



## ANNEXURE V TO THE DIRECTORS' REPORT

# Corporate Governance Report

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

At Orchid, we are committed to practicing good Corporate Governance norms. Orchid firmly believes in adhering to Corporate Governance code to ensure protection of its investor's interest as well as healthy growth of the Company. The Company has been complying with Corporate Governance norms right from its inception. We endeavor to enhance the long term stake holding value of our investors. The Company complies with the Corporate Governance Code as enshrined in Clause 49 of the Listing Agreement.

### 2. Board of Directors

#### ► Composition of Board

The Chairman of the Board of Directors is an Executive Director. During the Year the Board had an Optimum combination of Executive and Non Executive Directors. None of the directors are related to each other.

The composition of Board and the details of the Directors with regard to Directorships in other Companies and Committee positions during 18 (Eighteen) months ended 30th September, 2013 are as follows:

S.No	Name	Category	Number of Directorships held in other companies @	Number of Board Committee positions in other companies held as*	
				Member	Chairman
1	Shri K Raghavendra Rao	Promoter & Executive Director	1	None	None
2	Shri S Krishnan <sup>\$</sup>	Non Executive – Non Independent	1	None	None
3	Shri S Yuvaraj <sup>^</sup>	Non-Executive – Independent	2	1	None
4	Shri K Biju George <sup>+</sup>	Non-Executive – Independent (Nominee of IDBI Bank Ltd)	None	None	None
5	Prof Bala V Balachandran <sup>#</sup>	Non Executive - Independent			
6	Shri Bharat D Shah <sup>@</sup>	Non Executive - Independent			
7	Shri T A Ganesh <sup>+</sup>	Non Executive - Independent (Nominee of IDBI Bank Ltd)			
8	Shri Deepak Vaidya <sup>!</sup>	Non Executive - Independent			

@ Excludes foreign companies, private limited companies, Section 25 Companies and alternate directorships.

\* Includes only membership/Chairmanship in Audit and Investor Grievance Committee across all public limited companies.

\$ Change in designation as Non-Executive Director with effect from April 18, 2013.

^ Appointed in the Board with effect from August 14, 2013.

+ Industrial Development Bank of India Limited (IDBI) withdrew the nomination of Shri T A Ganesh and appointed Shri K Biju George, as its nominee on the board with effect from June 06, 2012.

# Resigned from Board with effect from August 14, 2013.

@ Resigned from Board with effect from November 15, 2012.

! Resigned from Board with effect from November 19, 2012.

#### ► Board Meetings & Attendance Record of the Directors

The Board meets at least once in a quarter to review the quarterly financial results and operations of your Company. It also meets as and when necessary to address specific issues relating to the business of your Company. During the 18 (Eighteen) months, the Board met 12 times on 14th May, 2012, 09th July, 2012, 14th August, 2012, 22nd August, 2012, 20th September 2012, 09th November 2012, 13th February, 2013, 07th March 2013, 17th April, 2013, 15th May, 2013, 17th June 2013 and 14th August, 2013. The attendance records of all the Directors are as under:

Name of Director	Number of Board Meetings Attended	Last AGM Attendance
Shri K Raghavendra Rao	12	Present
Shri S Krishnan	12	Present
Shri S Yuvaraj <sup>1</sup>	1	Not on Board <sup>@</sup>
Shri K Biju George <sup>2</sup>	11*	Present
Shri Deepak Vaidya <sup>3</sup>	3	Not Present
Shri T A Ganesh <sup>2</sup>	1	Not on Board <sup>@</sup>
Shri Bharat D Shah <sup>4</sup>	4	Present
Prof Bala V Balachandran <sup>5</sup>	9	Not Present

1. Appointed as Additional Director with effect from August 14, 2013.

2. Industrial Development Bank of India Limited (IDBI) withdrew the nomination of Shri T A Ganesh and appointed Shri K Biju George, as its nominee on the board with effect from June 06, 2012.

3. Resigned from the Board with effect from November 19, 2012.

4. Resigned from the Board with effect from November 15, 2012.

5. Resigned from the Board with effect from August 14, 2013.

\* At the request of IDBI, Smt Geeta Viswanath attended the meeting held on April 17, 2013 on behalf of Shri K Biju George.

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



### ► Code of Conduct

The Board of Directors has laid down a Code of Conduct ("the Code") for all Board members and senior management personnel of your Company. The Code is posted on your Company's website [www.orchidpharma.com](http://www.orchidpharma.com). All Board members and senior management personnel have confirmed compliance with the Code. A declaration signed by the Chairman & Managing Director is attached and forms part of this Report.

## 3. Audit Committee

In accordance with the provisions of Section 292A of the Companies Act, 1956 and clause 49 of the Listing Agreement, the Company has constituted an Audit Committee with Non-Executive Independent Directors. All the members of the committee are financially literate and the Chairman of the Committee being a Chartered Accountant is an expert in Accounting and Financial Management matters. The terms of reference of the Audit Committee include:

### a. Review of :

- Financial statements before submission to the Board.
- Draft financial statements and Auditors' Report (before submission to the Board).
- Accounting policies and practices.
- Risk management policies and practices.
- Compliance with stock exchange and legal requirements concerning financial statements.
- Related party transactions.
- Internal control systems and internal audit reports and their compliance thereof.
- Compliance with accounting standards, and

### b. Recommending the appointment of Auditors and fixing their fee.

The Audit Committee met Six times during 18 (Eighteen) months, on 14th May 2012, 14th August 2012, 09th November, 2012, 13th February, 2013, 15th May, 2013 and on 14th August, 2013.

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

Name	Category	Number of Meetings Attended
Shri S Krishnan <sup>1</sup>	Non-Executive – Non Independent	3
Shri K Biju George <sup>2</sup>	Non-Executive – Independent (Nominee of IDBI Bank)	5
Shri Deepak Vaidya <sup>3</sup>	Non-Executive – Independent	1
Shri Bharat D Shah <sup>4</sup>	Non-Executive – Independent	1
Prof. Bala V Balachandran <sup>5</sup>	Non-Executive – Independent	5 (Including 3 through Video Conference)
Shri T A Ganesh <sup>2</sup>	Non Executive - Independent (Nominee of IDBI Bank Ltd)	1
Shri S Yuvaraj <sup>6</sup>	Non-Executive – Independent	–

1. Appointed as member of the Committee with effect from February 13, 2013.

2. Industrial Development Bank of India Limited (IDBI) withdrew the nomination of Shri T A Ganesh and appointed Shri K Biju George, as its nominee on the board with effect from June 06, 2012.

3. Resigned from the Board with effect from November 19, 2012.

4. Resigned from the Board with effect from November 15, 2012.

5. Resigned from the Board with effect from August 14, 2013.

6. Appointed as member of the Committee with effect from August 14, 2013.

The Chairman of the Audit Committee, Shri. Deepak Vaidya was not present at the Annual general Meeting of the Company held on September 20, 2012. However, he nominated Shri Bharat D Shah to answer the Shareholder's Queries.

The Company Secretary is the Secretary of the Audit Committee.

#### 4. Remuneration Committee

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

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

During the year the committee met once on May 14, 2012 and all the members of the committee attended the meeting.

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

Name	Category	Number of Meetings Attended
Shri K Biju George <sup>1</sup>	Non-Executive – Independent	0
Shri T A Ganesh <sup>1</sup>	Non-Executive – Independent	1
Shri Deepak Vaidya <sup>2</sup>	Non-Executive - Independent	1
Shri Bharat D Shah <sup>3</sup>	Non-Executive - Independent	1

1. Industrial Development Bank of India Limited (IDBI) withdrew the nomination of Shri T A Ganesh and appointed Shri K Biju George, as its nominee on the board with effect from June 06, 2012.

2. Resigned from the Board with effect from November 19, 2012.

3. Resigned from the Board with effect from November 15, 2012.

Details of remuneration paid to Directors for the year 2012-13 are given below:

Name(s) of the Director(s)	Remuneration paid during the year 2012-13 (Rs In lakhs)				No. of Stock Options
	Salary	Commission/ bonus	Sitting fees	Total	
Shri K Raghavendra Rao	742.21	-	-	742.21	-
Shri S Krishnan <sup>1</sup>	117.65	-	1.20	118.85	1,00,000
Shri Deepak Vaidya <sup>2</sup>	-	-	1.00	1.00	50,000
Shri K Biju George <sup>3</sup>	-	-	3.00	3.00*	-
Shri T A Ganesh <sup>3</sup>	-	-	0.60	0.60*	-
Shri Bharat D Shah <sup>4</sup>	-	-	1.60	1.60	50,000
Prof Bala V Balachandran <sup>5</sup>	-	-	1.60	1.60	50,000

\* Sitting fees of Rs 3.60 lakhs paid directly to IDBI Limited

1. Ceased to be a whole time director w.e.f. April 18, 2013.

2. Resigned w.e.f November 19, 2012.

3. Industrial Development Bank of India Limited (IDBI) withdrew the nomination of Shri T A Ganesh and appointed Shri K Biju George, as its nominee on the board with effect from June 06, 2012.

4. Resigned w.e.f November 15, 2012.

5. Resigned w.e.f August 14, 2013.



The shares held by directors as on September 30, 2013 are given below:

Name(s) of Director(s)	Number of Shares
Shri K Raghavendra Rao	69,25,173
Shri S Krishnan	9,200
Shri K Biju George	Nil
Shri S Yuvaraj	Nil

## 5. 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 K Biju George. The committee has not met during the year 2012-13.

## 6. Allotment Committee

The Allotment committee of the Board was constituted in the year 2001. The purpose of this committee is to consider allotment of equity shares whenever the need arises. The Committee comprises of Shri K.Raghavendra Rao and Shri S.Krishnan. The Committee met once during 18 (Eighteen) months ended September 30, 2013 to discuss and consider the allotment of equity shares under Employee Stock Option 2010 Scheme.

## 7. Share Transfer and Investor's Grievance Committee

The Company has a Share Transfer and Investors Grievance Committee of Directors to look into the redressal of complaints of investors such as share transfers or credit of shares, non-receipt of dividend/notices/annual reports, etc. During the year 2012-13, the committee met 7 times to consider the transfers in the physical segment.

Name(s) of Director(s)	Category	Number of meetings Attended
Shri K Raghavendra Rao	Promoter & Executive Director	7
Shri S Krishnan@	Non-Executive – Non Independent Director	7
Shri Bharat D Shah%	Non Executive - Independent	1

@ Change in designation with effect from 18.04.2013 (Executive to Non Executive Non Independent)

% Resigned from Board with effect from 15.11.2012

The SEBI has reduced the timelines for effecting the share transfer to 15 days from the present one month's time by a circular dated July 5, 2012. Accordingly, securities lodged for transfer with the registrars shall be processed within 15 days from the date of lodgement. In order to give effect to SEBI's requirement and to expedite the process of share transfers. The Board has delegated the power to approve the share transfer activities to few employees of the Company as well as to rename the existing committee as "Investor Grievance Committee" which shall meet on a quarterly basis.

The Board has designated Shri. L Chandrasekar, Executive V P – Finance & Secretary as the Compliance Officer from 01.12.2012.

The following table shows the nature of complaints received from shareholders during 2011-2012 and 2012-2013, all of which have been responded within one month.

S.No	Nature of complaints	Received and Resolved	
		2012-2013	2011-2012
1.	Non-receipt of share certificates sent for transfer/bonus shares	2	10
2.	Non-receipt of dividend warrants	43	35
3.	Complaints from SEBI, Stock exchanges and Government departments	4	5
	<b>TOTAL</b>	<b>49</b>	<b>50</b>

## 8. Details of Annual/Extraordinary General Meetings and Location and Time of the General Meetings held in the past three (3) years

All the below mentioned special resolutions except for special resolution passed in the AGM held in 2012 were passed unanimously.

Year	AGM / EGM	Location	Special resolutions passed	Date	Time
2012	AGM	Sathguru Gnanananda Hall, Narada Gana Sabha, 314, TTK Road, Alwarpet, Chennai-600018.	a) Re-appointment of Chairman & Managing Director	September 20, 2012	10.30 AM
2011	AGM	The Music Academy Old No.306, New No.168 TTK Road, Chennai – 600014.	a) Orchid-ESOP Senior Management 2011 Scheme. b) Orchid-ESOP Director 2011 Scheme. c) Alteration of Articles of Association of the Company.	July 29, 2011	10.00 AM
2010	AGM	Sathguru Gnanananda Hall, Narada Gana Sabha, 314, TTK Road, Alwarpet, Chennai-600018.	a) Employees Stock Option Scheme 2010	July 21, 2010	11.00 AM

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

### Postal Ballot

The Company has conducted a postal ballot during the 18 (Eighteen) months period ended September 30, 2013 pursuant to Section 192A of the Companies Act, 1956. The Postal Ballot was conducted by Mrs. S. Lalitha, Practicing Company Secretary who was appointed by the Board of Directors as the Scrutiniser.

### Postal Ballot Notice dated August 22, 2012 contained the following resolutions:

**Item No.1:** Ordinary Resolution under Section 293(1)(a) of the Companies Act, 1956, for transfer of Orchid's Penicillin and Penem API business and the API facility located in Aurangabad (Maharashtra) together with the associated Process R&D infrastructure located in Chennai.



Results of the aforesaid Postal Ballot are here under:

PARTICULARS	RESOLUTION u/s 293(1)(a) of Companies Act, 1956	
	No of postal ballot forms	No of shares
A Total postal ballot forms received from share holders	717	32,633,233
B No of valid postal ballot forms and shares	669	32,580,635
C Total postal ballots / votes in favor of the resolution	606	32,564,883
Percentage of (C/B)	-	99.95%
D Total postal ballots / votes against the resolution	63	15,532
Percentage of (D/B)	-	0.05%
E Invalid postal ballots / votes	48	52,598

The resolution have, therefore, been approved by the shareholders with requisite majority.

## 9. Disclosures

- ▶ No transaction of material nature conflicting with the Company's interest was entered into by the Company with related parties i.e. Company's subsidiaries, Directors or management or relatives.
- ▶ Transactions with the related parties are disclosed in Note No. 31 to the financial statements in the Annual Report.
- ▶ There were no instances of non-compliance by the Company on matter related to capital markets during the preceding three years except with regard to Composition of Share Transfer and Investor Grievance Committee during the quarter ended March 31, 2013. However, there were no penalties, strictures imposed by SEBI / Stock Exchanges or any other statutory authorities against the Company.
- ▶ Presently the Company does not have a whistleblower policy. No employee has been denied access to approach the Audit Committee to report any serious concerns.
- ▶ No differential treatment from the Accounting Standards was followed in preparation of the financial statements of the Company.
- ▶ The Company complies with all mandatory requirements and has also adopted some of the non-mandatory requirements / Corporate Governance Voluntary Guidelines 2009, as detailed below.

## 10. Means of Communication

- ▶ Financial Results are published by the Company in Financial Express and Makkal Kural.
- ▶ Results are also displayed in URL [www.orchidpharma.com](http://www.orchidpharma.com). Official news releases are also updated in the site.
- ▶ Presentations made during the year are available on the Company's website [www.orchidpharma.com](http://www.orchidpharma.com).
- ▶ 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.

## 11. Management Discussion & Analysis (MD&A) Report

The MD&A Report is appended to this Report. All matters pertaining to industry structure, developments, opportunities and threats, segment/product wise performance, outlook, risks and concerns, internal control and systems, etc. are discussed in the said report.

## 12. GENERAL SHAREHOLDERS INFORMATION

- 1 **Registered Office** : 'Orchid Towers', 313, Valluvar Kottam High Road, Nungambakkam, Chennai - 600 034, Tamil Nadu, India.
- 2 **Date, time and venue of 21st Annual General Meeting (AGM)** : Wednesday, March 19, 2014, 10.30 A M  
at Sathguru, Gnanananda Hall,  
Narada Gana Sabha, No.314, TTK Road, Chennai - 600018.
- 3 **Dates of book closure** : March 15, 2014 to March 19, 2014 (both days inclusive)
- 4 **Financial Calendar**  
Financial reporting for
 

Quarter ending March 31, 2014	: Last week of May 2014
Quarter ending June 30, 2014	: Second week of August 2014
Quarter ending September 30, 2014	: Second week of November 2014
Quarter ending December 31, 2014	: Second week of February 2015
- 5 **The equity shares of Rs 10/- each are listed at**

Madras Stock Exchange Limited No.30, Second Line Beach Chennai - 600 001, Tamil Nadu, India Tel : 91-44-25228951, Fax : 91-44-25244897
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
Bombay Stock Exchange Limited Phiroze Jeejeebhoy Towers, Dalal Street Mumbai - 400 001, Maharashtra, India Tel : 91-22-22721233, Fax : 91-22-22721919
- 6 **Global Depository Receipts**  
Global Depository Receipts (GDRs) are listed at
 

Luxembourg Stock Exchange Bourse de Luxembourg BP 165, L-2011 Luxembourg Tel : +352 47 79 36-1; Telefax: +352 47 32 98
London Stock Exchange Registered Office: 10, Paternoster Square London EC4M 7LS
- 7 **Listing Fees** : Listing Fees have been paid for all the above Stock Exchanges for the year 2012-2013 and 2013-2014.

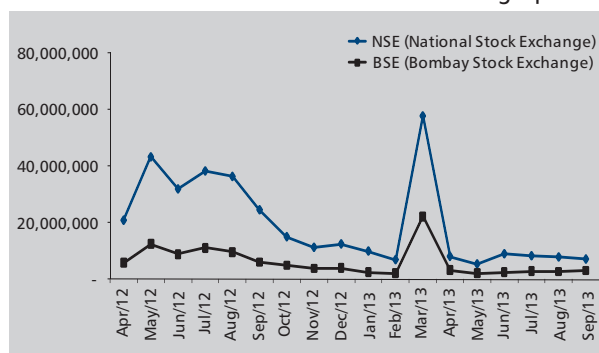


## Stock Market data

a) Monthly high and low quotations along with the volume of shares traded at NSE and BSE for 2012-2013 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-12	193.90	168.80	21,010,764	4199	194.00	175.10	5,996,891	6732
May-12	183.50	116.80	43,433,620	3952	183.40	116.90	12,539,090	6344
Jun-12	125.00	109.20	32,093,238	4012	125.30	109.05	8,981,677	6426
Jul-12	131.80	105.70	38,452,408	4144	131.85	105.80	11,212,439	6643
Aug-12	121.10	100.00	36,508,573	4193	121.10	100.55	9,688,188	6716
Sep-12	119.25	108.30	24,715,082	4308	119.30	108.20	6,094,875	6897
Oct-12	119.25	103.10	15,175,610	4506	119.45	103.20	5,002,232	7217
Nov-12	109.40	95.00	11,431,225	4513	109.20	95.90	3,864,200	7215
Dec-12	109.20	100.40	12,627,793	4716	109.40	100.35	4,008,145	7540
Jan-13	104.45	86.50	10,104,592	4818	104.55	86.30	2,635,713	7707
Feb-13	89.35	60.30	7,064,022	4662	89.30	60.60	2,174,368	7463
Mar-13	91.00	52.60	57,932,367	4527	90.90	53.00	22,285,259	7235
Apr-13	70.75	61.80	8,246,952	4471	70.80	61.85	3,321,455	7118
May-13	69.45	52.45	5,545,069	4747	69.65	52.65	2,253,554	7546
Jun-13	58.70	46.25	9,132,230	4514	58.65	46.20	2,568,696	7187
Jul-13	54.75	35.55	8,437,325	4552	54.70	35.50	3,044,775	7250
Aug-13	51.30	34.80	8,008,333	4212	51.35	35.00	2,748,900	6725
Sep-13	50.00	39.15	7,275,621	4413	49.90	39.00	3,137,010	7050
<b>TOTAL</b>			<b>357,194,824</b>				<b>111,557,467</b>	

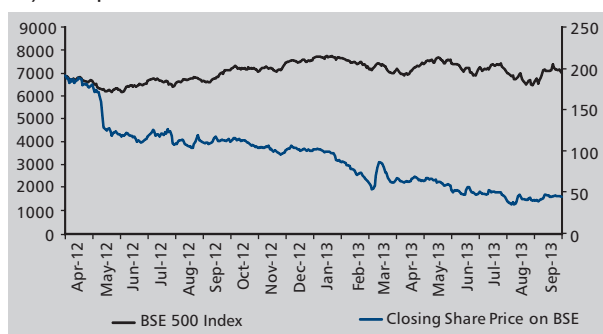
b) Graphical representation of Volume of Shares traded of Orchid during April 2012 - September 2013



c) Comparison - NSE Index vs Share Price of Orchid



d) Comparison - BSE Index vs Share Price of Orchid



## Stock Exchange Security Code and other related information

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

## Equity History of the Company since incorporation of the Company upto September 30, 2013

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	249,930	250,000
27-Feb-93	Issued on Private Placement basis	1,451,800	1,701,800
4-Nov-93	Issued on Private Placement basis	1,798,200	3,500,000
8-Nov-93	Public Issue	2,500,000	6,000,000
18-Jul-94	Issued on Private Placement basis	1,200,000	7,200,000
1-Nov-94	Issued to Foreign Institutional Investors on Private Placement basis	250,000	7,450,000
3-Nov-94	Issued on Private Placement basis	1,223,000	8,673,000
21-Apr-95	Rights Issue (1:1)	8,673,000	17,346,000
9-Dec-99	Issued to Foreign Companies on Private Placement basis	10,653,192	27,999,192
21-Nov-02	Allotment pursuant to conversion of FCCBs	4,382,727	32,381,919
1-Mar-05	Allotment pursuant to conversion of warrants	1,750,000	34,131,919
27-Apr-05	Allotment pursuant to exercise of ESOS	11,800	34,143,719
2-Aug-05	Allotment pursuant to exercise of ESOS	59,485	34,203,204
2-Aug-05	Allotment pursuant to conversion of warrants	180,000	34,383,204
31-Aug-05	Allotment pursuant to exercise of ESOS	300,676	34,683,880
31-Aug-05	Allotment pursuant to conversion of warrants	70,000	34,753,880
21-Sep-05	Bonus Issue (1:2)	17,376,940	52,130,820
13-Oct-05	Allotment pursuant to conversion of warrants	105,000	52,235,820
2-Nov-05	Allotment pursuant to conversion of GDRs	9,250,000	61,485,820
23-Dec-05	Allotment pursuant to exercise of ESOS	19,649	61,505,469
1-Mar-06	Allotment pursuant to conversion of FCCBs	184,330	61,689,799
7-Mar-06	Allotment pursuant to conversion of FCCBs	460,827	62,150,626
20-Mar-06	Allotment pursuant to conversion of FCCBs	1,751,146	63,901,772
20-Mar-06	Allotment pursuant to conversion of warrants	50,000	63,951,772
31-Mar-06	Allotment pursuant to conversion of FCCBs	652,531	64,604,303
31-Mar-06	Allotment pursuant to conversion of FCCBs	13,879	64,618,182
18-Apr-06	Allotment pursuant to conversion of FCCBs	414,744	65,032,926
28-Apr-06	Allotment pursuant to conversion of FCCBs	737,325	65,770,251
28-Apr-06	Allotment pursuant to exercise of ESOS	3,475	65,773,726
31-May-06	Allotment pursuant to conversion of warrants	35,000	65,808,726



Date	Particulars	Number of Shares	
		Issued	Cumulative
31-May-06	Allotment pursuant to exercise of ESOS	3,015	65,811,741
19-Oct-06	Allotment pursuant to exercise of ESOS	4,000	65,815,741
19-Jan-07	Allotment pursuant to exercise of ESOS	550	65,816,291
3-May-07	Allotment pursuant to exercise of ESOS	6,085	65,822,376
17-Jul-07	Allotment pursuant to exercise of ESOS	5,650	65,828,026
18-Oct-07	Allotment pursuant to exercise of ESOS	6,000	65,834,026
20-Dec-07	Allotment pursuant to exercise of ESOS	3,000	65,837,026
17-Jan-08	Allotment pursuant to exercise of ESOS	13,750	65,850,776
26-Apr-08	Allotment pursuant to exercise of ESOS	9,425	65,860,201
29-May-08	Allotment pursuant to exercise of ESOS	16,375	65,876,576
13-Aug-08	Allotment pursuant to conversion of warrants	381,000	66,257,576
13-Aug-08	Allotment pursuant to exercise of ESOS	4,000	66,261,576
29-Aug-08	Allotment pursuant to conversion of warrants	4,179,000	70,440,576
29-Aug-08	Allotment pursuant to exercise of ESOS	1,500	70,442,076
17-May-12	Allotment pursuant to exercise of ESOS	10,000	70,452,076
TOTAL		70,452,076	

### Distribution of Shareholding as on :

No of equity shares held	30th September 2013			31st March 2012		
	No of shares	No of Shareholders	% of Shareholders	No of shares	No of Shareholders	% of Shareholders
1-500	9,151,645	78,828	90.81	6,682,345	67,495	93.51
501-1000	3,474,303	4,391	5.06	2,006,009	2,528	3.50
1001-2000	2,926,129	1,936	2.23	1,594,801	1,058	1.47
2001-3000	1,546,686	603	0.69	879,047	342	0.47
3001-4000	946,077	264	0.30	619,727	173	0.24
4001-5000	888,549	190	0.22	570,011	121	0.17
5001-10000	2,329,488	321	0.37	1,566,344	209	0.29
10001 & above	49,189,199	274	0.32	56,523,792	250	0.35
TOTAL	70,452,076	86,807	100.00	70,442,076	72,176	100.00

### Dematerialisation 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 September 30, 2013 are :

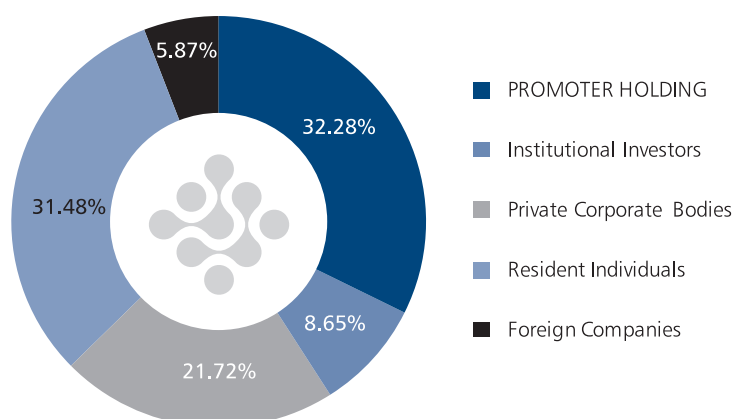
No. of Shares	% of Shares	No. of Shareholders	% of
70,130,214	99.54	84,873	97.76

### 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 dematerialised shares held with NSDL and CDSL.

### a) Shareholding Pattern as on September 30, 2013

Category	No of Shares Held	Percentage of Shareholding
<b>A PROMOTER HOLDING</b>		
1 Promoters / Promoter Group		
a) Indian	22740781	32.28
b) Foreign	Nil	Nil
<b>Sub-Total (1)</b>	<b>22740781</b>	<b>32.28</b>
<b>B NON-PROMOTER HOLDING</b>		
2 Institutional Investors		
a) Mutual Funds	8955	0.01
b) Banks, Financial Institutions, Insurance Companies (Central / State Govt. Institutions / Non-government Institutions)	3253690	4.62
c) Foreign Institutional Investors (FIIs)	2833809	4.02
<b>Sub-Total (2)</b>	<b>6096454</b>	<b>8.65</b>
3 OTHERS		
a) Private Corporate Bodies	15303460	21.72
b) Indian Public (Resident Individuals)	22177478	31.48
c) Non Resident Indians / Overseas Corporate Bodies	892215	1.27
d) Foreign Companies	3241688	4.60
<b>Sub Total (3)</b>	<b>41614841</b>	<b>59.07</b>
<b>GRAND TOTAL (1+2+3)</b>	<b>70452076</b>	<b>100.00</b>





## Global Depositary receipts (GDRs)

The number of GDRs outstanding as on September 30, 2013 are 32,26,688 out of the total number of 7,04,52,076 equity shares of the Company. Each GDR is represented by an underlying equity share.

## Legal Proceedings

There are a few pending cases relating to the disputes on the title of the shares. The Company has been made a party to the disputes but these, however, are not material in nature.

## Share Transfer System

M/s Integrated Enterprises (India) Limited are the Registrar and Share Transfer Agents for servicing activities relating to both physical and electronic segments. The share transfer committee met 3 times during the year 2012 - 2013. SEBI has reduced the timelines for effecting the share transfer to 15 days from the present one month's time by a circular dated July 5, 2012. Accordingly, securities lodged for transfer with the registrars shall be processed within 15 days from the date of lodgement. In order to give effect to SEBI's requirement and to expedite the process of share transfers, the Board has delegated the power to approve the share transfer activities to few employees of the Company as well as to rename the existing committee as "Investor Grievance Committee" which shall meet on a quarterly basis.

## Unclaimed Dividends

Pursuant to Section 205A of the Companies Act, 1956, the unclaimed dividend amounting to Rs 507,808/- pertaining to the financial year 2004-05 was transferred to the Investor Education and Protection Fund (IEPF) in September, 2012 and the unclaimed dividend amounting to Rs 8,57,808/- pertaining to the financial year 2005-06 was transferred to the Investor Education and Protection Fund (IEPF) in July 2013.

Unclaimed dividend for the financial year 2006-2007 is due for transfer to IEPF in September 2014. The dividends for the years from 2006-2007 onwards, which remain unclaimed for seven years will be transferred to IEPF established by the Central Government under Section 205C of the Companies Act, 1956 as and when they become due. Shareholders who have not encashed their dividends for these periods are requested to write to the Company.

## Equity Shares in the Suspense Account

As per Clause 5A(II) of the Listing Agreement, 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 30th September, 2013:

Sl No	Particulars	No of Share Holders	No of Equity Shares
1	Aggregate Number of shareholders and the outstanding shares in the suspense account lying as on April 1, 2012	208	12391
2	Number of shareholders who approached the Company for transfer of shares from suspense account during the year	1	1
3	Number of shareholders to whom shares were transferred from the suspense account during the year	1	1
4	Aggregate Number of shareholders and the outstanding shares in the suspense account lying as on September 30, 2013	207	12390

The voting rights on the shares outstanding in the suspense account as on September 30, 2013 shall remain frozen till the rightful owner of such shares claims the shares. As per Clause 5A(II) of the Listing Agreement, 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 as on 30th September 2013.

### 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

##### i) Alathur Works

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

##### ii) Aurangabad Works

L8 & L9 MIDC Industrial Area,  
Waluj, Aurangabad District  
Pin 431 136  
Maharashtra, India

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

##### i) A10/A11, SIDCO Industrial Estate

Alathur, Kancheepuram  
Dist, Pin 603 110  
Tamil Nadu, India

##### ii) Plot Nos.B5 (Part) and B6 (Part),

SIPCOT Industrial Park,  
Irungattukottai Sriperumbudur (Tk.), Pin 602 105  
Tamil Nadu, India

##### iii) B-77, SIDCO Industrial Estate

Alathur, Kancheepuram Dist, Pin 603 110, Tamil Nadu, India

### Research and Development Centre

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

### Investor Contacts

#### a) Investor Correspondence / Compliance Officer

Mr.L Chandrasekar  
Executive Vice President - Finance & Secretary  
Phone : (044) - 28211000;  
Fax : (044) - 28275960  
E-mail : corporate@orchidpharma.com

#### b) Registrar and Share Transfer Agent

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



### 13. CEO/CFO Certification:

In terms of Clause 49 of the Listing Agreement the Chairman & Managing Director and the Executive V P – Finance & Secretary give annual certification on financial reporting and internal controls to the Board. The Chairman & Managing Director and the Executive V P – Finance & Secretary also give quarterly certification on financial results while placing the financial results before the Board in terms of Clause 41 of the Listing Agreement. Accordingly the Chairman & Managing Director and Executive VP – Finance & Secretary have certified to the Board inter alia the accuracy of financial statements and adequacy of internal controls for the financial reporting purpose for the 18 (Eighteen) months ended 30th September, 2013.

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## COMPLIANCE OF NON-MANDATORY REQUIREMENTS AS PER CLAUSE 49 OF THE LISTING AGREEMENT AND CORPORATE GOVERNANCE VOLUNTARY GUIDELINES 2009

### 1. Audit Committee

The Company has an Audit Committee functioning with the constitution, roles and responsibilities as envisaged under the Corporate Governance Voluntary Guidelines 2009. The terms of reference of the Committee have been described at Serial No.3 herein above.

### 2. Independent Directors

None of the Independent Directors are involved in the day to day affairs of the Company.

### 3. Number of Companies in which an Individual may become a Director

The Company has appraised its Board Members about the restriction on number of other Directorships and the same is being complied with.

### 4. Statutory Auditors

The Company does not advocate rotation of Auditors as envisaged in these guidelines in view of the domain knowledge acquired by the Auditors over a period of time.

### 5. Internal Control

The Board ensures the effectiveness of the Company's system of internal controls including financial, operational and compliance controls and risk management systems.

### 6. Shareholders' Rights

The quarterly financial results are published in the newspapers as mentioned in Serial No.10 above. The results are also displayed on the web site of the Company.

	Management Discussion & Analysis	Directors' Report		 <b>Orchid Chemicals &amp; Pharmaceuticals Ltd.</b> Annual Report 2012-13	39
			Corporate Governance Report		

## CODE OF CONDUCT CERTIFICATION

(Under Clause 49 of the Listing Agreement)

In accordance with Clause 49 sub-clause I(D) of the Listing Agreement with the Stock Exchanges, 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 18 (Eighteen) months ended 30th September, 2013.

Place: Chennai

Date: November 29, 2013

**K. Raghavendra Rao**

*Chairman and Managing Director*

## CERTIFICATE ON CORPORATE GOVERNANCE

To

The Members of

**Orchid Chemicals & Pharmaceuticals Limited**

We have examined the compliance of the conditions of Corporate Governance by Orchid Chemicals & Pharmaceuticals Limited (the Company), for 18 (Eighteen) months period ended on 30th September, 2013, as stipulated in Clause 49 of the Listing Agreement entered into by the Company with the stock exchanges.

The compliance of the conditions of Corporate Governance is the responsibility of management. Our examination was limited to a review of the procedure and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of the 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, we certify that the Company has generally complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement except as reported by the Company in its quarterly compliance report submitted to the stock exchanges for the quarter ended 31.12.2012 and 31.03.2013.

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

**(N Ramanathan)**

*Partner*

Place: Chennai

Date : November 29, 2013

C.P.NO : 11084

Membership No. FCS 6665