



ORCHID PHARMA LIMITED

PROPOSED MATERIAL RELATED PARTY TRANSACTIONS FOR THE FINANCIAL YEAR 2021-2022

Proposed Material Related Party Transaction with M/s. Otsuka Chemicals (India) Private Limited

Transaction between Orchid Pharma Limited and Otsuka Chemicals (India) Private Limited prior to March 31,2020 (Prior to the take over by M/s Dhanuka Laboratories Limited)

Otsuka Chemicals
(India) Private
Limited

Manufacturer
of GCLE (Key
raw material
for Cefixime)

Orchid Pharma Limited -Transactions
(Purchase of goods) with Otsuka

Otsuka Chemicals (India) Private Limited is the only approved source of key raw material GCLE for Orchid Pharma Limited

- Even prior to takeover of Orchid Pharma Limited by M/s Dhanuka Laboratories Limited, Otsuka Chemicals (India) Private Limited was the supplier of GCLE for Orchid Pharma Limited.

- Mr. Manish Dhanuka, Managing Director and Mr. Mridul Dhanuka, Whole Time Director are the Director/Member in Otsuka Chemicals (India) Private Limited prior to the acquisition of Orchid Pharma Limited.

- Post acquisition of Orchid Pharma Limited , this transaction has become a related party transaction by virtue of Directors becoming related party as stated above. Since the transaction is estimated to be a material transaction, the same is placed for approval before the Members at the ensuing General Meeting.

Details of transactions with M/s Otsuka Chemicals (India) Private Limited prior to the takeover by M/s. Dhanuka Laboratories Limited (Purchase of goods)

Year	Amount in INR Lakhs
2016-17	4693.45
2017-18	4333.50
2018-19	6107.61

Proposed Material Related Party Transaction with M/s. Otsuka Chemicals (India) Private Limited

Related party

Mr. Manish Dhanuka, Managing Director of Orchid Pharma Limited is also a Director on the Board of Otsuka Chemicals (India) Private Limited

Mr. Mridul Dhanuka, Whole Time Director is a Member of Otsuka Chemicals (India) Private Limited

Nature of transaction

Recurring & Purchase of goods

Proposed value of transaction

Aggregate up to Rs. 75 Crores (Rupees Seventy Five Crore Only) for the financial year 2021-2022 (expected to exceed 10% of Annual consolidated turnover as per the latest Audited financials).

No change in the business strategy . Otsuka Chemicals (India) Private Limited was a supplier of GCLE for Orchid Pharma Limited and continues to be the same. Mr. Manish Dhanuka and Mr. Mridul Dhanuka were already the Director/Shareholder in Otsuka before acquiring Orchid Pharma Limited, therefore post acquisition, this transaction has become a related party transaction

Justification for entering into related party transaction with M/s. Otsuka Chemicals (India) Private Limited

Only approved source of the Key Raw Material GCLE for Orchid. Even prior to the takeover by the Dhanuka group, Otsuka was the only approved source for this product



Otsuka also buys the end product produced from GCLE for its global requirements from Orchid under a long-term supply contract.



The above related party transaction is in the ordinary course of business and at arm's length basis and in the best interest of the Company

**Proposed Material Related Party
Transaction with M/s.OrBion
Pharmaceuticals Private Limited**

**Rationale for Proposed Material
related party transaction with
OrBion Pharmaceuticals Private
Limited**

-Transfer of IKKT business

Commitment to Bank for hiving off
IKKT business to return the loan
availed by the Company

Negative EBIDTA of IKKT business,
therefore, transfer of this business will
improve the EBIDTA of Orchid Pharma.

Proposed Material Related Party Transaction with M/s. OrBion Pharmaceuticals Private Limited

Related Party

- Associate Company

Orchid Pharma Limited holds 26% shareholding in OrBion Pharmaceuticals Private Limited (Currently having Paid up share capital of Rs.1,00,000/-)

OrBion Pharmaceuticals Private Limited was incorporated for the acquisition of the IKKT business

Nature of transaction

Transfer of the Formulations unit of the Company (IKKT) to M/s. OrBion Pharmaceuticals Private Limited

Value of transaction

Orchid Pharma Limited will receive consideration up to Rs.125.80 Crores & 26% equity shareholding in the Post issue paid up capital of OrBion (“the Purchaser”)

(Post issue Paid up capital of the Purchaser Rs.175.11Crores-including share premium)

Justification for entering into Material related party transaction with M/s. OrBion Pharmaceuticals Private Limited

As the IKKT Business is generating negative EBIDTA, hiving off this business will improve the profitability of Orchid. Partnership with Bion Pharma will improve the profitability of IKKT business also, thereby, increasing its future valuation.

1. The shareholding of OrBion shall be held by Orchid Pharma Limited only and not by any of the Directors/Promoters in personal capacity.
2. Mr. Mridul Dhanuka, Whole Time Director of Orchid Pharma Limited and who is also one of the Directors of M/s. OrBion Pharmaceuticals Private Limited shall not derive any monetary benefit from OrBion and shall act only as a representative of Orchid Pharma Limited on the Board of OrBion Pharmaceuticals Private Limited.
3. The above related party transaction is in the best interest of the Company and its Members as a whole. The net proceeds from the sale of the Undertaking will be utilized to repay the existing loans and reduce interest burden.

Proposed Material Related Party Transaction with M/s. Dhanuka Laboratories Limited

Proposed Material Related Party Transaction with M/s. Dhanuka Laboratories Limited

<i>Related party</i>	<i>M/s. Dhanuka Laboratories Limited by virtue of being holding company & Promoter holding 20% or more of shareholding of the Company</i>
<i>Nature and proposed value of transaction</i>	<p><i>Availment of unsecured loan</i></p> <p><i>Aggregate up to Rs. 50 Crores (Rupees Fifty Crore Only) for the financial year 2021-2022 (expected to exceed 10% of Annual consolidated turnover as per the latest Audited financials)</i></p>
<i>Justification</i>	<p><i>Keeping in view the Company's existing and future financial requirements to support its business operations, the Company may need additional funds.</i></p> <p><i>The above loan would be at an interest rate as stipulated under Section 186(7) of the Companies Act, 2013 and on such other terms and conditions as the Board of Directors of the Company (including any authorized Committee thereof) may agree with the lender.</i></p> <p><i>The above transaction is in the best interest of the Company & the Members as a whole .</i></p>