018 and March 16, 2018 respectively.

The details of the meetings held by the Resolution Professional and the attendance of Directors at the meetings are as follows:

Name(s) of the Director(s)	Number of Resolution Professional meetings attended
Shri K N Venkatasubramanian	#
Shri K Raghavendra Rao	2
Shri R Kannan	#
Shri Rabinarayan Panda	$
Smt Soundara Kumar	-
Shri Ramakrishna Eda	1

$ Not a member of the Board on the date of the RP meeting.

Shri K N Venkatasubramanian , Chairman and Independent Director and Shri R Kannan, Independent Director have resigned from Office of Director with effect from October 13, 2017 and December 27,2017 respectively.

Meetings of the Committee of Creditors (CoC)

Pursuant to the commencement of the CIRP, 7 (Seven) meetings of the Committee of Creditors were held during the financial year 2017-2018.

3. Code of Conduct

The Board of Directors has laid down a Code of Conduct ("the Code") for Board members and senior management personnel of your Company. Independent Directors shall also ensure compliance with Code for Independent Directors formulated in accordance with Listing Regulations. The Code is posted on your Company's website (http://www.orchidpharma.com/ir_downloads.aspx). The 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:

As on March 31, 2018, Non-executive Directors do not hold any shares of the Company.

5. Meeting of Independent Directors and familiarisation Programme for Independent Directors:

During the year, no meetings of the Independent Directors were held as both the Independent Directors (Shri K N Venkatasubramanian and Shri R Kannan) have resigned and also the familiarisation programmes for the Independent Directors could not be conducted.

6. Audit Committee

Prior to the commencement of the CIRP, the Constitution of Audit Committee was in line with the provisions of section 177 of the Companies Act, 2013 and the Listing Regulations. The Audit Committee of the Board comprised 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:

(i) The recommendation for appointment, remuneration and terms of appointment of auditors of the Company;

(ii) Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;

(iii) Examination of financial statements and the Auditors' report thereon;

(iv) Approval or any subsequent modification of transactions of the company with related parties;

(v) Scrutiny of inter-corporate loans and investments;

(vi) Valuation of undertakings or assets, 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 and the provisions of Section 177 of the Companies Act, 2013.

The Audit Committee met once prior to the commencement of CIRP on May 26, 2017.

The Audit committee comprised of two (2) Non-Executive, Independent Directors and one Non – Executive, Non Independent Director. The Chairman of the Committee is an Independent Director. The composition of the Audit Committee and the attendance record prior to the commencement of CIRP are given below:

Name(s) of the Director(s)	Category	Number of Meetings Attended
Shri K N Venkatasubramanian	Non -Executive, Independent Director - Chairperson	1
Shri Rabinarayan Panda	Non - Executive, Non - Independent (Nominee of IDBI Bank Ltd)	1
Shri R Kannan	Non-Executive, Independent	1
Shri Ramakrishna Eda	Non - Executive, Non - Independent (Nominee of IDBI Bank Ltd)	$
$ Industrial Development Bank of India Limited (IDBI Bank Ltd) withdrew the nomination of Shri Rabinarayan Panda and appointed Shri Ramakrishna Eda, as its nominee on the board with effect from August 10, 2017		

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 and Senior Management 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, allowances & benefits. 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/Whole-Time Directors and Senior Management.

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 performance evaluation of independent directors.

The Nomination and Remuneration committee comprised of two (2) Non-Executive, Independent Directors and one Non – Executive, Non Independent Director. The Chairman of the Committee is an Independent Director. The composition of the Committee and the attendance record prior to the commencement of CIRP are given below:

The composition of the Nomination and Remuneration Committee, prior to the CIRP are given below:

Name(s) of the Director(s)	Category
Shri R Kannan	Non – Executive, Independent Director -Chairperson
Shri K N Venkatasubramanian	Non -Executive, Independent
Shri Rabinarayan Panda	Non - Executive, Non - Independent (Nominee of IDBI Bank Ltd)
Shri Ramakrishna Eda $	Non - Executive, Non - Independent (Nominee of IDBI Bank Ltd)
$ Industrial Development Bank of India Limited (IDBI Bank Ltd) withdrew the nomination of Shri Rabinarayan Panda and appointed Shri Ramakrishna Eda, as its nominee on the board with effect from August 10, 2017	

No Nomination and Remuneration Committee meetings were held during the year.

Performance Evaluation of Board of Directors/ Committees / Independent Directors

Pursuant to the Provisions of Companies Act, 2013 and the relevant rules made there under and Regulation 19(4) of SEBI (LODR) Regulations 2015, the Nomination & Remuneration Committee of the Board has laid down criteria for evaluation of performance of the directors. In this regard, a questionnaire was prepared by the Committee covering various aspects such as Attendance and Active Participation, Level of Independence & Confidentiality, Compliance with Code of conduct, etc.,

During the year, in view of commencement of CIRP and suspension of powers of Board, there was no evaluation of Board, its Committees and Individual Directors .

Details of the Remuneration and Sitting Fees paid to the Directors for the Year 2017-18 (Prior to commencement of CIRP) are given below:

₹ in Lakhs

Name(s) of the Director(s)	Remuneration paid during the year 2017-18 (In Rs.)				No. of Stock Options
	Salary & perquisites (Per Annum)	Commission/ bonus	Sitting fees	Total	
Shri K Raghavendra Rao Managing Director	73,34,000	-	-	73,34,000	-
Shri K N Venkatasubramanian Chairman & Independent Director	-	-	1,00,000	1,00,000	-
Shri R Kannan Independent Director	-	-	1,00,000	1,00,000	-
Shri Rabinarayan Panda Nominee Director-IDBI	-	-	60,000	60,000	-
Smt Soundara Kumar Nominee Director-SBI	-	-	40,000	40,000	-
Shri Ramakrishna Eda Nominee Director-IDBI	-	-	&	&	-

& Industrial Development Bank of India Limited (IDBI Bank Ltd) withdrew the nomination of Shri Rabinarayan Panda and appointed Shri Ramakrishna Eda, as its nominee on the board with effect from August 10, 2017. No Board meetings were held post the commencement of the CIRP.

Pursuant to section 178 of Companies act, 2013 and the Listing Regulations, 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. (http://www.orchidpharma.com/downloads/NOMINATION_AND_REMUNERATION_POLICY.pdf)

Details of pecuniary relationship or transactions of the Non-Executive Directors vis-à-vis the company

All Non-Executive Directors are entitled to only Sitting fees for every Board and Committee meeting they attend.

Other than the Sitting fees, they do not have any pecuniary relationship or transactions with the Company.

8. 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 Chairman of the Stakeholder committee was Shri K N Venkatasubramanian, Independent Director.

The composition of the Stakeholder Relationship Committee , prior to the CIRP are given below:

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

The Board has designated Shri L Chandrasekar, Executive VP – Finance & Secretary as the Compliance Officer.

The following table shows the nature of complaints received from shareholders during the financial year 2017-18, all of which have been responded within one month.

S.No	Nature of complaints	Received and Resolved	
		2017-18	2016-2017
1.	Non-receipt of share certificates sent for transfer/bonus shares	-	2
2.	Non-receipt of dividend warrants pertaining to previous years	1	-
3.	Complaints from SEBI, Stock exchanges and Government departments	1	5
4.	Loss of share certificates	1	-
5.	Issue of Duplicate share certificates	1	-
	TOTAL	**4**	**7**

No. of Complaints not solved to the satisfaction of shareholders during the financial year 2017-18: **Nil**

No of Pending Complaints as at the year end: **Nil**

9. Corporate Social Responsibility Committee

As per Section 135 of the Companies Act, 2013, a CSR committee has been formed by the Company. A complete report on various initiatives and programmes undertaken by your Company in CSR areas has been provided in the Directors' Report.

The composition of the Corporate Social Responsibility Committee, prior to the commencement of the CIRP is given below:

Name(s) of the Director(s)	Category
Shri K N Venkatasubramanian	Non -Executive, Independent - Chairperson
Smt Soundara Kumar	Non - Executive, Non - Independent -(Nominee of SBI Ltd)
Shri Rabinarayan Panda	Non - Executive, Non - Independent -(Nominee of IDBI Bank Ltd)
Shri Ramakrishna Eda $	Non - Executive, Non - Independent -(Nominee of IDBI Bank Ltd)
$ Industrial Development Bank of India Limited (IDBI Bank Ltd) withdrew the nomination of Shri Rabinarayan Panda and appointed Shri Ramakrishna Eda, as its nominee on the board with effect from August 10, 2017	

The Committee has not met during the financial year 2017-2018.

10. Allotment Committee

The committee considers allotment of equity shares whenever the need arises. The Committee comprises of Shri K N Venkatasubramanian and K Raghavendra Rao. The Committee has not met during the financial year 2017-2018.

11. 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 employee. The Committee comprises of Shri K Raghavendra Rao and Shri Rabinarayan Panda. The committee has not met during the financial year 2017-2018

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 with more than requisite percentage (%) of votes, as prescribed under the Act.

Year	AGM / EGM	Location	Special resolutions passed	Date	Time
2017	**AGM**	The Music Academy, Old no.306, New no. 168, TTK road, Royapettah, Chennai - 600 014, Tamil Nadu	- NIL -	September 13, 2017	10.30 AM
2016	**AGM**	Kamaraj Memorial Hall, TNCC Charitable Trust, New No 492, Anna Salai, Teynampet West, Chennai – 600 006.	- NIL -	September 28, 2016	10.30 AM
2015	**AGM**	Kamaraj Memorial Hall, TNCC Charitable Trust, New No 492, Anna Salai, Teynampet West, Chennai – 600 006.	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

Details of resolutions passed through Postal Ballot , the person who conducted the postal ballot exercise and details of voting pattern

The Company has not conducted any postal ballot during the year ended March 31, 2018, pursuant to Section 110 of the Companies Act, 2013.

The Company presently does not envisage any business to be conducted through postal ballot as of the date of the report.

13. Means of Communication:

- Financial Results are published by the Company in Financial Express and Makkal Kural.
- Results are also uploaded onto the website of the company (www.orchidpharma.com). Official news releases are also updated on 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.
- No Presentations were made to the Institutional investors or to the Analysts during the financial year 2017-2018. However, information memorandum was prepared and shared with prospective Resolution applicants as per CIRP.

14. General Shareholder Information

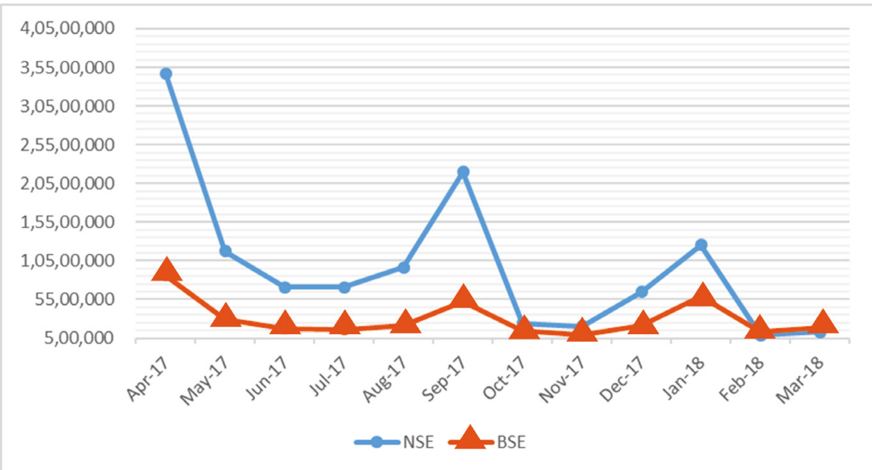
General Shareholder Information		
1	Registered Office	'ORCHID TOWERS', 313, Valluvar Kottam High Road, Nungambakkam, Chennai - 600 034, Tamil Nadu, India.
2	Date, Time and Venue of 25th Annual General Meeting (AGM)	Wednesday, December 12, 2018, 11.00 A.M. at Sri Thyaga Brahma Gana Sabha (Vani Mahal), No.103, G N Chetty Road, Parthasarathi Puram, T Nagar, Chennai -600 017, Tamil Nadu, India.
3	Book Closure Date	Thursday, December 06, 2018 to Wednesday, December 12, 2018 (both days inclusive)
4	Financial Calendar	1st April to 31st March
	Financial reporting for -	
	Quarter ending June 30, 2018	Last week of November 2018
	Quarter ending September 30, 2018	Second week of December 2018
	Quarter ending December 31, 2018	Second week of February 2019
	Quarter / year ending March 31, 2019	Last week of May 2019
5	Dividend Payment Date	No Dividend was declared during the year 2017-2018 and accordingly not applicable.
6	The Equity Shares of Rs.10/- each are listed at	**National Stock Exchange of India Limited** "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
		BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street Mumbai - 400 001, Maharashtra, India Tel : 91-22-22721233 ,Fax : 91-22-22721919
7	Global Depository Receipts (GDR's) are listed at	**Luxembourg Stock Exchange** Boursede Luxembourg 35A Boulevard Joseph II L-1840 Luxembourg Telephone: +352 47 79 36 - 1, Fax: +352 47 32 98.
		London Stock Exchange Registered Office: 10, Paternoster Square, London EC4M 7LS
8	Listing Fees	Listing Fees has been paid for all the above Indian Stock Exchanges for the year 2017-2018

Stock Market Data

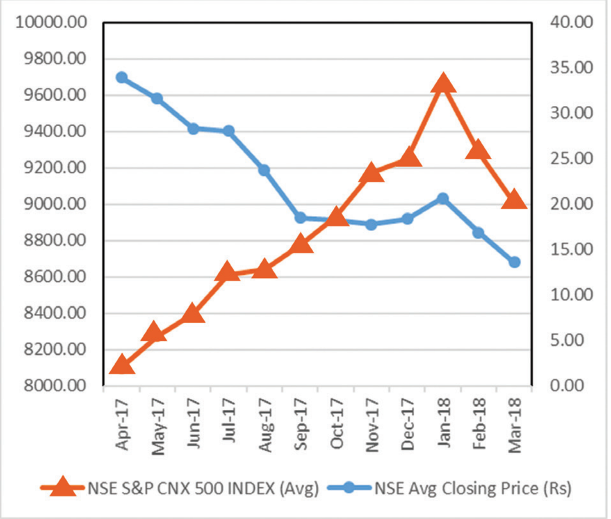
a) Monthly high and low quotations along with the volume of shares traded at NSE and BSE for 2017-2018 are:

Month	NSE			NSE S & P CNX 500 Index(AVG)	BSE			BSE 500 Index(AVG)
	High (Rs.)	Low(Rs.)	Volume of shares (Nos)		High (Rs.)	Low(Rs.)	Volume of shares (Nos)	
Apr-17	40.00	26.25	3,47,45,562	8098.76	39.70	26.15	86,46,730	12796.37
May-17	34.90	25.40	1,17,51,450	8275.77	34.80	26.20	29,25,623	13077.79
Jun-17	31.80	26.50	70,72,802	8395.08	32.00	26.50	17,52,120	13268.80
Jul-17	30.50	26.90	70,84,815	8613.19	30.55	26.20	16,16,758	13620.11
Aug-17	28.00	17.20	96,45,654	8638.79	28.05	17.10	21,70,241	13666.85
Sep-17	25.25	16.65	2,19,92,625	8773.36	25.30	16.70	52,75,010	13890.02
Oct-17	20.00	17.00	24,59,388	8929.46	20.00	17.10	14,11,357	14134.45
Nov-17	19.45	17.10	20,04,488	9173.77	19.40	17.10	8,96,146	14518.26
Dec-17	19.85	17.35	64,50,813	9247.41	19.90	17.05	20,94,920	14625.55
Jan-18	24.70	17.25	1,25,38,485	9661.58	25.30	17.30	58,52,715	15283.54
Feb-18	18.45	15.50	8,85,971	9284.81	18.50	15.45	13,47,467	14695.09
Mar-18	16.95	10.85	12,71,566	9008.83	16.95	10.85	18,77,176	14270.43
Total			**11,79,03,619**				**3,58,66,263**	

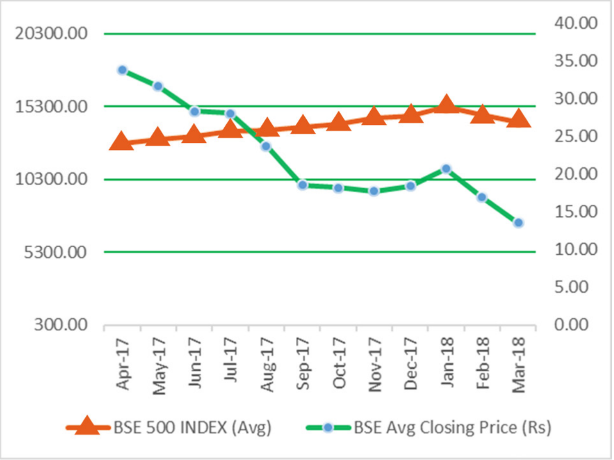
b) Graphical representation of volume of shares traded of Orchid during April 2017- March 2018



c) Comparison of broad based indices of NSE with share price of Orchid Pharma Ltd during April 01, 2017- March 31, 2018



d) Comparison - BSE Index vs Share price of Orchid Pharma Ltd.



Stock Exchange Security Code and other related Information

BSE 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 UP TO MARCH 31, 2018

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
19-Jan-07	Allotment pursuant to exercise of ESOS	550	6,58,16,291
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

Date	Particulars	Number of Shares	
		Issued	Cumulative
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
	TOTAL	**8,89,64,327**	

Distribution of Shareholding as on:

No of equity Shares held	March 31, 2018			March 31, 2017		
	No of shares	No of Shareholders	% of Shareholders	No of shares	No of Shareholders	% of Shareholders
1-500	1,05,12,919	72,209	81.20	1,04,86,626	75,167	83.79
501-1000	67,83,716	8,185	9.20	59,87,524	7,312	8.15
1001-2000	66,47,093	4,267	4.80	57,98,386	3,771	4.20
2001-3000	38,78,466	1,503	1.69	31,93,294	1244	1.39
3001-4000	23,87,122	659	0.74	20,43,903	563	0.63
4001-5000	29,46,355	618	0.69	22,39,547	472	0.53
5001-10000	61,89,409	826	0.93	49,63,104	671	0.75
10001 & above	49,619,247	662	0.74	5,42,51,943	506	0.56
TOTAL	**8,89,64,327**	**88,929**	**100**	**8,89,64,327**	**89,706**	**100**

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, 2018 are :

No. of Shares	% of Shares	No. of Shareholders	% of Shareholders
88739502	99.75	87488	98.38

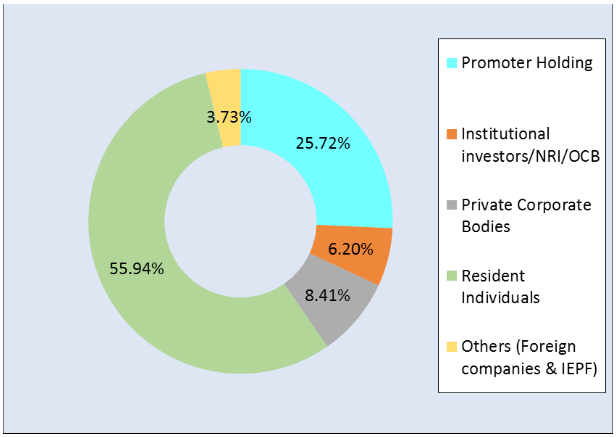
The Equity shares of the company are traded in National Stock Exchanges of India Ltd and BSE Ltd. The Equity shares of the company has not been suspended from trading during the financial year 2017-2018.

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, 2018

	Category	No of Shares Held	% of Shareholding
A	**PROMOTER HOLDING**		
1	Promoters / Promoter Group		
	(a) Indian	2,28,84,782	25.72
	(b) Foreign	-	-
	Sub-Total (1)	2,28,84,782	25.72
B	**NON-PROMOTER HOLDING**		
2	**Institutional Investors**		
	(a) Mutual Funds	550	0.00
	(b) Banks, Financial Institutions, Insurance Companies (Central / State Govt. Institutions / Non-government Institutions)	31,76,298	3.57
	(c) Foreign Institutional Investors (FIIs)	7,08,462	0.80
	Sub-Total (2)	**38,85,310**	**4.37**
3	**OTHER INVESTORS**		
	(a) Private Corporate Bodies	74,80,341	8.41
	(b) Indian Public (Resident Individuals)	4,97,65,243	55.94
	(c)Non Resident Indians / Overseas Corporate Bodies	16,30,532	1.83
	(d) Foreign Companies	32,41,688	3.64
	e) Others - IEPF	76,431	0.09
	Sub Total (3)	**6,21,94,235**	**69.91**
	GRAND TOTAL (1+2+3)	**8,89,64,327**	**100.00**



Global Depositary receipts (GDRs)

The number of GDRs outstanding as on March 31, 2018 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 the approved demerger of Registry business of M/s Integrated Enterprises (India) Limited, M/s Integrated Registry Management Services Private Limited was incorporated to carry out the business relating to registry activities. Accordingly, as required under Regulation 7(1) of Listing Regulations, your company has appointed M/s Integrated Registry Management Services Private Limited as the Registrar and Share Transfer Agents for facilitating both physical and electronic segments. The Stakeholders Relationship Committee met once during the year 2017-2018 prior to the commencement of the CIRP. 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.4,61,816/- pertaining to the financial year 2008-09 was transferred to the Investor Education and Protection Fund (IEPF) in December 2016 and the unclaimed dividend amounting to Rs.30,73,860 pertaining to the financial year 2009-2010 was transferred to the Investor Education and Protection Fund (IEPF) in October 2017

Unclaimed dividend for the financial year 2010-2011 is due for transfer to IEPF in September 2018. The dividends for the years from 2010-11 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 are requested to write to the Company.

Equity Shares in the Suspense Account

As per Regulation 34(3) of the Listing Regulations read along with Schedule V of the said regulations, 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, 2018:

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 1, 2017	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	Less : Transfer to IEPF authority	172	10118
5	Aggregate Number of shareholders and the outstanding shares in the suspense account lying as on March 31, 2018	33	1968

The voting rights on the shares outstanding in the suspense account as on March 31, 2018 shall remain frozen till the rightful owner of such shares claims the shares. As per Regulation 39 of the Listing Regulations read along with Schedule VI of the said regulation, 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 & R & D Block

Alathur Works

Plot Nos.85-87, 98-100, 126-131, 138-151, 159-164 and Survey Nos.257, 259, 261-264, 265(P), 266-280, 284, 285, 287-296, 250 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.

Investor Contacts

a) Investor Correspondence / Compliance Officer

Shri L Chandrasekar

Executive VP – Finance & Secretary

Phone: (044) - 2824 4330 / 2824 4305 / 308; Fax: (044) – 28211002

E-mail: corporate@orchidpharma.com

Website: www.orchidpharma.com

b) Registrar and Share Transfer Agent

Integrated Registry Management Services Private Limited

(Pursuant to demerger of Registry Business of M/s. Integrated Enterprises (India) Ltd.)

2nd Floor, Kences Towers, No 1, Ramakrishna Street, North Usman Road,

T Nagar, Chennai – 600 017, Tamilnadu, India.

Tel : 91 -44-28140801 – 03, Fax : 91 -44-28142479

E-Mail : corpserv@integratedindia.in

Website : www.integratedindia.in

Other Disclosures

- **Materially Significant Related Party Transaction**

  There was no Materially Significant Related Party Transactions entered into by the company during the year 2017-2018. 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 the following-

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, there was an inadvertent violation of Regulation 78 (6) of the SEBI (ICDR) Regulations, 2009 due to sale of pledged shares by lenders. In this regard, the Company had filed a Settlement Application with SEBI under the SEBI (Settlement of Administrative and Civil Proceedings) Regulations, 2014 on May 11, 2016. The Company, through its authorized representative had attended the Internal Committee Meeting held on April 27, 2017 at SEBI Bhavan, Mumbai.

In respect of the Settlement application filed with Securities and Exchange Board of India (SEBI) as per Regulation 78(6) of SEBI (Issue of Capital & Disclosure Requirements) Regulation, 2009, the High Powered Advisory Committee of SEBI at a meeting held on May 29, 2017 considered the settlement terms proposed by your Company and recommended the case for settlement upon payment of RS.5,25,000/-The settlement amount was remitted by the Company and a settlement order dated July 24,2017 was received from Securities and Exchange Board of India (SEBI).

During the year 2017-2018, the scrips of the Company were transferred to “Z” group due to non-compliances of the Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Non-submission of unaudited financial results within the stipulated time) for two consecutive quarters i.e. June 2017 and September 2017.

During the year 2017-2018, the company has paid a penalty of Rs. 8,53,619/- to National Stock Exchange of India Limited for delay in submitting the shareholding pattern for the quarter ended December 2015.

Further, a penalty of Rs.26,69,891/- by National Stock Exchange of India Ltd and Rs.28,72,875/- by BSE Ltd was imposed on the Company for delay in submission of financial results for the quarter ended June 30,2017, September 30,2017 and December 31,2017.

Vigil Mechanism and Whistle blower policy

With a view to establish a mechanism for protecting employees reporting unethical behaviour, frauds, or violation of the Company’s Code of Conduct, the Board has adopted a Whistle Blower Policy. No person has been denied access to the Audit Committee.

- The Company’s Policies on dealing with Related Party Transactions and determining ‘Material’ Subsidiaries are available on the Company’s website viz: http://www.orchidpharma.com/ir_downloads.aspx

- **Foreign Exchange Risk and Hedging Activities:**

A significant part of the Orchid’s revenue, costs, assets and liabilities are denominated in foreign currencies. Unhedged trade and financial exposure may adversely impact its operations and overall profitability.

- **Details of Compliance with Mandatory Requirements of Corporate Governance For the financial year 2017-2018:**

The Company has complied with all applicable mandatory requirements in terms of Regulation 34(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 till 16/08/2017

- **Details of Compliance with Mandatory Requirements of Corporate Governance For the financial year 2017-2018 (upto 16.08.2017):**

Details of Compliance with Mandatory Requirements

PARTICULARS	REGULATION NUMBER	COMPLIANCE STATUS (YES/NO/NA)
Independent Director(s) have been appointed in terms of specified criteria of 'independence' and/or 'eligibility'	16(1)(b) & 25(6)	Yes
Board Composition	17(1)	Yes
Meeting of Board of Directors	17(2)	Yes
Review of Compliance Reports	17(3)	Yes
Plans for orderly succession for appointments	17(4)	Yes
Code of Conduct	17(5)	Yes
Fees/compensation	17(6)	Yes
Minimum Information	17(7)	Yes
Compliance Certificate	17(8)	Yes
Risk Assessment & Management	17(9)	Yes
Performance Evaluation of Independent Directors	17(10)	NA*
Composition of Audit Committee	18(1)	Yes
Meeting of Audit Committee	18(2)	Yes
Composition of Nomination and Remuneration Committee	19(1)&(2)	Yes
Composition of Stakeholder Relationship Committee	20(1) &(2)	Yes
Composition and role of Risk Management Committee	21(1), (2), (3), (4)	NA*
Vigil Mechanism	22	Yes
Policy for Related Party Transactions	23(1), (5), (6), (7) & (8)	Yes
Prior or Omnibus approval of Audit Committee for all related party transactions	23(2),(3)	Yes
Approval for Material Related Party Transactions	23(4)	NA*
Composition of Board of Directors of unlisted material subsidiary	24(1)	NA*
Other Corporate Governance requirements with respect to subsidiary of listed entity	24(2), (3), (4), (5) & (6)	NA*

PARTICULARS	REGULATION NUMBER	COMPLIANCE STATUS (YES/NO/NA)
Maximum Directorship & Tenure	25(1) & (2)	Yes
Meeting of Independent Directors	25(3) & (4)	NA*
Familiarisation of Independent Directors	25(7)	NA*
Memberships in Committees	26(1)	Yes
Affirmation with compliance to code of conduct from members of Board of Directors and Senior management personnel	26(3)	Yes
Disclosure of Shareholding by Non-Executive Directors	26(4)	Yes
Policy with respect to Obligations of directors and senior management	26(2) & 26(5)	Yes

* The Company is under the Corporate Insolvency Resolution Process w.e.f 17.08.2017 vide order of the NCLT, Chennai Bench. subsequent to the commencement of the Corporate Insolvency Resolution Process, the powers of the board of directors stood suspended and the management of affairs of the company vested with the resolution professional Mr. Sripatham Venkatasubramanian Ramkumar pursuant to his appointment in the COC Meeting held on 03.10.2017 which was confirmed by Honourable National Company Law Tribunal , Chennai Bench vide order dated 27.10.2017.

DISCLOSURE ON WEBSITE IN TERMS OF SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS 2015	
ITEM	**COMPLIANCE STATUS (YES/NO/NA)** **REFER NOTE BELOW**
Details of business	Yes
Terms and conditions of appointment of independent directors	Yes
Composition of various committees of board of directors	Yes
Code of conduct of board of directors and senior management personnel	Yes
Details of establishment of vigil mechanism/Whistle-Blower policy	Yes
Criteria of making payments to Non-Executive Directors	Yes
Policy on dealing with related party transactions	Yes
Policy for determining 'material' subsidiaries	Yes
Details of familiarisation programmes imparted to independent directors	No *
Contact information of the designated officials of the listed entity who are responsible for assisting and handling investor grievances	Yes
E-mail address for grievance redressal and other relevant details	Yes
Financial results	Yes
Shareholding pattern	Yes
Details of agreements entered into with the media companies and/or their associates	NA
New name and the old name of the listed entity	Yes
• No familiarisation programmes could be imparted to Independent Directors, during the year since powers of Board got suspended with commencement of Corporate Insolvency Resolution Process & more over they have resigned.	

Compliance with Non-Mandatory Requirements:

- **The Board**

  The office of Non-Executive Chairman is maintained by the Company at its expenses and all the expenses incurred in performance of his duties are reimbursed by the Company.

- **Shareholder Rights**

  The quarterly results of the company are published in one English and one Tamil newspaper having wide circulation in Tamilnadu, normally Financial Express and Makkal Kural. Further, the quarterly results are also posted on the website of the Company (www.orchidpharma.com) and on the websites of the Stock Exchanges with which the Company is listed. In view of the foregoing, the half-yearly results of the company are not sent to the shareholders individually.

- **Modified Opinion(s) in Audit Report**

  As per Auditors' Report on the Financial Statements.

- **Separate Posts of Chairman and Managing Director / CEO upto CIRP date**

  Shri K N Venkatasubramanian, Independent Director was the Chairman and Shri. K Raghavendra Rao is the Managing Director of the Company.

- **Reporting of Internal Auditor / Concurrent Auditor**

  During the year, the Company's Internal Auditor has made presentations to the Audit Committee of the Board on various areas audited by them. The Concurrent Auditor has submitted monthly reports from April 2017 till August 2017 to the monitoring institutions. Independent Auditors have been appointed for carrying out Stock Audits by the lenders.

- **Disclosure of Compliance on Requirements of para (2) to (10) of Schedule V, Part C of SEBI (LODR) Regulations, 2015**

  The Company has complied with the mandatory requirements as specified in sub-para (2) to (10) of schedule V, Part C of SEBI (LODR) Regulations, 2015.

- **Disclosure of compliance with Corporate Governance requirements specified in regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 of SEBI (LODR) Regulations, 2015**

  Prior to the CIRP, the Company has complied with the Corporate Governance requirements as specified in regulation 17 to 27.

  The Company has complied with the Corporate Governance requirements as specified in clauses (b) to (i) of sub-regulation (2) of regulation 46 of SEBI (LODR) Regulations, 2015 except for disclosure of details of familiarization programmes imparted to independent directors on the website of the Company.

  No familiarisation programmes could be imparted to the Independent Directors during the year since powers of Board got suspended with commencement of Corporate Insolvency Resolution Process.

15. CEO/CFO Certification

To

The Resolution Professional
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, 2018 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 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 Auditors 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, if any, during the year and the same have been disclosed in the notes to the financial statements; and

iii) Instances of significant fraud, if any, 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	**L Chandrasekar**	**K Raghavendra Rao**
Date : August 21, 2018	Chief Financial Officer	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 year ended March 31, 2018.

Place: Chennai	**K Raghavendra Rao**
Date : August 21, 2018	*Managing Director*

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, 2018 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 April, 2017 to 16th August 2017.

The Compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to a review of the procedures and 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 per relevant provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the period 1st April, 2017 to 16th August 2017 only as The Company is under the Corporate Insolvency Resolution Process w.e.f 17.08.2017 vide order of the NCLT, Chennai Bench. subsequent to the commencement of the Corporate Insolvency Resolution Process the powers of the board of directors stood suspended and the management of affairs of the company vested with the resolution professional Mr. Sripatham Venkatasubramanian Ramkumar pursuant to his appointment in the COC Meeting held on 03.10.2017 which was confirmed by Honourable National Company Law Tribunal, Chennai Bench vide order dated 27.10.2017.

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 Practising Company Secretaries

N. Ramanathan
Partner
Membership No.

Place: Chennai
Date: August 21, 2018

FCS 6665
CP No. 11084

Annexure VI

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

Except for Shri. K Raghavendra Rao, Managing Director, none of the other 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 2017-18 is 12.92 times.

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

The details pertaining to the percentage increase in the remuneration of the directors (Except the Managing Director, Shri K Raghavendra Rao) cannot be calculated for the reasons as stated in the point no. (a) above.

Name of the KMP/ Designation	% Increase in remuneration in 2018 as compared to 2017
Shri. K Raghavendra Rao Managing Director	There was no increase in the remuneration of the Managing Director and CFO & CS during the Financial Year 2017-2018.
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 FY 2017-18

d) Number of permanent employees on the rolls of Company (as of 31st March, 2018): 1533

e) 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.

No increment was made in the salaries of employees and the managerial personnel in the last financial year 2017-18.

The percentage increase in the remuneration of Key Managerial Personnel during the FY 2017-18 was:

Shri K Raghavendra Rao- Managing Director- NIL

Shri L Chandrasekar – Chief Financial Officer and Company Secretary – NIL

f) 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.

Place : Chennai
Date : August 21, 2018

Shri Ramkumar S V
(IP Registration No.IBBI/IPA-001/IP-P00015/2016-17/10039)

Resolution Professional

For and on behalf of the board
K.Raghavendra Rao
Managing Director
DIN: 00010096

Annexure VII FORM NO. MR-3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31.03.2018

[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 has, during the audit period covering the financial year ended on March 31, 2018, appears to have complied with the statutory provisions listed hereunder and also in our limited review, that 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, 2018 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;

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

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; Not applicable as the Company has not issued any shares/options to directors/employees under the said guidelines / regulations during the year under review

e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; Not applicable as the Company has not issued any debt securities which were listed during the year under review

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; Not applicable as the Company is not registered as Registrar to Issue and Share Transfer Agent during the year under review

g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; Not applicable as the Company has not delisted / propose to delist its equity shares from any Stock Exchange during the year under review and

h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; Not applicable as the Company has not bought back or propose to buy-back any of its securities during the year under review and

We have examined in limited manner, the systems and processes in place to ensure compliance with specific laws like Drugs and Cosmetics Act, 1940, Trademarks Act 1919, Petroleum Act 1934, Narcotic Drugs and Psychotropic Substances Act,1985 considering and relying upon representations made by the Company and its Officers for systems and mechanism formed by the Company for compliances under these laws.

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).

ii) The Listing Agreements entered into by the Company with National Stock Exchange Limited and BSE Limited and The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review, the Company has generally complied with the applicable provisions of the Act, SEBI Act, FEMA, and their Rules, Regulations, Guidelines, Standards, mentioned above except to the extent mentioned below:

There has been delay in filing/ non filing of returns with respect to events happened during the year 2017-18 , delay in filing of quarterly financial results with Stock Exchanges under LODR,2015 and related compliances thereon .

The Company is under the Corporate Insolvency Resolution Process w.e.f 17.08.2017 vide order of the NCLT, Chennai Bench. subsequent to the commencement of the Corporate Insolvency Resolution Process, the powers of the board of directors stood suspended and the management of affairs of the company vested with the resolution professional Mr. Sripatham Venkatasubramanian Ramkumar pursuant to his appointment in the COC Meeting held on 03.10.2017 which was confirmed by Honourable National Company Law Tribunal , Chennai Bench vide order dated 27.10.2017.

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, 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 01.04.2017 to 16.08.2017 under review were carried out in compliance with the provisions of the Act.

We further report that, the company was under Corporate Debt Restructuring Programme for the period from 01.04.2013 (Cut off date for CDR) to 16.08.2017 and pursuant to Honourable National Company Law Tribunal's order dated 17.08.2017, it is under Corporate insolvency resolution process for the period from 17.08.2017 till the date of signing this report.

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 for the meetings dated 26.05.2017 and 29.06.2017.

Majority decision is carried through while the dissenting members' views ,if any, are captured and recorded as part of the minutes of Meeting dated 26.05.2017 and 29.06.2017.

We further report that, based on our limited review 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, as per the information provided to us, during the audit period, we came across a number of legal proceedings pending against the company and by the company, which the company is handling at its end.

We further report that, during the financial year, the company has got final trading approval for 37,02,450 equity shares which was issued during 2015-16 pursuant to corporate debt restructuring programme.

We further report that, the company had 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 which was settled during the year 2017-18 by payment of penalty of Rs.5,25,000/- by the Company.

We further report that, the company has paid a penalty of Rs. 8,53,619/- in favour of National Stock Exchange of India Limited for delay in submitting the shareholding pattern for the quarter ended December 2015.

We further report that, During the year, the scrips of the Company were transferred to "Z" group due to non-compliances of the Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Non-submission of unaudited financial results within the stipulated time) for two consecutive quarters i.e. June 2017 and September 2017.

We further report that, a penalty of Rs.26,69,891/- by National Stock Exchange of India Ltd and Rs.28,72,875/- by BSE Ltd was imposed on the Company for delay in submission of financial results for the quarter ended June 30,2017, September 30,2017 and December 31,2017.

We further report that, during the period, the Company has sought approval from its members for Reappointment of Managing Director, Appointment of Statutory Auditors (consequent to mandatory rotation of auditors).

We further report that during the audit period the company is under CIRP Process under provisions of Insolvency and Bankruptcy code, 2016 as stated above, having a major bearing on the Company's affairs. Subsequent to the end of Financial year 2017-18, resolution plan as provided under Insolvency and Bankruptcy code, 2016 has been given for reviving the company which has been approved by the committee of creditors with requisite majority for which necessary application has been filed by the company with Honourable National Company Law Tribunal and is pending for approval.

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.

Place: Chennai
Date : August 21,2018

For S Dhanapal & Associates

N.Ramanathan
(Partner)
FCS 6665
CP No. 11084

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 it to be read along with this letter.

Management's Responsibility

a. 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

b. Our responsibility was to express an opinion on the secretarial records, standards and procedures followed by the company with respect to secretarial compliances.

c. 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.

d. Where ever required, we have obtained Management representation about the compliance of laws, rules and regulations and happenings of events etc.

Disclaimer

e. 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.

Place: Chennai
Date : August 21,2018

For S Dhanapal & Associates

N.Ramanathan
(Partner)
FCS 6665
CP No. 11084

Annexure –VIII
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 Venture.

Part "A": Subsidiaries

Sl. No.	Name of the subsidiary	Orchid Europe Limited, United Kingdom		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 17 - Mar 18		Apr 17 - Mar 18		Apr 17 - Mar 18		Mar 17 - Feb 18		Apr 17 - Mar 18	
2	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	£ - 92.40		US $ -65.53		US $ -65.53		South African Rand - 5.06		US $ -65.53	
		£	₹	$	₹	$	₹	RAND	₹	$	₹
3	Share capital	10,000	924,000	100.00	6,553.00	35,895	2,352,217	303,638	1,536,408	--	--
4	Reserves & surplus	253,634	23,435,800	-5,381,471	-352,647,794	-5,298,624	-347,218,830	-303,638	-1,536,408	-3,043,773	-199,458,445
5	Total assets	859,469	79,414,955	4,217,011	276,340,730	384,992	25,228,559	--	--	4,056	265,790
6	Total Liabilities	859,469	79,414,955	4,217,011	276,340,730	384,992	25,228,559	--	--	4,056	265,790
7	Investments	--	--	--	--	--	--	--	--	--	--
8	Turnover	244,259	22,569,608	11,265,038	738,197,940	--	--	--	--	--	--
9	Profit before taxation	-32,205	-2,975,755	1,116,026	73,133,183	--	--	--	--	-460,645	-30,186,066
10	Provision for taxation	--	--	--	--	--	--	--	--	--	--
11	Profit after taxation	-32,205	-2,975,755	1,116,026	73,133,183	--	--	--	--	-460,645	-30,186,066
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 figures have been arrived at by applying the year end rate 1 £ = Rs 92.40, 1 South African Rand = Rs 5.06 and 1 US $ = Rs 65.53 & do not form part of the reports of Orchid Europe Limited,Orchid Pharmaceuticals Inc.,Bexel Pharmaceuticals Inc.,Orchid Pharmaceuticals SA (Proprietary) Limited & 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	
1 Latest Audited Balance Sheet Date	Not Applicable - The Company did not have any investments in Associates or Joint ventures as at March 31,2018
2 Shares of Associate/Joint Ventures held by the company on the year end:	
No. of shares	
Amount of Investment in Associates/Joint Venture (Rs. In Lakhs)	
Extend of Holding %	
3 Description of how there is significant influence	
4 Reason why the associate/joint venture is not consolidated	
5 Net worth attributable to Shareholding as per latest Audited Balance Sheet	
6 Profit / Loss for the year	
i. Considered in Consolidation	
i. Not Considered in Consolidation	

1. Names of Associates or Joint ventures which are yet to commence operations-NIL
2. Names of Associates or Joint ventures which have been liquidated or sold during the year-NIL

On behalf of the board

K. Raghavendra Rao
Managing Director
DIN: 00010096

Shri Ramkumar S V
(IP Registration No.IBBI/IPA-001/IP-P00015/2016-17/10039)

Resolution Professional

L. Chandrasekar
EVP-Finance & Secretary

Place : Chennai
Date : August 21, 2018

Annexure IX

FORM NO. AOC-2
(PURSUANT TO CLAUSE (H) OF SUB-SECTION (3) OF SECTION 134 OF THE ACT 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 arm's 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 - Wholly owned Subsidiary
2. Orchid Europe Ltd., UK - Wholly owned Subsidiary

b). Nature of contracts/arrangements/transactions

Details of transactions with the above related parties are provided in Note No. 51 to the accounts of financial year 2017-2018.

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 2017-2018

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. 51 to the accounts of financial year 2017-2018

For and on behalf of the board

Shri Ramkumar S V
(IP Registration No.IBBI/IPA-001/IP-P00015/2016-17/10039)
Resolution Professional

K. Raghavendra Rao
Managing Director
DIN: 00010096

Place : Chennai
Date : August 21, 2018

Independent Auditor's Report

To the Members of
M/s. Orchid Pharma Limited

Report on the Standalone Financial Statements

The Hon'ble National Company Law Tribunal ("NCLT"), Chennai Bench, admitted the Corporate Insolvency Resolution Process ("CIRP") application filed by an operational creditor of Orchid Pharma Limited ("the Company") and appointed an Interim Resolution Professional ("IRP"), in terms of the Insolvency and Bankruptcy Code, 2016 ("the Code") to manage the affairs of the Company vide CP.No. CP/ 540/ (IB)/ CB/ 2017, dated August 17, 2017. Subsequently, Mr. Ramkumar Sripatham Venkatasubramanian (IP Registration No. IBBI/ IPA-001/ IP-P00015/ 2016-17/ 10039) has been appointed as the Resolution Professional ("RP") of the Company, by an order of NCLT with effect from October 27, 2017.

In view of pendency of the CIRP, and in view of suspension of the powers of board of directors and as explained to us, the powers of adoption of the standalone financial statements for the year ended March 31, 2018 vest with the RP.

We have audited the accompanying standalone financial statements of Orchid Pharma Limited, ("the Company"), which comprise of the Balance Sheet as at March 31, 2018, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The RP/ Company's management is responsible for the matters stated in Section 134 (5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

We were informed that the standalone financial statements have been approved by the RP based on representations, clarifications and explanations provided by the Managing Director, Chief Financial Officer and Key Management Personnel of the Company for the preparation and presentation of the standalone financial statements.

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.

Auditors' Responsibility

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

In conducting our 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 and the Order issued under section 143 (11) of the Act.

We conducted our audit of the financial statements 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.

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 judgement, 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.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our qualified audit opinion on the financial statements.

Basis of qualified opinion

We draw attention to the following matters:

(a) Note 1 to the standalone financial statements, regarding application by an operational creditor, initiating the insolvency provisions under the Insolvency and Bankruptcy Code, 2016 ('the Code') and the consequential appointment of RP under the Code, and adequacy of disclosures concerning the Company's ability to meet its financial and contractual obligations including management's technical estimates in regard to realisation of value of inventories, overdue receivables (net of provisions) amounting to Rs.2,101.42 Lakhs, loans and advances given to various parties (net of provisions) amounting to Rs.69,466.63 Lakhs (which includes capital advances of Rs.52,193.10 and other advances of Rs.17,273.53 Lakhs), provision for impairment, if any, required for property, plant and equipment (PPE), PPE under development, internally generated intangible assets comprising of DBF/ ANDA, other non-monetary assets, investments, unamortised finance charges, claims made by/ advances given to employees, financial obligations including repayment of various loans, unpaid interest and the ability to fund various obligations pertaining to operations including unpaid/ overdue creditors, for ensuring/ commencing normal operations and further investments required towards ongoing research and development projects under progress (carrying amount of Rs.1,431 Lakhs). Certain bank balances, including borrowings are yet to be confirmed by the banks and hence, the possible impact, if any, is not presently ascertainable

The above matters, other than CIRP related, have been outstanding for more than 3 years and have also been qualified by the predecessor auditors in their audit report for earlier years.

(b) The net worth of the subsidiaries as on the reporting date is negative (refer note 55 to the financial statements). The possible erosion in the carrying value of investments in subsidiaries (net of provisions) aggregating to Rs.12,369.90 Lakhs and the recoverability loans/ advances given to the subsidiaries (net of provisions) aggregating to Rs. 5,229.36 Lakhs is not ascertainable and the possible provision required, if any, is not presently determinable.

The above matters have also been qualified by the predecessor auditors in their audit report for earlier years.

(c) Confirmation of balances are not available for majority of the receivables, loans and advances given, payables, claims received from the employees and bank loans as at March 31, 2018. In the absence of the confirmation of balances, the possible adjustment, if any, required in the financial statements is not presently determinable.

The above matters have also been qualified by the predecessor auditors in their audit report for earlier years.

(d) We have not been provided with sufficient, appropriate audit evidence in respect physical verification of fixed assets/ related reconciliation with the books of account, details/ valuation working for stock of stores, spares, chemicals and traded stock aggregating to Rs. 2,331 Lakhs, purchases of raw materials aggregating to Rs.3,993 Lakhs and reconciliation/ basis of restatement of foreign currency assets and liabilities. Accordingly, we are unable to comment on the possible impact, if any, arising out of the above matters.

Considering the aforesaid matters, the internal controls over financial reporting also needs to be further strengthened to make them commensurate with the size and nature of business of the Company.

(e) We have been informed by the RP that certain information including the minutes of the meetings of the Committee of Creditors, cases filed by RP against the key management personnel, suppliers, customers and other parties and the outcome of certain specific/ routine procedures carried out as part of the IBC process are confidential in nature and could not be shared with anyone, other than the Committee of Creditors and NCLT. Further, we have not been provided with sufficient, appropriate audit evidence in respect of avoidance applications filed under the IBC Code by the RP due to the confidentiality involved.

Further, we were informed that the RP has filed the resolution plan voted favourably by the Committee of Creditors with Hon'ble NCLT. However, the detailed resolution plan (including the salient features, consideration agreed, terms and conditions etc.) has not been made available for our review. In the opinion of the RP, the matter is highly sensitive, confidential and may have adverse impact of the successful implementation of the resolution plan.

Accordingly, we are unable to comment on the possible adjustments required in the carrying amount of assets and liabilities, possible presentation and disclosure impacts, if any, that may arise if we have been provided access to review of those information.

(f) The Company's net worth as on the reporting date is also negative. However, pending completion of the successful implementation of the resolution plan as part of CIRP, this standalone financial statements have been prepared and presented by the Company on a going concern basis.

The matters referred to (a), (b) and (e) above also essentially require the Company to resolve the situations specified therein within the framework specified through the CIRP. In the absence of any specific guidance or direction that can be assessed out of CIRP, material uncertainties exist that may cause significant doubt on the Company's ability to continue as a going concern. However, the appropriateness of preparation of standalone financial statements on a going concern basis is subject to resolution of the above matters through the CIRP or such other forum or manner as specified in note 2 to the standalone financial statements.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us and subject to matters described in the basis of qualified opinion paragraph, the aforesaid standalone financial statements for the year ended March 31, 2018 give the information required by the Act in the manner so required and give a true and fair view in conformity with Ind AS and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, and its loss, total comprehensive income, the changes in equity and its cash flows for the year ended as on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143 (11) of the Act, we give in Annexure "A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143 (3) of the Act, based on our audit 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, subject to matters given in the basis of qualified opinion paragraph;

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 subject to matters given in the basis of qualified opinion paragraph;

c) the balance sheet, the statement of profit and loss including other comprehensive income, statement of changes in equity and the statement of cash flow dealt with by this report are in agreement with the books of account

d) in our opinion, the aforesaid financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act;

e) on the basis of the written representations received from the directors of the Company as on March 31, 2018 taken on record by the board of directors, none of the directors are disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act;

f) 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". Our report expresses a modified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting; and

g) with respect to the other matters to be included in the auditors' report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed, subject to matters given in the basis of qualified opinion paragraph, the impact of pending litigations on its financial position in its financial statements – refer note 46 to the standalone financial statements;

ii. The Company has made provisions, subject to matters given in the basis of qualified opinion paragraph, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts; and

iii. There has been no delay in transferring amounts, required to be transferred, to the investor education and protection fund by the Company.

iv. The reporting of disclosures relating to specified bank notes is not applicable to the Company for the year ended March 31, 2018.

Other matters

Without qualifying our report, we draw attention to the following matters :

(a) Note 2 to the financial statements wihich states that the Company has adopted Ind AS for the financial year commencing from April 1, 2017 and accordingly, the Statement has been prepared by the Company''s management in compliance with Ind AS;

(b) The financial statements of the Company for the year ended March 31, 2017 prepared in accordance with Companies (Accounting Standards) Rules, 2006, were audited by another firm of chartered accountants under the Companies Act, 2013 who have expressed a modified opinion on those financial statements vide their report dated May 26, 2017.

For CNGSN & Associates LLP
Chartered Accountants
Firm Registration No.004915S/ S200036

CHINNSAMY GANESAN
Partner
Membership No. 027501

Place: Chennai
Date: August 21, 2018

Annexure "A" to the Independent Auditor's Report

Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report to the members of Orchid Pharma Limited of even date

1. In respect of the Company's fixed assets:

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

   (b) The Company has a program of verification to cover all the items of fixed assets in a phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. However, no physical verification has been carried on by the management during the year. Accordingly, we are unable to comment on whether any material discrepancies were noticed on such verification and whether they are properly dealt with in the financial statements.

   (c) According to the information and explanations given to us, the records examined by us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date. In respect of immovable properties pledged as security for borrowings, the Company is in the process of obtaining confirmation of title deeds deposited with the lenders. Accordingly, we are not unable to express our comment on those items of immovable properties.

2. The inventory has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable.

3. According to information and explanation given to us, the company has not granted any loan, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register required under section 189 of the Companies Act, 2013. Accordingly, paragraph 3 (iii) of the order is not applicable.

4. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

5. In our opinion and according to the information and explanations given to us, the company has not accepted any deposits and accordingly paragraph 3 (v) of the order is not applicable.

6. In our opinion and according to the information and explanations given to us, pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products. We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained.

7. According to the information and explanations given to us, in respect of statutory dues:

   (a) The Company has not been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Goods and Service Tax, Value Added Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities. There has been continuous delay in payment of the statutory dues.

   (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Value Added Tax, Goods and Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues in arrears as at March 31, 2018 for a period of more than six months from the date they became payable.

   (c) Details of dues of Income Tax, Sales Tax, Service Tax, Excise Duty, Value Added Tax and Goods and Service Tax which have not been deposited as at March 31, 2018 on account of dispute are given below:

Statute	Nature of dues	Amount (Rs. in Lakhs)	Period to which the amount relates	Forum where the dispute is pending
Excise Duty	Duty	338.40	2005-06 to 2015-16	CESTAT/ Commissioner of Appeals
Service Tax	Tax	85.26	2005-06 to 2011-12	CESTAT/ Commissioner of Appeals
Sales Tax	Sales Tax dues	498.89	2008-09 to 2012-13	Appellate DCCT, Chennai

According to the information and explanation given to us and records examined by us, the Company has defaulted in repayment of its dues to the banks, financial institutions and loans taken from government since December 2016. The total amount of principal and interest unpaid aggregate to Rs.79,048.24 Lakhs.

8. In our opinion and according to the information and explanations given to us, the company has no outstanding dues to any debenture holders during the year.

9. In our opinion and according to the information and explanations given to us, no term loans have been taken during the year under consideration. The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, reporting of the end use of funds so raised is not applicable for the year.

10. We have not been provided with sufficient, appropriate audit evidence in respect of purchases of raw materials aggregating to Rs. 3,993 Lakhs during the year. We were informed that the RP, inter alia, has declared the purchases made as preferential transactions and filed Company Application in May 2018 before the Hon'ble National Company Law Tribunal (NCLT). We were further informed that the hearings are going on in NCLT, the next hearing is posted on September 5, 2018, the Orders are yet to be pronounced and the matter is subjudice.

    Further, we have not been provided with sufficient, appropriate audit evidence in respect of avoidance applications filed under the IBC Code by the RP due to the confidentiality involved. The matter is also subjudice.

    Since sufficient appropriate audit evidence as aforesaid is not provided to us, we are unable to comment on whether any material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year in respect of the above matters.

11. In our opinion and according to the information and explanations given to us, the Company has paid/ provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

12. The Company is not a Nidhi Company and hence reporting under clause 3 (xii) of the Order is not applicable to the Company.

13. 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 section 177 and 188 of the Act. Where applicable, the details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

14. According to the information and explanations given to us and based on our examination of the records of the company, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the order is not applicable.

15. According to the information and explanations given to us and based on our examination of the records of the company, the company has not entered into non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the order is not applicable.

16. According to the information and explanations given to us and based on our examination of the records of the company, the company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For CNGSN & Associates LLP
Chartered Accountants
Firm Registration No.004915S/ S200036

CHINNSAMY GANESAN
Partner
Membership No. 027501

Place: Chennai

Date: August 21, 2018

Annexure "B" to the Independent Auditor's Report

Referred to in paragraph 2 (f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Orchid Pharma Limited of even date

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

We have audited the internal financial controls over financial reporting of Orchid Pharma Limited ("the Company") as of March 31, 2018, in conjuction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The RP/ the board of directors of the Company 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. 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, 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 internal financial controls over financial reporting of the Company 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") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143 (10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 judgement, including the assessment of the risks of material misstatement in 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 control 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.

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 of 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.

Basis of qualified opinion

We observed significant deficiencies in the internal financial controls relating to maintenance of sufficient, appropriate audit trail/ documentation in respect of (a) physical verification of fixed assets/ related reconciliation with the books of account, (b) details/ valuation working for stock of stores, spares, chemicals and traded stock aggregating to Rs. 2,331 Lakhs, (c) purchases of raw materials aggregating to Rs. 3,993 Lakhs; and (d) reconciliation/ basis of restatement of foreign currency assets and liabilities.

Qualified Opinion

In our opinion and according to the information and explanations given to us, the Company has to further strengthen in all material respects, the internal financial control system over financial reporting to make such internal financial controls over financial reporting to operate effectively as at March 31, 2018, 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 CNGSN & Associates LLP
Chartered Accountants
Firm Registration No.004915S/ S200036

CHINNSAMY GANESAN
Partner
Membership No. 027501

Place: Chennai
Date: August 21, 2018

Standalone Balance Sheet As At March 31, 2018

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

₹ in Lakhs

	Notes	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
ASSETS				
Non-current assets				
Property, plant and equipment	4	126,821.65	137,601.22	151,248.08
Intangible assets	4	2,306.10	2,569.40	2,788.17
Capital work in progress	5	25,721.90	27,399.86	26,539.12
Intangible Assets under Development	6	1,431.00	1,431.00	1,500.93
Financial assets				
Investments	7	12,476.97	12,483.61	12,474.40
Other financial assets	8	7,197.07	7,462.93	7,954.67
Other non-current assets	9	76,042.16	76,579.82	82,980.72
Total non-current assets		**251,996.85**	**265,527.84**	**285,486.09**
Current assets				
Inventories	10	18,494.39	19,745.37	21,034.45
Financial assets				
Trade receivables	11	14,506.50	20,806.81	33,538.93
Cash and cash equivalents	12	3,060.20	1,957.76	25,898.12
Bank balances other than above	13	27,043.95	23,646.58	5,413.10
Loans	14	-	-	-
Other financial assets	15	233.42	222.33	10,690.15
Other current assets	16	5,741.14	3,927.27	3,858.53
Total current assets		**69,079.60**	**70,306.12**	**100,433.28**
Total Assets		**321,076.45**	**335,833.96**	**385,919.37**
EQUITY AND LIABILITIES				
Equity				
Equity share capital	17	8,896.43	8,896.43	8,896.43
Other equity	18	(76,309.89)	(43,187.97)	957.10
Total equity		**(67,413.46)**	**(34,291.54)**	**9,853.53**

₹ in Lakhs

	Notes	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Liabilitiesv				
Non-current liabilities				
Borrowings	19	189,390.71	215,677.97	237,753.66
Provisions	20	748.35	591.53	789.58
Deferred Tax Liability (Net)	21	322.60	4,942.04	9,776.26
Total non-current liabilities		**1,90,461.66**	**2,21,211.54**	**2,48,319.50**
Current liabilities				
Financial liabilities				
Borrowings	22	69,429.48	59,952.38	63,362.38
Trade payables	23	32,685.45	41,228.73	35,860.60
Other financial liabilities	24	-	-	18.00
Short term provisions	25	102.91	132.64	-
Other current liabilities	26	95,810.41	47,600.21	28,505.36
Total current liabilities		**1,98,028.25**	**1,48,913.96**	**1,27,746.34**
Total Liabilities		**388,489.91**	**370,125.50**	**376,065.84**
Total Equity and Liabilities		**321,076.45**	**335,833.96**	**385,919.37**

The accompanying notes form an integral part of the financial statements -

As per our report of even date attached
For **CNGSN & Associates LLP**
Chartered Accountants
Firm Registration No.004915S/ S200036

Chinnsamy Ganesan
Partner
Membership No.027501

For and on behalf of the Board

K.Raghavendra Rao
Managing Director
DIN No. 00010096

Ramkumar Sripatham Venkatasubramaniam
Resolution Professional
IP Registration no.
IBBI/IPA-001/IP-P00015/2016-17/10039

L. Chandrasekar
CFO and Company Secretary

Place : Chennai
Date : August 21, 2018

Statement of profit and loss for the year ended March 31, 2018

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

₹ in Lakhs

		Notes	For the year ended March 31, 2018	For the year ended March 31, 2017
Continuing Operations				
A	**Income**			
	Revenue from operations	27	64,900.18	76,628.76
	Other income	28	1,986.72	2,731.76
	Total income		**66,886.90**	**79,360.52**
B	**Expenses**			
	Cost of materials consumed	29	32,710.36	33,954.60
	Purchases of Stock in Trade	30	119.74	2,601.75
	Changes in inventories of finished goods and WIP	31	256.64	190.04
	Employee Benefits Expense	32	8,239.47	7,460.25
	Depreciation and amortisation expense	33	13,329.29	13,941.89
	Excise Duty	34	483.25	1,093.25
	Other expenses	35	21,730.39	31,554.31
	Finance costs	36	30,164.80	33,626.56
	Total expenses		**107,033.94**	**124,422.65**
C	Profit/ loss before exceptional items and tax		(40,147.04)	(45,062.13)
	Exceptional items	37	-	(8,625.85)
D	Profit/ loss before tax from continuing operations		(40,147.04)	(53,687.98)
	Income tax expense	38		
	Current tax		-	-
	Deferred tax charge/ (credit)		(4,619.44)	(4,834.22)
	Profit/ loss for the year		**(35,527.60)**	**(48,853.76)**
E	Other comprehensive income			
	Items that will not be reclassified to profit or loss			
	Remeasurement of post employment benefit obligations		80.86	(165.46)
	Gain/ (Loss) on fair valuation of investments		(6.64)	7.84
	Income tax (charge)/ credit relating to these items		-	-

Statement of profit and loss for the year ended March 31, 2018

₹ in Lakhs

	Notes	For the year ended March 31, 2018	For the year ended March 31, 2017
Other comprehensive income for the year, net of tax		74.22	(157.62)
Total comprehensive income/ (loss) for the year		**(35,453.38)**	**(49,011.38)**
Earnings per share	39		
Basic earnings per share		(39.93)	(54.91)
Diluted earnings per share		(39.93)	(54.91)

The accompanying notes form an integral part of the financial statements

As per our report of even date attached
For **CNGSN & Associates LLP**
Chartered Accountants
Firm Registration No.004915S/ S200036

Chinnsamy Ganesan
Partner
Membership No.027501

Place : Chennai
Date : August 21, 2018

Ramkumar Sripatham Venkatasubramaniam
Resolution Professional
IP Registration no.
IBBI/IPA-001/IP-P00015/2016-17/10039

For and on behalf of the board

K.Raghavendra Rao
Managing Director
DIN No. 00010096

L. Chandrasekar
CFO and Company Secretary

Statement of Cash Flows for the year ended March 31, 2018

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

₹ in Lakhs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Cash Flow From Operating Activities		
Profit/ loss before income tax	**(40,147.04)**	**(53,687.98)**
Adjustments for		
Depreciation and amortisation expense	13,329.29	13,941.89
(Profit)/ loss on sale of fixed assets	(3.96)	(0.38)
Provision for dimunition in value of investments	-	13.63
Interest income	(1,151.29)	(1,479.63)
Dividend income	-	(6.48)
Forex (Gain)/Loss Amortised	2,638.62	3,312.29
Finance costs	30,164.80	33,626.56
	4,830.42	**(4,280.10)**
Change in operating assets and liabilities		
(Increase)/ decrease in loans	(0.01)	-
(Increase)/ decrease in Other financial assets	254.77	10,959.56
(Increase)/ decrease in inventories	1,250.98	1,289.08
(Increase)/ decrease in trade receivables	6,300.31	12,732.12
(Increase)/ decrease in Other assets	(628.04)	6,816.37
Increase/ (decrease) in provisions and other liabilities	(1,389.99)	8,873.37
Increase/ (decrease) in trade payables	(9,356.28)	4,285.35
Cash generated from operations	1,262.16	40,675.75
Less : Income taxes paid (net of refunds)	(703.86)	(516.39)
Net cash from operating activities (A)	**558.30**	**40,159.36**
Cash Flows From Investing Activities		
Purchase of PPE (including changes in CWIP)	(610.34)	(867.44)
Sale proceeds of PPE	5.84	0.75
(Purchase)/ disposal proceeds of Investments	-	(15.00)
(Investments in)/ Maturity of fixed deposits with banks	(3,397.37)	(18,233.48)
Dividend received	-	6.48
Interest received	1,206.98	1,511.81
Net cash used in investing activities (B)	**(2,794.89)**	**(17,596.88)**

Statement of Cash Flows for the year ended March 31, 2018

₹ in Lakhs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Cash Flows From Financing Activities		
Proceeds from/ (repayment of) long term borrowings (Net)	(148.52)	(5,861.95)
Proceeds from/ (repayment of) short term borrowings (Net)	3,919.61	(4,401.72)
Finance costs	(432.06)	(36,239.17)
Net cash from/ (used in) financing activities (C)	**3,339.03**	**(46,502.84)**
Net increase/decrease in cash and cash equivalents (A+B+C)	1,102.44	(23,940.36)
Cash and cash equivalents at the beginning of the financial year	1,957.76	25,898.12
Cash and cash equivalents at end of the year	**3,060.20**	**1,957.76**
Notes:		
1. The above cash flow statement has been prepared under indirect method prescribed in Ind AS 7 “Cash Flow Statements”.		
2. Components of cash and cash equivalents		
Balances with banks		
- in current accounts	2,627.05	985.22
- in fixed deposit with original maturity of less than 3 months	432.00	967.86
Cash on hand	1.15	4.68
	3,060.20	**1,957.76**

The accompanying notes form an integral part of the financial statements

As per our report of even date attached
For **CNGSN & Associates LLP**
Chartered Accountants
Firm Registration No.004915S/ S200036

Chinnsamy Ganesan
Partner
Membership No.027501

For and on behalf of the board

K.Raghavendra Rao
Managing Director
DIN No. 00010096

Ramkumar Sripatham Venkatasubramaniam
Resolution Professional
IP Registration no.
IBBI/IPA-001/IP-P00015/2016-17/10039

L. Chandrasekar
CFO and Company Secretary

Place : Chennai
Date : August 21, 2018

Statement of Changes in Equity for the year ended March 31, 2018

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

(A) Equity Share Capital

Balance at the beginning of April 1, 2016	8,896.43
Changes in equity share capital during the year	-
Balance at the end of March 31, 2017	8,896.43
Changes in equity share capital during the year	-
Balance at the end of March 31, 2018	8,896.43

(B) Other Equity

₹ in Lakhs

Particulars	Capital Reserve	Capital Reserve on Amalgamation	Securities Premium Reserve	General Reserve	Foreign Currency Monetary Item Translation Difference Account	Other Comprehensive Income	Profit and Loss Account	Total
Balance as at April 1, 2016	894.68	9,004.21	46,447.86	55,851.90	(10,365.05)	-	(100,876.50)	957.10
Total Comprehensive Income for the year	-	-	-	-	-	(157.62)	(48,853.76)	(49,011.38)
Additions/ (deductions) during the year	-	-	-	-	4,866.31	165.46	(165.46)	4,866.31
Balance as at March 31,2017	894.68	9,004.21	46,447.86	55,851.90	(5,498.74)	7.84	(149,895.72)	(43,187.97)
Total Comprehensive Income for the year	-	-	-	-	-	74.22	(35,527.60)	(35,453.38)
Additions/ (deductions) during the year	-	-	-	-	2,331.46	(80.86)	80.86	2,331.46
Balance as at March 31, 2018	894.68	9,004.21	46,447.86	55,851.90	(3,167.28)	1.20	(185,342.46)	(76,309.89)

The accompanying notes form an integral part of the financial statements

As per our report of even date attached
For **CNGSN & Associates LLP**
Chartered Accountants
Firm Registration No.004915S/ S200036

Chinnsamy Ganesan
Partner
Membership No.027501

For and on behalf of the board

K.Raghavendra Rao
Managing Director
DIN No. 00010096

Ramkumar Sripatham Venkatasubramaniam
Resolution Professional
IP Registration no.
IBBI/IPA-001/IP-P00015/2016-17/10039

L. Chandrasekar
CFO and Company Secretary

Place : Chennai
Date : August 21, 2018

Notes to Financial Statements for the year ended March 31, 2018

1 Corporate Information

Orchid Pharma Ltd., is one of the leading pharmaceutical companies in India head quartered 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 USFDA compliant API and Finished Dosage Form facilities at Chennai in 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 of India Limited (NSE) and the BSE Limited (BSE) in India.

The Hon'ble National Company Law Tribunal ("NCLT"), Chennai Bench, admitted the Corporate Insolvency Resolution Process ("CIRP") application filed by an operational creditor of Orchid Pharma Limited ("the Company") and appointed an Interim Resolution Professional ("IRP"), in terms of the Insolvency and Bankruptcy Code, 2016 ("the Code") to manage the affairs of the Company vide CP.No. CP/ 540/ (IB)/ CB/ 2017, dated August 17, 2017. Subsequently, Mr. Ramkumar Sripatham Venkatasubramanian (IP Registration no. IBBI/IPA-001/IP-P00015/2016-17/10039) was appointed as the Resolution Professional ("RP") of the Company, by an order of NCLT with effect from October 27, 2017.

As per the order of the company NCLT, the powers of the board directors of the company shall stand suspended and shall vest with the RP.

2 Basis of preparation of financial statements

Statement of compliance

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values, the provisions of the Companies Act, 2013 ('the Act') (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

Basis of preparation and presentation

For all periods up to and including the year ended March 31, 2017, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

The financial statements for the year ended March 31, 2018 are the first financial statements the Company has prepared in accordance with Ind AS with the date of transition as April 1, 2016. Refer to note 53 for information on how the Company adopted Ind AS.

The Company's net worth as on the reporting date is negative. Considering the resolution plan submitted to the Hon'ble NCLT, in the opinion of the management, the Company could be able to continue its operations without signficant curtailment in the foreseeable near future and make a turnaround based on the business plans proposed in the said resolution plan. Pending approval of the Hon'ble NCLT on the proposed resolution plan and expected implementation of the resolution plan as part of CIRP, the financial statements have been prepared and presented by the Company on a going concern basis.

Use of estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognised prospectively in current and future periods.

Functional and presentation currency

These financial statements are presented in Indian Rupees (INR), which is the Company's functional currency. All financial information presented in INR has been rounded to the nearest Lakhs (up to two decimals). The financial statements are approved for issue by the Company's Resolution Professionals/ Board of Directors on August 21, 2018.

2A Critical accounting estimates and management judgments

In application of the accounting policies, which are described in note 2, the management of the Company is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and assumptions are based on historical experience and other factors that are considered to be relevant.

Information about significant areas of estimation, uncertainty and critical judgements used in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

Property, Plant and Equipment (PPE) and Intangible Assets

The residual values and estimated useful life of PPEs and Intangible Assets are assessed by the technical team at each reporting date by taking into account the nature of asset, the estimated usage of the asset, the operating condition of the asset, past history of replacement and maintenance support. Upon review, the management accepts the assigned useful life and residual value for computation of depreciation/amortisation. Also, management judgement is exercised for classifying the asset as investment properties or vice versa.

Current tax

Calculations of income taxes for the current period are done based on applicable tax laws and management's judgement by evaluating positions taken in tax returns and interpretations of relevant provisions of law.

Deferred Tax Assets

Significant management judgement is exercised by reviewing the deferred tax assets at each reporting date to determine the amount of deferred tax assets that can be retained/ recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Fair value

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. In applying the valuation techniques, management makes maximum use of market inputs and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

Impairment of Trade Receivables

The impairment for trade receivables are done based on assumptions about risk of default and expected loss rates. The assumptions, selection of inputs for calculation of impairment are based on management judgement considering the past history, market conditions and forward looking estimates at the end of each reporting date.

Impairment of Non-financial assets (PPE/ Intangible Assets)

The impairment of non-financial assets is determined based on estimation of recoverable amount of such assets. The assumptions used in computing the recoverable amount are based on management judgement considering the timing of future cash flows, discount rates and the risks specific to the asset.

Defined Benefit Plans and Other long term employee benefits

The cost of the defined benefit plan and other long term employee benefits, and the present value of such obligation are determined by the independent actuarial valuer. An actuarial valuation involves making various assumptions that may differ from actual developments in future. Management believes that the assumptions used by the actuary in determination of the discount rate, future salary increases, mortality rates and attrition rates are reasonable. Due to the complexities involved in the valuation and its long term nature, this obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities could not be measured based on quoted prices in active markets, management uses valuation techniques including the Discounted Cash Flow (DCF) model, to determine its fair value The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is exercised in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility.

Provisions and contingencies

The recognition and measurement of other provisions are based on the assessment of the probability of an outflow of resources, and on past experience and circumstances known at the reporting date. The actual outflow of resources at a future date may therefore vary from the figure estimated at end of each reporting period.

2B Recent accounting pronouncements

Standards issued but not yet effective

The following standards have been notified by Ministry of Corporate Affairs

a. Ind AS 115 – Revenue from Contracts with Customers (effective from April 1, 2018)

b. Ind AS 116 – Leases (effective from April 1, 2019)

The Company is evaluating the requirements of the above standards and the effect on the financial statements is also being evaluated.

3 Significant Accounting Policies

a) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is treated as current when it is:

i) Expected to be realised or intended to be sold or consumed in normal operating cycle

ii) Held primarily for the purpose of trading

iii) Expected to be realised within twelve months after the reporting period, or

iv) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

i) It is expected to be settled in normal operating cycle

ii) It is held primarily for the purpose of trading

iii) It is due to be settled within twelve months after the reporting period, or

iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified 12 months as its operating cycle for the purpose of classification of its assets and liabilities as current and non-current.

b) Fair value measurement

The Company has applied the fair value measurement wherever necessitated at each reporting period.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

i) In the principal market for the asset or liability;

ii) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non - financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and the best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 : Quoted (unadjusted) market prices in active market for identical assets or liabilities;

Level 2 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and

Level 3 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Notes to Financial Statements for the year ended March 31, 2018

The Company has designated the respective team leads to determine the policies and procedures for both recurring and non - recurring fair value measurement. External valuers are involved, wherever necessary with the approval of Company's board of directors. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

For the purpose of fair value disclosure, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risk of the asset or liability and the level of the fair value hierarchy as explained above. The component wise fair value measurement is disclosed in the relevant notes.

c) Revenue Recognition

Sale of goods

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue on sale of goods is recognised when the risk and rewards of ownership is transferred to the buyer, which generally coincides with the despatch of the goods or as per the inco-terms agreed with the customers.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment. It comprises of invoice value of goods including excise duty and after deducting discounts, volume rebates and applicable taxes on sale. It also excludes value of self-consumption.

Export entitlements

In respect of the exports made by the Company, the related export entitlements from Government authorities are recognised in the statement of profit and loss when the right to receive the incentives/ entitlements as per the terms of the scheme is established and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

Interest Income

Interest income is recorded using the effective interest rate (EIR) method. EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

Dividend income

Dividend income is recognized when the company's right to receive dividend is established by the reporting date, which is generally when shareholders approve the dividend.

d) Property, plant and equipment and capital work in progress

Deemed cost option for first time adopter of Ind AS

Under the previous GAAP (Indian GAAP), the property, plant and equipment were carried in the balance sheet at cost less accumulated depreciation. The company has elected to continue to measure the property, plant and equipment at their previous GAAP carrying values as at the date of transition, viz.,1 April 2016.

Presentation

Property, plant and equipment and capital work in progress are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs of a qualifying asset, if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in profit or loss as incurred.

Advances paid towards the acquisition of tangible assets outstanding at each balance sheet date, are disclosed as capital advances under long term loans and advances and the cost of the tangible assets not ready for their intended use before such date, are disclosed as capital work in progress.

Component Cost

All material/ significant components have been identified and have been accounted separately. The useful life of such component are analysed independently and wherever components are having different useful life other than plant they are part of, useful life of components are considered for calculation of depreciation.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of repairs and maintenance are recognised in the statement of profit and loss as incurred.

Machinery spares/ insurance spares that can be issued only in connection with an item of fixed assets and their issue is expected to be irregular are capitalised. Replacement of such spares is charged to revenue. Other spares are charged as revenue expenditure as and when consumed.

Derecognition

Gains or losses arising from derecognition of property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

e) Depreciation on property, plant and equipment

Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life on a straight line method. The depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less 5% being its residual value.

Depreciation is provided on straight line method, over the useful lives specified in Schedule II to the Companies Act, 2013, except in respect of certain assets, where useful life estimated based on internal assessment and/or independent technical evaluation carried out by external valuer, past trends and differs from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.

Depreciation for PPE on additions is calculated on pro-rata basis from the date of such additions. For deletion/ disposals, the depreciation is calculated on pro-rata basis up to the date on which such assets have been discarded/ sold. Additions to fixed assets, costing Rs.5000 each or less are fully depreciated retaining its residual value.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

f) Intangible assets

Under the previous GAAP (Indian GAAP), intangible assets were carried in the balance sheet at cost less accumulated depreciation. The Company has elected to consider the previous GAAP carrying amount of the intangible assets as the deemed cost as at the date of transition, viz.,1 April 2016.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of a separately acquired intangible asset comprises (a) its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates; and (b) any directly attributable cost of preparing the asset for its intended use.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

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.

Useful life and amortisation of intangible assets

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

The cost of each DMF/ ANDA (self generated intangible assets) is amortised to the extent of recovery of developmental costs applicable as per terms of the agreement or over a period of 5 years from the date on which the product covered by DMF/ ANDA is commercially marketed, which ever is earlier.

Subsequent cost and measurement

Subsequent costs are capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures, including expenditure on internally-generated intangibles, are recognised in the statement of profit and loss as incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

g) Inventories

Inventories are carried at the lower of cost or net realisable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

(i) Raw materials/Chemicals/Packing materials/Stores & spares: At annual weighted average cost.
(ii) Work-in-progress and intermediates: At cost or net realisable value whichever is lower, after adjustment of unrealised profits on inter division transfer
(iii) Finished goods/Traded goods: At cost or net realisable value whichever is lower, after adjustment of unrealised profits on inter division transfer

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

h) Financial Instruments

Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of the instruments.

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value. However, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset are also added to the cost of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified on the basis of their contractual cash flow characteristics and the entity's business model of managing them.

Financial assets are classified into the following categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Debt instruments at amortised cost

The Company classifies a debt instrument as at amortised cost, if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows; and

b) Contractual terms of the asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding.

Such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

Debt instrument at FVTOCI

The Company classifies a debt instrument at FVTOCI, if both of the following criteria are met:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes finance income, impairment losses and reversals and foreign exchange gain or loss in the profit and loss statement. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Debt instrument at FVTPL

The Company classifies all debt instruments, which do not meet the criteria for categorization as at amortized cost or as FVTOCI, as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit and loss.

Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. Where the Company makes an irrevocable election of classifying the equity instruments at FVTOCI, it recognises all subsequent changes in the fair value in OCI, without any recycling of the amounts from OCI to profit and loss, even on sale of such investments.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit and loss.

Financial assets are measured at FVTPL except for those financial assets whose contractual terms give rise to cash flows on specified dates that represents SPPI, are measured as detailed below depending on the business model:

Classification	Name of the financial asset
Amortised cost	Trade receivables, Loans given to employees and others, deposits, interest receivable and other advances recoverable in cash.
FVTOCI	Equity investments in companies other than subsidiaries and associates if an option exercised at the time of initial recognition.
FVTPL	Other investments in equity instruments

Derecognition

A financial asset is primarily derecognised when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company’s continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, receivables and bank balance.

b) Financial assets that are debt instruments and are measured at FVTOCI

c) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18.

The Company follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade receivables or contract revenue receivables; and
- All lease receivables resulting from transactions within the scope of Ind AS 17

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime Expected Credit Loss (ECL) at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12 months ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12 months ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, the Company considers all contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument and Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECL allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss. This amount is reflected under the head 'other expenses' in the profit and loss. The balance sheet presentation of ECL for various financial instruments is described below:

- **Financial assets measured as at amortised cost, contractual revenue receivables** and lease receivables: ECL is presented as an allowance, which reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

- **Debt instruments measured at FVTOCI:** Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. Rather, ECL amount is presented as 'accumulated impairment amount' in the OCI.

For assessing increase in credit risk and impairment loss, the company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

For impairment purposes, significant financial assets are tested on individual basis at each reporting date. Other financial assets are assessed collectively in groups that share similar credit risk characteristics. Accordingly, the impairment testing is done on the following basis:

Name of the financial asset	Impairment Testing Methodology
Trade Receivables	Expected Credit Loss model (ECL) is applied. The ECL over lifetime of the assets are estimated by using a provision matrix which is based on historical loss rates reflecting current conditions and forecasts of future economic conditions which are grouped on the basis of similar credit characteristics such as nature of industry, customer segment, past due status and other factors that are relevant to estimate the expected cash loss from these assets.
Other financial assets	When the credit risk has not increased significantly, 12 month ECL is used to provide for impairment loss. When there is significant change in credit risk since initial recognition, the impairment is measured based on probability of default over the life time. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12 month ECL.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL and as at amortised cost.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading, if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to profit and loss. However, the company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The company has not designated any financial liability as at fair value through profit and loss.

Classification	Name of the financial liability
Amortised cost	Borrowings, Trade payables, Interest accrued, Unclaimed / Disputed dividends, Security deposits and other financial liabilities not for trading.
FVTPL	Foreign exchange Forward contracts being derivative contracts do not qualify for hedge accounting under Ind AS 109 and other financial liabilities held for trading.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Company are initially measured at their fair values and, if not designated as at fair value through profit or loss, are subsequently measured at higher of (i) The amount of loss allowance determined in accordance with impairment requirements of Ind AS 109 – Financial Instruments and (ii) The amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 18 – Revenue.

Derivative financial instruments

The Company holds derivative financial instruments such as foreign exchange forward and options contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Reclassification of financial assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

The following table shows various reclassification and how they are accounted for:

S.No	Original classification	Revised classification	Accounting treatment
1	Amortised cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognised in P&L.
2	FVTPL	Amortised Cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
3	Amortised cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.
4	FVTOCI	Amortised cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
5	FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
6	FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognized in OCI is reclassified to P&L at the reclassification date.

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet, if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

i) Foreign currency transactions and translations

Transactions and balances

Transactions in foreign currencies are initially recorded by the Company at the functional currency spot rates at the date at which the transaction first qualifies for recognition. However, for practical reasons, the Company uses an average rate, if the average approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

The Company enters into forward exchange contract to hedge its risk associated with foreign currency fluctuations. The premium or discount arising at the inception of a forward exchange contract is amortized as expense or income over the life of the contract. In case of monetary items which are covered by forward exchange contract, the difference between the year end rate and rate on the date of the contract is recognized as exchange difference. Any profit or loss arising on cancellation of a forward exchange contract is recognized as income or expense for that year.

I am not sure whether this para is appropriate

j) Borrowing Costs

Borrowing cost include interest computed using Effective Interest Rate method, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs that are directly attributable to the acquisition, construction, production of a qualifying asset are capitalised as part of the cost of that asset which takes substantial period of time to get ready for its intended use. The Company determines the amount of borrowing cost eligible for capitalisation by applying capitalisation rate to the expenditure incurred on such cost. The capitalisation rate is determined based on the weighted average rate of borrowing cost applicable to the borrowings of the Company which are outstanding during the period, other than borrowings made specifically towards purchase of the qualifying asset. The amount of borrowing cost that the Company capitalises during the period does not exceed the amount of borrowing cost incurred during that period. All other borrowings costs are expensed in the period in which they occur.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in the statement of profit and loss in the period in which they are incurred.

k) Government grants

Government grants are recognised at fair value where there is a reasonable assurance that the grant will be received and all the attached conditions are complied with.

In case of revenue related grant, the income is recognised on a systematic basis over the period for which it is intended to compensate an expense and is disclosed under “Other operating revenue” or netted off against corresponding expenses wherever appropriate. Receivables of such grants are shown under “Other Financial Assets”. Export benefits are accounted for in the year of exports based on eligibility and when there is no uncertainty in receiving the same. Receivables of such benefits are shown under “Other Financial Assets”.

Government grants related to assets, including non-monetary grants at fair value, shall be presented in the balance sheet by setting up the grant as deferred income. The grant set up as deferred income is recognised in profit or loss on a systematic basis over the useful life of the asset.

l) Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future tax liability, is recognised as an asset viz. MAT Credit Entitlement, to the extent there is convincing evidence that the Company will pay normal Income tax and it is highly probable that future economic benefits associated with it will flow to the Company during the specified period. The Company reviews the "MAT Credit Entitlement" at each Balance Sheet date and writes down the carrying amount of the same to the extent there is no longer convincing evidence to the effect that the Company will pay normal Income tax during the specified period.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised. Where there is deferred tax assets arising from carry forward of unused tax losses and unused tax created, they are recognised to the extent of deferred tax liability.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

m) Retirement and other employee benefits

Short-term employee benefits

A liability is recognised for short-term employee benefit in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Defined contribution plans

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

Defined benefit plans

The Company operates a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Compensated absences

The Company has a policy on compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary at each balance sheet date using projected unit credit method on the additional amount expected to be paid / availed as a result of the unused entitlement that has accumulated at the balance sheet date. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

Other long term employee benefits

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by the employees up to the reporting date.

n) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to April 1, 2016, the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease. All other leases are operating leases.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on the borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

o) Impairment of non financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

p) Provisions, contingent liabilities and contingent asset

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are discounted, if the effect of the time value of money is material, using pre-tax rates that reflects the risks specific to the liability. When discounting is used, an increase in the provisions due to the passage of time is recognised as finance cost. These provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Necessary provision for doubtful debts, claims, etc., are made, if realisation of money is doubtful in the judgement of the management.

Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. Contingent liabilities are disclosed separately.

Show cause notices issued by various Government authorities are considered for evaluation of contingent liabilities only when converted into demand.

Contingent assets

Where an inflow of economic benefits is probable, the Company discloses a brief description of the nature of the contingent assets at the end of the reporting period, and, where practicable, an estimate of their financial effect.

Contingent assets are disclosed but not recognised in the financial statements.

q) Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances with original maturity of less than 3 months, highly liquid investments that are readily convertible into cash, which are subject to insignificant risk of changes in value.

r) Cash Flow Statement

Cash flows are presented using indirect method, whereby profit / (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments.

Bank borrowings are generally considered to be financing activities. However, where bank overdrafts which are repayable on demand form an integral part of an entity's cash management, bank overdrafts are included as a component of cash and cash equivalents for the purpose of Cash flow statement.

s) Earnings per share

The basic earnings per share are computed by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

Diluted EPS is computed by dividing the net profit after tax by the weighted average number of equity shares considered for deriving basic EPS and also weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for bonus shares, as appropriate.

Notes to Financial Statements for the year ended March 31, 2018

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

4 Property, plant and equipment

₹ in Lakhs

Particulars	Tangible Assets										Intangible Assets		
	Freehold Land & Site Development	Leasehold Land	Buildings	Plant and Machinery	Furniture and Fittings	Vehicles	Office Equipment	Factory Equipment	Laboratory Equipment	Total	Internally generated DMF and ANDA	Computer Software	Total
Deemed Cost as at April 1, 2016	2,608.52	53.44	16,376.06	129,722.15	342.37	14.32	58.00	112.69	1,960.53	151,248.08	2,724.12	64.05	2,788.17
Additions	-	-	-	6.70	-	-	-	-	-	6.70	-	-	-
Disposals	-	-	-	-	-	-	(0.37)	-	-	(0.37)	-	-	-
Cost as at March 31, 2017	2,608.52	53.44	16,376.06	129,728.85	342.37	14.32	57.63	112.69	1,960.53	151,254.41	2,724.12	64.05	2,788.17
Additions	-	-	1,112.15	705.12	0.41	2.00	1.56	351.89	79.42	2,252.55		35.75	35.75
Disposals	-	-	-	-	-	(1.88)	-	-	-	(1.88)			-
Cost as at March 31, 2018	2,608.52	53.44	17,488.21	130,433.97	342.78	14.44	59.19	464.58	2,039.95	153,505.08	2,724.12	99.80	2,823.92
Depreciation/Amortisation													
Charge for the year	-	0.61	751.73	12,222.88	83.57	1.20	57.63	26.00	509.57	13,653.19	179.84	38.93	218.77
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-
As at March 31, 2017	-	0.61	751.73	12,222.88	83.57	1.20	57.63	26.00	509.57	13,653.19	179.84	38.93	218.77
Charge for the year	-	0.61	751.84	11,775.68	72.64	2.91	-	10.30	416.26	13,030.24	291.14	7.91	299.05
Disposals	-	-	-	-	-	-	-	-	-	-			-
As at March 31, 2018	-	1.22	1,503.57	23,998.56	156.21	4.11	57.63	36.30	925.83	26,683.43	470.98	46.84	517.82
Net Block													
As at April 1, 2016	2,608.52	53.44	16,376.06	129,722.15	342.37	14.32	58.00	112.69	1,960.53	151,248.08	2,724.12	64.05	2,788.17
As at March 31, 2017	2,608.52	52.83	15,624.33	117,505.97	258.80	13.12	-	86.69	1,450.96	137,601.22	2,544.28	25.12	2,569.40
As at March 31, 2018	2,608.52	52.22	15,984.64	106,435.41	186.57	10.33	1.56	428.28	1,114.12	126,821.65	2,253.14	52.96	2,306.10

Notes to Financial Statements for the year ended March 31, 2018

₹ in Lakhs

		As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
5	**Capital Work-in-progress**			
	PPE under development	25,721.90	27,399.86	26,539.12
		25,721.90	**27,399.86**	**26,539.12**
6	**Intangible Assets under Development**			
	Intangible Assets under Development	1,431.00	1,431.00	1,500.93
		1,431.00	**1,431.00**	**1,500.93**
7	**Non-current investments**			
	Investments in companies other than subsidiaries, associates and joint ventures at FVTPL			
	i. Investments in Equity Instruments (Quoted)			
	18,600 equity shares (previous year 18,600) of Rs.10 each in Bank of India Ltd, fully paid up	19.25	25.89	18.05
	ii. Investments in Equity Instruments (Unquoted)			
	6,00,000 equity shares of Rs. 10 each in Sai Regency Power Corporation Pvt.Ltd, fully paid up	60.00	60.00	45.00
	911,430 equity shares of Rs. 10 each in Madras Stock Exchange-Non Traded, fully paid up	23.99	23.99	23.99
	31,936 equity shares of Rs.10 each in MSE Financial services Ltd fully paid up	3.83	3.83	3.83
	Investments in subsidiaries, associates and joint ventures at Cost			
	i. Investments in Equity Instruments of Subsidiaries (Unquoted)			
	10,000 Common Stock of GBP. 1 each in Orchid Europe Limited, UK, fully paid up	6.42	6.42	6.42
	2,00,000 Common Stock of USD. 1 each in Orchid Pharmaceuticals Inc., USA, fully paid up	85.07	85.07	85.07

Notes to Financial Statements for the year ended March 31, 2018

₹ in Lakhs

		As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
	99,99,990 Series A & 48,93,750 Series B Convertible Pre-ferred Stock par value USD 0.001 per share and 9,001,090 Common stock of par value USD 0.001 per share in Bexel Pharmaceutical Inc. *	8,883.24	8,883.24	8,883.24
	1,10,00,000 Common stock of Par value of USD 0.125 per share in Bexel Pharmaceutical Inc.	599.09	599.09	599.09
	303,639 Ordinary shares each Rand 1 in Orchid Pharma-ceuticals SA (Proprietary) Limited.South Africa, fully paid up	17.69	17.69	17.69
	7,140,378 Series A Preferred stock & 322,986 Common stock par value of 0.83595 USD per share in Diakron Phar-maceuticals, Inc. USA	2,825.01	2,825.01	2,825.01
	ii. Investments in Equity Instruments of Associates (Unquoted)			
	16,094 equity shares of Euro 1 each in Allecra Therapeutics GmbH, fully paid up**	-	-	13.63
		12,523.59	12,530.23	12,521.02
	Less: Provision for dimunition in fair value of investments	(46.62)	(46.62)	(46.62)
		12,476.97	**12,483.61**	**12,474.40**
	Total non-current investments			
	Aggregate value of quoted investments	19.25	25.89	18.05
	Aggregate market value of quoted investments	19.25	25.89	18.05
	Aggregate value of unquoted investments	12,504.34	12,504.34	12,502.97
	Aggregate amount of impairment in value of investments	(46.62)	(46.62)	(46.62)
	* 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 and cancelled during the year ended March 31, 2017.			
8	**Other non-current financial assets**			
	(Unsecured, considered good)			
	Loans to subsidiaries	5,229.36	5,211.01	5,003.18
	Prepaid Financial Charges	975.64	1,548.57	2,178.46
	Deposits with Government Authorities	673.00	362.83	437.06
	Other Deposits	319.07	340.52	335.97
	(Unsecured, considered doubtful)			
	Others	202.66	202.66	202.66
	Less : Provision for expected credit loss	(202.66)	(202.66)	(202.66)
		7,197.07	**7,462.93**	**7,954.67**

Notes to Financial Statements for the year ended March 31, 2018

₹ in Lakhs

		As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
9	**Other non-current assets**			
	(Secured, considered good)			
	Ear-marked balance transferred from Other Bank balances	22.74	198.78	67.32
	(Unsecured, considered good)			
	Capital Advances	52,193.10	54,580.96	54,593.82
	Advances to suppliers	17,273.52	15,951.14	22,987.03
	Advance income tax (net of provision for tax)	6,552.80	5,848.94	5,332.55
		76,042.16	**76,579.82**	**82,980.72**
10	**Inventories**			
	Raw Materials	4,229.54	5,376.39	5,083.13
	Intermediates & Work-in-progress	6,334.32	7,383.21	7,247.95
	Finished Goods	4,766.16	3,759.88	4,479.82
	Traded Goods	176.74	390.77	696.97
	Stores and Spare parts	1,917.63	1,885.83	1,847.15
	Chemicals and Consumables	237.15	151.62	1,021.18
	Packing Materials	832.85	797.67	658.25
		18,494.39	**19,745.37**	**21,034.45**
	Inventory comprises of			
	Raw Materials			
	7Aca	360.53	453.69	335.71
	Terbinafine Hydrochloride	224.18	280.38	337.28
	Cephalexin Usp(Compacted)	183.68	122.16	365.96
	Thiost	122.56	206.72	157.14
	Others	3,338.59	4,313.44	3,887.04
		4,229.54	**5,376.39**	**5,083.13**
	Intermediates & Work-in-progress			
	Cefuroxime Acid (Eu)	740.32	473.43	-
	Pavest	231.93	704.38	168.99
	Cefuroxime Axetil Crystallin Exdrier(Eu)	204.52	878.92	-
	7-Acta (E)	260.26	444.32	-
	Cefazolin Acid (U)	-	-	391.59
	Cefepime Inter (U)	-	-	334.05
	Cava (E)	-	-	300.68
	Others	4,897.29	4,882.16	6,052.64
		6,334.32	**7,383.21**	**7,247.95**

Notes to Financial Statements for the year ended March 31, 2018

₹ in Lakhs

		As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
	Finished Goods			
	Cefepime + Arginine (Sterile Bulk)	-	118.64	898.96
	Cephalothin Sodium Buffered Sterile	233.98	361.55	320.29
	Ceftriaxone Sodium Ep (Sterile)	409.03	408.18	-
	Cefuroxime Axetil Amorphous Blended	-	256.64	552.73
	Cefixime Powder (Ep)	268.19	125.92	103.44
	Cefazolin Sodium Sterile Usp	-	-	456.30
	Ceftazidime Sodium Carbonate-Sterile(Ep)	374.42	-	-
	Others	3,480.54	2,488.95	2,148.10
		4,766.16	**3,759.88**	**4,479.82**
	Traded goods			
	Others	176.74	390.77	696.97
		176.74	**390.77**	**696.97**
11	**Trade receivables**			
	(Secured, considered good)			
	Outstanding for a period exceeding six months from due date of payment	-	263.90	293.56
	Other debts	-	-	-
	(Unsecured, considered good)			
	Outstanding for a period exceeding six months from due date of payment	2,101.42	8,425.13	16,969.67
	Other debts	12,405.08	12,117.78	16,275.70
	(Unsecured, considered doubtful)			
	Outstanding for a period exceeding six months from due date of payment	3,761.23	3,834.76	4,005.10
		18,267.73	24,641.57	37,544.03
	Less: Allowance for expected credit loss	(3,761.23)	(3,834.76)	(4,005.10)
		14,506.50	**20,806.81**	**33,538.93**
12	**Cash and cash equivalents**			
	Cash on hand	1.15	4.68	9.49
	Balances with banks			
	In current accounts	2,627.05	985.22	748.33
	Term Deposits			
	In fixed deposit (with original maturity less than 3 months)	432.00	967.86	25,140.30
		3,060.20	**1,957.76**	**25,898.12**

Notes to Financial Statements for the year ended March 31, 2018

₹ in Lakhs

		As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
13	**Other Bank Balances**			
	In Term Deposits	27,043.95	23,646.58	5,413.10
	In earmarked accounts			
	Unpaid Dividend Account	22.74	53.54	58.32
	Margin Money Deposits	-	145.24	9.00
	Less:- Ear-marked balance transferred to non - current assets	(22.74)	(198.78)	(67.32)
		27,043.95	**23,646.58**	**5,413.10**
14	**Loans**			
	(Unsecured, considered doubtful)			
	Loans to subsidiaries	99.25	99.25	99.25
		99.25	99.25	99.25
	Less : Allowance for expected credit loss	(99.25)	(99.25)	(99.25)
		-	-	-
15	**Other current financial assets**			
	(Unsecured, considered good)			
	Retention money receivable towards sale of undertaking	-	-	10,500.00
	Interest accrued	215.76	160.07	127.89
	Rent Advances	17.66	62.26	62.26
		233.42	**222.33**	**10,690.15**
16	**Other current assets**			
	(Unsecured, considered good)			
	Prepaid expenses	1,728.19	889.80	1,140.83
	Balances with Statutory Authorities	3,996.91	3,013.81	2,687.94
	Employees Advances	16.04	23.66	29.76
		5,741.14	**3,927.27**	**3,858.53**
	(Unsecured, considered doubtful)			
	Advances to Suppliers	15,333.30	15,333.30	10,000.00
	Less : Allowance for expected credit loss	(15,333.30)	(15,333.30)	(10,000.00)
		5,741.14	**3,927.27**	**3,858.53**

Notes to Financial Statements for the year ended March 31, 2018

₹ in Lakhs

		As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
17	**Capital**			
	Authorised Share Capital			
	15,00,00,000 Equity shares of Rs. 10 each	15,000.00	15,000.00	15,000.00
		15,000.00	**15,000.00**	**15,000.00**
	Issued Share Capital			
	8,89,64,327 Equity shares of Rs. 10 each	8,896.43	8,896.43	8,896.43
		8,896.43	**8,896.43**	**8,896.43**
	Subscribed and fully paid up share capital			
	8,89,64,327 Equity shares of Rs. 10 each	8,896.43	8,896.43	8,896.43
		8,896.43	**8,896.43**	**8,896.43**
Notes:				
(a)	**Reconciliation of number of equity shares subscribed**			
	Balance as at the beginning of the year	88,964,327	88,964,327	88,964,327
	Add: Issued during the year	-	-	-
	Balance at the end of the year	**88,964,327**	**88,964,327**	**88,964,327**

(b) Shareholders holding more than 5% of the total share capital

Name of the share holders	March 31, 2018		March 31, 2017		April 1, 2016	
	No of shares	%	No of shares	%	No of shares	%
Orchid Healthcare Pvt. Ltd.	19,409,575	21.82	19,409,575	21.82	20,588,610	23.14
Serum Institute of India	NA	NA	5,701,524	6.41	5,701,524	6.41

(c) Rights, preferences and restrictions in respect of equity shares issued by the Company

The company has only one class of equity shares having a par value of Rs.10 each. The equity shares of the company having par value of Rs.10/- rank pari-passu in all respects including voting rights and entitlement to dividend. The dividend proposed if any, by the Board of Directors, is subject to the approval of the shareholders in the ensuing Annual General Meeting. During the year, the Company proposed a dividend of Rs. Nil per equity share held (Previous year Rs. Nil per equity share held).

Notes to Financial Statements for the year ended March 31, 2018

₹ in Lakhs

		As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
18	**Other Equity**			
	Capital Reserve	894.68	894.68	894.68
	Capital Reserve on Amalgamation	9,004.21	9,004.21	9,004.21
	Securities Premium Reserve	46,447.86	46,447.86	46,447.86
	General Reserve	55,851.90	55,851.90	55,851.90
	Foreign Currency Monetary Item Translation Difference Account	(3,167.28)	(5,498.74)	(10,365.05)
	Other Comprehensive Income	1.20	7.84	-
	Profit and Loss Account	(185,342.46)	(149,895.72)	(100,876.50)
		(76,309.89)	**(43,187.97)**	**957.10**
	a) Capital reserve			
	Balance at the beginning and end of the year	**894.68**	**894.68**	**894.68**
	b) Capital Reserve on Amalgamation			
	Balance at the beginning and end of the year	**9,004.21**	**9,004.21**	**9,004.21**
	c) Securities Premium Reserve			
	Balance at the beginning and end of the year	**46,447.86**	**46,447.86**	**46,447.86**
	d) General Reserve			
	Balance at the beginning and end of the year	**55,851.90**	**55,851.90**	**55,851.90**
	e) Foreign Currency Monetary Item Translation Difference Account			
	Balance at the beginning of the year	(5,498.74)	(10,365.05)	(10,365.05)
	(Additions)/ Adjustments during the year	2,331.46	4,866.31	-
	Balance at the end of the year	**(3,167.28)**	**(5,498.74)**	**(10,365.05)**
	f) Other comprehensive income			
	Balance at the beginning of the year	7.84	-	-
	Net Other Comprehensive Income for the period	74.22	(157.62)	-
	(Deductions)/ Adjustments during the year	(80.86)	165.46	-
	Balance at the end of the year	**1.20**	**7.84**	**-**
	g) Profit and Loss Account			
	Balance at the beginning of the year	(149,895.72)	(100,876.50)	(93,616.56)
	Net profit for the period	(35,527.60)	(48,853.76)	-

₹ in Lakhs

		As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
	Transfer from Other Comprehensive Income	80.86	(165.46)	-
	Ind AS adjustments	-	-	(7,259.94)
	Balance at the end of the year	**(185,342.46)**	**(149,895.72)**	**(100,876.50)**
19	**Long Term Borrowings**			
	Secured *			
	From Banks			
	Rupee Term Loans	206,098.28	187,051.20	187,809.89
	Foreign Currency Term Loans	77,744.64	73,270.83	75,240.91
	Less: Current maturities of Long Term Debt (refer note 26)	(94,452.21)	(44,644.06)	(25,297.14)
		189,390.71	**215,677.97**	**237,753.66**
	* Refer Note 49 for repayment terms and security details			
20	**Provisions (Non-current)**			
	Provision for Employee Benefits			
	Leave Encashment	271.85	206.67	373.09
	Gratuity	476.50	384.86	416.49
		748.35	**591.53**	**789.58**
21	**Deferred Tax Asset / (Liability) - Net**			
	Deferred Tax Liability			
	On Fixed Assets	9,414.23	9,414.23	11,139.30
	On unabsorbed tax depreciation	(9,414.23)	(4,804.32)	(1,725.07)
	On Others	322.60	332.13	362.03
		322.60	**4,942.04**	**9,776.26**
	Deferred Tax Asset			
	On expenses allowed under Income Tax on payment basis	-	-	-
	Others	-	-	-
	Net deferred tax asset / (liability)	**(322.60)**	**(4,942.04)**	**(9,776.26)**

₹ in Lakhs

		As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
22	**Current liabilities - Borrowings**			
	Secured			
	Working Capital Facilities / Borrowings *	55,718.11	50,160.61	49,475.39
	Unsecured			
	Loans from Banks	7,994.60	4,000.00	6,499.95
	Loans from Others	2,500.00	2,500.00	2,500.00
	Loans from related parties	3,216.77	3,291.77	4,887.04
		69,429.48	**59,952.38**	**63,362.38**
	* Refer Note 49 for repayment terms and security details			
23	**Trade payables**			
	Dues to Micro enterprises and Small enterprises *	69.53	83.51	82.61
	Dues to Creditors other than Micro and Small enterprises	32,615.92	41,145.22	35,777.99
		32,685.45	**41,228.73**	**35,860.60**
	* Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the management represents the principal amount payable to these enterprises. Please refer note 45.			
24	**Other current financial liabilities**			
	Liability on Rent Straightlining	-	-	18.00
		-	**-**	**18.00**
25	**Provisions (Current)**			
	Provision for employee benefits			
	Leave encashment	102.91	132.64	-
		102.91	**132.64**	**-**
26	**Other current liabilities**			
	Current maturities of Term Loans	61,374.76	34,985.76	20,325.99
	Interest accrued on borrowings	33,077.46	9,658.31	4,971.15
	Unpaid dividends	22.74	53.54	58.32
	Statutory Liabilities	636.27	504.31	640.90
	Share Application money refundable	5.42	5.42	5.42
	Security Deposits received from Agents	433.00	433.00	433.00
	Advance and deposits from customers etc.,	260.76	1,959.87	2,070.58
		95,810.41	**47,600.21**	**28,505.36**

Notes to Financial Statements for the year ended March 31, 2018

₹ in Lakhs

		For the year ended March 31, 2018	For the year ended March 31, 2017
27	**Revenue from operations**		
	Sale of Products		
	Manufactured goods	63,310.99	69,097.72
	Traded goods	867.62	5,504.28
	Other Operating Revenues		
	Sale of Other Materials	646.95	1,202.76
	Others	74.62	824.00
		64,900.18	**76,628.76**
	Details of Manufactured and Traded Goods		
	i. Manufactured Goods:		
	Cephalosporin API	47,847.66	54,861.07
	Cephalosporin FDF	6,056.26	6,079.83
	Non Penicillin Non Cephalosporin FDF	9,209.43	8,156.80
	Others	197.64	0.02
		63,310.99	**69,097.72**
	ii. Traded Goods		
	Non Penicillin Non Cephalosporin FDF	442.96	1,034.97
	Cephalosporin FDF	341.44	-
	Non Penicillin Non Cephalosporin API	80.28	2,276.06
	Others	2.94	2,193.25
		867.62	**5,504.28**
28	**Other income**		
	Interest income	1,151.29	1,479.63
	Dividend Income	-	6.48
	Profit on sale of assets	3.96	0.38
	Other non-operating income	831.47	1,245.27
		1,986.72	**2,731.76**

Notes to Financial Statements for the year ended March 31, 2018

₹ in Lakhs

		For the year ended March 31, 2018	For the year ended March 31, 2017
29	**Cost of materials consumed**		
	Opening inventory of raw materials	5,376.39	5,083.13
	Add : Purchases	31,563.51	34,247.86
	Less : Closing inventory of raw materials	(4,229.54)	(5,376.39)
		32,710.36	**33,954.60**
30	**Purchases of Stock in Trade**		
	Purchases of Stock in Trade	119.74	2,601.75
		119.74	**2,601.75**
31	**Changes in inventories of work-in-progress, stock in trade and finished goods**		
	Opening Balance		
	Intermediates & Work-in-progress	7,383.21	7,247.95
	Traded Goods	390.77	696.97
	Finished Goods	3,759.88	4,479.82
		11,533.86	**12,424.74**
	Closing Balance		
	Intermediates & Work-in-progress	6,334.32	7,383.21
	Traded Goods	176.74	390.77
	Finished Goods	4,766.16	3,759.88
		11,277.22	**11,533.86**
	Add: Inventory written off included in exceptional items (Refer note 37)	-	700.84
	Total changes in inventories	**(256.64)**	**(190.04)**

₹ in Lakhs

		For the year ended March 31, 2018	For the year ended March 31, 2017
32	**Emplyee benefits expense**		
	Salaries and wages	6,554.39	6,624.94
	Contribution to provident and other funds	944.94	178.53
	Staff welfare expenses	740.14	656.78
		8,239.47	**7,460.25**
33	**Depreciation and amortisation expense**		
	Depreciation on Property, Plant and Equipment	13,030.24	13,653.19
	Amortisation of Intangible Assets	299.05	218.77
	Amortisation of Intangible Assets under Development	-	69.93
		13,329.29	**13,941.89**
34	**Excise Duty Expense**		
	Excise Duty (refer note below)	483.25	1,093.25
		483.25	**1,093.25**
	Income from operations for the year ended March 31, 2017 have been presented inclusive of excise duty and the excise duty expenses is shown as a separate line item. However, with the introduction of GST from July 1, 2017, excise duty is subsumed in GST which is not shown as a separate line item. Accordingly, the excise duty expenses are not comparable with that of the previous year.		
35	**Other expenses**		
	Power and Fuel	5,068.60	5,432.91
	Conversion Charges	628.11	696.78
	Consumption of Stores, Spares & Chemicals	2,296.64	2,389.37
	Rent	21.92	92.23
	Repairs to buildings	127.12	180.63
	Repairs to Machinery	171.92	137.07
	Factory maintenance	1,559.66	1,555.74
	Insurance	735.78	675.74
	Rates & Taxes	769.29	268.09

Notes to Financial Statements for the year ended March 31, 2018

₹ in Lakhs

	For the year ended March 31, 2018	For the year ended March 31, 2017
Printing & Stationery	97.55	99.96
Vehicle Maintenance	8.54	19.84
Research & Development Expenses (Refer Note 44)	1,516.11	3,532.47
Advertisement	7.11	2.72
Recruitment expenses	33.03	17.00
Payment to Auditors [Refer Note 35 (a)]	58.50	50.00
Cost Audit fee	14.00	14.00
Travelling and Conveyance	143.13	214.36
Directors' Remuneration & perquisites	73.34	77.46
Directors' travelling expenses	-	-
Inland	4.58	6.17
Overseas	3.28	0.18
Directors' sitting fees	3.00	11.00
Freight outward	660.95	778.47
Commission on Sales	720.99	715.69
Business Promotion and Selling Expenses	73.03	92.12
Lease Rentals	1,126.92	1,108.92
Consultancy & Professional Fees	719.07	1,131.32
Write off of investments	-	13.63
Provision for bad & doubtful debts	1,063.23	1,954.15
Foreign exchange loss (net)	1,950.46	2,843.72
Provision for Doubtful Advances	-	5,333.30
Miscellaneous expenses	1,165.34	1,001.92
Bank charges	860.67	1,049.66
	21,730.39	**31,554.31**

Notes to Financial Statements for the year ended March 31, 2018

₹ in Lakhs

		For the year ended March 31, 2018	For the year ended March 31, 2017
35(a)	**Payment to auditors***		
	As auditors - statutory audit	32.00	40.00
	For issuing limited review reports	12.00	7.50
		58.50	50.00
	* includes payments made to erstwhile auditors		
36	**Finance Cost**		
	Interest on Bank Borrowings	29,013.51	32,059.03
	Interest on Others	1,151.29	1,567.53
		30,164.80	**33,626.56**
37	**Exceptional items**		
	Holdback money written off	-	7,925.01
	Inventory written off	-	700.84
		-	**8,625.85**
38	**Income tax expense**		
	(a) Income tax expense		
	Current tax		
	Current tax on profits for the year	-	-
	MAT Paid	-	-
	Total current tax expense	-	-
	Deferred tax		
	Deferred tax adjustments	(4,619.44)	(4,834.22)
	Total deferred tax expense/(benefit)	(4,619.44)	(4,834.22)
	Income tax expense	(4,619.44)	(4,834.22)
	b) The income tax expense for the year can be reconciled to the accounting profit as follows:		
	Profit/(loss) before tax from continuing operations	(40,147.04)	(53,687.98)
	Income tax expense calculated at 34.608% (2016-17: 34.608%)	-	-
	Income tax expense.	-	-

Notes to Financial Statements for the year ended March 31, 2018

₹ in Lakhs

	For the year ended March 31, 2018	For the year ended March 31, 2017
Deferred tax		
Remeasurement of defined benefit obligation	-	-
Total income tax recognised in other comprehensive income	-	-

d) Movement of deferred tax expense for the year ended March 31, 2018

Deferred tax (liabilities)/ assets in relation to:	Opening balance	Recognised in profit or loss	Recognised in OCI	Closing balance
Property, plant, and equipment and Intangible Assets	(9,414.23)	-		(9,414.23)
Unabsorbed tax depreciation*	4,804.32	4,609.91	-	9,414.23
Other temporary differences	(332.13)	9.53	-	(322.60)
	(4,942.04)	4,619.44	-	(322.60)
MAT Credit entitlement				-
Total	**(4,942.04)**	**4,619.44**	**-**	**(322.60)**

e) Movement of deferred tax expense during the year ended March 31, 2017

Deferred tax (liabilities)/ assets in relation to:	Opening balance	Recognised in profit or loss	Recognised in OCI	Closing balance
Property, plant, and equipment and Intangible Assets	(9,414.23)	-	-	(9,414.23)
Unabsorbed tax depreciation*	-	4,804.32	-	4,804.32
Other temporary differences	(362.03)	29.90	-	(332.13)
	(9,776.26)	4,834.22	-	(4,942.04)
MAT Credit entitlement	-	-	-	-
Total	**(9,776.26)**	**4,834.22**	**-**	**(4,942.04)**

*Since the company has unabsorbed depreciation, it has scaled down the recognition of deferred tax asset to that extent it matches with the aggregate deferred tax liability arising on account of Property, Plant and Equipment. However, no deferred tax asset has been created in respect of carry forward business losses in the absence of convincing evidence that future taxable income will be available.

₹ in Lakhs

		For the year ended March 31, 2018	For the year ended March 31, 2017
39	**Earnings per share**		
	Profit for the year attributable to owners of the Company	(35,527.60)	(48,853.76)
	Weighted average number of ordinary shares outstanding	88,964,327	88,964,327
	Basic earnings per share (Rs)	(39.93)	(54.91)
	Diluted earnings per share (Rs)	(39.93)	(54.91)
40	**Earnings in foreign currency**		
	FOB value of exports	50,024.83	55,876.18
		50,024.83	**55,876.18**
41	**Expenditure in foreign currency (on accrual basis)**		
	Travelling expenses	10.47	21.90
	Interest and bank charges	4,315.17	3,988.05
	Others	2,460.96	2,328.32
		7,025.11	**7,184.43**
42	**CIF value of imports**		
	Raw Materials and packing materials	14,072.42	19,494.20
	Capital goods	168.38	90.85
	Spare parts, components and consumables	1,268.31	1,675.84
		15,509.11	**21,260.89**

Notes to Financial Statements for the year ended March 31, 2018

₹ in Lakhs

43 Value of imported and indigenous Raw material Consumed during the financial year and the percentage of each to the total consumption

Particulars	Year ended March 31, 2018		Year ended March 31, 2017	
	₹ in Lakhs	Percentage(%)	₹ in Lakhs	Percentage(%)
Raw Materials and Packing Materials				
Imported	15,542.26	47.51	19,026.00	56.03
Others	17,168.10	52.49	14,928.60	43.97
	32,710.36	**100.00**	**33,954.60**	**100.00**
Stores, Spares and Consumable stores				
Imported	160.75	7.00	416.50	17.43
Others	2,135.89	93.00	1,972.87	82.57
	2,296.64	**100.00**	**2,389.37**	**100.00**

44 Expenditure on Research and Development

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Revenue expenditure relating to Research and Development charged to the Statement of Profit or Loss (exclusing depreciation) includes:		
Power and fuel	8.12	119.53
Consumption of stores, spared and chemicals	179.09	240.28
Salaries, wages and bonus	938.98	1,364.13
Contribution to Provident and other funds	78.16	122.40
Staff welfare	6.95	112.04
Rates and taxes	0.20	5.39
Insurance	9.60	14.74
Postage, telephone and telex	1.49	3.96
Printing and stationery	1.52	4.59
Vehicle maintenance	0.11	0.72
Recruitment expenses	2.33	6.81
Travelling and conveyance	2.26	11.57

₹ in Lakhs

	Particulars	Year ended March 31, 2018	Year ended March 31, 2017
	Filing and registration expenses	8.66	7.01
	Testing charges	-	0.94
	Consultancy and professional fees	213.86	225.24
	Others	64.78	1,293.12
		1,516.11	**3,532.47**
45	**Disclosures required by the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 are as under ***		
	(a) The principal amount remaining unpaid at the end of the year	69.53	67.81
	(b) The delayed payments of principal amount paid beyond the appointed date during the year	-	-
	(c) Interest actually paid under Section 16 of MSMED Act	-	-
	(d) Normal Interest due and payable during the year, as per the agreed terms	-	15.70
	(e) Total interest accrued during the year and remaining unpaid	-	15.70
	*This information has been determined to the extent such parties have been identified on the basis of information available with the Company.		
46	**Commitments and contingent liabilities**		
	Contingent Liability		
	Unexpired letters of credit	9,824.86	11,488.13
	Bank guarantees outstanding	106.83	553.03
	Claims against the company not acknowledged as debts		
	- Income Tax dispute pending before High Court of Chennai*	4,054.98	4,054.98
	- Excise demands under dispute pending before Excise authorities	338.40	354.37
	- Service Tax dispute pending before High Court of Chennai	85.26	85.26
	- Sales Tax dispute pending before Sales Tax authorities	498.89	498.89
	- Self Generation Tax under dispute with State Electricity Board	1,243.53	1,086.42

Notes to Financial Statements for the year ended March 31, 2018

₹ in Lakhs

	Particulars	Year ended March 31, 2018	Year ended March 31, 2017
	Commitments		
	Estimated amount of contracts remaining to be executed on capital account and not provided for	1,686.54	1,357.20
	* The entrie dues have been paid for income tax demands "under dispute" in full.		
47	**Operating Segments**		
	The operations of the Company falls under a single primary segment i.e., "Pharmaceuticals" in accordance with Ind AS 108 "Operating Segments" and hence no segment reporting is applicable.		
	Information relating to geographical areas		
	(a) Revenue from external customers		

	Particulars	Year ended March 31, 2018	Year ended March 31, 2017
	India	6,734.31	7,488.31
	Rest of the world	57,444.30	67,113.69
	Total	**64,178.61**	**74,602.00**
	(b) Non current assets		
	The manufacturing facilities of the Company is situated in India and no non-current assets are held outside India		
	(c) Information about major customers		

	Particulars	Year ended March 31, 2018	Year ended March 31, 2017
	Number of external customers each contributing more than 10% of total revenue	2	2
	Total revenue from the above customers	17,376.49	18,093.50
48	**Operating lease arrangements**		

	Particulars	Year ended March 31, 2018	Year ended March 31, 2017
	As Lessee		
	The Company has entered into operating lease arrangements for certain facilities. The leases are cancellable at the option of either party to lease and may be renewed based on mutual agreement of the parties.		
	Lease payments recognised in the Statement of Profit and Loss	1,126.92	1,108.92

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

49 Terms and conditions of borrowings

Long term borrowings

As per the terms of the CDR package, all Indian rupee loans from bank carries interest @10.30% p.a (SBI Base Rate + 100 Basis points).These loans are repayable in 32 quarterly instalments commencing from the quarter beginning on April 1, 2015. These loans are secured by Pari Passu first charge by way of joint mortgage on immovable and movable assets situated at Factory premises at SIDCO Industrial Area, Alathur, SIPCOT Industrial Park, Irungattukottai, Corporate Office Premises, Nungambakkam and second charge on 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.

As per the terms of the CDR package, all Foreign Currency term loan carries interest @ LIBOR plus 3 to 4.6%..The loan is repayable in 32 quarterly instalments commencing from the quarter beginning on April 1, 2015. These loans are secured by Pari Passu first charge by way of joint mortgage on immovable and movable assets situated at Factory premises at SIDCO Industrial Area, Alathur, SIPCOT Industrial Park, Irungattukottai, Corporate Office Premises, Nungambakkam and second charge on 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 net worth etc., tested on the consolidated financial statements of the Company.

Short term borrowings

Packing Credit and Cash Credit from Banks are secured by first charge on all current assets, namely, Stocks of Raw Materials, Semi-finished and Finished Goods, Stores and Spares not relating to Plant and Machinery (Consumable Stores and Spares), Bills Receivable, Book Debts and all other movable property both present and future excluding such movables as maybe 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. Raghavendra Rao, Managing Director of the Company.

Notes to Financial Statements for the year ended March 31, 2018

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

50 Financial Instruments

Capital management

The Company manages its capital to ensure that entities in the Company will be able to continue as going concern, while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Company determines the amount of capital required on the basis of annual operating plans and long-term product and other strategic investment plans. The funding requirements are met through equity, long-term borrowings and other short-term borrowings.

For the purposes of the Company's capital management, capital includes issued capital, share premium and all other equity reserves attributable to the equity holders.

Gearing Ratio:	March 31, 2018	March 31, 2017	April 1, 2016
Debt	250,765.47	250,663.73	258,079.65
Less: Cash and bank balances	30,104.15	25,604.34	31,311.22
Net debt	220,661.32	225,059.39	226,768.43
Total equity	(67,413.46)	(34,291.54)	9,853.53
Gearing ratio (%)	-327.33%	-656.31%	2301.39%

Categories of Financial Instruments	March 31, 2018	March 31, 2017	April 1, 2016
Financial assets			
a. Measured at amortised cost			
Other non-current financial assets	7,197.07	7,462.93	7,954.67
Trade receivables	14,506.50	20,806.81	33,538.93
Cash and cash equivalents	3,060.20	1,957.76	25,898.12
Bank balances other than above	27,043.95	23,646.58	5,413.10
Loans (current)	-	-	-
b. Mandatorily measured at FVTOCI			
Investments	12,476.97	12,483.61	12,474.40
Financial liabilities			
a. Measured at amortised cost			
Borrowings (non-current)	189,390.71	215,677.97	237,753.66
Borrowings (current)	69,429.48	59,952.38	63,362.38
Trade payables	32,685.45	41,228.73	35,860.60
Other financial liabilities	-	-	18.00

Financial risk management objectives

The treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Company seeks to minimise the effects of these risks by using natural hedging financial instruments and forward contracts to hedge risk exposures. The use of financial derivatives is governed by the Company's policies approved by the board of directors, which provide written principles on foreign exchange risk, the use of financial derivatives, and the investment of excess liquidity. The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Market risk

Market risk is the risk of any loss in future earnings, in realizable fair values or in future cash flows that may result from a change in the price of a financial instrument. The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Company actively manages its currency and interest rate exposure through its finance division, wherever required, to mitigate the risks from such exposures.

Foreign currency risk management

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company actively manages its currency rate exposures through a centralised treasury division and uses natural hedging principles to mitigate the risks from such exposures.

Disclosure of hedged and unhedged foreign currency exposure

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

As on March 31, 2018

Currency	Liabilities			Assets			Net overall exposure on the currency - net assets / (net liabilities)
	Gross exposure	Exposure hedged using derivatives	Net liability exposure on the currency	Gross exposure	Exposure hedged using derivatives	Net asset exposure on the currency	
USD	1,316.67	-	1,316.67	195.96	-	195.96	(1,120.71)
EUR	3.98	-	3.98	6.38	-	6.38	2.40
GBP	2.65	-	2.65	-	-	-	(2.65)
Others	792.26	-	792.26	-	-	-	(792.26)
In INR	86,924.13	-	86,924.13	13,179.97	-	13,179.97	(73,744.16)

Notes to Financial Statements for the year ended March 31, 2018

As on March 31, 2017

Currency	Liabilities			Assets			Net overall exposure on the currency - net assets / (net liabilities)
	Gross exposure	Exposure hedged using derivatives	Net liability exposure on the currency	Gross exposure	Exposure hedged using derivatives	Net asset exposure on the currency	
USD	1,401.59	-	1,401.59	249.30	-	249.30	(1,152.29)
EUR	3.93	-	3.93	4.98	-	4.98	1.05
GBP	2.67	-	2.67	-	-	-	(2.67)
Others	792.41	-	792.41	0.10	-	0.10	(792.31)
In INR	92,091.29	-	92,091.29	16,410.12	-	16,410.12	(75,681.17)

As on April 1, 2016

Currency	Liabilities			Assets			Net overall exposure on the currency - net assets / (net liabilities)
	Gross exposure	Exposure hedged using derivatives	Net liability exposure on the currency	Gross exposure	Exposure hedged using derivatives	Net asset exposure on the currency	
USD	1,279.86	-	1,279.86	373.62	-	373.62	(906.24)
EUR	4.14	-	4.14	18.44	-	18.44	14.30
GBP	2.54	-	2.54	-	-	-	(2.54)
Others	788.77	-	788.77	-	-	-	(788.77)
In INR	86,086.55	-	86,086.55	25,997.08	-	25,997.08	(60,089.47)

Foreign currency sensitivity analysis

Movement in the functional currencies of the various operations of the Company against major foreign currencies may impact the Company's revenues from its operations. Any weakening of the functional currency may impact the Company's cost of imports and cost of borrowings and consequently may increase the cost of financing the Company's capital expenditures. The foreign exchange rate sensitivity is calculated for each currency by aggregation of the net foreign exchange rate exposure of a currency and a simultaneous parallel foreign exchange rates shift in the foreign exchange rates of each currency by 2%, which represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 2% change in foreign currency rates.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because of the existing exchange earning capacity of the company on account of its EOU status (Export oriented undertaking) and higher proportion of earnings in foreign exchange through exports.

Interest rate risk management

The Company is exposed to interest rate risk because it borrows funds at both fixed and floating interest rates. The risk is managed by the Company by maintaining an appropriate mix between fixed and floating rate borrowings. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies are applied. Further, in appropriate cases, the Company also effects changes in the borrowing arrangements to convert floating interest rates to fixed interest rates.

Interest rate sensitivity analysis

The sensitivity analysis below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 25 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

The 25 basis point interest rate changes will impact the profitability by INR 793.81 Lakhs for the year (Previous INR 884.94 Lakhs)

As the quantum of debt which will be continued to be serviced is yet to be determined as on March 31,2018 on account of CIRP proceedings pending for approval before NCLT, the interest rate sensitivity analysis for the existing quantum of debt may not represent any reasonable situation.

Credit risk management

Credit risk arises when a customer or counterparty does not meet its obligations under a customer contract or financial instrument, leading to a financial loss. The Company is exposed to credit risk from its operating activities primarily trade receivables and from its financing/ investing activities, including deposits with banks and foreign exchange transactions. The Company has no significant concentration of credit risk with any counterparty.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure is the total of the carrying amount of balances with banks, short term deposits with banks, trade receivables, margin money and other financial assets excluding equity investments.

(a) Trade Receivables

The Company has credit evaluation policy for each customer and, based on the evaluation, credit limit of each customer is defined. Wherever the Company assesses the credit risk as high, the exposure is backed by either bank, guarantee/letter of credit or security deposits.

The Company does not have higher concentration of credit risks to a single customer. As per simplified approach, the Company makes provision of expected credit losses on trade receivables using a provision matrix to mitigate the risk of default in payments and makes appropriate provision at each reporting date wherever outstanding is for longer period and involves higher risk.

(b) Investments, Cash and Cash Equivalents and Bank Deposits

Credit Risk on cash and cash equivalents, deposits with the banks/financial institutions is generally low as the said deposits have been made with the banks/financial institutions, who have been assigned high credit rating by international and domestic rating agencies.

Credit Risk on Derivative Instruments is generally low as the Company enters into the Derivative Contracts with the reputed Banks.

Investments of surplus funds are made only with approved banks/ financial institutions/ counterparty. Investments primarily include bank deposits, etc. These bank deposits and counterparties have low credit risk. The Company has standard operating procedures and investment policy for deployment of surplus liquidity, which allows investment in bank deposit and restricts the exposure in equity markets.

Offsetting related disclosures

Offsetting of cash and cash equivalents to borrowings as per the bank agreement is available only to the bank in the event of a default. Company does not have the right to offset in case of the counter party's bankruptcy, therefore, these disclosures are not required.

Notes to Financial Statements for the year ended March 31, 2018

Liquidity risk management

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company invests its surplus funds in bank fixed deposits, which carry minimal mark to market risks. The Company also constantly monitors funding options available in the debt and capital markets with a view to maintaining financial flexibility.

Liquidity tables

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

₹ in Lakhs

March 31, 2018	**Due in 1st year**	**Due in 2nd to 5th year**	**Due after 5th year**	**Carrying amount**
Trade payables	32,685.45	-	-	32,685.45
Borrowings (including interest accrued thereon upto the reporting date)	94,452.21	189,390.71	-	283,842.92
	127,137.66	**189,390.71**	**-**	**316,528.37**
March 31, 2017	Due in 1st year	Due in 2nd to 5th year	Due after 5th year	Carrying amount
Trade payables	41,228.73	-	-	41,228.73
Borrowings (including interest accrued thereon upto the reporting date)	44,644.06	171,033.91	44,644.06	260,322.03
	85,872.79	**171,033.91**	**44,644.06**	**301,550.76**
April 1, 2016	Due in 1st year	Due in 2nd to 5th year	Due after 5th year	Carrying amount
Trade payables	35,860.60	-	-	35,860.60
Borrowings (including interest accrued thereon upto the reporting date)	25,297.14	187,159.38	50,594.28	263,050.80
	61,157.74	**187,159.38**	**50,594.28**	**298,911.40**

	March 31, 2018	**March 31, 2017**	**April 1, 2016**
Fair value of financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required):	Nil	Nil	Nil

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

51 Related party disclosure

a) List of parties having significant influence

Holding company	The Company does not have any holding company
Subsidiary Company	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
Key management personnel (KMP)	Mr. K. Raghavendra Rao, Managing Director Mr. L. Chandrasekar, Executive VP-Finance & Secretary
Relatives of KMP	Mrs. R Vijayalakshmi, wife of Mr. K Raghavendra Rao Ms R Divya and Ms R Sowmya, daughters of Mr. K. Raghavendra Rao
Entities in which relatives of KMP exercise significant influence	Orchid Healthcare Private Ltd.

b) Transactions during the year

S.No.	Nature of transactions	Year ended March 31, 2018	Year ended March 31, 2017
1	Repayment of Unsecured advance		
	Orchid Healthcare Private Ltd.	75.00	1,595.27
2	Sale of goods		
	Orchid Pharma Inc.	3,509.82	4,007.31
3	Availment of services/ reimbursement		
	Orchid Europe Limited	184.92	97.44
4	Remuneration and contribution to funds		
	K. Raghavendra Rao	73.34	77.46
	L. Chandrasekar	44.64	45.63

Notes to Financial Statements for the year ended March 31, 2018

c) Balances at the end of the year

₹ in Lakhs

S.No.	Particulars	As at March 31, 2018	As at March 31, 2017
1	Trade receivables		
	Orchid Pharma Inc.	3,206.94	6,051.77
2	Loans and advances (Current)		
	Bexel Pharmaceuticals Inc., USA	3,585.47	3,572.89
	Diakron Pharmaceuticals Inc., USA	3.28	3.27
	Orchid Pharma Inc.	1,640.61	1,634.85
3	Short term borrowings		
	Orchid Healthcare Private Ltd.	3,216.77	3,291.77
4	Trade payables		
	Orchid Europe Limited	84.99	63.71
	Bexel Pharmaceuticals Inc., USA	231.00	231.00
	Orgenus Pharma Inc., USA	60.96	60.96

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

52 Retirement benefit plans

Defined contribution plans

In accordance with Indian law, eligible employees of the Company are entitled to receive benefits in respect of Gratuity fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary. The contributions, as specified under the law, are made to the Provident fund, Gratuity fund, Superannuation fund as well as Employee State Insurance Fund.

The total expense recognised in profit or loss of Rs 777.87 Lakhs (for the year ended March 31, 2017: Rs. 437.96 Lakhs) represents contribution paid to these plans by the Company at rates specified in the rules of the plan.

Defined benefit plans

(a) Gratuity

Gratuity is payable as per Payment of Gratuity Act, 1972. In terms of the same, gratuity is computed by multiplying last drawn salary (basic salary including dearness Allowance if any) by completed years of continuous service with part thereof in excess of six months and again by 15/26. The Act provides for a vesting period of 5 years for withdrawal and retirement and a monetary ceiling on gratuity payable to an employee on separation, as may be prescribed under the Payment of Gratuity Act, 1972, from time to time. However, in cases where an enterprise has more favourable terms in this regard the same has been adopted.

These plans typically expose the Company to actuarial risks such as: investment risk, interest rate risk and salary risk.

Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to the market yields on government bonds denominated in Indian Rupees. If the actual return on plan asset is below this rate, it will create a plan deficit.
Interest risk	A decrease in the bond interest rate will increase the plan liability. However, this will be partially offset by an increase in the return on the plan's debt investments.
Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Particulars	March 31, 2018	March 31, 2017
Discount Rate	7.45%	6.72%
Rate of increase in compensation level	5.00%	5.00%
Expected return on plan assets	7.45%	6.72%
Mortiality	**Indian Assured Lives Mortality (2006-08) (Ultimate)**	**Indian Assured Lives Mortality (2006-08) (Ultimate)**

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

		₹ in Lakhs
Amounts recognised in total comprehensive income in respect of these defined benefit plans are as follows:	**March 31, 2018**	**March 31, 2017**
Amount recognised under Employee Benefits Expense in the Statement of profit and Loss:		
Current service cost	107.25	113.39
Net interest expense	96.20	62.60
Return on plan assets (excluding amounts included in net interest expense)	(68.16)	(49.04)
Components of defined benefit costs recognised in profit or loss	135.29	126.95

Notes to Financial Statements for the year ended March 31, 2018

₹ in Lakhs

	March 31, 2018	March 31, 2017
Amount recognised in Other Comprehensive Income (OCI) for the Year		
Remeasurement on the net defined benefit liability comprising:		
Actuarial (gains)/losses recognised during the period	(80.86)	269.49
Actuarial (gains)/losses		
Components of defined benefit costs recognised in other comprehensive income	**(80.86)**	**269.49**
	54.43	**396.44**

The amount included in the balance sheet arising from the Company's obligation in respect of its defined benefit plans is as follows:

	March 31, 2018	March 31, 2017
Present value of defined benefit obligation	1,348.86	1,382.38
Fair value of plan assets	(872.36)	(997.52)
Net liability/ (asset) arising from defined benefit obligation	**476.50**	**384.86**
Funded	476.50	384.86
Unfunded	-	-
	476.50	**384.86**

The above provisions are reflected under 'Provision for employee benefits- gratuity' (short-term provisions) [Refer note 25].

Movements in the present value of the defined benefit obligation in the current year were as follows:	March 31, 2018	March 31, 2017
Opening defined benefit obligation	1,382.38	978.94
Current service cost	107.25	113.39
Prior service cost	54.18	-
Interest cost	96.20	62.60
Actuarial (gains)/losses	(108.86)	322.29
Benefits paid	(182.29)	(94.84)
Closing defined benefit obligation	**1,348.86**	**1,382.38**
Movements in the fair value of the plan assets in the current year were as follows:		
Opening fair value of plan assets	997.52	563.84
Return on plan assets	68.16	49.04
Contributions	16.97	426.68

Benefits paid	(182.29)	(94.84)
Actuarial gains/(loss)	(28.00)	52.80
Closing fair value of plan assets	**872.36**	**997.52**

Sensitivity analysis

In view of the fact that the Company for preparing the sensitivity analysis considers the present value of the defined benefit obligation which has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

(b) Compensated absences

The leave scheme is a final salary defined benefit plan, that provides for a lumpsum payment at the time of separation; based on scheme rules the benefits are calculated on the basis of last drawn salary and the leave count at the time of separation and paid as lumpsum.

The design entitles the following risk

Interest rate risk	The defined benefit obligation calculated uses a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase.
Salary inflation risk	Higher than expected increases in salary will increase the defined benefit obligation.
Demographic risk	This is the risk of volatility of results due to unexpected nature of decrements that include mortality attrition, disability and retirement. The effects of these decrement on the DBO depends upon the combination salary increase, discount rate, and vesting criteria and therefore not very straight forward. It is important not to overstate withdrawal rate because the cost of retirement benefit of a short caring employees will be less compared to long service employees.

The above provisions are reflected under 'Provision for employee benefits- leave encashment' (long-term provisions) [Refer note 20] and 'Provision for employee benefits - leave encashment' (short-term provisions) [Refer note 25].

53 First-time adoption of Ind AS

Transition to Ind AS

These are the Company's first financial statements prepared in accordance with Ind AS.

The accounting policies set out in Note 3 have been applied in preparing the financial statements for the year ended March 31, 2018, the comparative information presented in these financial statements for the year ended March 31, 2017 and in the preparation of an opening Ind AS balance sheet at April 1, 2016 (The company's date of transition).

In preparing its opening Ind AS balance sheet, the company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards generally applicable to the Company (as amended from time to time) and other relevant provisions of the Act (previous GAAP or Indian GAAP).

An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and notes.

A. Exemptions and exceptions availed

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

A.1 Ind AS optional exemptions

A.1.1 Deemed cost for PPE and Intangibles

Ind AS 101 permits a first-time adopter to elect to fair value a class of property, plant and equipment or to continue with the carrying value for all of its PPE as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities.

Accordingly, the company has elected to continue to measure the property, plant and equipment at their previous GAAP carrying values.

A.1.2. Deemed cost for Intangible Assets

Ind AS 101 permits a first-time adopter to elect to fair value the intangible assets or to continue with the carrying value as per the previous GAAP as deemed cost on the date of transition

The company has elected to continue the carrying value on the date of transition as per previous GAAP as deemed cost.

A.1.3. Designation of previously recognised financial instruments

Ind AS 101 allows an entity to designate investments in equity instruments at FVOCI or FVTPL on the basis of the facts and circumstances at the date of transition to Ind AS. The company has elected to apply this exemption for its investment in equity investments.

A.1.4. Leases

Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. Ind AS 101 provides an option to make this assessment on the basis of facts and circumstances existing at the date of transition to Ind AS, except where the effect is expected to be not material. The company has elected to apply this exemption for such contracts/ arrangements.

A.1.5. Business Combinations before the date of transition

As per Ind AS 101, a first time adopter of Ind AS may elect not to apply Ind AS 103 “Business Combinations” retrospectively in respect of business combinations that occurred before the date of transition to Ind AS. The company has elected to apply this exemption for the business combinations that occured prior to April 1, 2016.

A.2 Ind AS mandatory exceptions

A.2.1 Estimates

An entity’s estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at April 1, 2016 are consistent with the estimates as at the same date made in conformity with previous GAAP. The company made estimates for impairment of financial assets based on expected credit loss model in accordance with Ind AS at the date of transition as these were not required under previous GAAP.

B. Notes to first-time adoption

B.1 Fair valuation of financial assets and liabilities

Under Ind AS, financial assets and liabilities are to be valued at amortised cost or fair valued through profit and loss (FVTPL) or fair valued through other comprehensive income (FVTOCI) based on the Company's business objectives and the cash flow characteristics of the underlying financial assets and liabilities. The Company has remeasured the financial assets and liabilities as on the date of transition and the consequential impact has been given in the opening retained earnings.

B.2 Allowance for expected credit loss on trade receivables

As per Ind AS 109, the company is required to apply expected credit loss model for recognising the allowance for doubtful debts. As a result, the total equity as at March 31, 2017 decreased by Rs. 308.69 lakhs and profit for the year ended March 31, 2017 decreased by Rs. 308.69 lakhs.

B.3 Straight-lining of rental expense

As per Ind AS 17, in the case of operating leases, lease payments are recognised as an expense on a straight-line basis unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis. Accordingly, the company has re-measured the rental expense for the year on a straight-line basis.

B.4 Remeasurement of post-employment benefit obligations

Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year. Adjustments have been made for such re-classifications/ remeasurements.

B.5 Income Tax relating to earlier years

As per Ind AS 101, the items not meeting the recognition criteria of an asset as per Ind AS are to be derecognised while preparing the opening Ind AS balance sheet with corresponding adjustment in the retained earnings. The company has assessed the tax balances and made the required adjustments as on April 1, 2016.

B.6 Deferred tax

Under Ind AS, the deferred tax asset and liabilities are required to be accounted based on balance sheet approach and also to be recognised on all adjustments considered in the opening Ind AS balance sheet. Accordingly, the Company has remeasured its deferred tax assets and liabilities as aforesaid and accounted in the Ind AS financial statements.

B.7 Excise duty

Under the previous GAAP, revenue from sale of products was presented exclusive of excise duty. Under Ind AS, revenue from sale of goods is presented inclusive of excise duty. The excise duty paid is presented on the face of the statement of profit and loss as part of expenses. This change has resulted in an increase in total revenue and total expenses for the year ended March 31, 2018 by Rs. 488.34 lakhs (previous year Rs. 1,093.25 lakhs). There is no impact on the total equity or profit as a result of this adjustment.

Notes to Financial Statements for the year ended March 31, 2018

₹ in Lakhs

54 Key reconciliation required as per Ind AS 101 on transition to Ind AS

(a) Reconciliation of equity

	As at March 31, 2017	As at April 1, 2016
Total equity / shareholders' funds as per Indian GAAP	(26,383.32)	17,113.47
Ind AS Adjustments		
Fair valuation of financial assets and liabilities	894.57	973.09
Allowance for expected credit loss on trade receivables	(308.69)	-
Impact of straight-lining of rental expense	-	(18.00)
Re-measurement of post employee benefits	(860.77)	(551.80)
Income Tax relating to earlier years	(7,301.20)	(7,301.20)
Deferred Tax impacts	(332.13)	(362.03)
	(34,291.54)	**9,853.53**

(b) Reconciliation of Profits

	For the year ended March 31, 2017
Total comprehensive income as per Indian GAAP	(48,363.10)
Ind AS Adjustments	
Fair valuation of financial assets and liabilities	(78.52)
Allowance for expected credit loss on trade receivables	(308.69)
Impact of straight-lining of rental expense	18.00
Re-measurement of post employee benefits	(308.97)
Deferred Tax impacts	29.90
Total comprehensive income as per Ind AS	**(49,011.38)**

55 The net worth of all the subsidiaries as on the reporting date is negative. In the opinion of the management, these investments are strategic and long term in nature and hence no provision is considered necessary against the carrying value of investments in subsidiaries (net of provisions) aggregating to Rs. 12,369.90 Lakhs and the loans/ advances given to given to these subsidiaries (net of provisions) aggregating to Rs. 5,229.36 Lakhs.

56 The Company is in the process of carrying out a comprehensive confirmation and reconciliation of receivables, loans and advances given, payables, bank balances and other financial assets, the claims received from the employees, financial creditors (including excess/ short provision of interest, non-provision of penal interest by the Company considering the agreement reached by the joint lenders meeting) and operational creditors with the books of account.

Further, the Company is in the process of carrying out physical verification of fixed assets/ related reconciliation with the books of account and reconciliation of restatement account of foreign currency assets and liabilities.

Pending completion of the aforesaid comprehensive reconciliation, the possible impact, if any, is not presently determinable. Accordingly, no adjustment has been made in the financial statements.

57 The Committee of Creditors have favourably voted for the resolution plan proposed by one of the successful bidder, which has been filed by the RP with the Hon'ble NCLT. However, the final order of the Hon'ble NCLT is yet to be pronounced/ received by the Company.

Pending receipt of the aforesaid Order, no effect has been given in the financial statements for the possible adjustments, if any, required in the carrying amount of assets and liabilities, possible presentation and disclosure requirements,

As per our report of even date attached
For **CNGSN & Associates LLP**
Chartered Accountants
Firm Registration No.004915S/ S200036

Chinnsamy Ganesan
Partner
Membership No.027501

For and on behalf of the board

K.Raghavendra Rao
Managing Director
DIN No. 00010096

Ramkumar Sripatham Venkatasubramaniam
Resolution Professional
IP Registration no.
IBBI/IPA-001/IP-P00015/2016-17/10039

L. Chandrasekar
CFO and Company Secretary

Place : Chennai
Date : August 21, 2018

Independent Auditors' Report

on Consolidated Financial Statements

To the members of
M/s.Orchid Pharma Limited

Report on the Consolidated Financial Statements

The Hon'ble National Company Law Tribunal ("NCLT"), Chennai Bench, admitted the Corporate Insolvency Resolution Process ("CIRP") application filed by an operational creditor of Orchid Pharma Limited ("the Company") and appointed an Interim Resolution Professional ("IRP"), in terms of the Insolvency and Bankruptcy Code, 2016 ("the Code") to manage the affairs of the Company vide CP.No. CP/ 540/ (IB)/ CB/ 2017, dated August 17, 2017. Subsequently, Mr. Ramkumar Sripatham Venkatasubramanian (IP Registration No. IBBI/ IPA-001/ IP-P00015/ 2016-17/ 10039) has been appointed as the Resolution Professional ("RP") of the Company, by an order of NCLT with effect from October 27, 2017.

In view of pendency of the CIRP, and in view of suspension of the powers of board of directors and as explained to us, the powers of adoption of the consolidated financial statements for the year ended March 31, 2018 vest with the RP.

We have audited the accompanying consolidated financial statements of Orchid Pharma Limited ("the holding company") and its subsidiaries (the holding company and its subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2018, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income) for year ended on that date, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year ended on that date, 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 RP/ Company's management is responsible for the matters stated in Section 134 (5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including consolidated other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

We were informed that the consolidated financial statements have been approved by the RP based on representations, clarifications and explanations provided by the Managing Director, Chief Financial Officer and Key Management Personnel of the Company for the preparation and presentation of the consolidated financial statements.

This responsibility also includes 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; 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 consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

We conducted our audit of the consolidated financial statements 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the 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 financial controls relevant to the 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, but not for the purpose of expressing an opinion on whether the Group has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. 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 consolidated financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our qualified audit opinion on the consolidated financial statements.

Basis of qualified opinion

We draw attention to the following matters:

(a) Note 1 to the consolidated financial statements, regarding application by an operational creditor, initiating the insolvency provisions under the Insolvency and Bankruptcy Code, 2016 (the Code) and the consequential appointment of RP under the Code, and adequacy of disclosures concerning the Group's ability to meet its financial and contractual obligations including management's technical estimates in regard to realisation of value of inventories, overdue receivables (net of provisions) amounting to Rs. 3,164.65 Lakhs, loans and advances given to various parties (net of provisions) amounting to Rs.70,213.57 Lakhs (which includes capital advances of Rs.52,193.10 and other advances of Rs.18,020.47 Lakhs), provision for impairment, if any, required for property, plant and equipment (PPE), PPE under development, internally generated intangible assets comprising of DBF/ ANDA, other non-monetary assets, investments, claims made by/ advances given to employees, financial obligations including repayment of various loans, unpaid interest and the ability to fund various obligations pertaining to operations including unpaid/ overdue creditors, for ensuring/ commencing normal operations and further investments required towards ongoing research and development projects under progress (carrying amount of Rs.1,431 Lakhs). Certain bank balances, including borrowings are yet to be confirmed by the banks and hence, the possible impact, if any, is not presently ascertainable

The above matters, other than CIRP related, have been outstanding for more than 3 years and have also been qualified by the predecessor auditors in their audit report for earlier years.

(b) Confirmation of balances are not available for majority of the receivables, loans and advances given, payables, claims received from the employees and bank loans as at March 31, 2018. In the absence of the confirmation of balances, the possible adjustment, if any, required in the financial statements is not presently determinable.

The above matters have also been qualified by the predecessor auditors in their audit report for earlier years.

(c) We have not been provided with sufficient, appropriate audit evidence in respect of physical verification of fixed assets/ related reconciliation with the books of account, details/ valuation working for stock of stores, spares, chemicals and traded stock aggregating to Rs. 2,331 Lakhs, purchases of raw materials aggregating to Rs.3,993 Lakhs and reconciliation/ basis of restatement of foreign currency assets and liabilities. Accordingly, we are unable to comment on the possible impact, if any, arising out of the above matters.

Considering the aforesaid matters, the internal controls over financial reporting also needs to be further strengthened to make them commensurate with the size and nature of business of the Group.

(d) We have been informed by the RP that certain information including the minutes of the meetings of the Committee of Creditors, cases filed by RP against the key management personnel, suppliers, customers and other parties and the outcome of certain specific/ routine procedures carried out as part of the IBC process are confidential in nature and could not be shared with anyone, other than the Committee of Creditors and NCLT. Further, we have not been provided with sufficient, appropriate audit evidence in respect of avoidance applications filed under the IBC Code by the RP due to the confidentiality involved.

Further, we were informed that the RP has filed the resolution plan voted favourably by the Committee of Creditors with Hon'ble NCLT. However, the detailed resolution plan (including the salient features, consideration agreed, terms and conditions etc.) has not been made available for our review. In the opinion of the RP, the matter is highly sensitive, confidential and may have adverse impact of the successful implementation of the resolution plan.

Accordingly, we are unable to comment on the possible adjustments required in the carrying amount of assets and liabilities, possible presentation and disclosure impacts, if any, that may arise if we have been provided access to review of those information.

(e) The Group's net worth as on the reporting date is also negative. However, pending completion of the successful implementation of the resolution plan as part of CIRP, this consolidated financial statements have been prepared and presented by the Group on a going concern basis.

The matters referred to (a), (b) and (d) above also essentially require the Company to resolve the situations specified therein within the framework specified through the CIRP. In the absence of any specific guidance or direction that can be assessed out of CIRP, material uncertainties exist that may cause significant doubt on the Company's ability to continue as a going concern. However, the appropriateness of preparation of financial results on a going concern basis is subject to resolution of the above matters through the CIRP or such other forum or manner as specified in note 2 to the consolidated financial statements.

(f) The consolidated financial results for the year ended March 31, 2018 include the financial results for the year ended March 31, 2018, of the following subsidiary Companies:

(i) Orchid Europe Limited, UK
(ii) Orchid Pharmaceuticals Inc., USA
(iii) Bexel Pharmaceutical Inc
(iv) Orchid Pharmaceuticals SA(Proprietary) Limited. South Africa
(v) Diakron Pharmaceuticals, Inc. USA

We did not audit the financial statements/ information of the above subsidiaries that reflect total assets of 3,812.51 lakhs and net assets of (8,726.05) lakhs as at March 31, 2018, total revenue of Rs. 7,856.09 lakhs, total comprehensive income (comprising of loss and other comprehensive income) of Rs. (1,402.37) lakhs and net cash flows amounting to Rs. 349.04 lakhs for the year ended on that date, as considered in the consolidated Ind AS financial statements.

The financial statements/ financial information are unaudited and have been furnished to us by the management and our opinion on the consolidated financial results, in so far as it relates to the amounts and disclosures included in respect of the subsidiaries, and our report on the consolidated results/ financial information, in so far as it relates to the aforesaid subsidiaries, is based solely on such unaudited financial statements/ financial information. Accordingly, we do not express any opinion on the completeness and true and fair view of the financial statements of the above subsidiaries included in the consolidated financial results/ financial information.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us and subject to matters described in the basis of qualified opinion paragraph, the aforesaid consolidated financial statements for the year ended March 31, 2018 give a true and fair view in conformity with Ind AS and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2018, the consolidated loss and consolidated total comprehensive income, consolidated changes in equity and the consolidated cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143 (11) of the Act, we give in Annexure "A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143 (3) of the Act, based on our audit 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, subject to matters given in the basis of qualified opinion paragraph;

b) in our opinion, proper books of account as required by law have been kept by the Holding Company, its subsidiaries included in the Group incorporated in India, including relevant records relating to preparation of the aforesaid consolidated financial statements so far as it appears from our examination of those booksand records of the Holding Company and the unaudited results of the subsidiary companies prepared by the management, subject to matters given in the basis of qualified opinion paragraph;

c) the consolidated balance sheet, consolidated statement of profit and loss(including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flow dealt with by this report are in agreement with relevant books of account maintained by the Holding Company and its subsidiaries included in the Group incorporated in India, including relevant records relating to the preparation of the consolidated financial statements;

d) in our opinion, the aforesaid financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act;

e) on the basis of the written representations received from the directors of the Holding Company as on March 31, 2018 taken on record by the board of directors of the Holding Company, none of the directors are disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act;

f) with respect to the adequacy of the internal financial controls over financial reporting of the Holding Company and its subsidiary companies incorporated in India and the operating effectiveness of such controls, refer to our separate report in Annexure "B". Our report expresses amodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting; and

g) with respect to the other matters to be included in the auditors' report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

i. The Group has disclosed, subject to matters given in the basis of qualified opinion paragraph, the impact of pending litigations on its financial position in its financial statements – refer note 40 to the standalone financial statements;

ii. The Group has made provisions, subject to matters given in the basis of qualified opinion paragraph, 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 Group; and

iv. The reporting of disclosures relating to specified bank notes is not applicable to the Group for the year ended March 31, 2018.

Other Matters

Without qualifying our report, we draw attention to the following matters:

(a) Note 2 to the consolidated financial statement which states that the Company has adopted Ind AS for the financial year commencing from April 1, 2017 and accordingly, the Statement has been prepared by the Company's management in compliance with Ind AS;

(b) The consolidated financial results for the year ended March 31, 2018 and March 31, 2017 have been adjusted for the differences in the accounting principles adopted by the Holding Company on transition to Ind AS; and

(c) The consolidated financial statements of the Group for the year ended March 31, 2017 prepared in accordance with Companies (Accounting Standards) Rules, 2006, were audited by another firm of chartered accountants under the Companies Act, 2013 who have expressed a modified opinion on those financial statements vide their report dated May 26, 2017

For **CNGSN & Associates LLP**
Chartered Accountants
Firm Registration No.004915S/ S200036

CHINNSAMY GANESAN
Partner
Membership No. 027501

Place: Chennai
Date: August 21, 2018

Annexure "A" to the Independent Auditors' Report on Consolidated Financial Statements

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

We have audited the internal financial controls over financial reporting of Orchid Pharma Limited ("the holding company"), a company incorporated in India, as of March 31, 2018, in conjunction with our audit of the consolidated financial statements of the holding company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The RP/ the board of directors of the holding company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the holding 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. 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, 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 internal financial controls over financial reporting of the holding company 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") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143 (10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 judgement, including the assessment of the risks of material misstatement in 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 holding company's internal financial control 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.

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 of 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.

Basis of qualified opinion

We observed significant deficiencies in the internal financial controls relating to maintenance of sufficient, appropriate audit trail/ documentation in respect of (a) physical verification of fixed assets/ related reconciliation with the books of account, (b) details/ valuation working for stock of stores, spares, chemicals and traded stock aggregating to Rs. 2,331 Lakhs, (c) purchases of raw materials aggregating to Rs. 3,993 Lakhs; and (d) reconciliation/ basis of restatement of foreign currency assets and liabilities.

Qualified Opinion

In our opinion and according to the information and explanations given to us, the holding company, incorporated in India, do not have in all material respects, an adequate internal financial control system over financial reporting and such internal financial controls over financial reporting were not operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the holding 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 **CNGSN & Associates LLP**
Chartered Accountants
Firm Registration No.004915S/ S200036

CHINNSAMY GANESAN
Partner
Membership No. 027501

Place: Chennai
Date: August 21, 2018

Consolidated Balance Sheet As At March 31, 2018

₹ in Lakhs

PARTICULARS		Notes	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
ASSETS					
Non-current assets					
Property, plant and equipment		4	126,831.80	137,602.66	151,250.87
Intangible assets		4	11,788.46	12,051.76	12,432.35
Capital work in progress		5	25,721.90	27,399.86	26,539.12
Intangible Assets under Development		6	1,431.00	1,431.00	1,500.93
Financial assets					
Investments		7	107.07	113.71	90.87
Other financial assets		8	1,973.14	2,251.92	2,951.49
Other non-current assets		9	76,789.11	77,194.97	83,835.92
Total non-current assets			**244,642.48**	**258,045.88**	**278,601.55**
Current assets					
Inventories		10	19,373.82	21,125.13	24,184.90
Financial assets					
Trade receivables		11	11,951.29	16,465.09	27,002.35
Cash and cash equivalents		12	3,511.30	2,059.82	26,078.80
Bank balances other than above		13	27,043.95	23,646.58	5,415.21
Other financial assets		14	233.42	222.33	10,690.15
Other current assets		15	5,780.68	3,993.52	3,901.02
Total current assets			**67,894.46**	**67,512.47**	**97,272.43**
	Total Assets		**312,536.94**	**325,558.35**	**375,873.98**
EQUITY AND LIABILITIES					
Equity					
Equity share capital		16	8,896.43	8,896.43	8,896.43
Other equity		17	(88,072.40)	(55,571.22)	(11,251.88)
Total equity			**(79,175.97)**	**(46,674.79)**	**(2,355.45)**
Liabilities					
Non-current liabilities					
Financial liabilities					
Borrowings		18	189,390.71	215,677.97	237,753.66
Provisions		19	748.35	591.53	789.58

₹ in Lakhs

PARTICULARS		Notes	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Deferred Tax Liability		20	322.60	4,942.04	9,776.26
Total non-current liabilities			**190,461.66**	**221,211.54**	**248,319.50**
Current liabilities					
Financial liabilities					
Borrowings		21	69,429.48	59,952.38	63,379.07
Trade payables		22	35,879.34	43,312.35	37,978.41
Other financial liabilities		23	-	-	18.00
Short term provisions		24	102.91	132.64	-
Other current liabilities		25	95,839.52	47,624.23	28,534.45
Total current liabilities			**201,251.25**	**151,021.60**	**129,909.93**
	Total Liabilities		**391,712.91**	**372,233.14**	**378,229.43**
	Total Equity and Liabilities		**312,536.94**	**325,558.35**	**375,873.98**

The accompanying notes form an integral part of the financial statements

As per our report of even date attached
For **CNGSN & Associates LLP**
Chartered Accountants
Firm Registration No.004915S/ S200036

For and on behalf of the board

Chinnsamy Ganesan
Partner
Membership No.027501

Ramkumar Sripatham Venkatasubramaniam
Resolution Professional
IP Registration no.
IBBI/IPA-001/IP-P00015/2016-17/10039

K.Raghavendra Rao
Managing Director
DIN No. 00010096

Place : Chennai
Date : August 21, 2018

L. Chandrasekar
CFO and Company Secretary

Statement of consolidated profit and loss for the year ended March 31, 2018

₹ in Lakhs

	PARTICULARS	Notes	For the year ended March 31, 2018	For the year ended March 31, 2017
Continuing Operations				
A	**Income**			
	Revenue from operations	26	68,781.58	80,743.66
	Other income	27	2,030.36	2,732.05
	Total income		**70,811.94**	**83,475.71**
B	**Expenses**			
	Cost of materials consumed	28	34,142.93	34,783.22
	Purchases of Stock in Trade	29	119.74	2,601.75
	Changes in inventories of finished goods and WIP	30	756.97	1,960.73
	Employee Benefits Expense	31	8,622.37	7,941.03
	Depreciation and amortisation expense	32	13,331.29	14,105.17
	Excise Duty	33	483.25	1,093.25
	Other expenses	34	23,086.87	33,115.74
	Finance costs	35	30,164.80	33,626.56
	Total expenses		**110,708.22**	**129,227.45**
C	**Profit/ loss before exceptional items and tax**		**(39,896.28)**	**(45,751.74)**
	Exceptional items	36	-	(8,625.85)
D	**Profit/ loss before tax from continuing operations**		**(39,896.28)**	**(54,377.59)**
	Income tax expense	37		
	Current tax		-	-
	Deferred tax charge/ (credit)		(4,619.44)	(4,834.22)
	Profit/ loss for the year		**(35,276.84)**	**(49,543.37)**
E	**Other comprehensive income**			
	Items that will not be reclassified to profit or loss			
	Remeasurement of post employment benefit obligations		80.86	(165.46)
	Gain/ (Loss) on fair valuation of investments		(6.64)	7.84
	Income tax (charge)/ credit relating to these items		-	-
	Other comprehensive income for the year, net of tax		**74.22**	**(157.62)**
Total comprehensive income/ loss for the year			**(35,202.62)**	**(49,700.99)**

₹ in Lakhs

PARTICULARS	Notes	For the year ended March 31, 2018	For the year ended March 31, 2017
Earnings per share	**38**		
Basic earnings per share		(39.65)	(55.69)
Diluted earnings per share		(39.65)	(55.69)

The accompanying notes form an integral part of the financial statements

As per our report of even date attached
For **CNGSN & Associates LLP**
Chartered Accountants
Firm Registration No.004915S/ S200036

For and on behalf of the board

Chinnsamy Ganesan
Partner
Membership No.027501

Place : Chennai
Date : August 21, 2018

Ramkumar Sripatham Venkatasubramaniam
Resolution Professional
IP Registration no.
IBBI/IPA-001/IP-P00015/2016-17/10039

K.Raghavendra Rao
Managing Director
DIN No. 00010096

L. Chandrasekar
CFO and Company Secretary

Statement of consolidated cash flows for the year ended March 31, 2018

₹ in Lakhs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Cash Flow From Operating Activities		
Profit/ loss before income tax	(39,896.28)	(54,377.59)
Adjustments for		
Depreciation and amortisation expense	13,331.29	14,105.17
(Profit)/ loss on sale of fixed assets	(3.96)	(0.38)
Provision for dimunition in value of investments	-	-
Interest income	(1,151.29)	(1,479.63)
Dividend income	-	(6.48)
Consolidation adjustment for intangibles	-	-
Unrealised forex (gain)/ loss (net, including exchange rate difference on translation of foreign operaions)	3,008.60	3,827.63
Finance costs	30,164.80	33,626.56
	5,453.16	**(4,304.72)**
Change in operating assets and liabilities		
(Increase)/ decrease in Other financial assets	267.69	11,167.39
(Increase)/ decrease in inventories	1,751.31	3,059.77
(Increase)/ decrease in trade receivables	4,513.80	10,537.26
(Increase)/ decrease in Other assets	(733.13)	7,032.66
Increase/ (decrease) in provisions and other liabilities	(1,384.91)	8,868.30
Increase/ (decrease) in trade payables	(8,246.01)	4,251.16
Cash generated from operations	1,621.91	40,611.82
Less : Income taxes paid (net of refunds)	(703.86)	(516.39)
Net cash from operating activities (A)	**918.05**	**40,095.43**
Cash Flows From Investing Activities		
Purchase of PPE (including changes in CWIP)	(621.04)	(867.57)
Sale proceeds of PPE	5.83	0.77
(Purchase)/ disposal proceeds of Investments	-	(15.00)
(Investments in)/ Maturity of fixed deposits with banks	(3,397.37)	(18,231.37)
Dividend received	-	6.48
Interest received	1,206.98	1,511.81
Net cash used in investing activities (B)	**(2,805.60)**	**(17,594.88)**
Cash Flows From Financing Activities		
Proceeds from/ (repayment of) long term borrowings	(148.52)	(5,861.95)

₹ in Lakhs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Proceeds from/ (repayment of) short term borrowings	3,919.61	(4,418.41)
Finance costs	(432.06)	(36,239.17)
Net cash from/ (used in) financing activities (C)	**3,339.03**	**(46,519.53)**
Net increase/decrease in cash and cash equivalents (A+B+C)	**1,451.48**	**(24,018.98)**
Cash and cash equivalents at the beginning of the financial year	2,059.82	26,078.80
Cash and cash equivalents at end of the year	**3,511.30**	**2,059.82**
Notes:		
1. The above cash flow statement has been prepared under indirect method prescribed in Ind AS 7 "Cash Flow Statements".		
2. Components of cash and cash equivalents		
Balances with banks		
- in current accounts	3,078.15	1,087.28
- in fixed deposit with original maturity of less than 3 months	432.00	967.86
Cash on hand	1.15	4.68
	3,511.30	**2,059.82**

The accompanying notes form an integral part of the financial statements

As per our report of even date attached
For **CNGSN & Associates LLP**
Chartered Accountants
Firm Registration No.004915S/ S200036

Chinnsamy Ganesan
Partner
Membership No.027501

Place : Chennai
Date : August 21, 2018

For and on behalf of the board

Ramkumar Sripatham Venkatasubramaniam
Resolution Professional
IP Registration no.
IBBI/IPA-001/IP-P00015/2016-17/10039

K.Raghavendra Rao
Managing Director
DIN No. 00010096

L. Chandrasekar
CFO and Company Secretary

Statement of Consolidated Changes in Equity for the year ended March 31, 2018

₹ in Lakhs

(A) Equity Share Capital								
Balance at the beginning of April 1, 2016	8,896.43							
Changes in equity share capital during the year	-							
Balance at the end of March 31, 2017	8,896.43							
Changes in equity share capital during the year	-							
Balance at the end of March 31, 2018	8,896.43							

(B) Other Equity (attributable to the owners of Orchid Pharma Limited)

Particulars	Capital Reserve	Capital Reserve on Amalgamation	Securities Premium Reserve	General Reserve	Foreign Currency Monetary Item Translation Difference Account	Foreign Currency Fluctuation Reserve	Other Comprehensive Income	Profit and Loss Account	Total
Balance as at April 1, 2016	**894.68**	**9,004.21**	**46,447.86**	**55,851.90**	**(10,365.05)**	**(3,975.04)**	**-**	**(109,110.44)**	**(11,251.88)**
Total Comprehensive Income for the year	-	-	-	-	-	-	(157.62)	(49,543.37)	(49,700.99)
Additions/ (deductions) during the year	-	-	-	-	4,866.31	515.34	165.46	(165.46)	5,381.65
Balance as at March 31,2017	**894.68**	**9,004.21**	**46,447.86**	**55,851.90**	**(5,498.74)**	**(3,459.70)**	**7.84**	**(158,819.27)**	**(55,571.22)**
Total Comprehensive Income for the year	-	-	-	-	-	-	74.22	(35,276.84)	(35,202.62)
Additions/ (deductions) during the year	-	-	-	-	2,331.46	369.98	(80.86)	80.86	2,701.44
Balance as at March 31, 2018	**894.68**	**9,004.21**	**46,447.86**	**55,851.90**	**(3,167.28)**	**(3,089.72)**	**1.20**	**(194,015.25)**	**(88,072.40)**

The accompanying notes form an integral part of the financial statements

As per our report of even date attached
For **CNGSN & Associates LLP**
Chartered Accountants
Firm Registration No.004915S/ S200036

Chinnsamy Ganesan
Partner
Membership No.027501

Place : Chennai
Date : August 21, 2018

Ramkumar Sripatham Venkatasubramaniam
Resolution Professional
IP Registration no.
IBBI/IPA-001/IP-P00015/2016-17/10039

For and on behalf of the board

K.Raghavendra Rao
Managing Director
DIN No. 00010096

L. Chandrasekar
CFO and Company Secretary

Notes to Consolidated Financial Statements for the year ended March 31, 2018

1 Corporate Information

The Consolidated Financial Statements comprise financial statements of “Orchid Pharma Limited” (“the Holding Company”) and its subsidiaries (collectively referred to as “the Group”) for the year ended March 31, 2018.

Orchid Pharma 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 finshied 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 :

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

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.

The Hon’ble National Company Law Tribunal (“NCLT”), Chennai Bench, admitted the Corporate Insolvency Resolution Process (“CIRP”) application filed by an operational creditor of Orchid Pharma Limited (“the Holding Company”) and appointed an Interim Resolution Professional (“IRP”), in terms of the Insolvency and Bankruptcy Code, 2016 (“the Code”) to manage the affairs of the Holding Company vide CP.No. CP/ 540/ (IB)/ CB/ 2017, dated August 17, 2017. Subsequently, Mr. Ramkumar Sripatham Venkatasubramanian (IP Registration no. IBBI/IPA-001/IP-P00015/2016-17/10039) was appointed as the Resolution Professional (“RP”) of the Holding Company, by an order of NCLT with effect from October 27, 2017.

As per the order of the company NCLT, the powers of the board directors of the Holding Company shall stand suspended and shall vest with the RP.

2 Basis of preparation of financial statements

Statement of compliance

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values, the provisions of the Companies Act, 2013 (‘the Act’) (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

Basis of preparation and presentation

For all periods up to and including the year ended March 31, 2017, the Group prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

The financial statements for the year ended March 31, 2018 are the first financial statements the Group has prepared in accordance with Ind AS with the date of transition as April 1, 2016. Refer to note 53 for information on how the Group adopted Ind AS.

The group’s net worth as on the reporting date is negative. Considering the resolution plan submitted to the Hon’ble NCLT, in the opinion of the management, the group could be able to continue its operations without signficant curtailment in the foreseeable near future and make a turnaround based on the business plans proposed in the said resolution plan. Pending approval of the Hon’ble NCLT on the proposed resolution plan and expected implementation of the resolution plan as part of CIRP, the financial statements have been prepared and presented by the Group on a going concern basis.

The Consolidated Financial Statements comprises of Orchid Pharma Limited and all its subsidiaries, being the entities that it controls. Controls are assessed in accordance with the requirement of Ind AS 110 - Consolidated Financial Statements.

Principles of Consolidation

a) The financial statements of the Holding Company and its subsidiaries are combined on a line by line basis by adding together like items of assets, liabilities, equity, incomes, expenses and cash flows, after fully eliminating intra-group balances and intra-group transactions.

b) Profits or losses resulting from intra-group transactions that are recognised in assets, such as Inventory and Property, Plant and Equipment, are eliminated in full.

c) In case of foreign subsidiaries, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognised in the Foreign Currency Translation Reserve (FCTR).

d) Goodwill represents the difference between the Company's share in the net worth of subsidiaries and the cost of acquisition at each point of time of making the investment in the subsidiaries.

e) The unaudited financial statements of foreign subsidiaries have been prepared by the management in accordance with the generally accepted accounting principles of its country of incorporation and restated to Ind AS for consolidation purposes

f) The differences in accounting policies of the Holding Company and its subsidiaries / associates are not material and there are no material transactions from January 1, 2018 to March 31, 2018 in respect of subsidiaries/ having financial year ended December 31, 2017.

g) The Consolidated Financial Statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances.

h) The carrying amount of the parent's investment in each subsidiary is offset (eliminated) against the parent's portion of equity in each subsidiary.

Use of estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognised prospectively in current and future periods.

Functional and presentation currency

These financial statements are presented in Indian Rupees (INR), which is the Group's functional currency. All financial information presented in INR has been rounded to the nearest Lakhs (up to two decimals).

The financial statements are approved for issue by the Group's Board of Directors on August 21, 2018.

2A Critical accounting estimates and management judgments

In application of the accounting policies, which are described in note 2, the management of the Group is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and assumptions are based on historical experience and other factors that are considered to be relevant.

Information about significant areas of estimation, uncertainty and critical judgements used in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

Property, Plant and Equipment (PPE) and Intangible Assets

The residual values and estimated useful life of PPEs and Intangible Assets are assessed by the technical team at each reporting date by taking into account the nature of asset, the estimated usage of the asset, the operating condition of the asset, past history of replacement and maintenance support. Upon review, the management accepts the assigned useful life and residual value for computation of depreciation/amortisation. Also, management judgement is exercised for classifying the asset as investment properties or vice versa.

Current tax

Calculations of income taxes for the current period are done based on applicable tax laws and management's judgement by evaluating positions taken in tax returns and interpretations of relevant provisions of law.

Deferred Tax Assets

Significant management judgement is exercised by reviewing the deferred tax assets at each reporting date to determine the amount of deferred tax assets that can be retained/ recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Fair value

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. In applying the valuation techniques, management makes maximum use of market inputs and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

Impairment of Trade Receivables

The impairment for trade receivables are done based on assumptions about risk of default and expected loss rates. The assumptions, selection of inputs for calculation of impairment are based on management judgement considering the past history, market conditions and forward looking estimates at the end of each reporting date.

Impairment of Non-financial assets (PPE/ Intangible Assets)

The impairment of non-financial assets is determined based on estimation of recoverable amount of such assets. The assumptions used in computing the recoverable amount are based on management judgement considering the timing of future cash flows, discount rates and the risks specific to the asset.

Defined Benefit Plans and Other long term employee benefits

The cost of the defined benefit plan and other long term employee benefits, and the present value of such obligation are determined by the independent actuarial valuer. An actuarial valuation involves making various assumptions that may differ from actual developments in future. Management believes that the assumptions used by the actuary in determination of the discount rate, future salary increases, mortality rates and attrition rates are reasonable. Due to the complexities involved in the valuation and its long term nature, this obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities could not be measured based on quoted prices in active markets, management uses valuation techniques including the Discounted Cash Flow (DCF) model, to determine its fair value The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is exercised in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility.

Provisions and contingencies

The recognition and measurement of other provisions are based on the assessment of the probability of an outflow of resources, and on past experience and circumstances known at the reporting date. The actual outflow of resources at a future date may therefore vary from the figure estimated at end of each reporting period.

2B Recent accounting pronouncements

Standards issued but not yet effective

The following standards have been notified by Ministry of Corporate Affairs

a. Ind AS 115 – Revenue from Contracts with Customers (effective from April 1, 2018)
b. Appendix B to Ind AS 21 Foreign currency transactions and advance consideration
c. Amendments to Ind AS 12 Income taxes regarding recognition of deferred tax assets on unrealised losses

The Group is evaluating the requirements of the above standards/ its applicability to the Group and the effect on the financial statements is also being evaluated.

3 Significant Accounting Policies

a) Current versus non-current classification

The Group presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is treated as current when it is:

i) Expected to be realised or intended to be sold or consumed in normal operating cycle
ii) Held primarily for the purpose of trading
iii) Expected to be realised within twelve months after the reporting period, or
iv) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

i) It is expected to be settled in normal operating cycle
ii) It is held primarily for the purpose of trading
iii) It is due to be settled within twelve months after the reporting period, or
iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Group has identified 12 months as its operating cycle for the purpose of classification of its assets and liabilities as current and non-current.

b) Fair value measurement

The Group has applied the fair value measurement wherever necessitated at each reporting period.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

i) In the principal market for the asset or liability;

ii) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non - financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and the best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 : Quoted (unadjusted) market prices in active market for identical assets or liabilities;

Level 2 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and

Level 3 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group has designated the respective team leads to determine the policies and procedures for both recurring and non - recurring fair value measurement. External valuers are involved, wherever necessary with the approval of Group's board of directors. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

For the purpose of fair value disclosure, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risk of the asset or liability and the level of the fair value hierarchy as explained above. The component wise fair value measurement is disclosed in the relevant notes.

c) Revenue Recognition

Sale of goods

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue on sale of goods is recognised when the risk and rewards of ownership is transferred to the buyer, which generally coincides with the despatch of the goods or as per the inco-terms agreed with the customers.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment. It comprises of invoice value of goods including excise duty and after deducting discounts, volume rebates and applicable taxes on sale. It also excludes value of self-consumption.

Export entitlements

In respect of the exports made by the Group, the related export entitlements from Government authorities are recognised in the statement of profit and loss when the right to receive the incentives/ entitlements as per the terms of the scheme is established and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

Interest Income

Interest income is recorded using the effective interest rate (EIR) method. EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

Dividend income

Dividend income is recognized when the Group's right to receive dividend is established by the reporting date, which is generally when shareholders approve the dividend.

d) Property, plant and equipment and capital work in progress

Deemed cost option for first time adopter of Ind AS

Under the previous GAAP (Indian GAAP), the property, plant and equipment were carried in the balance sheet at cost less accumulated depreciation. The Group has elected to continue to measure the property, plant and equipment at their previous GAAP carrying values as at the date of transition, viz.,1 April 2016.

Presentation

Property, plant and equipment and capital work in progress are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs of a qualifying asset, if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in profit or loss as incurred.

Advances paid towards the acquisition of tangible assets outstanding at each balance sheet date, are disclosed as capital advances under long term loans and advances and the cost of the tangible assets not ready for their intended use before such date, are disclosed as capital work in progress.

Component Cost

All material/ significant components have been identified and have been accounted separately. The useful life of such component are analysed independently and wherever components are having different useful life other than plant they are part of, useful life of components are considered for calculation of depreciation.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of repairs and maintenance are recognised in the statement of profit and loss as incurred.

Machinery spares/ insurance spares that can be issued only in connection with an item of fixed assets and their issue is expected to be irregular are capitalised. Replacement of such spares is charged to revenue. Other spares are charged as revenue expenditure as and when consumed.

Derecognition

Gains or losses arising from derecognition of property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

e) Depreciation on property, plant and equipment

Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life on a straight line method. The depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less 5% being its residual value.

Depreciation is provided on straight line method, over the useful lives specified in Schedule II to the Companies Act, 2013, except in respect of certain assets, where useful life estimated based on internal assessment and/or independent technical evaluation carried out by external valuer, past trends and differs from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.

Depreciation for PPE on additions is calculated on pro-rata basis from the date of such additions. For deletion/ disposals, the depreciation is calculated on pro-rata basis up to the date on which such assets have been discarded/ sold. Additions to fixed assets, costing Rs.5000 each or less are fully depreciated retaining its residual value.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

f) Intangible assets

Under the previous GAAP (Indian GAAP), intangible assets were carried in the balance sheet at cost less accumulated depreciation. The Group has elected to consider the previous GAAP carrying amount of the intangible assets as the deemed cost as at the date of transition, viz.,1 April 2016.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of a separately acquired intangible asset comprises (a) its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates; and (b) any directly attributable cost of preparing the asset for its intended use.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

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.

Useful life and amortisation of intangible assets

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

The cost of each DMF/ ANDA (self generated intangible assets) is amortised to the extent of recovery of developmental costs applicable as per terms of the agreement or over a period of 5 years from the date on which the product covered by DMF/ ANDA is commercially marketed, which ever is earlier.

Subsequent cost and measurement

Subsequent costs are capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures, including expenditure on internally-generated intangibles, are recognised in the statement of profit and loss as incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

g) Inventories

Inventories are carried at the lower of cost or net realisable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

(i) Raw materials/Chemicals/Packing materials/Stores & spares: At annual weighted average cost.

(ii) Work-in-progress and intermediates: At cost or net realisable value whichever is lower, after adjustment of unrealised profits on inter division transfer

(iii) Finished goods/Traded goods: At cost or net realisable value whichever is lower, after adjustment of unrealised profits on inter division transfer

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

h) Financial Instruments

Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of the instruments.

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value. However, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset are also added to the cost of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified on the basis of their contractual cash flow characteristics and the entity's business model of managing them.

Financial assets are classified into the following categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Debt instruments at amortised cost

The Group classifies a debt instrument as at amortised cost, if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows; and

b) Contractual terms of the asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding.

Such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

Debt instrument at FVTOCI

The Group classifies a debt instrument at FVTOCI, if both of the following criteria are met:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Group recognizes finance income, impairment losses and reversals and foreign exchange gain or loss in the profit and loss statement. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Debt instrument at FVTPL

The Group classifies all debt instruments, which do not meet the criteria for categorization as at amortized cost or as FVTOCI, as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit and loss.

Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. Where the Group makes an irrevocable election of classifying the equity instruments at FVTOCI, it recognises all subsequent changes in the fair value in OCI, without any recycling of the amounts from OCI to profit and loss, even on sale of such investments.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit and loss.

Financial assets are measured at FVTPL except for those financial assets whose contractual terms give rise to cash flows on specified dates that represents SPPI, are measured as detailed below depending on the business model:

Classification	Name of the financial asset
Amortised cost	Trade receivables, Loans given to employees and others, deposits, interest receivable and other advances recoverable in cash.
FVTOCI	Equity investments in companies other than subsidiaries and associates if an option exercised at the time of initial recognition.
FVTPL	Other investments in equity instruments

Derecognition

A financial asset is primarily derecognised when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group’s continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

In accordance with Ind AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, receivables and bank balance.

b) Financial assets that are debt instruments and are measured at FVTOCI

c) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18.

The Group follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade receivables or contract revenue receivables; and
- All lease receivables resulting from transactions within the scope of Ind AS 17

The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime Expected Credit Loss (ECL) at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12 months ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12 months ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, the Group considers all contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument and Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECL allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss. This amount is reflected under the head 'other expenses' in the profit and loss. The balance sheet presentation of ECL for various financial instruments is described below:

- Financial assets measured as at amortised cost, contractual revenue receivables and lease receivables: ECL is presented as an allowance, which reduces the net carrying amount. Until the asset meets write-off criteria, the Group does not reduce impairment allowance from the gross carrying amount.

- **Debt instruments measured at FVTOCI:** Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. Rather, ECL amount is presented as 'accumulated impairment amount' in the OCI.

For assessing increase in credit risk and impairment loss, the Group combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

For impairment purposes, significant financial assets are tested on individual basis at each reporting date. Other financial assets are assessed collectively in groups that share similar credit risk characteristics. Accordingly, the impairment testing is done on the following basis:

Name of the financial asset	Impairment Testing Methodology
Trade Receivables	Expected Credit Loss model (ECL) is applied. The ECL over lifetime of the assets are estimated by using a provision matrix which is based on historical loss rates reflecting current conditions and forecasts of future economic conditions which are grouped on the basis of similar credit characteristics such as nature of industry, customer segment, past due status and other factors that are relevant to estimate the expected cash loss from these assets.
Other financial assets	When the credit risk has not increased significantly, 12 month ECL is used to provide for impairment loss. When there is significant change in credit risk since initial recognition, the impairment is measured based on probability of default over the life time. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12 month ECL.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL and as at amortised cost.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading, if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to profit and loss. However, the Group may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The Group has not designated any financial liability as at fair value through profit and loss.

Classification	Name of the financial liability
Amortised cost	Borrowings, Trade payables, Interest accrued, Unclaimed / Disputed dividends, Security deposits and other financial liabilities not for trading.
FVTPL	Foreign exchange Forward contracts being derivative contracts do not qualify for hedge accounting under Ind AS 109 and other financial liabilities held for trading.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Group are initially measured at their fair values and, if not designated as at fair value through profit or loss, are subsequently measured at higher of (i) The amount of loss allowance determined in accordance with impairment requirements of Ind AS 109 – Financial Instruments and (ii) The amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 18 – Revenue.

Derivative financial instruments

The Group holds derivative financial instruments such as foreign exchange forward and options contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Reclassification of financial assets

The Group determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Group's senior management determines change in the business model as a result of external or internal changes which are significant to the Group's operations. Such changes are evident to external parties. A change in the business model occurs when the Group either begins or ceases to perform an activity that is significant to its operations. If the Group reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Group does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

The following table shows various reclassification and how they are accounted for:

S.No	Original classification	Revised classification	Accounting treatment
1	Amortised cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognised in P&L.
2	FVTPL	Amortised Cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
3	Amortised cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.
4	FVTOCI	Amortised cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
5	FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
6	FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognized in OCI is reclassified to P&L at the reclassification date.

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet, if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

i) Foreign currency transactions and translations

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group at the functional currency spot rates at the date at which the transaction first qualifies for recognition. However, for practical reasons, the Group uses an average rate, if the average approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

The Group enters into forward exchange contract to hedge its risk associated with foreign currency fluctuations. The premium or discount arising at the inception of a forward exchange contract is amortized as expense or income over the life of the contract. In case of monetary items which are covered by forward exchange contract, the difference between the year end rate and rate on the date of the contract is recognized as exchange difference. Any profit or loss arising on cancellation of a forward exchange contract is recognized as income or expense for that year.
I am not sure whether this para is appropriate

j) Borrowing Costs

Borrowing cost include interest computed using Effective Interest Rate method, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs that are directly attributable to the acquisition, construction, production of a qualifying asset are capitalised as part of the cost of that asset which takes substantial period of time to get ready for its intended use. The Group determines the amount of borrowing cost eligible for capitalisation by applying capitalisation rate to the expenditure incurred on such cost. The capitalisation rate is determined based on the weighted average rate of borrowing cost applicable to the borrowings of the Group which are outstanding during the period, other than borrowings made specifically towards purchase of the qualifying asset. The amount of borrowing cost that the Group capitalises during the period does not exceed the amount of borrowing cost incurred during that period. All other borrowings costs are expensed in the period in which they occur.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in the statement of profit and loss in the period in which they are incurred.

k) Government grants

Government grants are recognised at fair value where there is a reasonable assurance that the grant will be received and all the attached conditions are complied with.

In case of revenue related grant, the income is recognised on a systematic basis over the period for which it is intended to compensate an expense and is disclosed under “Other operating revenue” or netted off against corresponding expenses wherever appropriate. Receivables of such grants are shown under “Other Financial Assets”. Export benefits are accounted for in the year of exports based on eligibility and when there is no uncertainty in receiving the same. Receivables of such benefits are shown under “Other Financial Assets”.

Government grants related to assets, including non-monetary grants at fair value, shall be presented in the balance sheet by setting up the grant as deferred income. The grant set up as deferred income is recognised in profit or loss on a systematic basis over the useful life of the asset.

l) Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future tax liability, is recognised as an asset viz. MAT Credit Entitlement, to the extent there is convincing evidence that the Group will pay normal Income tax and it is highly probable that future economic benefits associated with it will flow to the Group during the specified period. The Group reviews the "MAT Credit Entitlement" at each Balance Sheet date and writes down the carrying amount of the same to the extent there is no longer convincing evidence to the effect that the Group will pay normal Income tax during the specified period.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised. Where there is deferred tax assets arising from carry forward of unused tax losses and unused tax created, they are recognised to the extent of deferred tax liability.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

m) Retirement and other employee benefits

Short-term employee benefits

A liability is recognised for short-term employee benefit in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Defined contribution plans

Retirement benefit in the form of provident fund is a defined contribution scheme. The Group has no obligation, other than the contribution payable to the provident fund. The Group recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

Defined benefit plans

The Group operates a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Compensated absences

The Group has a policy on compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary at each balance sheet date using projected unit credit method on the additional amount expected to be paid / availed as a result of the unused entitlement that has accumulated at the balance sheet date. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

Other long term employee benefits

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by the employees up to the reporting date.

n) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to April 1, 2016, the Group has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease. All other leases are operating leases.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Group’s general policy on the borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

o) Impairment of non financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

p) Provisions, contingent liabilities and contingent asset

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are discounted, if the effect of the time value of money is material, using pre-tax rates that reflects the risks specific to the liability. When discounting is used, an increase in the provisions due to the passage of time is recognised as finance cost. These provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Necessary provision for doubtful debts, claims, etc., are made, if realisation of money is doubtful in the judgement of the management.

Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. Contingent liabilities are disclosed separately.

Show cause notices issued by various Government authorities are considered for evaluation of contingent liabilities only when converted into demand.

Contingent assets

Where an inflow of economic benefits is probable, the Group discloses a brief description of the nature of the contingent assets at the end of the reporting period, and, where practicable, an estimate of their financial effect.

Contingent assets are disclosed but not recognised in the financial statements.

q) Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances with original maturity of less than 3 months, highly liquid investments that are readily convertible into cash, which are subject to insignificant risk of changes in value.

r) Cash Flow Statement

Cash flows are presented using indirect method, whereby profit / (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments.

Bank borrowings are generally considered to be financing activities. However, where bank overdrafts which are repayable on demand form an integral part of an entity's cash management, bank overdrafts are included as a component of cash and cash equivalents for the purpose of Cash flow statement.

s) Earnings per share

The basic earnings per share are computed by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

Diluted EPS is computed by dividing the net profit after tax by the weighted average number of equity shares considered for deriving basic EPS and also weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for bonus shares, as appropriate.

Notes to Consolidated Financial Statements for the year ended March 31, 2018

4 Property, plant and equipment

₹ in Lakhs

Particulars	Tangible Assets										Intangible Assets				
	Freehold Land & Site Development	Leasehold Land	Buildings	Plant and Machinery	Furniture and Fittings	Vehicles	Office Equipment	Factory Equipment	Laboratory Equipment	Total	Goodwill	Patents & Registrations	Internally generated DMF and ANDA	Computer Software	Total
Deemed Cost as at April 1, 2016	2,608.52	53.44	16,376.04	129,722.04	345.00	14.27	58.29	112.71	1,960.56	151,250.87	9,482.32	161.82	2,724.12	64.09	12,432.35
Additions	-	-	-	6.83	-	-	-	-	-	6.83	-	-	-	-	-
Disposals	-	-	-	-	-	-	(1.32)	-	-	(1.32)	-	-	-	-	-
Cost as at March 31, 2017	2,608.52	53.44	16,376.04	129,728.87	345.00	14.27	56.97	112.71	1,960.56	151,256.38	9,482.32	161.82	2,724.12	64.09	12,432.35
Additions			1,113.22	706.59	6.73	2.00	3.40	351.89	79.42	2,263.25			-	35.75	35.75
Disposals						(37.59)				(37.59)			-	-	-
Cost as at March 31, 2018	2,608.52	53.44	17,489.26	130,435.46	351.73	(21.32)	60.37	464.60	2,039.98	153,482.04	9,482.32	161.82	2,724.12	99.84	12,468.10
Depreciation/ Amortisation															
Charge for the year	-	0.61	751.73	12,222.96	84.73	1.20	57.85	26.00	509.57	13,654.65	-	161.82	179.84	38.93	380.59
Disposals	-	-	-	-	-	-	(0.93)	-	-	(0.93)	-	-	-	-	-
As at March 31, 2017	-	0.61	751.73	12,222.96	84.73	1.20	56.92	26.00	509.57	13,653.72	-	161.82	179.84	38.93	380.59
Charge for the year	-	0.61	751.91	11,775.82	74.31	2.91	0.12	10.30	416.26	13,032.24	-	-	291.14	7.91	299.05
Disposals	-					(35.72)				(35.72)	-	-	-	-	-
As at March 31, 2018	-	1.22	1,503.64	23,998.78	159.04	(31.61)	57.04	36.30	925.83	26,650.24	-	161.82	470.98	46.84	679.64
Net Block															
As at April 1, 2016	2,608.52	53.44	16,376.04	129,722.04	345.00	14.27	58.29	112.71	1,960.56	151,250.87	9,482.32	161.82	2,724.12	64.09	12,432.35
As at March 31, 2017	2,608.52	52.83	15,624.31	117,505.91	260.27	13.07	0.05	86.71	1,450.99	137,602.66	9,482.32	-	2,544.28	25.16	12,051.76
As at March 31, 2018	2,608.52	52.22	15,985.62	106,436.68	192.69	10.29	3.33	428.30	1,114.15	126,831.80	9,482.32	-	2,253.14	53.00	11,788.46

₹ in Lakhs

	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
5 Capital Work-in-progress			
PPE under development	25,721.90	27,399.86	26,539.12
	25,721.90	27,399.86	26,539.12
6 Intangible Assets under Development			
Intangible Assets under Development	1,431.00	1,431.00	1,500.93
	1,431.00	1,431.00	1,500.93
7 Non-current investments			
Investments in companies other than subsidiaries, associates and joint ventures at FVTPL			
i. Investments in Equity Instruments (Quoted)			
18,600 equity shares (previous year 18,600) of Rs.10 each in Bank of India Ltd, fully paid up	19.25	25.89	18.05
ii. Investments in Equity Instruments (Unquoted)			
6,00,000 equity shares of Rs. 10 each in Sai Regency Power Corporation Pvt.Ltd, fully paid up	60.00	60.00	45.00
911,430 equity shares of Rs. 10 each in Madras Stock Exchange-Non Traded, fully paid up	23.99	23.99	23.99
31,936 equity shares of Rs.10 each in MSE Financial services Ltd fully paid up	3.83	3.83	3.83
	107.07	113.71	90.87
Total non-current investments			
Aggregate value of quoted investments	19.25	25.89	18.05
Aggregate market value of quoted investments	19.25	25.89	18.05
Aggregate value of unquoted investments	87.82	87.82	72.82
Aggregate amount of impairment in value of investments	-	-	-
8 Other non-current financial assets			
(Unsecured, considered good)			
Prepaid Financial Charges	975.64	1,548.57	2,178.46
Deposits with Government Authorities	673.00	362.83	437.06

₹ in Lakhs

	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Other Deposits	324.50	340.52	335.97
(Unsecured, considered doubtful)			
Others	202.66	202.66	202.66
Less : Provision for expected credit loss	(202.66)	(202.66)	(202.66)
	1,973.14	**2,251.92**	**2,951.49**
9 Other non-current assets			
(Secured, considered good)			
Ear-marked balance transferred from Other Bank balances	22.74	198.78	67.32
(Unsecured, considered good)			
Capital Advances	52,193.10	54,580.96	54,593.82
Advances to suppliers	18,020.47	16,566.29	23,842.23
Advance income tax (net of provision for tax)	6,552.80	5,848.94	5,332.55
	76,789.11	**77,194.97**	**83,835.92**
10 Inventories			
Raw Materials	4,229.54	5,376.39	5,083.13
Intermediates & Work-in-progress	6,334.32	7,383.21	7,247.95
Finished Goods	5,645.59	5,139.64	7,630.27
Traded Goods	176.74	390.77	696.97
Stores and Spare parts	1,917.63	1,885.83	1,847.15
Chemicals and Consumables	237.15	151.62	1,021.18
Packing Materials	832.85	797.67	658.25
	19,373.82	**21,125.13**	**24,184.90**
Inventory comprises of			
Raw Materials			
7Aca	360.53	453.69	335.71
Terbinafine Hydrochloride	224.18	280.38	337.28
Cephalexin Usp(Compacted)	183.68	122.16	365.96
Thiost	122.56	206.72	157.14
Others	3,338.59	4,313.44	3,887.04
	4,229.54	**5,376.39**	**5,083.13**
Intermediates & Work-in-progress			
Cefuroxime Acid (Eu)	740.32	473.43	-
Pavest	231.93	704.38	168.99

₹ in Lakhs

	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Cefuroxime Axetil Crystallin Exdrier(Eu)	204.52	878.92	-
7-Acta (E)	260.26	444.32	-
Cefazolin Acid (U)	-	-	391.59
Cefepime Inter (U)	-	-	334.05
Cava (E)	-	-	300.68
Others	4,897.29	4,882.16	6,052.64
	6,334.32	**7,383.21**	**7,247.95**
Finished Goods			
Cefepime + Arginine (Sterile Bulk)	-	118.64	898.96
Cephalothin Sodium Buffered Sterile	233.98	361.55	320.29
Ceftriaxone Sodium Ep (Sterile)	409.03	408.18	-
Cefuroxime Axetil Amorphous Blended	-	256.64	552.73
Cefixime Powder (Ep)	268.19	125.92	103.44
Cefazolin Sodium Sterile Usp	-	-	456.30
Ceftazidime Sodium Carbonate-Sterile(Ep)	374.42	-	-
Others	4,359.97	3,868.71	5,298.55
	5,645.59	**5,139.64**	**7,630.27**
Traded goods			
Others	176.74	390.77	696.97
	176.74	**390.77**	**696.97**
11 Trade receivables			
(Secured, considered good)			
Outstanding for a period exceeding six months from due date of payment	-	263.90	293.56
Other debts	-	-	-
(Unsecured, considered good)			
Outstanding for a period exceeding six months from due date of payment	2,101.42	6,398.26	15,466.09
Other debts	9,849.87	9,793.93	11,242.70
(Unsecured, considered doubtful)			
Outstanding for a period exceeding six months from due date of payment	3,761.23	3,843.76	4,005.10
	15,712.52	**20,299.85**	**31,007.45**
Less: Allowance for expected credit loss	(3,761.23)	(3,834.76)	(4,005.10)
	11,951.29	**16,465.09**	**27,002.35**
12 Cash and cash equivalents			
Cash on hand	1.15	4.68	9.50

₹ in Lakhs

	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Balances with banks			
In current accounts	3,078.15	1,087.28	929.00
In fixed deposit (original maturity less than 3 months)	432.00	967.86	25,140.30
	3,511.30	**2,059.82**	**26,078.80**
13 Other Bank Balances			
In Term Deposits	27,043.95	23,646.58	5,415.21
In earmarked accounts			
Unpaid Dividend Account	22.74	53.54	58.32
Margin Money Deposits	-	145.24	9.00
Less:- Ear-marked balance transferred to non - current assets	(22.74)	(198.78)	(67.32)
	27,043.95	**23,646.58**	**5,415.21**
14 Other current financial assets			
(Unsecured, considered good)			
Retention money receivable towards sale of under-taking	-	-	10,500.00
Interest accrued	215.76	160.07	127.89
Rent Advances	17.66	62.26	62.26
	233.42	**222.33**	**10,690.15**
15 Other current assets			
(Unsecured, considered good)			
Prepaid expenses	1,767.73	946.24	1,171.78
Balances with Statutory Authorities	3,996.91	3,013.81	2,687.94
Employees Advances	16.04	33.47	41.30
	5,780.68	**3,993.52**	**3,901.02**
(Unsecured, considered doubtful)			
Advances to Suppliers	15,333.30	15,333.30	10,000.00
Less : Allowance for expected credit loss	(15,333.30)	(15,333.30)	(10,000.00)
	5,780.68	3,993.52	3,901.02
16 Capital			
Authorised Share Capital			
15,00,00,000 Equity shares of Rs. 10 each	15,000.00	15,000.00	15,000.00
	15,000.00	**15,000.00**	**15,000.00**

₹ in Lakhs

		As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Issued Share Capital				
8,89,64,327 Equity shares of Rs. 10 each		8,896.43	8,896.43	8,896.43
		8,896.43	**8,896.43**	**8,896.43**
Subscribed and fully paid up share capital				
8,89,64,327 Equity shares of Rs. 10 each		8,896.43	8,896.43	8,896.43
		8,896.43	**8,896.43**	**8,896.43**
Notes:				
(a)	**Reconciliation of number of equity shares subscribed**			
	Balance as at the beginning of the year	88,964,327	88,964,327	88,964,327
	Add: Issued during the year	-	-	-
	Balance at the end of the year	**88,964,327**	**88,964,327**	**88,964,327**
(b)	**Shareholders holding more than 5% of the total share capital**			

Name of the share holders	March 31, 2018		March 31, 2017		April 1, 2016	
	No of shares	%	No of shares	%	No of shares	%
Orchid Healthcare Pvt. Ltd.	1,94,09,575	21.82	1,94,09,575	21.82	20,588,610	23.14
Serum Institute of India	NA	NA	57,01,524	6.41	5,701,524	6.41

(c) Rights, preferences and restrictions in respect of equity shares issued by the Company

The company has only one class of equity shares having a par value of Rs.10 each. The equity shares of the company having par value of Rs.10/- rank pari-passu in all respects including voting rights and entitlement to dividend. The dividend proposed if any, by the Board of Directors, is subject to the approval of the shareholders in the ensuing Annual General Meeting. During the year, the Company proposed a dividend of Rs. Nil per equity share held (Previous year Rs. Nil per equity share held)

17 Other Equity			
Capital Reserve	894.68	894.68	894.68
Capital Reserve on Amalgamation	9,004.21	9,004.21	9,004.21
Securities Premium Reserve	46,447.86	46,447.86	46,447.86
General Reserve	55,851.90	55,851.90	55,851.90
Foreign Currency Monetary Item Translation Difference Account	(3,167.28)	(5,498.74)	(10,365.05)
Foreign Currency Fluctuation Reserve	(3,089.72)	(3,459.70)	(3,975.04)

₹ in Lakhs

	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Other Comprehensive Income	1.20	7.84	-
Profit and Loss Account	(194,015.25)	(158,819.27)	(109,110.44)
	(88,072.40)	**(55,571.22)**	**(11,251.88)**
a) Capital reserve			
Balance at the beginning and end of the year	**894.68**	**894.68**	**894.68**
b) Capital Reserve on Amalgamation			
Balance at the beginning and end of the year	**9,004.21**	**9,004.21**	**9,004.21**
c) Securities Premium Reserve			
Balance at the beginning and end of the year	**46,447.86**	**46,447.86**	**46,447.86**
d) General Reserve			
Balance at the beginning and end of the year	**55,851.90**	**55,851.90**	**55,851.90**
e) Foreign Currency Monetary Item Translation Difference Account			
Balance at the beginning of the year	(5,498.74)	(10,365.05)	(10,365.05)
Additions during the year	2,331.46	4,866.31	-
Balance at the end of the year	**(3,167.28)**	**(5,498.74)**	**(10,365.05)**
f) Foreign Currency Fluctuation Reserve			
Balance at the beginning of the year	(3,459.70)	(3,975.04)	(3,975.04)
Additions/ (deductions) during the year	369.98	515.34	-
Balance at the end of the year	(3,089.72)	(3,459.70)	(3,975.04)
g) Other Comprehensive Income			
Balance at the beginning of the year	7.84	-	-
Additions during the year	74.22	(157.62)	-
Deductions/Adjustments during the year	(80.86)	165.46	-
Balance at the end of the year	1.20	7.84	-
h) Profit and Loss Account			
Balance at the beginning of the year	(158,819.27)	(109,110.44)	(101,850.50)

₹ in Lakhs

	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Net profit for the period	(35,276.84)	(49,543.37)	-
Transfer from Other Comprehensive Income	80.86	(165.46)	-
Ind AS adjustments	-	-	(7,259.94)
Balance at the end of the year	**(194,015.25)**	**(158,819.27)**	**(109,110.44)**
18 Long Term Borrowings			
Secured *			
From Banks			
Rupee Term Loans	206,098.28	187,051.20	187,809.89
Foreign Currency Term Loans	77,744.64	73,270.83	75,240.91
Less: Current maturities of Long Term Debt (refer note 25)	(94,452.21)	(44,644.06)	(25,297.14)
	189,390.71	**215,677.97**	**237,753.66**
* Refer Note 43 for repayment terms and security details			
19 Provisions (Non-current)			
Provision for Employee Benefits			
Leave Encashment	271.85	206.67	373.09
Gratuity	476.50	384.86	416.49
	748.35	**591.53**	**789.58**
20 Deferred Tax Asset / (Liability) - Net			
Deferred Tax Liability			
On Fixed Assets	9,414.23	9,414.23	11,139.30
On unabsorbed tax depreciation	(9,414.23)	(4,804.32)	(1,725.07)
On Others	322.60	332.13	362.03
	322.60	**4,942.04**	**9,776.26**
Deferred Tax Asset			
On expenses allowed under Income Tax on payment basis	-	-	-
Others	-	-	-
	-	-	-
Net deferred tax asset / (liability)	(322.60)	(4,942.04)	(9,776.26)

₹ in Lakhs

	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
21 Current liabilities - Borrowings			
Secured			
Working Capital Facilities / Borrowings *	55,718.11	50,160.61	49,475.39
Unsecured			
Loans from Banks	7,994.60	4,000.00	6,499.95
Loans from Others	2,500.00	2,500.00	2,516.69
Loans from related parties	3,216.77	3,291.77	4,887.04
	69,429.48	**59,952.38**	**63,379.07**
* Refer Note 43 for repayment terms and security details			
22 Trade payables			
Dues to Micro enterprises and Small enterprises *	69.53	83.51	82.61
Dues to Creditors other than Micro and Small enterprises	35,809.81	43,228.84	37,895.80
	35,879.34	**43,312.35**	**37,978.41**
* Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the management represents the principal amount payable to these enterprises.			
23 Other current financial liabilities			
Liability on Rent Straightlining	-	-	18.00
	-	**-**	**18.00**
24 Provisions (Current)			
Provision for employee benefits			
Leave encashment	102.91	132.64	-
	102.91	**132.64**	**-**
25 Other current liabilities			
Current maturities of Term Loans	61,374.76	34,985.76	20,325.99
Interest accrued on borrowings	33,077.46	9,658.31	4,971.15
Unpaid dividends	22.74	53.54	58.32
Statutory Liabilities	665.38	528.33	669.99
Share Application money refundable	5.42	5.42	5.42
Security Deposits received from Agents	433.00	433.00	433.00
Advance and deposits from customers etc.,	260.76	1,959.87	2,070.58
	95,839.52	**47,624.23**	**28,534.45**

₹ in Lakhs

	For the year ended March 31, 2018	For the year ended March 31, 2017
26 Revenue from operations		
Sale of Products		
Manufactured goods	59,801.17	73,212.62
Traded goods	8,249.60	5,504.28
Other Operating Revenues		
Sale of Other Materials	646.95	1,202.76
Others	83.86	824.00
	68,781.58	**80,743.66**

Note: In India, Goods and Service Tax (GST) has been effective from July 01, 2017. Consequently, excise duty, value added tax (VAT), service tax etc. have been replaced with GST. Until June 30, 2017, 'Sale of products' included the amount of excise duty recovered on sales. With effect from July 01, 2017, 'Sale of products', excludes the amount of GST recovered. Accordingly, revenue from 'Sale of products' and 'Revenue from operations' for the year ended March 31, 2018 are not comparable with those of the previous year.

	For the year ended March 31, 2018	For the year ended March 31, 2017
27 Other income		
Interest income	1,151.29	1,479.63
Dividend Income	-	6.48
Profit on sale of assets	3.96	0.38
Other non-operating income	875.11	1,245.56
	2,030.36	**2,732.05**
28 Cost of materials consumed		
Opening inventory of raw materials	5,376.39	5,083.13
Add : Purchases	32,996.08	35,076.48
Less : Closing inventory of raw materials	(4,229.54)	(5,376.39)
	34,142.93	**34,783.22**
29 Purchases of Stock in Trade		
Purchases of Stock in Trade	119.74	2,601.75
	119.74	**2,601.75**

₹ in Lakhs

	For the year ended March 31, 2018	For the year ended March 31, 2017
Opening Balance		
Intermediates & Work-in-progress	7,383.21	7,247.95
Traded Goods	390.77	696.97
Finished Goods	5,139.64	7,630.27
	12,913.62	**15,575.19**
Closing Balance		
Intermediates & Work-in-progress	6,334.32	7,383.21
Traded Goods	176.74	390.77
Finished Goods	5,645.59	5,139.64
	12,156.65	**12,913.62**
Add: Inventory written off included in exceptional items (Refer note 36)	-	700.84
Total changes in inventories	**(756.97)**	**(1,960.73)**

31 Employee benefits expense

Salaries and wages	6,901.07	7,092.01
Contribution to provident and other funds	981.16	192.24
Staff welfare expenses	740.14	656.78
	8,622.37	**7,941.03**

32 Depreciation and amortisation expense

Depreciation on Property, Plant and Equipment	13,032.24	13,654.65
Amortisation of Intangible Assets	299.05	380.59
Amortisation of Intangible Assets under Development	-	69.93
	13,331.29	**14,105.17**

33 Excise Duty Expense

Excise Duty (also refer foot note given in note 26)	483.25	1,093.25
	483.25	**1,093.25**

₹ in Lakhs

	For the year ended March 31, 2018	For the year ended March 31, 2017
Power and Fuel	5,068.60	5,432.91
Conversion Charges	628.11	696.78
Consumption of Stores, Spares & Chemicals	2,296.64	2,389.37
Rent	93.16	161.56
Repairs to buildings	127.12	180.64
Repairs to Machinery	171.92	137.07
Factory maintenance	1,559.66	1,555.74
Insurance	800.33	731.08
Rates & Taxes	835.36	312.17
Postage, Telephone & Telex	64.64	60.06
Printing & Stationery	98.49	100.46
Vehicle Maintenance	8.54	19.84
Research & Development Expenses (Refer Note 39)	1,773.33	3,760.14
Advertisement	7.11	2.72
Recruitment expenses	33.03	17.00
Payment to Auditors [Refer Note 34 (a)]	63.38	52.31
Cost Audit fee	14.00	14.00
Travelling and Conveyance	147.37	220.41
Directors' Remuneration & perquisites	73.34	77.46
Directors' travelling expenses	-	-
Inland	4.58	6.17
Overseas	3.28	0.18
Directors' sitting fees	3.00	11.00
Freight outward	988.77	1,420.45
Commission on Sales	1,033.68	1,056.21
Business Promotion and Selling Expenses	180.07	139.48
Lease Rentals	1,126.92	1,108.92
Consultancy & Professional Fees	788.04	1,208.36
Write off of investments	-	-
Provision for bad & doubtful debts	1,072.47	1,954.15
Foreign exchange loss (net)	1,950.46	2,875.46
Provision for Doubtful Advances	-	5,333.30
Miscellaneous expenses	1,210.57	1,030.04
Bank charges	860.90	1,050.30
	23,086.87	**33,115.74**

₹ in Lakhs

	For the year ended March 31, 2018	For the year ended March 31, 2017
As auditors - statutory audit *	36.88	42.31
For taxation matters	12.00	7.50
For other services	14.50	2.50
	63.38	**52.31**
* includes payments made to erstwhile auditors		
35 Finance Cost		
Interest on Bank Borrowings	29,013.51	32,059.03
Interest on Others	1,151.29	1,567.53
	30,164.80	**33,626.56**
36 Exceptional items		
Holdback money written off	-	7,925.01
Inventory written off	-	700.84
	-	**8,625.85**
37 Income tax expense		
(a) Income tax expense		
Current tax		
Current tax on profits for the year	-	-
MAT Paid	-	-
Total current tax expense	-	-
Deferred tax		
Deferred tax adjustments	(4,619.44)	(4,834.22)
Total deferred tax expense/(benefit)	**(4,619.44)**	**(4,834.22)**
Income tax expense	**(4,619.44)**	**(4,834.22)**
b) The income tax expense for the year can be reconciled to the accounting profit as follows:		
Profit/(loss) before tax from continuing operations	(39,896.28)	(54,377.59)

₹ in Lakhs

	For the year ended March 31, 2018	For the year ended March 31, 2017
Income tax expense	-	-

* The Impact is due to the difference in tax rate adopted for the current year deferred tax and previous year deferred tax

c) Income tax recognised in other comprehensive income

	For the year ended March 31, 2018	For the year ended March 31, 2017
Deferred tax		
Remeasurement of defined benefit obligation	-	-
Total income tax recognised in other comprehensive income	-	-

d) Movement of deferred tax expense for the year ended March 31, 2018

Deferred tax (liabilities)/assets in relation to:	Opening balance	Recognised in profit or loss	Recognised in OCI	Closing balance
Property, plant, and equipment and Intangible Assets	(9,414.23)			(9,414.23)
Unabsorbed tax depreciation*	4,804.32	4,609.91	-	9,414.23
Other temporary differences	(332.13)	9.53	-	(322.60)
	(4,942.04)	**4,619.44**	**-**	**(322.60)**
MAT Credit entitlement				-
Total	**(4,942.04)**	**4,619.44**	**-**	**(322.60)**

e) Movement of deferred tax expense during the year ended March 31, 2017

₹ in Lakhs

Deferred tax (liabilities)/assets in relation to:	Opening balance	Recognised in profit or loss	Recognised in OCI	Closing balance
Property, plant, and equipment and Intangible Assets	(9,414.23)		-	(9,414.23)
Unabsorbed tax depreciation*	-	4,804.32	-	4,804.32
Other temporary differences	(362.03)	29.90	-	(332.13)
	(9,776.26)	4,834.22	-	(4,942.04)
MAT Credit entitlement	-	-	-	-
Total	**(9,776.26)**	**4,834.22**	**-**	**(4,942.04)**

*Since the company has unabsorbed depreciation, it has scaled down the recognition of deferred tax asset to that extent it matches with the aggregate deferred tax liability arising on account of Property, Plant and Equipment. However, no deferred tax asset has been created in respect of carry forward business losses in the absence of convincing evidence that future taxable income will be available.

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
38 Earnings per share		
Profit for the year attributable to owners of the Company	(35,276.84)	(49,543.37)
Weighted average number of ordinary shares outstanding	88,964,327	88,964,327
Basic earnings per share (Rs)	(39.65)	(55.69)
Diluted earnings per share (Rs)	(39.65)	(55.69)
39 Expenditure on Research and Development		
Revenue expenditure relating to Research and Development charged to the Statement of Profit or Loss (excluding depreciation) includes:		
Power and fuel	8.12	119.53
Consumption of stores, spared and chemicals	179.09	240.28
Salaries, wages and bonus	938.98	1,364.13
Contribution to Provident and other funds	78.16	122.40
Staff welfare	6.95	112.04
Rates and taxes	0.20	5.39
Insurance	9.60	14.74
Postage, telephone and telex	1.49	3.96
Printing and stationery	1.52	4.59
Vehicle maintenance	0.11	0.72
Recruitment expenses	2.33	6.81

₹ in Lakhs

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Travelling and conveyance	2.26	11.57
Filing and registration expenses	8.66	7.01
Testing charges	-	0.94
Consultancy and professional fees	390.79	401.55
Others	145.07	1,344.48
	1,733.33	3,760.14

40 Commitments and contingent liabilities

Contingent Liability		
Unexpired letters of credit	9,824.86	11,488.13
Bank guarantees outstanding	106.83	553.03
Claims against the company not acknowledged as debts		
- Income Tax dispute pending before High Court of Chennai*	4,054.98	4,054.98
- Excise demands under dispute pending before Excise authorities	338.40	354.37
- Service Tax dispute pending before High Court of Chennai	85.26	85.26
- Sales Tax dispute pending before Sales Tax authorities	498.89	498.89
- Self Generation Tax under dispute with State Electricity Board	1,243.53	1,086.42
Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for	1,686.54	1,357.20

* The entrie dues have been paid for income tax demands “under dispute” in full.

41 Operating Segments

The operations of the Group falls under a single primary segment i.e., “Pharmaceuticals” in accordance with Ind AS 108 “Operating Segments” and hence no segment reporting is applicable.

Information relating to geographical areas

(a) Revenue from external customers

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
India	6,734.31	7,488.31
Rest of the world	61,316.46	71,228.59
Total	**68,050.77**	**78,716.90**

(b) Non current assets

The manufacturing facilities of the Company is situated in India and no non-current assets are held outside India

(c) Information about major customers

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Number of external customers each contributing more than 10% of total revenue	2	2
Total revenue from the above customers	17,376.49	18,093.50

42 Operating lease arrangements

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
As Lessee		
The Group has entered into operating lease arrangements for certain facilities. The leases are cancellable at the option of either party to lease and may be renewed based on mutual agreement of the parties.		
Lease payments recognised in the Statement of Profit and Loss	1,126.92	1,108.92

43 Terms and conditions of borrowings

Long term borrowings

As per the terms of the CDR package, all Indian rupee loans from bank carries interest @10.30% p.a (SBI Base Rate + 100 Basis points).These loans are repayable in 32 quarterly instalments commencing from the quarter beginning on April 1, 2015. These loans are secured by Pari Passu first charge by way of joint mortgage on immovable and movable assets situated at Factory premises at SIDCO Industrial Area, Alathur, SIPCOT Industrial Park, Irungattukottai, Corporate Office Premises, Nungambakkam and second charge on 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.

As per the terms of the CDR package, all Foreign Currency term loan carries interest @ LIBOR plus 3 to 4.6%..The loan is repayable in 32 quarterly instalments commencing from the quarter beginning on April 1, 2015. These loans are secured by Pari Passu first charge by way of joint mortgage on immovable and movable assets situated at Factory premises at SIDCO Industrial Area, Alathur, SIPCOT Industrial Park, Irungattukottai, Corporate Office Premises, Nungambakkam and second charge on 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 net worth etc., tested on the consolidated financial statements of the Company.

Short term borrowings

Packing Credit and Cash Credit from Banks are secured by first charge on all current assets, namely, Stocks of Raw Materials, Semi-finished and Finished Goods, Stores and Spares not relating to Plant and Machinery (Consumable Stores and Spares), Bills Receivable, Book Debts and all other movable property both present and future excluding such movables as maybe 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. Raghavendra Rao, Managing Director of the Company.

44 Financial Instruments

Capital management

The Company manages its capital to ensure that entities in the Company will be able to continue as going concern, while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Company determines the amount of capital required on the basis of annual operating plans and long-term product and other strategic investment plans. The funding requirements are met through equity, long-term borrowings and other short-term borrowings.

For the purposes of the Company's capital management, capital includes issued capital, share premium and all other equity reserves attributable to the equity holders.

Gearing Ratio:	**March 31, 2018**	**March 31, 2017**	**April 1, 2016**
Debt	250,765.47	250,663.73	258,079.65
Less: Cash and bank balances	30,555.25	25,706.40	31,494.01
Net debt	220,210.22	224,957.33	226,585.64
Total equity	(79,175.97)	(46,674.79)	(2,355.45)
Gearing ratio (%)	-278.13%	-481.97%	-9619.63%
Categories of Financial Instruments	**March 31, 2018**	**March 31, 2017**	**April 1, 2016**
Financial assets			
a. Measured at amortised cost			
Other non-current financial assets	1,973.14	2,251.92	2,951.49
Trade receivables	11,951.29	16,465.09	27,002.35
Cash and cash equivalents	3,511.30	2,059.82	26,078.80
Bank balances other than above	27,043.95	23,646.58	5,415.21
b. Mandatorily measured at FVTOCI			
Investments	107.07	113.71	90.87
Financial liabilities			
a. Measured at amortised cost			
Borrowings (non-current)	189,390.71	215,677.97	237,753.66
Borrowings (current)	69,429.48	59,952.38	63,379.07
Trade payables	35,879.34	43,312.35	37,978.41
Other financial liabilities	-	-	18.00

Financial risk management objectives

The treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Company seeks to minimise the effects of these risks by using natural hedging financial instruments and forward contracts to hedge risk exposures. The use of financial derivatives is governed by the Company's policies approved by the board of directors, which provide written principles on foreign exchange risk, the use of financial derivatives, and the investment of excess liquidity. The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Market risk

Market risk is the risk of any loss in future earnings, in realizable fair values or in future cash flows that may result from a change in the price of a financial instrument. The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Company actively manages its currency and interest rate exposure through its finance division, wherever required, to mitigate the risks from such exposures.

Foreign currency risk management

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company actively manages its currency rate exposures through a centralised treasury division and uses natural hedging principles to mitigate the risks from such exposures.

Disclosure of hedged and unhedged foreign currency exposure

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

As on March 31, 2018

Currency	Liabilities			Assets			Net overall exposure on the currency - net assets / (net liabilities)
	Gross exposure	Exposure hedged using derivatives	Net liability exposure on the currency	Gross exposure	Exposure hedged using derivatives	Net asset exposure on the currency	
USD	1,316.67	-	1,316.67	195.96	-	195.96	(1,120.71)
EUR	3.98	-	3.98	6.38	-	6.38	2.40
GBP	2.65	-	2.65	-	-	-	(2.65)
Others	792.26	-	792.26	-	-	-	(792.26)
In INR	86,924.13	-	86,924.13	13,179.97	-	13,179.97	(73,744.16)

As on March 31, 2017

Currency	Liabilities			Assets			Net overall exposure on the currency - net assets / (net liabilities)
	Gross exposure	Exposure hedged using derivatives	Net liability exposure on the currency	Gross exposure	Exposure hedged using derivatives	Net asset exposure on the currency	
USD	1,401.59	-	1,401.59	249.30	-	249.30	(1,152.29)
EUR	3.93	-	3.93	4.98	-	4.98	1.05
GBP	2.67	-	2.67	-	-	-	(2.67)
Others	792.41	-	792.41	0.10	-	0.10	(792.31)
In INR	92,091.29	-	92,091.29	16,410.12	-	16,410.12	(75,681.17)

As on April 1, 2016							
Currency	Liabilities			Assets			Net overall exposure on the currency - net assets / (net liabilities)
	Gross exposure	Exposure hedged using derivatives	Net liability exposure on the currency	Gross exposure	Exposure hedged using derivatives	Net asset exposure on the currency	
USD	1,279.86	-	1,279.86	373.62	-	373.62	(906.24)
EUR	4.14	-	4.14	18.44	-	18.44	14.30
GBP	2.54	-	2.54	-	-	-	(2.54)
Others	788.77	-	788.77	-	-	-	(788.77)
In INR	86,086.55	-	86,086.55	25,997.08	-	25,997.08	(60,089.47)

Foreign currency sensitivity analysis

Movement in the functional currencies of the various operations of the Company against major foreign currencies may impact the Company's revenues from its operations. Any weakening of the functional currency may impact the Company's cost of imports and cost of borrowings and consequently may increase the cost of financing the Company's capital expenditures. The foreign exchange rate sensitivity is calculated for each currency by aggregation of the net foreign exchange rate exposure of a currency and a simultaneous parallel foreign exchange rates shift in the foreign exchange rates of each currency by 2%, which represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 2% change in foreign currency rates.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because of the existing exchange earning capacity of the company on account of its EOU status (Export oriented undertaking) and higher proportion of earnings in foreign exchange through exports.

Interest rate risk management

The Company is exposed to interest rate risk because it borrows funds at both fixed and floating interest rates. The risk is managed by the Company by maintaining an appropriate mix between fixed and floating rate borrowings. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies are applied. Further, in appropriate cases, the Company also effects changes in the borrowing arrangements to convert floating interest rates to fixed interest rates.

Interest rate sensitivity analysis

The sensitivity analysis below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 25 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

The 25 basis point interest rate changes will impact the profitability by INR 793.81 Lakhs for the year (Previous INR 884.91 Lakhs)

As the quantum of debt which will be continued to be serviced is yet to be determined as on March 31,2018 on account of CIRP proceedings pending for approval before NCLT, the interest rate sensitivity analysis for the existing quantum of debt may not represent

Credit risk management

Credit risk arises when a customer or counterparty does not meet its obligations under a customer contract or financial instrument, leading to a financial loss. The Company is exposed to credit risk from its operating activities primarily trade receivables and from its financing/ investing activities, including deposits with banks and foreign exchange transactions. The Company has no significant concentration of credit risk with any counterparty.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure is the total of the carrying amount of balances with banks, short term deposits with banks, trade receivables, margin money and other financial assets excluding equity investments.

(a) Trade Receivables

The Company has credit evaluation policy for each customer and, based on the evaluation, credit limit of each customer is defined. Wherever the Company assesses the credit risk as high, the exposure is backed by either bank, guarantee/letter of credit or security deposits.

The Company does not have higher concentration of credit risks to a single customer. As per simplified approach, the Company makes provision of expected credit losses on trade receivables using a provision matrix to mitigate the risk of default in payments and makes appropriate provision at each reporting date wherever outstanding is for longer period and involves higher risk.

(b) Investments, Cash and Cash Equivalents and Bank Deposits

Credit Risk on cash and cash equivalents, deposits with the banks/financial institutions is generally low as the said deposits have been made with the banks/financial institutions, who have been assigned high credit rating by international and domestic rating agencies.

Credit Risk on Derivative Instruments is generally low as the Company enters into the Derivative Contracts with the reputed Banks.

Investments of surplus funds are made only with approved banks/ financial institutions/ counterparty. Investments primarily include bank deposits, etc. These bank deposits and counterparties have low credit risk. The Company has standard operating procedures and investment policy for deployment of surplus liquidity, which allows investment in bank deposit and restricts the exposure in equity markets.

Offsetting related disclosures

Offsetting of cash and cash equivalents to borrowings as per the bank agreement is available only to the bank in the event of a default. Company does not have the right to offset in case of the counter party’s bankruptcy, therefore, these disclosures are not required.

Liquidity risk management

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company invests its surplus funds in bank fixed deposits, which carry minimal mark to market risks. The Company also constantly monitors funding options available in the debt and capital markets with a view to maintaining financial flexibility.

Liquidity tables

The following tables detail the Company’s remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

March 31, 2018	Due in 1st year	Due in 2nd to 5th year	Due after 5th year	Carrying amount
Trade payables	35,879.34	-	-	35,879.34
Borrowings (including interest accrued thereon upto the reporting date)	94,452.21	189,390.71	-	283,842.92
	130,331.55	**189,390.71**	**-**	**319,722.26**

March 31, 2017	Due in 1st year	Due in 2nd to 5th year	Due after 5th year	Carrying amount
Trade payables	43,312.35	-	-	43,312.35
Borrowings (including interest accrued thereon upto the reporting date)	44,644.06	215,677.97	-	260,322.03
	87,956.41	**215,677.97**	**-**	**303,634.38**

April 1, 2016	Due in 1st year	Due in 2nd to 5th year	Due after 5th year	Carrying amount
Trade payables	37,978.41	-	-	37,978.41
Borrowings (including interest accrued thereon upto the reporting date)	25,297.14	237,753.66	-	263,050.80
	63,275.55	**237,753.66**	**-**	**301,029.21**

		March 31, 2018	March 31, 2017	April 1, 2016
Fair value of financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required):		Nil	Nil	Nil

45 Related party disclosure

a) List of parties having significant influence

Key management personnel (KMP)	Mr. K. Raghavendra Rao, Managing Director Mr. L. Chandrasekar, Executive VP-Finance & Secretary
Relatives of KMP	Mrs. R Vijayalakshmi, wife of Mr. K Raghavendra Rao Ms R Divya and Ms R Sowmya, daughters of Mr. K. Raghavendra Rao
Entities in which relatives of KMP exercise significant influence	Orchid Healthcare Private Ltd.

b) Transactions during the year

S.No.	Nature of transactions	Year ended March 31, 2018	Year ended March 31, 2017
1	Repayment of Unsecured advance		
	Orchid Healthcare Private Ltd.	75.00	1,595.27
2	Remuneration and contribution to funds		
	K. Raghavendra Rao	73.34	77.46
	L. Chandrasekar	44.64	45.63

c) Balances at the end of the year

S.No.	Particulars	As at March 31, 2018	As at March 31, 2017
1	Short term borrowings		
	Orchid Healthcare Private Ltd.	3,216.77	3,291.77

46 Retirement benefit plans

Defined contribution plans

In accordance with Indian law, eligible employees of the Company are entitled to receive benefits in respect of Gratuity fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary. The contributions, as specified under the law, are made to the Provident fund, Gratuity fund, Superannuation fund as well as Employee State Insurance Fund.

The total expense recognised in profit or loss of Rs 777.87 Lakhs (for the year ended March 31, 2017: Rs. 437.96 Lakhs) represents contribution paid to these plans by the Company at rates specified in the rules of the plan.

Defined benefit plans

(a) Gratuity

Gratuity is payable as per Payment of Gratuity Act, 1972. In terms of the same, gratuity is computed by multiplying last drawn salary (basic salary including dearness Allowance if any) by completed years of continuous service with part thereof in excess of six months and again by 15/26. The Act provides for a vesting period of 5 years for withdrawal and retirement and a monetary ceiling on gratuity payable to an employee on separation, as may be prescribed under the Payment of Gratuity Act, 1972, from time to time. However, in cases where an enterprise has more favourable terms in this regard the same has been adopted.

These plans typically expose the Company to actuarial risks such as: investment risk, interest rate risk and salary risk.

Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to the market yields on government bonds denominated in Indian Rupees. If the actual return on plan asset is below this rate, it will create a plan deficit.
Interest risk	A decrease in the bond interest rate will increase the plan liability. However, this will be partially offset by an increase in the return on the plan's debt investments.
Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

The principal assumptions used for the purposes of the actuarial valuations were as follows: ₹ in Lakhs

Particulars	March 31, 2018	March 31, 2017
Discount Rate	7.45%	6.72%
Rate of increase in compensation level	5.00%	5.00%
Expected return on plan assets	7.45%	6.72%
Mortiality	Indian Assured Lives Mortality (2006-08) (Ultimate)	Indian Assured Lives Mortality (2006-08) (Ultimate)

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

₹ in Lakhs

Amounts recognised in total comprehensive income in respect of these defined benefit plans are as follows:	March 31, 2018 Rs. Lakhs	March 31, 2017 Rs. Lakhs
Amount recognised under Employee Benefits Expense in the Statement of profit and Loss:		
Current service cost	107.25	113.39
Net interest expense	96.20	62.60
Return on plan assets (excluding amounts included in net interest expense)	(68.16)	(49.04)
Components of defined benefit costs recognised in profit or loss	**135.29**	**126.95**
Amount recognised in Other Comprehensive Income (OCI) for the Year		
Remeasurement on the net defined benefit liability comprising:		
Actuarial (gains)/losses recognised during the period Actuarial (gains)/losses	(80.86)	269.49
Components of defined benefit costs recognised in other comprehensive income	(80.86)	269.49
	54.43	**396.44**
The amount included in the balance sheet arising from the Company's obligation in respect of its defined benefit plans is as follows:		
Present value of defined benefit obligation	1,348.86	1,382.38
Fair value of plan assets	(872.36)	(997.52)
Net liability/ (asset) arising from defined benefit obligation	476.50	384.86
Funded	476.50	384.86
Unfunded	-	-
	476.50	**384.86**
The above provisions are reflected under 'Provision for employee benefits- gratuity' (short-term provisions) [Refer note 24].		
Movements in the present value of the defined benefit obligation in the current year were as follows:		
Opening defined benefit obligation	1,382.38	978.94
Current service cost	107.25	113.39
Prior service cost	54.18	-

Amounts recognised in total comprehensive income in respect of these defined benefit plans are as follows:	March 31, 2018 Rs. Lakhs	March 31, 2017 Rs. Lakhs
Interest cost	96.20	62.60
Actuarial (gains)/losses	(108.86)	322.29
Benefits paid	(182.29)	(94.84)
Closing defined benefit obligation	**1,348.86**	**1,382.38**
Movements in the fair value of the plan assets in the current year were as follows:		
Opening fair value of plan assets	997.52	563.84
Return on plan assets	68.16	49.04
Contributions	16.97	426.68
Benefits paid	(182.29)	(94.84)
Actuarial gains/(loss)	(28.00)	52.80
Closing fair value of plan assets	872.36	997.52

Sensitivity analysis

In view of the fact that the Company for preparing the sensitivity analysis considers the present value of the defined benefit obligation which has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

(b) Compensated absences

The leave scheme is a final salary defined benefit plan, that provides for a lumpsum payment at the time of separation; based on scheme rules the benefits are calculated on the basis of last drawn salary and the leave count at the time of separation and paid as lumpsum.

The design entitles the following risk

Interest rate risk	The defined benefit obligation calculated uses a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase.
Salary inflation risk	Higher than expected increases in salary will increase the defined benefit obligation.
Demographic risk	This is the risk of volatility of results due to unexpected nature of decrements that include mortality attrition, disability and retirement. The effects of these decrement on the DBO depends upon the combination salary increase, discount rate, and vesting criteria and therefore not very straight forward. It is important not to overstate withdrawal rate because the cost of retirement benefit of a short caring employees will be less compared to long service employees.

The above provisions are reflected under 'Provision for employee benefits- leave encashment' (long-term provisions) [Refer note 19] and 'Provision for employee benefits - leave encashment' (short-term provisions) [Refer note 24].

47 Enterprises consolidated as Subsidiary in accordance with Ind AS 110 - Consolidated Financial Statements

Name of enterprise	Country of Incorporation	Proportion of ownership interest
Orchid Europe Limited, UK	UK	100.00%
Orchid Pharmaceuticals Inc., USA	USA USA	100.00%
Orgenus Pharma Inc., USA (Subsidiary of Orchid Pharmaceuticals Inc USA.)	USA USA	100.00%
Orchid Pharma Inc / Karalex Pharma USA, (Subsidiary of Orchid Pharmaceuticals Inc, USA)	USA USA	100.00%
Orchid Pharmaceuticals SA (Proprietary) Limited, South Africa	South Africa South Africa	100.00%
Bexel Pharmaceuticals Inc., USA	USA USA	100.00%
Diakron Pharmaceucticals Inc., USA	USA USA	76.65% 76.65%

48 Additional Information, as required under Schedule III to the Companies Act, 2013

₹ in Lakhs

	Net Assets i.e. Total Assets minus Total Liabilities		Share in Profit or Loss		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
	As % of consolidated Net Assets	Amount	As % of consolidated Net Assets	Amount	As % of consolidated Net Assets	Amount	As % of consolidated Net Assets	Amount
Orchid Europe Limited, UK	-0.31%	243.60	0.04%	-29.76	-	-	0.04%	-29.76
Orchid Pharmaceuticals Inc., USA and subsidiaries	4.45%	-3,526.41	-0.92%	731.33	-	-	-0.92%	731.33
Orchid Pharmaceuticals SA (Proprietary) Limited, South Africa	-	-	-	-	-	-	-	-
Bexel Pharmaceuticals Inc., USA	4.36%	-3,448.66	-	-	-	-	-	-
Diakron Pharmaceucticals Inc., USA	2.52%	-1,994.58	2.66%	-2,103.94	-	-	2.66%	-2,103.94

49 First-time adoption of Ind AS

Transition to Ind AS

These are the Group's first financial statements prepared in accordance with Ind AS.

"The accounting policies set out in Note 3 have been applied in preparing the financial statements for the year ended March 31, 2018, the comparative information presented in these financial statements for the year ended March 31, 2017 and in the preparation of an opening Ind AS balance sheet at April 1, 2016 (The Group's date of transition).

In preparing its opening Ind AS balance sheet, the Group has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards generally applicable to the Group (as amended from time to time) and other relevant provisions of the Act (previous GAAP or Indian GAAP). "

An explanation of how the transition from previous GAAP to Ind AS has affected the Group's financial position, financial performance and cash flows is set out in the following tables and notes.

A. Exemptions and exceptions availed

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

A.1 Ind AS optional exemptions

A.1.1 Deemed cost for PPE and Intangibles

Ind AS 101 permits a first-time adopter to elect to fair value a class of property, plant and equipment or to continue with the carrying value for all of its PPE as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities.

Accordingly, the Group has elected to continue to measure the property, plant and equipment at their previous GAAP carrying values.

A.1.2. Deemed cost for Intangible Assets

Ind AS 101 permits a first-time adopter to elect to fair value the intangible assets or to continue with the carrying value as per the previous GAAP as deemed cost on the date of transition

The Group has elected to continue the carrying value on the date of transition as per previous GAAP as deemed cost.

A.1.3. Designation of previously recognised financial instruments

Ind AS 101 allows an entity to designate investments in equity instruments at FVOCI or FVTPL on the basis of the facts and circumstances at the date of transition to Ind AS. The Group has elected to apply this exemption for its investment in equity investments.

A.1.4. Leases

Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. Ind AS 101 provides an option to make this assessment on the basis of facts and circumstances existing at the date of transition to Ind AS, except where the effect is expected to be not material. The Group has elected to apply this exemption for such contracts/ arrangements.

A.1.5. Business Combinations before the date of transition

As per Ind AS 101, a first time adopter of Ind AS may elect not to apply Ind AS 103 "Business Combinations" retrospectively in respect of business combinations that occurred before the date of transition to Ind AS. The Group has elected to apply this exemption for the business combinations that occured prior to April 1, 2016.

A.2 Ind AS mandatory exceptions

A.2.1 Estimates

"An entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at April 1, 2016 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Group made estimates for impairment of financial assets based on expected credit loss model in accordance with Ind AS at the date of transition as these were not required under previous GAAP."

B. Notes to first-time adoption

B.1 Fair valuation of financial assets and liabilities

Under Ind AS, financial assets and liabilities are to be valued at amortised cost or fair valued through profit and loss (FVTPL) or fair valued through other comprehensive income (FVTOCI) based on the Group's business objectives and the cash flow characteristics of the underlying financial assets and liabilities. The Group has remeasured the financial assets and liabilities as on the date of transition and the consequential impact has been given in the opening retained earnings.

B.2 Allowance for expected credit loss on trade receivables

As per Ind AS 109, the Group is required to apply expected credit loss model for recognising the allowance for doubtful debts. As a result, the total equity as at March 31, 2017 decreased by Rs. 308.69 lakhs and profit for the year ended March 31, 2017 decreased by Rs. 308.69 lakhs.

B.3 Straight-lining of rental expense

As per Ind AS 17, in the case of operating leases, lease payments are recognised as an expense on a straight-line basis unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis. Accordingly, the Group has re-measured the rental expense for the year on a straight-line basis.

B.4 Remeasurement of post-employment benefit obligations

Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year. Adjustments have been made for such re-classifications/ remeasurements.

B.5 Income Tax relating to earlier years

As per Ind AS 101, the items not meeting the recognition criteria of an asset as per Ind AS are to be derecognised while preparing the opening Ind AS balance sheet with corresponding adjustment in the retained earnings. The Group has assessed the tax balances and made the required adjustments as on April 1, 2016.

B.6 Deferred tax

Under Ind AS, the deferred tax asset and liabilities are required to be accounted based on balance sheet approach and also to be recognised on all adjustments considered in the opening Ind AS balance sheet. Accordingly, the Group has remeasured its deferred tax assets and liabilities as aforesaid and accounted in the Ind AS financial statements.

B.7 Excise duty

Under the previous GAAP, revenue from sale of products was presented exclusive of excise duty. Under Ind AS, revenue from sale of goods is presented inclusive of excise duty. The excise duty paid is presented on the face of the statement of profit and loss as part of expenses. This change has resulted in an increase in total revenue and total expenses for the year ended March 31, 2018 by Rs. 488.34 lakhs (previous year Rs. 1,093.25 lakhs). There is no impact on the total equity or profit as a result of this adjustment.

50 Key reconciliation required as per Ind AS 101 on transition to Ind AS

₹ in Lakhs

(a)	Reconciliation of equity	As at March 31, 2017	As at April 1, 2016
	Total equity / shareholders' funds as per Indian GAAP	(38,766.57)	4,904.49
	Ind AS Adjustments		
	Fair valuation of financial assets and liabilities	894.57	973.09
	Allowance for expected credit loss on trade receivables	(308.69)	-
	Impact of straight-lining of rental expense	-	(18.00)
	Re-measurement of post employee benefits	(860.77)	(551.80)
	Income Tax relating to earlier years	(7,301.20)	(7,301.20)
	Deferred Tax impacts	(332.13)	(362.03)
		(46,674.79)	**(2,355.45)**
(b)	**Reconciliation of Profits**		**For the year ended March 31, 2017**
	Total comprehensive income as per Indian GAAP		**(49,052.71)**
	Ind AS Adjustments		
	Fair valuation of financial assets and liabilities		(78.52)
	Allowance for expected credit loss on trade receivables		(308.69)
	Impact of straight-lining of rental expense		18.00
	Re-measurement of post employee benefits		(308.97)
	Deferred Tax impacts		29.90
	Total comprehensive income as per Ind AS		**(49,700.99)**

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The Group is in the process of carrying out a comprehensive confirmation and reconciliation of receivables, loans and advances given, payables, bank balances and other financial assets, the claims received from the employees, financial creditors (including excess/ short provision of interest, non-provision of penal interest by the Group considering the agreement reached by the joint lenders meeting) and operational creditors with the books of account.

Further, the Group is in the process of carrying out physical verification of fixed assets/ related reconciliation with the books of account and reconciliation of restatement account of foreign currency assets and liabilities

Pending completion of the aforesaid comprehensive reconciliation, the possible impact, if any, is not presently determinable. Accordingly, no adjustment has been made in the financial statements.

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The Committee of Creditors have favourably voted for the resolution plan proposed by one of the successful bidder, which has been filed by the RP with the Hon'ble NCLT. However, the final order of the Hon'ble NCLT is yet to be pronounced/ received by the Group.

Pending receipt of the aforesaid Order, no effect has been given in the financial statements for the possible adjustments, if any, required in the carrying amount of assets and liabilities, possible presentation and disclosure requirements.

As per our report of even date attached
For CNGSN & Associates LLP
Chartered Accountants
Firm Registration No.004915S/ S200036

Chinnsamy Ganesan
Partner
Membership No.027501

Place : Chennai
Date : August 21, 2018

For and on behalf of the board

Ramkumar Sripatham Venkatasubramaniam
Resolution Professional
IP Registration no.
IBBI/IPA-001/IP-P00015/2016-17/10039

K.Raghavendra Rao
Managing Director
DIN No. 00010096

L. Chandrasekar
CFO and Company Secretary

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