The information in this Preliminary Placement Document is not complete and may be changed. The Issue is meant only for Eligible QIBs under Chapter VI of the SEBI ICDR Regulations on a private placement basis and is not an offer to the public or to any other class of investors to purchase the Equity Shares. This Preliminary Placement Document is not an offer to sell any Equity Shares and is not soliciting an offer to subscribe to or buy the Equity Shares in any jurisdiction where such offer, sale or subscription is not permitted. This Preliminary Placement Document is being issued for the sole purpose of information or discussion relating to the Equity Shares that may be Allotted pursuant to the Placement Document.

Preliminary Placement Document
Not for Circulation and Strictly Confidential
Serial Number: _____
Date: June 22, 2023

OrchidPharma
— A Dhanuka Group Company —

ORCHID PHARMA LIMITED

Registered Office: Orchid Towers, 313,Valluvar Kottam High Road, Nungambakkam, Chennai - 600034, Tamil Nadu, India
Tel: +91 044 28211000; **Contact Person**: Marina Peter; Company Secretary and Compliance Officer; **Email:** corporate@orchidpharma.com; **Website**: www.orchidpharma.com;
CIN: L24222TN1992PLC022994

Our Company was incorporated as 'Orchid Chemicals & Pharmaceuticals Limited' on July 1, 1992 at Chennai, as a limited company under the Companies Act, 1956, and was granted a certificate of incorporation by the Registrar of Companies, Tamil Nadu at Chennai ("**RoC**"). Subsequently, the name of our Company was changed to 'Orchid Pharma Limited' and a fresh certificate of incorporation consequent upon change of name was granted by the RoC on October 19, 2015. For further details, see "*General Information*" on page 244.

The Company is issuing **[•]** equity shares of face value of ₹10 each (the "**Equity Shares**") at a price of ₹**[•]** per Equity Share (the "**Issue Price**"), including a premium of ₹**[•]** per Equity Share, aggregating upto ₹**[•]** million (the "**Issue**"). For further details, see "*Summary of the Issue*" on page 32.

THIS ISSUE IS BEING UNDERTAKEN IN RELIANCE UPON CHAPTER VI OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED (THE "SEBI ICDR REGULATIONS"), AND SECTION 42 OF THE COMPANIES ACT, 2013, AS AMENDED (THE "COMPANIES ACT 2013"), READ WITH RULE 14 OF THE COMPANIES (PROSPECTUS AND ALLOTMENT OF SECURITIES) RULES, 2014, AS AMENDED (THE "PAS RULES"), TO THE EXTENT APPLICABLE, AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013 AND RULES FRAMED THEREUNDER EACH AS AMENDED.

The Equity Shares are listed on BSE Limited ("**BSE**") and National Stock Exchange of India Limited ("**NSE**", and together with BSE, the "**Stock Exchanges**"). The closing price of the outstanding Equity Shares on BSE and NSE as on June 22, 2023 was ₹452.05 and ₹447.65 per Equity Share, respectively. Our Company has received in-principle approvals pursuant to Regulation 28(1)(a) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "**SEBI Listing Regulations**") for listing of the Equity Shares to be issued pursuant to the Issue, from BSE and NSE on June 22, 2023. Our Company shall make applications to the Stock Exchanges for obtaining final listing and trading approvals for the Equity Shares to be issued pursuant to the Issue. The Stock Exchanges assume no responsibility for the correctness of any statements made, opinions expressed or reports contained herein. Admission of the Equity Shares to be issued pursuant to the Issue for trading on the Stock Exchanges should not be taken as an indication of the merits of our Company or the Equity Shares.

A copy of this Preliminary Placement Document, which includes disclosures prescribed under Form PAS-4 (as defined hereinafter), has been delivered to the Stock Exchanges. A copy of the Placement Document (which shall also include disclosures prescribed under Form PAS-4) shall be delivered to the Stock Exchanges.Our Company shall also make the requisite filings with the RoC (as defined above) within the stipulated period as required under the Companies Act, 2013 and the PAS Rules (as defined above). This Preliminary Placement Document has not been reviewed by the Securities and Exchange Board of India ("**SEBI**"), the Stock Exchanges, the RoC or any other regulatory or listing authority, and is intended only for use by Eligible QIBs (as defined hereinafter). This Preliminary Placement Document has not been and shall not be filed as a prospectus with the RoC, shall not be circulated or distributed to the public in India or any other jurisdiction, and the Issue shall not constitute a public offer in India or any other jurisdiction.

OUR COMPANY HAS PREPARED THIS PRELIMINARY PLACEMENT DOCUMENT SOLELY FOR PROVIDING INFORMATION IN CONNECTION WITH THE ISSUE. THE ISSUE AND DISTRIBUTION OF THIS PRELIMINARY PLACEMENT DOCUMENT IS BEING MADE TO ELIGIBLE QIBS IN RELIANCE UPON SECTION 42 OF THE COMPANIES ACT, 2013 READ WITH RULE 14 OF THE PAS RULES, CHAPTER VI OF THE SEBI ICDR REGULATIONS, AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013 AND THE RULES PRESCRIBED THEREUNDER. THIS PRELIMINARY PLACEMENT DOCUMENT IS PERSONAL TO EACH PROSPECTIVE INVESTOR AND DOES NOT CONSTITUTE AN OFFER OR INVITATION OR SOLICITATION OF AN OFFER TO THE PUBLIC OR TO ANY OTHER PROSPECTIVE INVESTOR OR CLASS OF INVESTORS WITHIN OR OUTSIDE INDIA OTHER THAN ELIGIBLE QIBS. THIS PRELIMINARY PLACEMENT DOCUMENT SHALL BE CIRCULATED ONLY TO SUCH ELIGIBLE QIBS WHOSE NAMES ARE RECORDED BY OUR COMPANY PRIOR TO MAKING AN INVITATION TO SUBSCRIBE TO THE EQUITY SHARES IN CONSULTATION WITH THE LEAD MANAGERS OR THEIR REPRESENTATIVES.

YOU MAY NOT AND ARE NOT AUTHORISED TO: (1) DELIVER THIS PRELIMINARY PLACEMENT DOCUMENT TO ANY OTHER PERSON; OR (2) REPRODUCE THIS PRELIMINARY PLACEMENT DOCUMENT IN ANY MANNER WHATSOEVER OR (3) RELEASE ANY PUBLIC ADVERTISEMENTS OR UTILISE ANY MEDIA, MARKETING OR DISTRIBUTION CHANNELS OR AGENTS TO INFORM THE PUBLIC AT LARGE ABOUT THE ISSUE. ANY DISTRIBUTION OR REPRODUCTION OF THIS PRELIMINARY PLACEMENT DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS INSTRUCTION MAY RESULT IN A VIOLATION OF THE COMPANIES ACT, 2013, AS AMENDED, THE SEBI ICDR REGULATIONS OR OTHER APPLICABLE LAWS OF INDIA AND OF OTHER JURISDICTIONS.

INVESTMENTS IN EQUITY SHARES INVOLVE A HIGH DEGREE OF RISK AND PROSPECTIVE INVESTORS SHOULD NOT INVEST IN THE ISSUE UNLESS THEY ARE PREPARED TO TAKE THE RISK OF LOSING ALL OR PART OF THEIR INVESTMENT. PROSPECTIVE INVESTORS ARE ADVISED TO CAREFULLY READ "*RISK FACTORS*" ON PAGE 39. BEFORE MAKING AN INVESTMENT DECISION RELATING TO THE ISSUE. EACH PROSPECTIVE INVESTOR IS ADVISED TO CONSULT ITS OWN ADVISORS ABOUT THE CONSEQUENCES OF AN INVESTMENT IN THE EQUITY SHARES ISSUED PURSUANT TO THIS PRELIMINARY PLACEMENT DOCUMENT. PROSPECTIVE INVESTORS SHALL CONDUCT THEIR OWN DUE DILIGENCE ON THE EQUITY SHARES AND THE COMPANY. IF YOU DO NOT UNDERSTAND THE CONTENTS OF THIS PRELIMINARY PLACEMENT DOCUMENT AND THE PLACEMENT DOCUMENT, YOU SHOULD CONSULT AN AUTHORISED FINANCIAL ADVISOR.

Invitations, offers and sales of Equity Shares to be issued pursuant to the Issue shall only be made pursuant to this Preliminary Placement Document, together with the Application Form, Placement Document and the Confirmation of Allocation Note (each as defined herein). For further details, see "*Issue Procedure*" on page 193. The distribution of this Preliminary Placement Document or the disclosure of its contents without our Company's prior consent to any person other than Eligible QIBs and persons retained by Eligible QIBs to advise them with respect to their purchase of Equity Shares is unauthorised and prohibited. Each prospective investor, by accepting delivery of the Preliminary Placement Document, agrees to observe the foregoing restrictions and to make no copies of this Preliminary Placement Document or any documents referred to in the Preliminary Placement Document.

The Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or the securities laws of any state of the United States and may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any applicable state securities laws. The Equity Shares offered in the Issue are being offered and sold only outside the United States in "offshore transactions", as defined in and in reliance on Regulation S under the U.S. Securities Act ("**Regulation S**") and the applicable laws of the jurisdiction where those offers and sales are made. See *"Selling Restrictions"* on page 209 for information about eligible offerees for the Issue and "*Transfer Restrictions*" on page 217 for information about transfer restrictions that apply to the Equity Shares sold in the Issue.

The information on our Company's website, any website directly or indirectly linked to our Company's website or on the respective websites of the Lead Managers (as defined hereinafter) or of their respective affiliates does not form part of this Preliminary Placement Document and prospective investors should not rely on any such information contained in or available through any such websites for their investment in this Issue.

This Preliminary Placement Document is dated June 22, 2023

LEAD MANAGERS	
Edelweiss Ideas create, values protect	JM FINANCIAL
EDELWEISS FINANCIAL SERVICES LIMITED	**JM FINANCIAL LIMITED**

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NOTICE TO INVESTORS

Our Company has furnished and accepts full responsibility for all of the information contained in this Preliminary Placement Document and confirms that to the best of its knowledge and belief, having made all reasonable enquiries, this Preliminary Placement Document contains all information with respect to our Company and the Equity Shares, which we consider material in the context of the Issue. The statements contained in this Preliminary Placement Document relating to our Company and the Equity Shares are in all material respects, true, accurate and not misleading, and the opinions and intentions expressed in this Preliminary Placement Document with regard to our Company and the Equity Shares are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions and information presently available to our Company. There are no other facts in relation to our Company and the Equity Shares, the omission of which would, in the context of the Issue, make any statement in this Preliminary Placement Document misleading in any material respect. Further, our Company has made all reasonable enquiries to ascertain such facts and to verify the accuracy of all such information and statements.

Edelweiss Financial Services Limited and JM Financial Limited (the "**Lead Managers**") have not separately verified the information contained in this Preliminary Placement Document (financial, legal, or otherwise). Accordingly, neither the Lead Managers, nor any of their respective shareholders, employees, counsels, officers, directors, representatives, agents, associates or affiliates make any express or implied representation, warranty or undertaking, and no responsibility or liability is accepted by the Lead Managers or any of their respective shareholders, employees, counsels, officers, directors, representatives, agents, associates or affiliates as to the accuracy or completeness of the information contained in this Preliminary Placement Document or any other information supplied in connection with the Issue, and each such person must rely on its own examination of our Company and the merits and risks involved in investing in the Equity Shares issued pursuant to the Issue.

Each person receiving this Preliminary Placement Document acknowledges that such person has not relied on the Lead Managers or on any of their respective shareholders, employees, counsels, officers, directors, representatives, agents, associates or affiliates in connection with such person's investigation of the accuracy of such information or such person's investment decision.

No person is authorised to give any information or to make any representation not contained in this Preliminary Placement Document and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of our Company, or by or on behalf of the Lead Managers.

In making an investment decision, prospective investors must rely on their own examination of our Company, its Subsidiaries and its Associate (each as defined hereinafter) and the Equity Shares and the terms of the Issue, including the merits and risks involved. A prospective investor should not construe the contents of this Preliminary Placement Document as legal, tax, accounting or investment advice. Prospective investors should consult their own counsel and advisors as to business, legal, tax, accounting and related matters concerning the Issue. In addition, neither our Company nor the Lead Managers are making any representation to any investor, purchaser, offeree or subscriber to the Equity Shares in relation to this Issue regarding the legality of an investment in the Equity Shares by such investor, purchaser, offeree or subscriber under applicable legal, investment or similar laws or regulations. Prospective investors of the Equity Shares should conduct their own due diligence on the Equity Shares and our Company. If you do not understand the contents of this Preliminary Placement Document, you should consult an authorised financial advisor and/or legal advisor. The Equity Shares to be issued pursuant to the Issue have not been approved, disapproved or recommended by any regulatory authority in any jurisdiction, including the SEBI. No authority has passed on or endorsed the merits of the Issue or the accuracy or adequacy of this Preliminary Placement Document. Any representation to the contrary may be a criminal offence in certain jurisdictions.

The information contained in this Preliminary Placement Document has been provided by our Company and from other sources identified herein. This Preliminary Placement Document is being furnished on a confidential basis solely for the purpose of enabling a prospective investor to consider subscribing for the particular securities described herein. The distribution of this Preliminary Placement Document or the disclosure of its contents without the prior consent of the Company to any person, other than Eligible QIBs whose names are recorded by our Company prior to the invitation to subscribe to the Issue in consultation with the Lead Managers or their representatives, and those retained by Eligible QIBs to advise them with respect to their subscription of the Equity Shares is unauthorized and prohibited. Each prospective investor, by accepting delivery of this Preliminary Placement Document, agrees to observe the foregoing restrictions and to make no copies of this Preliminary Placement Document or any documents referred to in this Preliminary Placement Document. Any reproduction or distribution of this Preliminary Placement Document, in whole or in part, and any disclosure of its contents to any other person is prohibited.

The distribution of this Preliminary Placement Document and the offer and sale of the Equity Shares in the Issue, may be restricted in certain jurisdictions by applicable laws. As such, this Preliminary Placement Document does not constitute, and may not be used for, or in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. In particular, no action has been taken by our Company and the Lead Managers which would permit an offering of the Equity Shares or distribution of this Preliminary Placement Document in any jurisdiction, other than India, where action for that purpose is required. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and neither this Preliminary Placement Document, nor any offering material in connection with the Equity Shares may be distributed or published in or from any country or jurisdiction, except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction. In particular, the Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act, or the securities laws of any state of the United States and may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any applicable state securities laws. The Equity Shares offered in the Issue are being offered and sold only outside the United States in "offshore transactions", as defined in and in reliance on Regulation S and the applicable laws of the jurisdiction where those offers and sales are made. See "*Selling Restrictions*" on page 209 for information about eligible offerees for the Issue and "*Transfer Restrictions*" on page 217 for information about transfer restrictions that apply to the Equity Shares sold in the Issue.

Each subscriber of the Equity Shares is deemed to have acknowledged, represented and agreed that it is an Eligible QIB and it is eligible to invest in India and in our Company under Indian law, including under Chapter VI of the SEBI ICDR Regulations and Section 42 of the Companies Act, 2013, read with Rule 14 of the PAS Rules and that it is not prohibited by SEBI or any other statutory, regulatory or judicial authority in India or any other jurisdiction from buying, selling or dealing in securities including the Equity Shares, or otherwise accessing the capital markets in India.

This Preliminary Placement Document contains summaries of certain terms of documents, which summaries are qualified in their entirety by the terms and conditions of such documents. This Preliminary Placement Document does not purport to contain all the information that any Eligible QIB may require. Further, this Preliminary Placement Document has been prepared for information purposes to this Issue only and upon the express understanding that it will be used for the purposes set forth herein.

The Company does not undertake to update the Preliminary Placement Document to reflect subsequent events after the date of the Preliminary Placement Document and thus it should not be relied upon with respect to such subsequent events without first confirming the accuracy or completeness with the Company. Neither the delivery of this Preliminary Placement Document nor any issue of Equity Shares made hereunder shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of the Company since the date hereof.

Our Company and the Lead Managers are not liable for any amendment or modification or change to applicable laws or regulations, that may occur after the date of the Preliminary Placement Document. QIBs are advised to make their independent investigations and satisfy themselves that they are eligible to apply. Eligible QIBs are advised to ensure that any single application from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in the Preliminary Placement Document. Further, Eligible QIBs are required to satisfy themselves that their Bids would not eventually result in triggering a tender offer under the SEBI Takeover Regulations and the Eligible QIB shall be solely responsible for compliance with the provisions of the SEBI Takeover Regulations, SEBI Insider Trading Regulations and other applicable laws, rules, regulations, guidelines and circulars.

The information on our Company's website, www.orchidpharma.com, any website directly and indirectly linked to the website of our Company, or our Subsidiaries, as applicable, on the websites of the Lead Managers and of their affiliates, does not constitute nor form part of this Preliminary Placement Document. The prospective investors should not rely on any such information contained in, or available through, any such websites.

The Company agrees to comply with any undertakings given by it from time to time in connection with the Equity Shares to the Stock Exchanges and, without prejudice to the generality of foregoing, shall furnish to the Stock Exchanges all such information as the rules of the Stock Exchanges may require in connection with the listing of the Equity Shares on the Stock Exchanges.

INFORMATION TO DISTRIBUTORS (AS DEFINED BELOW) IN THE EEA AND THE UNITED KINGDOM

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("**MiFID II**"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "**MiFID II Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "**manufacturer**" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Equity Shares have been subject to a product approval process, which has determined that such Equity Shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "**Target Market Assessment**").

Notwithstanding the Target Market Assessment, "**distributors**" (for the purposes of the MiFID II Product Governance Requirements) ("**Distributors**") should note that: the price of the Equity Shares may decline and investors could lose all or part of their investment; the Equity Shares offer no guaranteed income and no capital protection; and an investment in the Equity Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Issue. For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Equity Shares. Each Distributor is responsible for undertaking its own target market assessment in respect of the Equity Shares and determining appropriate distribution channels.

REPRESENTATIONS BY INVESTORS

All references to "you" and "your" in this section are to the prospective investors in the Issue. By Bidding and/or subscribing to any Equity Shares under this Issue, you are deemed to have made the representations, warranties, acknowledgements, and agreements set forth in the sections "*Notice to Investors*", "*Selling Restrictions*" and "*Transfer Restrictions*" on pages 1, 209 and 217, respectively, and to have represented, warranted and acknowledged to and agreed with our Company and the Lead Managers, as follows:

1. Your decision to subscribe to the Equity Shares to be issued pursuant to the Issue has not been made based on any information relating to our Company or its Subsidiaries which is not set forth in this Preliminary Placement Document;

2. You are a "Qualified Institutional Buyer" as defined in Regulation 2(1)(ss) of the SEBI ICDR Regulations and not excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations, having a valid and existing registration under applicable laws and regulations of India, and undertake to (i) acquire, hold, manage or dispose of any Equity Shares that are Allotted (hereinafter defined) to you in accordance with Chapter VI of the SEBI ICDR Regulations, the Companies Act, 2013 and all other applicable laws; and (ii) comply with all requirements under applicable law in this relation, including reporting obligations, requirements/ making necessary filings, if any, in connection with the Issue;

3. You are eligible to invest in India under applicable law, including the FEMA Rules (as defined hereinafter) and any notifications, circulars or clarifications issued thereunder, and have not been prohibited by SEBI, RBI or any other regulatory authority, statutory authority or otherwise, from buying, selling or dealing in securities or otherwise accessing capital markets in India;

4. If you are not a resident of India and are an Eligible QIB, (i) you are a foreign portfolio investor, and you confirm that you are an Eligible FPI as defined in this Preliminary Placement Document and have a valid and existing registration with SEBI under the applicable laws in India, or (ii) you are a multilateral or bilateral development financial institution and can participate in the Issue only under Schedule II of FEMA Rules and you are eligible to invest in India under applicable law, including FEMA Rules, and any other notifications, circulars or clarifications issued thereunder. You will make all necessary filings with appropriate regulatory authorities, including RBI, as required pursuant to applicable laws. You have not been prohibited by SEBI, RBI or any other regulatory authority, from buying, selling or dealing in securities or otherwise accessing the capital markets. Since FVCIs are not permitted to participate in the Issue, you confirm that you are not an FVCI;

5. You are eligible to invest in and hold the Equity Shares in accordance with the FDI Policy, read along with the press note no. 3 (2020 Series), dated April 17, 2020, issued by the Department for Promotion of Industry and Internal Trade, Government of India and the related amendments to the FEMA Rules, wherein if the beneficial owner of the Equity Shares is situated in or is a citizen of a country which shares land border with India, foreign direct investments can only be made through the Government approval route, as prescribed in the FEMA Rules;

6. You will provide the information as required under the Companies Act, 2013 and the PAS Rules for record keeping by our Company, including your name, complete address, phone number, e-mail address, permanent account number and bank account details and such other details as may be prescribed or otherwise required even after the closure of the Issue;

7. If you are Allotted Equity Shares pursuant to the Issue, you shall not sell the Equity Shares so acquired, for a period of one year from the date of Allotment (hereinafter defined), except on the Stock Exchanges;

8. You are aware that this Preliminary Placement Document and the Placement Document have not been, and will not be, filed as a prospectus with the RoC under the Companies Act, 2013, the SEBI ICDR Regulations or under any other law in force in India and, no Equity Shares will be offered in India or overseas to the public or any members of the public in India or any other class of investors, other than Eligible QIBs. This Preliminary Placement Document has not been, and the Placement Document will not be reviewed, verified or affirmed by SEBI, the RBI, the RoC, the Stock Exchanges or any other regulatory or listing authority and is intended only for use by Eligible QIBs. This Preliminary Placement Document, and the Placement Document, shall be filed with the Stock Exchanges for record purposes only and be displayed on the websites of our Company and the Stock Exchanges;

9. You are entitled to subscribe for and acquire the Equity Shares under the laws of all relevant jurisdictions applicable to you and that you have fully observed such laws and you have all necessary capacity and have obtained all necessary consents and authorities, as may be required and complied and shall comply with all necessary formalities to enable you to participate in the Issue and to perform your obligations in relation thereto (including without limitation, in the case of any person on whose behalf you are acting, all necessary consents and authorizations to agree to the terms set out or referred to in this Preliminary Placement Document), and will honor such obligations;

10. Neither our Company, the Lead Managers nor any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates are making any recommendations to you or advising you regarding the suitability of any transactions you may enter into in connection with the Issue and your participation in the Issue is on the basis that you are not, and will not, up to the Allotment of the Equity Shares, be a client of the Lead Managers for the purposes of the Issue. Neither the Lead Managers nor any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates has any duty or responsibility to you for providing the protection afforded to their clients or customers or for providing advice in relation to the Issue and are not in any way acting in any fiduciary capacity;

11. All statements other than statements of historical fact included in this Preliminary Placement Document, including, without limitation, those regarding our financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to our business), are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause actual results to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and environment in which we will operate in the future. You should not place undue reliance on forward-looking statements, which speak only as of the date of this Preliminary Placement Document. Neither our Company, nor the Lead Managers or any of their respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates assumes any responsibility to update any of the forward-looking statements contained in this Preliminary Placement Document;

12. The Bid made by you would not ultimately result in triggering an open offer under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended.

13. You are aware that the Equity Shares are being offered only to Eligible QIBs on a private placement basis and are not being offered to the general public, or any other category of investors other than the Eligible QIBs and the Allotment shall be on a discretionary basis at the discretion of our Company in consultation with the Lead Managers;

14. You have made, or will be deemed to have made, as applicable, the representations, warranties, acknowledgments and undertakings as set out under "*Selling Restrictions*" and "*Transfer Restrictions*" on pages 209 and 217, respectively;

15. You have been provided a serially numbered copy of this Preliminary Placement Document, and have read it in its entirety, including in particular the "*Risk Factors*" on page 39;

16. In making your investment decision, you have (i) relied on your own examination of our Company and the terms of the Issue, including the merits and risks involved, (ii) made and will continue to make your own assessment of our Company, its Subsidiaries and its Associate, the Equity Shares and the terms of the Issue based on such information as is publicly available, (iii) consulted your own independent counsels and advisors or otherwise have satisfied yourself concerning, the effects of local laws (including tax laws), (iv) relied solely on the information contained in this Preliminary Placement Document and the Placement Document and no other disclosure or representation by our Company or any other party, and (v) received all information that you believe is necessary or appropriate in order to make an investment decision in respect of our Company, its Subsidiaries and its Associate, and the Equity Shares;

17. Neither the Lead Managers nor any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates, has provided you with any tax advice or otherwise made any representations regarding the tax consequences of purchase, ownership and disposal of the Equity

Shares (including the Issue and the use of proceeds from the Equity Shares). You will obtain your own independent tax advice from a reputable service provider and will not rely on the Lead Managers or any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates, when evaluating the tax consequences in relation to the purchase, ownership and disposal of the Equity Shares (including, in relation to the Issue and the use of proceeds from the Equity Shares). You waive, and agree not to assert any claim against, either the Lead Managers or any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates, with respect to the tax aspects of the Equity Shares or as a result of any tax audits by tax authorities, wherever situated;

18. You are a sophisticated investor and have such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of the investment in the Equity Shares and you and any managed accounts for which you are subscribing for the Equity Shares (i) are each able to bear the economic risk of the investment in the Equity Shares, (ii) will not look to our Company and/or the Lead Managers or any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates, for all or part of any such loss or losses that may be suffered, (iii) are able to sustain a complete loss on the investment in the Equity Shares, (iv) have no need for liquidity with respect to the investment in the Equity Shares, and (v) have no reason to anticipate any change in your or their circumstances, financial or otherwise, which may cause or require any sale or distribution by you or them of all or any part of the Equity Shares. You are seeking to subscribe to the Equity Shares in the Issue for your own investment and not with a view to resell or distribute;

19. If you are acquiring the Equity Shares for one or more managed accounts, you represent and warrant that you are authorized in writing, by each such managed account to acquire the Equity Shares for each managed account and make the representations, warranties, acknowledgements, undertakings and agreements herein for and on behalf of each such account, reading the reference to ‘you’ to include such accounts;

20. You are not a ‘promoter’ of our Company (as defined under the SEBI ICDR Regulations), and are not a person related to the Promoter, either directly or indirectly and your Bid (hereinafter defined) does not directly or indirectly represent any Promoter or Promoter Group (as defined under the SEBI ICDR Regulations) of our Company or persons or entities related thereto;

21. You have no rights under a shareholders’ agreement or voting agreement entered into with the Promoter or members of the Promoter Group, no veto rights or right to appoint any nominee director on the Board of Directors of our Company, other than the rights, if any, acquired in the capacity of a lender not holding any Equity Shares (a QIB who does not hold any Equity Shares and who has acquired the said rights in the capacity of a lender shall not be deemed to be a person related to our Promoter);

22. You are eligible to Bid for and hold Equity Shares so Allotted together with any Equity Shares held by you prior to the Issue. You further confirm that your aggregate holding after the Allotment of the Equity Shares shall not exceed the level permissible as per any applicable law;

23. To the best of your knowledge and belief, your aggregate holding, together with other Eligible QIBs in the Issue that belong to the same group or are under common control as you, pursuant to the Allotment under the Issue shall not exceed 50% of the Issue Size. For the purposes of this representation:

    a. Eligible QIBs “belonging to the same group” shall mean entities where (a) any of them controls, directly or indirectly, through its subsidiary or holding company, not less than 15% of the voting rights in the other; (b) any of them, directly or indirectly, by itself, or in combination with other persons, exercise control over the others; or (c) there is a common director, excluding nominee and independent directors, amongst an Eligible QIBs, its subsidiary or holding company and any other Eligible QIB ; and

    b. ‘Control’ shall have the same meaning as is assigned to it under the SEBI Takeover Regulations;

24. You are aware that (i) applications for in-principle approval, in terms of Regulation 28 of the SEBI Listing Regulations, for listing and admission of the Equity Shares and for trading on the Stock Exchanges, were made and such approval has been received by the Company from each of the Stock Exchanges, and (ii) final applications will be made for obtaining listing and trading approvals from the Stock Exchanges pursuant to Allotment, and that there can be no assurance that such approvals will be obtained on time or at all. Neither our Company nor the Lead Managers nor any of their respective

shareholders, directors, officers, employees, counsels, representatives, agents or affiliates shall be responsible for any delay or non-receipt of such final listing and trading approvals or any loss arising therefrom;

25. You shall not undertake any trade in the Equity Shares credited to your beneficiary account with the Depository Participant until such time that the final listing and trading approvals for the Equity Shares are issued by the Stock Exchanges;

26. You are aware that in terms of the requirements of the Companies Act, 2013 upon Allocation, the Company will be required to disclose names and percentage of post-Issue shareholding of the proposed Allottees in this Preliminary Placement Document. However, disclosure of such details in relation to the proposed Allottees in this Preliminary Placement Document will not guarantee Allotment to them, as Allotment in the Issue shall continue to be at the sole discretion of the Company, in consultation with the Lead Managers;

27. You agree in terms of Section 42 of the Companies Act, 2013 and Rule 14 of the PAS Rules, that our Company shall make necessary filings with the RoC as may be required under the Companies Act, 2013;

28. You acknowledge that the Equity Shares offered in the Issue may not be renounced in favour of any person;

29. You are aware that if you, together with any other Eligible QIBs belonging to the same group or under common control, are Allotted more than 5% of the Equity Shares in this Issue, our Company shall be required to disclose the name of such Allottees and the number of Equity Shares Allotted to the Stock Exchanges and the Stock Exchanges will make the same available on their website and you consent to such disclosures being made by our Company;

30. You are aware and understand that the Lead Managers have entered into a Placement Agreement with our Company, whereby the Lead Managers have, subject to the satisfaction of certain conditions set out therein, severally and not jointly, undertaken to use their reasonable efforts to seek to procure subscription for the Equity Shares on the terms and conditions set out therein;

31. The contents of this Preliminary Placement Document are exclusively the responsibility of our Company and that neither the Lead Managers nor any person acting on their behalf or any of the counsels or advisors to the Company or the Lead Managers has or shall have any liability for any information, representation or statement contained in this Preliminary Placement Document or any information previously published by or on behalf of our Company and will not be liable for your decision to participate in the Issue based on any information, representation or statement contained in this Preliminary Placement Document or otherwise. By accepting participation in the Issue, you agree to the same and confirm that the only information you are entitled to rely on, and on which you have relied in committing yourself to acquire the Equity Shares is contained in this Preliminary Placement Document, such information being all that you deem necessary to make an investment decision in respect of the Equity Shares, and you have neither received nor relied on any other information, representation, warranty or statement made by, or on behalf of, the Lead Managers or our Company or any other person and neither the Lead Managers nor our Company or any of their respective affiliates, including any view, statement, opinion or representation expressed in any research published or distributed by them, and the Lead Managers and their respective affiliates will not be liable for your decision to accept an invitation to participate in the Issue based on any other information, representation, warranty, statement or opinion;

32. Neither the Lead Managers nor any of their respective affiliates have any obligation to purchase or acquire all or any part of the Equity Shares purchased by you in the Issue or to support any losses directly or indirectly sustained or incurred by you for any reason whatsoever in connection with the Issue, including non-performance by our Company of any of its obligations or any breach of any representations and warranties by our Company, whether to you or otherwise;

33. You are subscribing to the Equity Shares to be issued pursuant to the Issue in accordance with applicable laws and by participating in this Issue, you are not in violation of any applicable law, including but not limited to the SEBI Insider Trading Regulations, the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003, as amended, and the Companies Act, 2013;

34. Either (i) you have not participated in or attended any investor meetings or presentations by our Company or its agents with regard to our Company or this Issue; or (ii) if you have participated in or attended any Company presentations: (a) you understand and acknowledge that the Lead Managers may not have the knowledge of the statements that our Company or its agents may have made at such Company presentations and are therefore unable to determine whether the information provided to you at such meetings or presentations included any material misstatements or omissions, and, accordingly you acknowledge that Lead Managers have advised you not to rely in any way on any such information that was provided to you at such meetings or presentations, and (b) you confirm that, to the best of your knowledge, you have not been provided any material or price sensitive information that was not publicly available;

35. Each of the representations, warranties, acknowledgements and agreements set out above shall continue to be true and accurate at all times up to and including the Allotment, listing and trading of the Equity Shares in the Issue. You agree to indemnify and hold our Company and the Lead Managers and their respective affiliates and their respective directors, officers, employees and controlling persons harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the foregoing representations, warranties, acknowledgements, agreements and undertakings made by you in this Preliminary Placement Document. You agree that the indemnity set out in this paragraph shall survive the resale of the Equity Shares by, or on behalf of, the managed accounts;

36. Our Company, the Lead Managers, their respective affiliates, directors, officers, employees and controlling persons and others will rely on the truth and accuracy of the foregoing representations, warranties, acknowledgements and undertakings, which are given to the Lead Managers on their own behalf and on behalf of our Company, and are irrevocable. You agree that the terms and provisions of the foregoing representations, warranties, acknowledgements and undertakings, shall inure to the benefit of and any document incorporating such acknowledgements, representations and agreements shall be enforceable by the Lead Managers and our Company, their respective permitted assigns, and the terms and provisions hereof shall be binding on our permitted assigns and permitted transferees;

37. You agree that any dispute arising in connection with the Issue will be governed by and construed in accordance with the laws of Republic of India, and the courts in New Delhi, India shall have sole and exclusive jurisdiction to settle any disputes which may arise out of or in connection with this Preliminary Placement Document.

38. You are aware that in terms of the SEBI FPI Regulations and the FEMA Rules, the total holding by each FPI including its investor group (which means multiple entities registered as FPIs and directly or indirectly having common ownership of more than fifty percent or common control) shall be below 10% of the total paid-up Equity Share capital of our Company on a fully diluted basis and the total holdings of all FPIs put together shall not exceed the sectoral cap applicable to our Company. In terms of the FEMA Rules, for calculating the total holding of FPIs in a company, holding of all registered FPIs shall be included. Hence, Eligible FPIs may invest in such number of Equity Shares in this Issue such that (i) the individual investment of the FPI in our Company does not exceed 10% of the post-Issue paid-up Equity Share capital of our Company on a fully diluted basis; and (ii) the aggregate investment by FPIs in our Company does not exceed the sectoral cap applicable to our Company. In case the holding of an FPI together with its investor group increases to 10% or more of the total paid-up Equity Share capital, on a fully diluted basis, such FPI together with its investor group shall divest the excess holding within a period of five trading days from the date of settlement of the trades resulting in the breach. If however, such excess holding has not been divested within the specified period of five trading days, the entire shareholding of such FPI together with its investor group will be re-classified as FDI, subject to the conditions as specified by SEBI and the RBI in this regard and compliance by our Company and the investor with applicable reporting requirements and the FPI and its investor group will be prohibited from making any further portfolio investment in our Company under the SEBI FPI Regulations;

39. You are aware that the Equity Shares being issued pursuant to this Issue shall be subject to the provisions of the Memorandum of Association and Articles of Association of our Company and shall rank *pari passu* in all respects with the existing Equity Shares, including the right to receive all dividends and other distributions declared, made or paid in respect of the Equity Shares after the date of issue of the Equity Shares, as applicable;

40. You will make the payment for subscription to the Equity Shares pursuant to this Issue from your own bank account. In case of joint holders, the monies shall be paid from the bank account of the person whose name appears first in the application;

41. You are aware that the pre-Issue and post-Issue shareholding pattern of our Company, as required by the SEBI Listing Regulations, will be filed by our Company with the Stock Exchanges;

42. The Bid made by you would not result in triggering a tender offer under the SEBI Takeover Regulations and you shall be solely responsible for compliance with all other applicable provisions of the SEBI Takeover Regulations ; and

43. You have no right to withdraw your Application Form or revise your Bid downwards after the Issue Closing Date (as defined hereinafter).

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OFFSHORE DERIVATIVE INSTRUMENTS

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines, and approvals in terms of Regulation 21 of the SEBI FPI Regulations (as defined hereinafter), FPIs, including the affiliates of the Lead Managers, who are registered as Category I FPIs can issue, subscribe to and deal in offshore derivative instruments (as defined under the SEBI FPI Regulations, i.e., as any instrument, by whatever name called, which is issued overseas by a FPI against securities held by it in India, as its underlying) (all such offshore derivative instruments are referred to herein as "**P-Notes**") and persons who are eligible for registration as Category I FPIs can subscribe to or deal in such P-Notes, provided that in the case of an entity that has an investment managers who is from the Financial Action Task Force member country, such investment managers shall not be required to be registered as a Category I FPI. The above-mentioned Category I FPIs may receive compensation from the purchasers of such instruments. In terms of Regulation 21 of SEBI FPI Regulations, P-Notes may be issued only by such persons who are registered as Category I FPIs and they may be issued only to persons eligible for registration as Category I FPIs, subject to exceptions provided in the SEBI FPI Regulations and compliance with 'know your client' requirements, as specified by SEBI and subject to compliance with such other conditions as may be specified by SEBI from time to time. An Eligible FPI shall also ensure that no transfer of any instrument referred to above is made to any person unless such FPIs are registered as Category I FPIs and such instrument is being transferred only to person eligible for registration as Category I FPIs subject to requisite consents being obtained in terms of Regulation 21 of SEBI FPI Regulations. P-Notes have not been, and are not being offered, or sold pursuant to this Preliminary Placement Document. This Preliminary Placement Document does not contain any information concerning P-Notes or the issuer(s) of any P-Notes, including, without limitation, any information regarding any risk factors relating thereto.

Subject to certain relaxations provided under Regulation 22(4) of the SEBI FPI Regulations, investment by a single FPI including its investor group (multiple entities registered as FPIs and directly or indirectly, having common ownership of more than 50% or common control) is not permitted to be 10% or above of our post-Issue Equity Share capital on a fully diluted basis. The SEBI has, vide a circular dated November 5, 2019, issued the operational guidelines for FPIs, designated Depository Participants and eligible foreign investors (the "**FPI Operational Guidelines**"), to facilitate implementation of the SEBI FPI Regulations. In terms of such FPI Operational Guidelines, the above mentioned restrictions shall also apply to subscribers of offshore derivative instruments and two or more subscribers of offshore derivative instruments having common ownership, directly or indirectly, of more than 50% or common control shall be considered together as a single subscriber of the offshore derivative instruments. Further, in the event a prospective investor has investments as an FPI and as a subscriber of offshore derivative instruments, these investment restrictions shall apply on the aggregate of the FPI and offshore derivative instruments investments held in the underlying company. Further, in accordance with Press Note No. 3 (2020 Series), dated April 17, 2020, read with the FDI Policy, issued by the Department for Promotion of Industry and Internal Trade, Government of India, investments where the entity is of a country which shares land border with India or where the beneficial owner of the Equity Shares is situated in or is a citizen of a country which shares land border with India, can only be made through the Government approval route, as prescribed in the FDI Policy and FEMA Rules. These investment restrictions shall also apply to subscribers of offshore derivative instruments. Affiliates of the LMs which are Eligible FPIs may purchase, to the extent permissible under law, the Equity Shares in the Issue, and may issue P-Notes in respect thereof. Any P-Notes that may be issued are not securities of our Company and do not constitute any obligation of, claims on or interests in our Company. Our Company has not participated in any offer of any P-Notes, or in the establishment of the terms of any P-Notes, or in the preparation of any disclosure related to any P-Notes. Any P-Notes that may be offered are issued by and are the sole obligations of, third parties that are unrelated to our Company. Our Company, and, the LMs do not make any recommendation as to any investment in P-Notes and do not accept any responsibility whatsoever in connection with any P-Notes. Any P-Notes that may be issued are not securities of the LMs and do not constitute any obligations of or claims on the LMs.

Bidders interested in purchasing any P-Notes have the responsibility to obtain adequate disclosures as to the issuer(s) of such P-Notes and the terms and conditions of any such P-Notes from the issuer(s) of such P-Notes. Neither SEBI nor any other regulatory authority has reviewed or approved any P-Notes or any disclosure related thereto. Prospective investors are urged to consult their own financial, legal, accounting and tax advisors regarding any contemplated investment in P-Notes, including whether P-Notes are issued in compliance with applicable laws and regulations.

Also see *"Selling Restrictions"* and *"Transfer Restrictions"* on pages 209 and 217, respectively.

DISCLAIMER CLAUSE OF THE STOCK EXCHANGES

As required, a copy of this Preliminary Placement Document has been submitted to each of the Stock Exchanges. The Stock Exchanges do not in any manner:

(1) warrant, certify or endorse the correctness or completeness of the contents of this Preliminary Placement Document;

(2) warrant that the Equity Shares to be issued pursuant to this Issue will be listed or will continue to be listed on the Stock Exchanges; or

(3) take any responsibility for the financial or other soundness of our Company, its Promoter, its management or any scheme or project of our Company,

and it should not for any reason be deemed or construed to mean that this Preliminary Placement Document has been cleared or approved by the Stock Exchanges. Every person who desires to apply for or otherwise acquire any Equity Shares may do so pursuant to an independent inquiry, investigation and analysis and shall not have any claim against the Stock Exchanges whatsoever, by reason of any loss which may be suffered by such person consequent to or in connection with, such subscription/acquisition, whether by reason of anything stated or omitted to be stated herein, or for any other reason whatsoever.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

In this Preliminary Placement Document, unless otherwise specified or the context otherwise indicates or implies, references to 'you', 'your', 'offeree', 'purchaser', 'subscriber', 'recipient', 'investors', 'prospective investors' and 'potential investor' are to the Eligible QIBs who are the prospective investors in the Equity Shares issued pursuant to the Issue, references to the 'Company', 'we', 'us', 'our' or the 'Issuer' are to Orchid Pharma Limited.

In this Preliminary Placement Document, references to 'INR', '₹', 'Rs.', 'Indian Rupees' and 'Rupees' are to the legal currency of India and to 'USD', 'U.S. Dollars' and 'US$' are to the legal currency of the United States. All references herein to 'India' are to the Republic of India and its territories and possessions and the 'Government' or the 'Central Government' or the 'State Government' are to the Government of India, central or state, as applicable. All references herein to the 'US' or the 'U.S.' or the 'United States' are to the United States of America and its territories and possessions.

References to the singular also refer to the plural and one gender also refers to any other gender, wherever applicable. All the numbers in this Preliminary Placement Document have been presented in million or whole numbers, unless stated otherwise. One million represents 1,000,000.

Page Numbers

Unless otherwise stated, all references to page numbers in this Preliminary Placement Document are to page numbers of this Preliminary Placement Document.

Financial and Other Information

The Financial Year of our Company commences on April 1 of each calendar year and ends on March 31 of the following calendar year, and, unless otherwise specified or if the context requires otherwise, all references to a particular 'Financial Year', 'Fiscal Year', 'Fiscal', or 'FY' are to the twelve month period ended on March 31 of that year and references to a particular 'year' are to the calendar year ending on December 31 of that year.

In this Preliminary Placement Document, we have included the Fiscal 2023 Audited Consolidated Financial Statements, Fiscal 2022 Audited Consolidated Financial Statements and Fiscal 2021 Audited Consolidated Financial Statements.

The Fiscal 2022 Audited Consolidated Financial Statements and Fiscal 2021 Audited Consolidated Financial Statements have been audited by our previous statutory auditors, M/s. CNGSN & Associates LLP. The Fiscal 2023 Audited Consolidated Financial Statements have been audited by our current Statutory Auditors, M/s Singhi & Co., Chartered Accountants. For further information, see "*Financial Information*" on page 98.

Our Company prepares its financial statements in accordance with Indian Accounting Standards ("**Ind AS**") . Ind AS differs from accounting principles with which prospective investors may be familiar in other countries, including generally accepted accounting principles followed in the U.S. ("**U.S. GAAP**") or International Financial Reporting Standards ("**IFRS**") and the reconciliation of the financial information to other accounting principles has not been provided. No attempt has been made to explain those differences or quantify their impact on the financial data included in this Preliminary Placement Document and investors should consult their own advisors regarding such differences and their impact on our Company's financial data. Accordingly, the degree to which the Financial Information included in this Preliminary Placement Document will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting policies and practices, Ind AS, the Companies Act, 2013 and the SEBI ICDR Regulations. Any reliance by persons not familiar with Ind AS, the Companies Act 2013, the SEBI ICDR Regulations and practices on the financial disclosures presented in this Preliminary Placement Document should accordingly be limited.

There are significant differences between Ind AS, U.S. GAAP and IFRS. The Financial Information included in this Preliminary Placement Document comprises of our Audited Consolidated Financial Statements prepared by the Company in accordance with the accounting principles generally accepted in India including the Companies (Accounting Standard) Rules 2006 (as amended) specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 in so far as they apply to the Company from time to time. Also see "*Risk Factors –*" on page 39.

For Fiscal 2023, 2022, and 2021, our financials are prepared in lakhs as disclosed in "*Financial Information"* on page 98, and have been presented in this Preliminary Placement Document in all other places in millions for presentation purposes. One million represents 1,000,000, one billion represents 1,000,000,000 and one trillion represents 1,000,000,000,000. Certain figures contained in this Preliminary Placement Document, including financial information, have been subject to rounding adjustments. Any discrepancies in any table between the totals and the sum of the amounts listed are due to rounding off. All figures in decimals have been rounded off to the second decimal. In certain instances, (i) the sum or percentage change of such numbers may not conform exactly to the total figure given, and (ii) the sum of the figures in a column or row in certain tables may not conform exactly to the total figure given for that column or row. Unless otherwise specified, all financial numbers in parenthesis represent negative figures.

Non-GAAP financial measures

Certain non-GAAP measures and certain other statistical information such as EBITDA, EBITDA Margins, Net Debt, Net worth, Net Debt to Net worth, ROCE and Fixed asset turnover ratio etc. (together referred as "Non-GAAP Measures") presented in this Preliminary Placement Document are a supplemental measure of our performance and liquidity that are not required by, or presented in accordance with, Ind AS, or IFRS. We compute and disclose such non-GAAP financial measures and such other statistical information relating to our operations and financial performance as we consider such information to be useful measures of our business and financial performance. Further, these Non-GAAP Measures are not a measurement of our financial performance or liquidity under Ind AS, or IFRS and should not be considered in isolation or construed as an alternative to cash flows, profit/ (loss) for the year/ period or any other measure of financial performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities derived in accordance with Ind AS, or IFRS. In addition, these Non-GAAP Measures are not a standardized term, hence a direct comparison of similarly titled Non-GAAP Measures between companies may not be possible. Other companies may calculate the Non-GAAP Measures differently from us, limiting its usefulness as a comparative measure. Although the Non-GAAP Measures are not a measure of performance calculated in accordance with applicable accounting standards, our Company's management believes that it is useful to an investor in evaluating us because it is a widely used measure to evaluate a company's operating performance or liquidity. Prospective investors should read this information in conjunction with the financial statements included in "*Financial Information*" on page 98 of this Preliminary Placement Document.

INDUSTRY AND MARKET DATA

The statistical information, industry and market data, information regarding our position in the market, growth rates and other industry data pertaining to our business included in this Preliminary Placement Document relating to the industry in which we operate has been extracted from publicly available documents from various sources, including officially prepared materials from the report titled "*Global Antibiotics and Cephalosporin Market"* dated June 21, 2023 prepared by Frost and Sullivan ("**F&S Report**"), which was commissioned by us. The accuracy and completeness of the industry sources and publications referred to by us, and the underlying assumptions on which such sources and publications are based, are not guaranteed and their reliability cannot be assured and, accordingly, investment decisions should not be based on such information.

Frost and Sullivan's Disclaimer Clause

The F&S Report is subject to the disclaimer set forth below:

"*Global Antibiotics and Cephalosporin Market" has been prepared for the qualified institutions placement of equity shares by Company.This study has been undertaken through extensive primary and secondary research, which involves discussing the status of the industry with leading market participants and experts, and compiling inputs from publicly available sources, including official publications and research reports. Estimates provided by Frost & Sullivan (India) Private Limited ("Frost & Sullivan") and its assumptions are based on varying levels of quantitative and qualitative analyses, including industry journals, company reports and information in the public domain.Frost & Sullivan has prepared this study in an independent and objective manner, and it has taken all reasonable care to ensure its accuracy and completeness. We believe that this study presents a true and fair view of the industry within the limitations of, among others, secondary statistics and primary research, and it does not purport to be exhaustive. The results that can be or are derived from these findings are based on certain assumptions and parameters/conditions. As such, a blanket, generic use of the derived results or the methodology is not encouraged. Forecasts, estimates, predictions, and other forward-looking statements contained in this report are inherently uncertain because of changes in factors underlying their assumptions, or events or combinations of events that cannot be reasonably foreseen. Actual results and future events could differ materially from such forecasts, estimates, predictions, or such statements.In making any decision regarding the transaction, the recipient should conduct its own investigation and analysis of all facts and information contained in the prospectus of which this report is a part and the recipient must rely on its own examination and the terms of the transaction, as and when discussed. The recipients should not construe any of the contents in this report as advice relating to business, financial, legal, taxation or investment matters and are advised to consult their own business, financial, legal, taxation, and other advisors concerning the transaction.*"

Statements in this Preliminary Placement Document that are not statements of historical fact constitute "forward-looking statements". Such forward-looking statements are subject to various risks, assumptions and uncertainties and certain factors could cause actual results or outcomes to materially differ. Please see "*Forward Looking Statements*" on page 15.

This data is subject to change and cannot be verified with complete certainty due to limits on the availability and reliability of the raw data and other limitations and uncertainties inherent in any statistical survey. Neither our Company, nor the LMs have independently verified this data and make any representation regarding the accuracy or completeness of such data. In many cases, there is no readily available external information (whether from trade or industry associations, government bodies or other organizations) to validate market-related analysis and estimates, so we have relied on internally developed estimates. Similarly, while we believe our internal estimates to be reasonable, such estimates have not been verified by any independent sources and neither we nor the Lead Managers can assure potential investors as to their accuracy.

The extent to which the market and industry data used in this Preliminary Placement Document is meaningful depends solely on the reader's familiarity with and understanding of the methodologies used in compiling such data. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors. For further details, please see "*Risk Factors – We have commissioned an industry report from Frost & Sullivan which has been used for industry related data in this Preliminary Placement Document."* on page 58. Accordingly, investment decisions should not be based solely on such information.

FORWARD LOOKING STATEMENTS

Certain statements contained in this Preliminary Placement Document that are not statements of historical fact constitute 'forward-looking statements'. The prospective investors can generally identify forward-looking statements by terminology such as 'aim', 'anticipate', 'believe', 'continue', 'can', 'could', 'estimate', 'expect', 'goal', 'intend', 'is likely' 'may', 'objective', 'plan', 'potential', 'project', 'pursue', 'shall', 'seek to', 'should', 'will', will achieve', 'will continue', will likely result' 'will pursue', 'would', or other words or phrases of similar import. Similarly, statements that describe the strategies, objectives, plans or goals of our Company are also forward-looking statements. However, these are not the exclusive means of identifying forward-looking statements.

The forward-looking statements appear in a number of places throughout this Preliminary Placement Document and include statements regarding the intentions, beliefs or current expectations of our Company concerning, amongst other things, the expected results of operations, financial condition, liquidity, prospects, growth, strategies and dividend policy of our Company and the industry in which we operate. In addition, even if the result of operations, financial conditions, liquidity and dividend policy of our Company, and the development of the industry in which we operate, are consistent with the forward-looking statements contained in this Preliminary Placement Document, those results or developments may not be indicative of results or developments in subsequent periods.

All statements regarding our expected financial condition, results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include statements as to our Company's business strategy, planned projects, revenue and profitability (including, without limitation, any financial or operating projections or forecasts), new business and other matters discussed in this Preliminary Placement Document that are not historical facts. These forward-looking statements contained in this Preliminary Placement Document (whether made by our Company or any third party), are predictions and involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of our Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections. All forward-looking statements are subject to risks, uncertainties and assumptions about our Company that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. As a result, actual future gains, losses or impact on net interest income and net income could materially differ from those that have been estimated, expressed, or implied by such forward-looking statements or other projections. Important factors that could cause the actual results, performances and achievements of our Company to be materially different from any of the forward-looking statements include, among others

- failure to comply with the applicable regulations prescribed by governments and relevant regulatory agencies;
- failure to obtain, maintain or renew our statutory and regulatory approvals, licenses and registrations required to operate our business;
- any disruption, slowdown or shutdown in our manufacturing facilities;
- inability to accurately forecast demand for our products and manage our inventory;
- inability to successfully develop or commercialize new products in a timely manner or failure in performance of the products that we commercialize;
- our inability to successfully implement our business plan, expansion and growth strategies especially the Jammu Manufacturing Facility under the PLI Scheme;
- any manufacturing or quality control problems may damage our reputation, subject us to regulatory action and expose us to litigation or other liabilities; and
- failure to retain existing customers and acquire more customers

Additional factors that could cause actual results, performance or achievements of our Company to differ materially include, but are not limited to, those discussed under the sections titled "*Risk Factors*", "*Industry Overview*", "*Our Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 39, 138, 162 and 99, respectively.

By their nature, market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, any future gains, losses or impact on net income and net income could materially differ from those that have been estimated, expressed or implied by such forward-looking statements or other projections. The forward-looking statements contained in this Preliminary Placement Document are based on the beliefs of the management, as well as the assumptions made by, and information currently available to, the management of our Company. Although our Company believes that the expectations reflected in such forward-looking statements are reasonable at this time, it cannot assure the prospective investors that such expectations will prove to be correct. Given these uncertainties, the prospective investors are cautioned not to place undue reliance on such forward-looking statements. In any event, these statements speak only as of the date of this Preliminary Placement Document or the respective dates indicated in this Preliminary Placement Document, and our Company or the Lead Managers undertake no obligation to update or revise any of them, whether as a result of new information, future events, changes in assumptions or changes in factors affecting these forward looking statements or otherwise. If any of these risks and uncertainties materialise, or if any of our Company's underlying assumptions prove to be incorrect, the actual results of operations or financial condition of our Company could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to our Company are expressly qualified in their entirety by reference to these cautionary statements.

ENFORCEMENT OF CIVIL LIABILITIES

Our Company is a limited liability company incorporated under the laws of India. All the Directors and Key Managerial Personnel of our Company named herein are resident citizens of India and a substantial portion of the assets of our Company and of such persons are located in India. As a result, it may be difficult or may not be possible for the prospective investors outside India to affect service of process upon our Company or such persons in India, or to enforce against them judgments of courts outside India.

India is not a signatory to any international treaty in relation to the recognition or enforcement of foreign judgments. However, recognition and enforcement of foreign judgments is provided for under Section 13 and Section 44A of the Civil Procedure Code. Section 13 of the Civil Procedure Code provides that a foreign judgment shall be conclusive regarding any matter directly adjudicated upon between the same parties or parties litigating under the same title, except:

(a) where the judgment has not been pronounced by a court of competent jurisdiction;

(b) where the judgment has not been given on the merits of the case;

(c) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or a refusal to recognise the law of India in cases in which such law is applicable;

(d) where the proceedings in which the judgment was obtained were opposed to natural justice;

(e) where the judgment has been obtained by fraud; and

(f) where the judgment sustains a claim founded on a breach of any law in force in India.

A foreign judgment which is conclusive under Section 13 of the Civil Procedure Code may be enforced either by a fresh suit upon the judgment or by proceedings in execution.

Section 44A of the Civil Procedure Code provides that a foreign judgment rendered by a superior court (within the meaning of that section) in any jurisdiction outside India which the Government has by notification declared to be a reciprocating territory, may be enforced in India by proceedings in execution as if the judgment had been rendered by a district court in India. Under Section 14 of the Civil Procedure Code, a court in India will, upon the production of any document purporting to be a certified copy of a foreign judgment, presume that the foreign judgment was pronounced by a court of competent jurisdiction, unless the contrary appears on record but such presumption may be displaced by proving want of jurisdiction. However, Section 44A of the Civil Procedure Code is applicable only to monetary decrees not being in the nature of any amounts payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalties and does not include arbitration awards. The execution of a foreign decree under Section 44A of the Civil Procedure Code is also subject to the exception under Section 13 of the Civil Procedure Code, as mentioned above.

Each of the United Kingdom, Singapore, United Arab Emirates and Hong Kong, amongst others has been declared by the Government to be a reciprocating territory for the purposes of Section 44A of the Civil Procedure Code, but the United States of America has not been so declared. A foreign judgment of a court in a jurisdiction which is not a reciprocating territory may be enforced only by a new suit upon the foreign judgment and not by proceedings in execution. The suit must be brought in India within three years from the date of the foreign judgment in the same manner as any other suit filed to enforce a civil liability in India. Accordingly, a judgment of a court in the United States may be enforced only by a fresh suit upon the foreign judgment and not by proceedings in execution.

It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if it viewed the amount of damages awarded as excessive or inconsistent with public policy, and it is uncertain whether an Indian court would enforce foreign judgments that would contravene or violate Indian law. Further, any judgment or award in a foreign currency would be converted into Rupees on the date of such judgment or award and not on the date of payment. A party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI to repatriate outside India any amount recovered, and any such amount may be subject to income tax in accordance with applicable laws. Our Company and the Lead Managers cannot predict whether a suit brought in an Indian court will be disposed of in a timely manner or be subject to considerable delays.

EXCHANGE RATES

Fluctuations in the exchange rate between the Rupee and foreign currencies will affect the foreign currency equivalent of the Rupee price of the Equity Shares on the Stock Exchanges. These fluctuations will also affect the conversion into foreign currencies of any cash dividends paid in Rupees on the Equity Shares.

The following table sets forth information with respect to the exchange rates between the Rupee and the U.S. dollar (in ₹ per USD). The exchange rates are based on the reference rates released by the RBI and Financial Benchmark India Private Limited ("**FBIL**"), which are available on the website of FBIL. No representation is made that any Rupee amounts could have been, or could be, converted into U.S. dollars at any particular rate, the rates stated below, or at all.

(₹ per USD)

	Period end(1)	**Average(2)**	**High(3)**	**Low(4)**
Fiscal*				
2023	82.22	80.39	83.20	75.39
2022	75.81	74.51	76.92	72.48
2021	73.50	74.20	76.81	72.29
Month ended*				
May 2023	82.68	82.34	82.80	81.74
April 2023	81.78	82.02	82.39	81.65
March 2023	82.22	82.29	82.68	81.74
February 2023	82.68	82.61	82.91	81.85
January 2023	81.74	81.90	82.91	81.22
December 2022	82.79	82.46	82.92	81.15

(Source: www.rbi.org.in and www.fbil.org.in)

(1) *The price for the period end refers to the price as on the last trading day of the respective fiscal year or monthly periods;*

(2) *Average of the official rate for each Working Day of the relevant period;*

(3) *Maximum of the official rate for each Working Day of the relevant period; and*

(4) *Minimum of the official rate for each Working Day of the relevant period.*

Notes:

* *If the RBI/ FBIL reference rate is not available on a particular date due to a public holiday, exchange rates of the previous Working Day have been disclosed. The RBI/ FBIL reference rates are rounded off to two decimal places.*

DEFINITIONS AND ABBREVIATIONS

This Preliminary Placement Document uses the definitions and abbreviations set forth below, which you should consider when reading the information contained herein. The following list of certain capitalised terms used in this Preliminary Placement Document is intended for the convenience of the reader/ prospective investor only and is not exhaustive.

Unless otherwise specified, the capitalised terms used in this Preliminary Placement Document shall have the meaning as defined hereunder. Further, any references to any agreement, document, statute, rules, guidelines, regulations or policies shall include amendments made thereto, from time to time.

The words and expressions used in this Preliminary Placement Document but not defined herein, shall have, to the extent applicable, the meaning ascribed to such terms under the Companies Act, 2013 the SEBI ICDR Regulations, the SCRA, the Depositories Act or the rules and regulations made thereunder. Notwithstanding the foregoing, terms used in the sections titled "Taxation", "Industry Overview", "Financial Information" and "Legal Proceedings" on pages 226, 138, 98 and 238,respectively, shall have the meaning given to such terms in such sections.

General Terms

Term	Description
"our Company", "the Company", "the Issuer"	Orchid Pharma Limited, a company incorporated under the Companies Act, 1956, having its Registered Office at 'Orchid Towers', 313, Valluvar Kottam High Road Nungambakkam Chennai, 600034, Tamil Nadu, India
"We", "Our", or "Us"	Unless the context otherwise indicates or implies, refers to our Company and its Subsidiaries

Company Related Terms

Term	Description
"Articles" or "Articles of Association" or "AoA"	Articles of association of our Company, as amended
Associate	M/s OrBion Pharmaceuticals Private Limited
Audit Committee	The audit committee of our Company, constituted in accordance with the applicable provisions of the Companies Act, 2013, the SEBI Listing Regulations, guidelines issued by the RBI from time to time, and as described in "*Board of Directors and Senior Management*" on page 179
Audited Consolidated Financial Statements / Financial Information	Fiscal 2023 Audited Consolidated Financial Statements, Fiscal 2022 Audited Consolidated Financial Statements and Fiscal 2021 Audited Consolidated Financial Statements
"Auditors" or "Statutory Auditors"	M/s Singhi & Co., Chartered Accountants
"Board of Directors" or "Board" or "our Board"	The board of directors of our Company or any duly constituted committee thereof
Capital Restructuring Committee	Capital Restructing Committee of our Company as disclosed in "*Board of Directors and Senior Management*" on page 179
Category I FPI	FPIs who are registered with SEBI as "Category I foreign portfolio investors" under the SEBI FPI Regulations
Category II FPI	FPIs who are registered with SEBI as "Category II foreign portfolio investors" under the SEBI FPI Regulations
Chief Financial Officer or CFO	Sunil Kumar Gupta, the chief financial officer of our Company
CIRP	The corporate insolvency resolution process which was initiated against the Company on August 17, 2017 by Laxmi Villas Bank
Company Secretary or Compliance Officer	Marina Peter, the company secretary and the compliance officer of our Company
Corporate Social Responsibility Committee	The corporate social responsibility committee of our Company constituted in accordance with the applicable provisions of the Companies Act, 2013 and as described in "*Board of Directors and Senior Management*" on page 179
Directors	The directors on the Board of our Company
Equity Shares	Equity shares of our Company of face value of ₹ 10 each
ESOP Schemes	Collectively, ESOP Scheme 1999, ESOP Scheme 2005 and ESOP Scheme 2010

Term	Description
ESOP Scheme 1999	The employee stock option scheme formulated by our Company pursuant to the approval given by the members of the Company at an EGM held on October 21, 1999, namely ORCHID-ESOP 1999 Scheme
ESOP Scheme 2005	The employee stock option scheme formulated by our Company pursuant to the approval given by the members of the Company at an AGM held on July 18, 2005, namely ORCHID-ESOP 2005 Scheme
ESOP Scheme 2010	The employee stock option scheme formulated by our Company pursuant to the approval given by the members of the Company at an AGM held on July 21, 2010, namely ORCHID-ESOP 2010 Scheme
Fiscal 2023 Audited Consolidated Financial Statements	The Ind AS audited consolidated financial statements as of and for the Financial Year ended March 31, 2023 comprising the consolidated balance sheet as at March 31, 2023, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of cash flow and the consolidated statement of changes in equity, for the year ended March 31, 2023 read along with the notes thereto
Fiscal 2022 Audited Consolidated Financial Statements	The Ind AS audited consolidated financial statements as of and for the Financial Year ended March 31, 2022 comprising the consolidated balance sheet as at March 31, 2022, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of cash flow and the consolidated statement of changes in equity, for the year ended March 31, 2022 read along with the notes thereto.
Fiscal 2021 Audited Consolidated Financial Statements	The Ind AS audited consolidated financial statements as of and for the Financial Year ended March 31, 2021 comprising the consolidated balance sheet as at March 31, 2021, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of cash flow and the consolidated statement of changes in equity, for the year ended March 31, 2021 read along with the notes thereto
Fraudulent Borrower	An entity or person categorised as a fraudulent borrower by any bank or financial institution or consortium thereof, in terms of Regulation 2(1)(lll) of the SEBI ICDR Regulations
Fugitive Economic Offender	An individual who is declared a fugitive economic offender under Section 12 of the Fugitive Economic Offenders Act, 2018
Independent Director	Independent directors on the Board, as disclosed in "*Board of Directors and Senior Management*" on page 179
"Key Managerial Personnel" or "KMP"	Key managerial personnel of our Company in accordance with Regulation 2(1)(bb) of the SEBI ICDR Regulations as disclosed in "*Board of Directors and Senior Management*" on page 179
"Memorandum" or "Memorandum of Association" or "MoA"	Memorandum of association of our Company, as amended
Monitoring Agency Agreement	Monitoring agency agreement dated [•] entered into by and among our Company and CARE Ratings Limited
Nomination and Remuneration Committee	Nomination and remuneration committee of our Company, constituted in accordance with the applicable provisions of the Companies Act, 2013, the SEBI Listing Regulations and guidelines issued by the RBI from time to time and as described in "*Board of Directors and Senior Management*" on page 179
Non-Executive Director(s)	A Director not being a Whole-time Director of our Company
"Promoter" or "DLL"	Our Promoter, namely, Dhanuka Laboratories Limited
Promoter Group	Promoter group of our Company in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations
"Proposed Scheme of Amalgamation" or "Proposed Scheme"	The scheme of amalgamation and arrangement of DLL with and into our Company, pursuant to the scheme of amalgamation and arrangement approved by our Board on December 16, 2021, which is currently deferred due to business reason.
"Registrar of Companies" or "RoC"	Registrar of Companies, Tamil Nadu at Chennai
Registered Office	Registered Office of our Company located at 'Orchid Towers', 313, Valluvar Kottam High Road, Nungambakkam, Chennai, 600034, Tamil Nadu, India
Resolution Plan	The resolution plan proposed by DLL for an infusion of funds by DLL and DPPL into our Company as approved by the NCLT by its order dated June 25, 2019.
Risk Management Committee	The risk management committee of our Company, constituted in accordance with the applicable provisions of the Companies Act, 2013 and the SEBI Listing Regulations and as described in "*Board of Directors and Senior Management*" on page 179
Scheme of Amalgamation	Scheme of amalgamation between DPPL and our Company as approved by the Board of Directors on March 31, 2020, resulting in DPPL merging into our Company pursuant to the Resolution Plan.

Term	Description
Senior Management	Senior management of our Company in accordance with Regulation 2(1)(bbbb) of the SEBI ICDR Regulations as disclosed in "*Board of Directors and Senior Management*" on page 179
Shareholders	Shareholders of our Company
Stakeholders' Relationship Committee	The stakeholders' relationship committee of our Company, constituted in accordance with the applicable provisions of the Companies Act, 2013 and the SEBI Listing Regulations and as described in "*Board of Directors and Senior Management*" on page 179
Subsidiaries	Subsidiaries of our Company (including step down subsidiaries) as of the date of this Preliminary Placement Document are as follows – i) Bexel Pharmaceuticals Inc., USA (Bexel) ii) Orchid Pharmaceuticals Inc., USA iii) Orgenus Pharma Inc., USA (Subsidiary of Orchid Pharmaceuticals Inc., USA) iv) Orchid Pharma Inc. / Karalex Pharma USA (Subsidiary of Orchid Pharmaceuticals Inc., USA) v) Diakron Pharmaceuticals Inc., USA vi) Orchid Pharmaceuticals (South Africa) Proprietary Limited, South Africa* vii) Orchid Bio-Pharma Limited **Our Board vide its resolution dated June 29, 2020 has approved winding up of the subsidiary*
Wilful Defaulter	An entity or person categorised as a wilful defaulter by any bank or financial institution or consortium thereof, in terms of Regulation 2(1)(lll) of the SEBI ICDR Regulation.

Issue Related Terms

Term	Description
"Allocated" or "Allocation"	Allocation of Equity Shares, in consultation with the Lead Managers, following the determination of the Issue Price to Eligible QIBs on the basis of Application Forms submitted by them, in compliance with Chapter VI of the SEBI ICDR Regulations
"Allotment" or "Allotted"	Allotment and issue of Equity Shares pursuant to the Issue
Allottees	Eligible QIBs to whom Equity Shares of our Company are issued pursuant to the Issue
Application Form	Form (including any revisions thereof) which was submitted by the Eligible QIBs for registering a Bid in the Issue
Application Amount	With respect to a Bidder, shall mean the aggregate amount paid by such Bidder at the time of submitting a Bid in the Issue, including any revisions thereof
Bid(s)	Indication of an Eligible QIB's interest, including all revisions and modifications of interest, as provided in the Application Form, to subscribe for the Equity Shares pursuant to the Issue. The term "Bidding" shall be construed accordingly
Bidder(s)	Any prospective investor, being an Eligible QIB, who has made a Bid pursuant to the terms of this Preliminary Placement Document and the Application Form
"CAN" or "Confirmation of Allocation Note"	Note, advice or intimation confirming the Allocation of Equity Shares to Successful Bidders confirming Allocation of Equity Shares to such Successful Bidders after determination of the Issue Price
Closing Date	The date on which Allotment of Equity Shares pursuant to the Issue shall be made, i.e., on or about **[•]**
Designated Date	The date on which the Equity Shares issued pursuant to the Issue, are listed on the Stock Exchanges pursuant to receipt of the final listing and trading approvals for the Equity Shares from the Stock Exchanges or the date on which Form PAS-3 is filed by our Company with the RoC, whichever is later
Eligible FPIs	FPIs that are eligible to participate in this Issue in terms of applicable laws, other than individuals, corporate bodies and family offices
Eligible QIBs	QIBs, as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations that are eligible to participate in the Issue and which are not excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations. However, FVCIs are not permitted to participate in the Issue.
Escrow Account	Special non-interest bearing, no-lien, current bank account without any cheque or overdraft facilities, opened with the Escrow Bank, subject to the terms of the Escrow Agreement
Escrow Bank	Yes Bank Limited
Escrow Agreement	Agreement dated June 12, 2023, entered into, by and amongst our Company, the Escrow Bank and the Lead Managers for collection of the Application Amount and remitting refunds, if any, of the amounts collected, to the Bidders
Floor Price	Floor price of ₹425.19, for each Equity Share, calculated in accordance with Chapter VI of the SEBI ICDR Regulations. Our Company may offer a discount of not more than 5%

Term	Description
	on the Floor Price in accordance with the approval of the Shareholders pursuant to to their special resolution passed at the EGM held on December 29, 2022 and in terms of Regulation 176(1) of the SEBI ICDR Regulations
Issue	Offer, issuance and Allotment of Equity Shares aggregating upto ₹[•] million (including premium) to Eligible QIBs, pursuant to Chapter VI of the SEBI ICDR Regulations and the applicable provisions of the Companies Act, 2013 and the rules made thereunder
Issue Closing Date	[•], 2023, the date after which our Company (or the Lead Managers on behalf of our Company) ceases acceptance of Application Forms and the Application Amount
Issue Opening Date	June 22, 2023 the date on which our Company (or the Lead Managers on behalf of our Company) commence acceptance of the Application Forms and the Application Amount
Issue Period	Period between the Issue Opening Date and the Issue Closing Date, inclusive of both days during which Eligible QIBs can submit their Bids along with the Application Amount
Issue Price	A price per Equity Share of ₹[•] (including a premium of ₹[•] per Equity Share)
Issue Size	The issue of [•] Equity Shares aggregating upto ₹[•] million(including premium)
"Lead Managers" or "LMs"	Edelweiss Financial Services Limited and JM Financial Limited
Mutual Fund	A mutual fund registered with the SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996
Net Proceeds	The net proceeds from the Issue, after deducting fees, commissions and expenses of the Issue
Placement Agreement	Placement agreement dated June 22, 2023 entered into by and among our Company and the Lead Managers
Placement Document	The placement document dated [•] to be issued in accordance with Chapter VI of the SEBI ICDR Regulations and the provisions of the Companies Act, 2013 and the rules made thereunder
Preliminary Placement Document	The preliminary placement document along with the Application Form, dated June 22, 2023 issued in accordance with Chapter VI of the SEBI ICDR Regulations and the provisions of the Companies Act, 2013 and the rules made thereunder
Refund Amount	The aggregate amount to be returned to the Bidders who have not been Allocated Equity Shares for all or part of the Application Amount submitted by such Bidder pursuant to the Issue
Refund Intimation	The intimation from the Company to relevant Bidders confirming refund of the Refund Amount to their respective bank accounts
Relevant Date	June 22, 2023, which is the date of the meeting in which the Board of Directors decided to open the Issue
Successful Bidders	The Bidders who have Bid at or above the Issue Price, duly paid the Application Amount and who have been Allocated Equity Shares in the Issue
Stock Exchanges	Together, NSE and BSE
"QIB" or "Qualified Institutional Buyer"	Qualified institutional buyer, as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations
QIP	Qualified institutions placement under Chapter VI of the SEBI ICDR Regulations and applicable provisions of the Companies Act, 2013 read with the applicable rules of the PAS Rules
Working Day	Any day other than second and fourth Saturday of the relevant month or a Sunday or a public holiday or a day on which scheduled commercial banks are authorised or obligated by law to remain closed in Mumbai, India or a trading day of the Stock Exchanges, as applicable.
Whole-Time Director	A whole-time director of the Company

Business and Industry Related Terms

Term	Description
7ACA	7-aminocephalosporanic acid
7ADCA	7-Aminodesacetoxycephalosporanic acid
7-HACA	Hydroxymethyl-7-Aminocephalosporanic acid
AMR	Antimicrobial Resistance
ANDA	Abbreviated New Drug Application
ANFD	Agitated Nutsch Filter and Drier
API	Active Pharmaceutical Ingredients
API Facility/ Alathur API Plant	One of our manufacturing facilities situated in Alathur and dedicated to manufacturing API.
BPR	Business process re-engineering
CAGR	Compound annual growth rate
CEP	Certification of Suitability

Term	Description
cGMP	Current Good Manufacturing Practice
DMF	Drug master files
EMEA	European Medical Agency
EOU	Export Oriented Units
EP	European Pharmacopoeia
EU	European Union
F&S Report	Industry report titled "*Global Antiobiotics and Cephalosporin Market*" dated June 21, 2023, which is exclusively prepared for the purposes of the Issue and issued by Frost and Sullivan and is commissioned and paid for by our Company.
GCLE	7 – phenylethyl amide-3 – (chloromethyl)-methoxy-Bian cephalosporin acid esters
HVAC	Heating, ventilation and air conditioning
IT	Information Technology
ISO	International Organization for Standardization
Kg	Kilogram
KSM	Key starting materials
KVA	Kilo-volt-ampere
MEIS	Merchandise Exports from India Scheme
MEPZ	Madras Export Processing Zone
MT	Metric ton
MTPA	Metric ton per annum
NCE- Enmetazobactam	New Chemical Entity Enmetazobactam
NOC	No objection certificate
non- GAAP	Non- Generally Accepted Accounting Principles
Otsuka	Otsuka Chemicals Co. Ltd.
Ph.D.	Doctor of Philosophy
PLI Scheme	Production Linked Incentive Scheme
PPD	Preliminary Placement Document
PPE	Property, Plant and Equipment
PSG	Pure Steam Generation
PW	Purified Water
QA	Quality Assurance
R&D	Research and Development
R&D Facility	Chemistry and Technology Department, R&D facility of our Company
RoCE	Return on Capital Employed
RoW	Rest of the World
SIDCO	Small Industries Development Corporation
SRR	System Requirements Review
Ton/H	Ton per hour
U.S. GAAP	United States Generally Accepted Accounting Principles
UAE	United Arab Emirates
Union Budget	Union budget for the Financial Year 2023-2024
USFDA	United States Food and Drug Administration
WFI	Water for Injection
WHO	World Health Organization
YoY	Year over Year

Conventional and General Terms/ Abbreviations

Term	Description
AGM	Annual general meeting
AIF(s)	Alternative investment funds, as defined and registered with SEBI under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
AS	Accounting Standards issued by the Institute of Chartered Accountants of India
BSE	BSE Limited
CDSCO	Central Drugs Standard Control Organisation, India
CDSL	Central Depository Services (India) Limited
CFO	Chief financial officer
CIN	Corporate identity number
Civil Procedure Code	The Code of Civil Procedure, 1908, as amended
Companies Act, 1956	The erstwhile Companies Act, 1956, as amended and the rules made thereunder
Companies Act, 2013	The Companies Act, 2013, as amended and the rules made thereunder
Criminal Procedure Code	Code of Criminal Procedure, 1973
Depositories Act	The Depositories Act, 1996, as amended

Term	Description
Depository	A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participant) Regulations, 1996, as amended
DLL	Dhanuka Laboratories Limited, the Promoter of our Company
DPPL	Dhanuka Pharmaceuticals Private Limited
Depository Participant	A depository participant as defined under the Depositories Act
DPIIT	Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry (formerly Department of Industrial Policy and Promotion), GoI
EBITDA	Earnings before interest, tax, depreciation and amortisation
EGM	Extraordinary general meeting
EPS	Earnings per share
ESOP/ESOS	Employee Stock Option Plan/ Employee Stock Option Scheme
Eudra GMP	Good Manufacturing Practice Certficate under European regulatory norms
F1 Plant	Our Company's general category finish dosage formulation unit located Alathur, Tamil Nadu
F2 Plant	Our Company's anti infective finished dosage formulation unit located Alathur, Tamil Nadu
FBIL	Financial Benchmarks India Private Limited
FCCB	Foreign Currency Convertible Bond
FDI	Foreign direct investment
FDI Policy	Consolidated FDI policy issued by the Department for Promotion of Industry and Internal Trade Ministry of Commerce and Industry, Government of India, with effect from October 15, 2020
FEMA	The Foreign Exchange Management Act, 1999, as amended and the regulations issued thereunder
FEMA Rules	The Foreign Exchange Management (Non-debt Instruments) Rules, 2019, as amended
Finance Act	The Finance Act, 2023
Finance Bill	The Finance Bill, 2023
"Financial Year" or "Fiscal Year(s)" or "Fiscal"	Period of 12 months ended March 31 of that particular year, unless otherwise stated
Form PAS-4	Form PAS-4 as prescribed under the PAS Rules
FIR	First information report
FPI(s)	Foreign portfolio investors as defined under the SEBI FPI Regulations and includes a person who has been registered under the SEBI FPI Regulations
Fraudulent Borrower	An entity or person categorised as a fraudulent borrower by any bank or financial institution or consortium thereof, in terms of Regulation 2(1)(lll) of the SEBI ICDR Regulations
Fugitive Economic Offender	An individual who is declared a fugitive economic offender under Section 12 of the Fugitive Economic Offenders Act, 2018
FVCI	Foreign venture capital investors as defined under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000 and registered with SEBI thereunder
GDP	Gross Domestic Product
GDR	Global Depository Receipt
"GoI" or "Government" or "Central Government"	Government of India, unless otherwise specified
GST	Goods and Services Tax
HUF	Hindu Undivided Family
IBC	The Insolvency and Bankruptcy Code, 2016, as amended
ICAI	The Institute of Chartered Accountants of India
IFRS	International Financial Reporting Standards
IPC	The Indian Penal Code, 1860, as amended
"INR" or "Rupees" or "₹" or "Indian Rupees" or "Rs."	Indian Rupees
Ind AS	Indian accounting standards as notified by the MCA vide Companies (Indian Accounting Standards) Rule 2015, as amended
Indian GAAP/ IGAAP	Generally Accepted Accounting Principles in India, being the provisions of Section 29 of the Banking Regulation Act 1949, accounting principles generally accepted in India including the accounting standards specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 in so far as they apply to the Company and circulars, guidelines and directions issued by Reserve Bank of India from time to time
Income Tax Act	The Income Tax Act, 1961, as amended
MCA	The Ministry of Corporate Affairs, Government of India

Term	Description
MD	Managing Director
MPS	Minimum public shareholding
NCLT	National Company Law Tribunal, Chennai
NCLAT	National Company Appellate Tribunal
NRI	Non-resident Indian
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
OCD(s)	Zero cupon unsecured and non marketable optionally convertible debenture
ODI	Overseas Direct Investment
PAN	Permanent account number
PAS Rules	The Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended
PAT	Profit After Tax
PMDA	Pharmaceuticals and Medical Devices Agency, Japan
RBI	The Reserve Bank of India
RP	Resolution Professional
Regulation S	Regulation S under the U.S. Securities Act
SCR (SECC) Regulations	The Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018
SCRA	The Securities Contracts (Regulation) Act, 1956, as amended
SCRR	The Securities Contracts (Regulation) Rules, 1957, as amended
SEBI	Securities and Exchange Board of India
SEBI Act	The Securities and Exchange Board of India Act, 1992, as amended
SEBI FPI Regulations	The Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019, as amended
SEBI Listing Regulations	The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended
SEBI Insider Trading Regulations	The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended
SEBI ICDR Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended
SEBI Takeover Regulations	The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 2011, as amended
SEC	United States Securities and Exchange Commission
Stock Exchanges	BSE and NSE
STT	Securities transaction tax
U.K.	United Kingdom
UOI	Union of India
UPSI	Unpublished price sensitive information
“U.S.$” or “U.S. dollar” or “USD”	United States Dollar, the legal currency of the United States of America
“USA” or “U.S.” or “United States”	The United States of America
U.S. Securities Act	The United States Securities Act of 1933, as amended
VCF	Venture capital fund
WHO GMP	Good Manufacturing Practice Certficate under World Health Organization norms

SUMMARY OF BUSINESS

Overview

We are an active pharmaceutical ingredients ("**API**") manufacturing Company with the widest portfolio of cephalosporin APIs along with a few veterinary products [*Source: F&S Report*]. We are set up as an EOU for manufacturing of both sterile and oral cephalosporin APIs and have a long history of commercial production**.** We sell our products under a business-to-business model in over 40 countries as of March 31, 2023, including USA, Vietnam, Germany, France, Turkey, Indonesia, Egypt, Hungary, China, Ireland, Netherlands, Portugal, Spain, Japan, South Korea, Brazil, Republic of North Macedonia etc. We stand out amongst our peers for our wide portfolio of cephalosporin products, including 34 cephalosporin DMF, with 17 unique cephalosporin assets for regulated markets and are present across all five generations of cephalosporin products [*Source: F&S Report*]. We invented NCE- Enmetazobactam, an extended spectrum beta lactamase inhibitor to be used with 4th generation cephalosporin antibiotic - Cefepime to provide a novel therapeutic option addressing the global AMR challenges [*Source: F&S Report*]. We hold the marketing rights in India and the royalty rights to worldwide sales for NCE-Enmetazobactam. Further, Phase 3 trials for NCE- Enmetazobactam are completed in the US and EU.

We supply our products in both domestic and overseas market to various pharmaceutical companies and pharmaceutical agents. For Fiscal 2023, Fiscal 2022 and Fiscal 2021, our revenue through exports and domestic sale is as follows:

(in ₹ million other than percentages)

Particulars	Fiscal 2023		Fiscal 2022		Fiscal 2021	
	Amount	**% of revenue from operations**	**Amount**	**% of revenue from operations**	**Amount**	**% of revenue from operations**
Export Sales	5,517.22	82.85%	4,898.83	87.55%	4,052.86	90.05%
Domestic Sales	1,141.77	17.15%	696.74	12.45%	447.75	9.95%
Revenue from Operations	6,658.99	100%	5,595.57	100%	4,500.60	100%

In the last three Fiscals we have exported our products in five continents and have catered to over 400 customers. For the Fiscal 2023, Fiscal 2022 and Fiscal 2021 our continent wise export revenue is as follows:

(in ₹ million other than percentages)

Continents	**Fiscal 2023**		**Fiscal 2022**		**Fiscal 2021**	
	Amount of Export	**As a % of the Export revenue**	**Amount of Export**	**As a % of the Export revenue**	**Amount of Export**	**As a % of the Export revenue**
Asia (excluding, India)	2,681.56	48.60%	2,385.55	48.70%	1,566.78	38.66%
Europe	1,995.96	36.18%	1,835.19	37.46%	1,829.58	45.14%
Africa	329.64	5.97%	302.05	6.17%	219.80	5.42%
South America	298.96	5.42%	225.86	4.61%	339.68	8.38%
North America	211.10	3.83%	150.16	3.07%	97.02	2.39%
Total revenue from Exports	**5,517.22**	**100.00%**	**4,898.82**	**100.00%**	**4,052.86**	**100.00%**

We have well established relationships with our key customers and believe our customers rely on our quality manufacturing expertise and timely deliveries, to address their cost considerations, regulatory scrutiny and stringent quality requirements. We have three manufacturing facilities located at Alathur, Tamil Nadu. One of our facilities is dedicated to manufacturing API (the "**API Facility**"). The annual capacity of our API Facility under Air Act and Water Act is 972 MTPA. Our API Facility is approved by the USFDA, EMEA, WHO GMP and PMDA.

Further, our Company is also engaged in manufacturing and export of general category finished dosage formulations and anti-infective finished dosage formulations through its two formulation facilities F1 Plant and F2 Plant spread over an area of approximately 2 acres with an annual installed capacity of 60.00 million units and 56.70 million units under Air Act and Water Act, respectively.

The Chemistry and Technology Department, R&D facility of our Company located at the premise of our API Facility in Alathur, Tamil Nadu ("**R&D Facility**") is housed in the same premise as our API Facility. As of March 31, 2023, we had 59 scientific professionals working in our process development function, including 4 Ph.Ds. and 47 post-graduates. For the Fiscal 2023, Fiscal 2022 and 2021 our total expenditure towards R&D activities was ₹ 63.62 million, ₹66.26 million and ₹48.10 million or 0.96 %, 1.18% and 1.07% of our total revenue from operations, respectively. As of March 31, 2023, we have five approved ANDA filings in the United States for oral cephalosporin. We have been granted and hold 17 patents and have filed applications for four new patents, which are pending at various stages. Our R&D Facility developed NCE-Enmetazobactam (phase 3 trial completed in US and EU) an extended-spectrum beta-lactamase inhibitor to be used with 4th generation cephalosporin antibiotic to provide a novel therapeutic option addressing AMR challenges [*Source: F&S Report*].

Our wholly owned Subsidiary, Orchid Bio Pharma Limited has been approved under the production linked incentive scheme dated July 21, 2020 ("**PLI Scheme**") to manufacture 7ACA under the target segment of key fermentation based KSMs/drug intermediates for a committed capacity of 1,000 MT for a maximum total incentive of ₹ 6,000 million during the scheme tenure starting Fiscal 2024 till Fiscal 2029. 7ACA is a critical raw material for manufacturing cephalosporins and the in-house production of 7ACA under the PLI scheme will enable us to do backward integration, achieve a captive source of supply and improve the gross margins.

Our Promoter Dhanuka Laboratories Limited acquired the Company under the Corporate Insolvency Resolution Process ("**CIRP**") Accordingly, our Company became a subsidiary of DLL with effect from March 31, 2020. For further details, please see, "*Organizational Structure*" on page 176. Our Promoter and the senior management team implemented many changes in the Company including reduction of expenses, improving sales, starting development of new products with investment into R&D and infusing capital to add capacity in the sterile area. Experience of our Promoter in the pharmaceutical industry helps us in our business and operations. Our management team has demonstrated the ability to successfully implement changes post the implementation of the Resolution Plan.

Our financial performance has improved since the implementation of the Resolution Plan. The following table sets forth our key financial ratios for the period as specified below:

Other Key Financial Ratio

(in ₹ million other than percentages)

	Fiscal 2023	Fiscal 2022*	Fiscal 2021*
Revenue	6,658.98	5,595.57	4,500.60
YOY Revenue growth	19.00%	24.33%	-
EBITDA(1)	836.19	531.35	497.77
Net Debt(2)	3,087.49	2,636.47	4,370.46
Net worth(3)	6,886.92	6,474.77	6,529.64
Net debt / Networth(4)	0.45	0.41	0.67
RoCE (%)(5)	3.35%	(-3.45)%	(-4.97)%
Gross Fixed Asset Turnover Ratio(6)	0.56	0.48	0.38

Notes:

**These ratios represent non-GAAP measures; see "Presentation of Financial Information and Other Information" on page 12.*

(1)EBITDA stands for earnings before interest, taxes, depreciation and amortization EBITDA" is calculated as our profit/(loss) before exceptional items less other income plus depreciation and amortization expense and finance costs.

(2)Net Debt is equal to current and non-current borrowings less cash and cash equivalents.

(3) Net worth means the aggregate value of the paid-up share capital and Other Equity. Other Equity contains capital reserve, capital reserve on amalgamation, securities premium reserves, equity component of OCDs, general reserve, profit and loss account. It does not include items of other comprehensive income

(4)Net debt / Net worth is calculated by dividing Net debt by Net Worth.

(5)RoCE (Return on capital employed) is calculated by dividing our profit/(loss) before exceptional items less other income plus finance cost by sum of average total equity during that year and the previous year and average total non-current liabilities during that year and the previous year, and is expressed as a percentage.

(6) Gross Fixed Asset Turnover ratio" is equal to revenues from sale of products during a given period divided by the average gross property, plant and equipment during that year and the previous year.

OUR STRENGTHS

Extensive experience in manufacturing complex APIs with high entry barriers

The sterile and oral API business we operate in is highly specialized with high entry barriers *inter alia* due to: (a) involvement of complex manufacturing process especially on sterile cephalosporin space, (b) stringent regulatory approvals required for the manufacturing facilities including adhering to the guidelines for export and the relevant country guidelines, (c) operational barriers, (d) pricing related barriers, (e) high capex, (f) skilled workforce and (g) working capital requirement [*Source: F&S Report*]. Further, the API manufacturing process has strict cGMP, environmental and legal considerations. For example, majority of global regulatory agencies require that beta-lactams be produced in dedicated and segregated facilities to prevent cross-contamination requiring additional infrastructure investment. Thus, pharmaceutical companies have stringent code to be complied with before they enlist and approve a supplier and often times it takes two to three years before we can be enlisted as a supplier. Moreover, servicing global markets require adherence to heterogeneous protocols for facility approval and API registration [*Source: F&S Report*].

Our Company has an extensive experience of manufacturing APIs and has the widest portfolio of cephalosporin APIs [*Source: F&S Report*]. With the extensive operational experience, we believe we have built expertise in product quality and production process standards, and we meet the strict quality standards. Our quality framework and assurance procedures are monitored by way of internal audits, customer audits, regulatory agency audits, as the case maybe.

We continuously aim to improve cost efficiencies and increase productivity in our operations through use of automation in manufacturing processes as well as use of software in capacity and resource planning and minimization of waste.

The global cephalosporin API market is expected to grow at a CAGR range of 5-7% to reach a value of USD 2.8 billion in 2028 from USD 1.9 billion in 2022 [*Source: F&S Report*]. Considering the high entry barriers and the resultant lean competition, and our experience in the cephalosporin API industry, we believe we are well positioned to benefit from the growth in the cephalosporin industry.

Long-standing relationships with key customers with diversified geographical presence

We have long-standing relationships with a number of pharmaceutical companies and pharmaceutical agents. In the last three Fiscals, we supplied products to over 400 pharmaceutical companies and pharmaceutical agents. Our customer base has increased from 137 in Fiscal 2021 to 216 in Fiscal 2023. We have exported our products to over 40 countries spread across five continents.

Our Company's revenue from operations increased from ₹ 4,500.60 million in Fiscal 2021 to ₹ 6,658.98 million in Fiscal 2023. For the Fiscal 2023, Fiscal 2022 and 2021, our 10 largest customers for each respective period accounted for 46.21%, 55.67% and 58.04% of our total revenue from operations, respectively. Further, for the Fiscal 2023, Fiscal 2022 and Fiscal 2021, our 5 largest customers for each respective period accounted for 35.01%, 44.30% and 40.39% of our total revenue from operations, respectively. We believe our customers rely on our development and manufacturing expertise to address their cost considerations, regulatory scrutiny and stringent quality requirements.

Our continent wise revenue as a percentage to our total revenue is as follows:

Continents	Fiscal 2023	Fiscal 2022	Fiscal 2021
Asia (including India)	57.42%	55.08%	44.76%
Europe	29.97%	32.80%	40.65%
South America	4.49%	4.04%	7.55%
Africa	4.95%	5.40%	4.88%
North America	3.17%	2.68%	2.16%

Our top 10 export countries for Fiscal 2023 in terms of export are Vietnam, Republic of North Macedonia, Turkey, Ireland, Bangladesh, Brazil, Netherlands, Spain, Indonesia and Egypt. The export to these countries in the Fiscal 2023, Fiscal 2022 and Fiscal 2021 as a percentage of our total revenue for the respective period is as follows:

Countries	Fiscal 2023	Fiscal 2022	Fiscal 2021
Vietnam	11.37%	16.09%	7.30%
Republic of North Macedonia	10.33%	11.08%	8.42%

Countries	Fiscal 2023	Fiscal 2022	Fiscal 2021
Turkey	6.22%	7.09%	4.27%
Ireland	4.71%	3.45%	6.22%
Spain	4.45%	2.13%	3.79%
Indonesia	4.31%	3.47%	2.14%
Brazil	3.44%	2.64%	6.42%
Bangladesh	3.10%	4.76%	4.70%
Saudi Arabia	2.94%	0.17%	4.54%
Greece	2.72%	1.26%	3.94%

Our exports have grown from ₹ 4,052.83 million in Fiscal 2021 to ₹ 4,898.83 million in Fiscal 2022 and ₹ 5,517.22 million in Fiscal 2023 with a CAGR of 16.68% from Fiscal 2021 to Fiscal 2023. Our deeper penetration in the export market is a result of our consistent track record of delivering quality products.

API Facility with in-house R&D and regulatory capabilities

Our extensive experience gives us a competitive advantage of having an in-depth knowledge about the pharmaceutical products and a better understanding of the trends in the pharmaceutical industry. Our capabilities include internal research and development expertise, a strict quality assurance system and extensive regulatory experience. Our product development is underpinned by our internal R&D Facility, which has 59 scientific professionals, including 4 Ph.Ds. and 47 post-graduates. Our R&D Facility developed NCE-Enmetazobactam (phase 3 trial completed in US and EU) an extended- spectrum beta-lactamase inhibitor to be used with 4th generation cephalosporin antibiotic to provide a novel therapeutic option addressing AMR challenges [*Source: F&S Report*]. As on March 31, 2023, we hold 17 patents and have filed applications for four new patents, which are pending at various stages.

Our product capabilities are further reinforced by our drug regulatory capabilities to facilitate registration of complex injectables across the lifecycles and markets for these products. Our regulatory team has extensive experience in the regulatory requirement of our key markets to facilitate new product registrations. Our regulatory team is constantly engaged with the regulators including the USFDA, EMEA, etc. As of March 31, 2023 we had five approved ANDA filings for oral cephalosporin in the United States. We believe that our strong R&D and regulatory capabilities help us keep abreast with the new product developments and improve product pipeline.

Further, we have an API Facility with annual installed capacity of 972 MTPA under Air Act and Water Act. Our API Facility is approved and under USFDA, EMEA, WHO GMP and PMDA. We stand out amongst our peers for our widest portfolio of cephalosporin products, including 17 unique assets and 34 active regulated market DMFs. While the largest markets by consumption are semi-regulated, regulated market filings indicate supply in high-profit margin regulated markets [*Source: F&S Report*]. We believe our API Facility along with our focused R&D and regulatory capabilities have enabled us to develop a robust product range and makes us competitive.

Experienced Promoter, professional senior management and a technically qualified team

We are led by experienced Promoter and a professional senior management team with significant expertise in the pharmaceutical industry, including production, quality control, marketing, finance and strategy. We had filed a scheme of amalgamation and arrangement of DLL (being the Promoter and holding company of our Company) with and into our Company as per the Resolution Plan, with NCLT Chennai. The Proposed Scheme of Amalgamation was rejected by NCLT vide its order dated September 9, 2022. We have currently decided to defer the Proposed Scheme of Amalgamation for business reasons. The Company may refile in future, as appropriate after taking necessary approvals.

We believe that Promoter and our professional senior management team has contributed to the growth of our business, and their experience and industry knowledge provides us with a significant competitive advantage. Our senior management team is supported by a team of qualified personnel with relevant domain experience which provides us with a competitive advantage as we seek to expand our product portfolio. For further information on our senior management, see "*Board of Directors and Senior Management*" on page 179**.** We will continue to leverage on the experience of our Promoter and management team and their understanding of the pharmaceuticals industry. In addition, we are supported by our technically qualified employee team who possess a range of qualifications, including scientific, pharmacy, PhDs, post-graduates and graduates in science, engineers in various disciplines like civil, mechanical, chemical, electronics, electrical etc. We had 940 permanent employees, as of March 31,2023.

STRATEGIES

Expand our product portfolio by enhancing manufacturing capabilities and R&D

We currently operate three manufacturing facilities with one facility dedicated to manufacturing APIs and the other two are formulation facilities.

We intend to increase our sterile and oral API manufacturing capabilities by enhancing the existing production capacities at our API Facility during the year 2023 and 2024 by an aggregate annual total installed capacity of approx. 1,000 MTPA. Increased manufacturing capability will enable us to expand our API drug production and product portfolio including Ceftibuten, Cefovecin, Ceftaroline, Avibactam, Enmetazobactam. As per the F&S Report, nearly USD 600 million (*This figure in indicative- genericization of products can lead to significant price drops, which may or may not be offset by volume gains*) worth of cephalosporin formulations are exposed to generic competition between 2022 and 2028, which can lead to a volume expansion and thus additional API requirement including Ceftaroline Fosamil and Ceftazidime-Avibactam, Ceftolozane/tazobactam [*Source: F&S Report*]. With the loss of patent and exclusivity, generic alternatives become available, and drug prices drops. This price drop allows for increased product availability not only in low and middle income countries but also in high income countries with high out-of-pocket pay through co-pays or lack of insurance coverage thereby increasing the total market size (quantity wise) of the product. Further, availability of generics can help address the AMR challenge. According to the Access to Medicine Foundation, shortages of essential antibiotics (because of supply or cost challenges) in poorer nations lead to patients being given less effective or no treatments, which gives bacteria and fungi opportunities to develop resistance [*Source: F&S Report*]. We intend to enhance our manufacturing capabilities and file the necessary applications (DMF and ANDA) in the US and relevant applications in other jurisdiction to procure an exclusive period during which we can sell the generic drugs.

Further, our R&D initiatives are determined by market demand and driven by technological updates. The R&D Facility of our Company supports our business by pivoting the focus on cost reduction, process improvement and development of new products. We intend to expand our R&D capabilities through prudent investments aimed at sustainable business opportunities, employing more trained professionals, investing in much more sophisticated equipment and improvement in processes to enhance productivity and achieve better yields in our products.

Set up a new facility to enable backward integration

We have been approved under the PLI scheme to manufacture 7ACA under the target segment of key fermentation based KSMs/drug intermediates for a committed capacity of 1,000 MT for a maximum total incentive of ₹ 6,000 million during the scheme tenure starting Fiscal 2024 till Fiscal 2029. The rate of incentive will be staggered over the 6 years of the scheme tenure with the annual ceiling of incentive. We intend to manufacture 7ACA at our upcoming facility in Jammu as part of our effort to control raw material input and reduce reliance on third party suppliers. The key starting material for cephalosporin is 7ACA and 7ADCA which is dominantly obtained from Penicillin G. 7ACA is nearly used in the two-thirds of the commercial cephalosporin [*Source: F&S Report*]. China has the monopoly in the global 7ACA and Penicillin G market. China has been largely the lone exporter of 7ACA and Penicillin G in the global market. India has been the major export destination for China, importing approx. 99% of 7ACA and Penicillin G [*Source: F&S Report*]. For Fiscal 2023, Fiscal 2022 and Fiscal 2021, 7ACA sourced by us from China amounted to 100% of our 7ACA requirements. Being able to manufacture 7ACA will help us with backward integration and eliminate our dependence on China. We intend to use approx. 70% - 80% of the 7ACA manufactured by us for captive consumption and sell the remaining in the open market.

The formulations market was valued at USD 11.9 billion in 2021 and is estimated to grow at a CAGR of 4-6% till 2028 with growth primarily driven from RoW markets. Corresponding to the growth in cephalosporin formulations, the cephalosporin API market is also expected to grow at a CAGR range of 5-7% to reach a value of USD 2.8 billion in 2028 from USD 1.9 billion in 2022 [*Source: F&S Report*]. With the proposed backward integration, we believe we are well poised to benefit from the growth in the cephalosporin API market.

Continue to expand our geographical footprints and increase customer acquisition

We supply our products in both domestic and overseas market to various pharmaceutical companies and agents. In the last three Fiscals, we exported our products to over 40 countries as of March 31, 2023 including USA, Vietnam, Germany, France, Turkey, Indonesia, Egypt, Hungary, China, Ireland, Netherlands, Portugal, Spain, Japan, South Korea, Brazil, Republic of North Macedonia etc. For Fiscal 2023, Fiscal 2022 and Fiscal 2021 82.85%, 87.55% and 90.28% of our revenue is derived through exports, respectively. We sell our products directly to pharmaceutical companies as well as through pharmaceutical agents in the overseas market and as on March 31, 2023, we catered to over 400 customers. Currently, the largest consumption of cephalosporin formulations and thus API is in Asia, which accounts for approx. 70% of the market by volume. However, additional growth in the next five years will come from Africa, Middle Eastern and South American markets, which are expected to grow at a CAGR of 7.0% [*Source: F&S Report*]. We intend to increase the number of geographies we cater to and achieve deeper penetration in our existing geographies, which will enable higher customer acquisition. We believe with the increased manufacturing capacity and setting-up of the new facility at Jammu, we are well poised to increase our geographical footprints and customer acquisition.

Continued focus on improving efficiency

We aim to continue to maintain our efficiency focus, including in-house integrated manufacturing capabilities across our business to deliver growth as well to achieve economies of scale. Since the implementation of the Resolution Plan, we have implemented many changes including cost reduction on non-essential expenses, improving sales by focusing on business development and starting development of new products. As of March 31, 2023, we had a total workforce of 59 which complements our business with niche capabilities, including an in-house R&D team for product development, regulatory affairs for obtaining product registrations and manufacturing of the sterile and oral. Our cross functional technical teams will continue to support the lifecycle management of our products to improve manufacturing efficiencies such as by improving time cycles, changing dilutions, debottlenecking etc. Our revenue from operation per permanent employee ratio for Fiscal 2023, Fiscal 2022 and Fiscal 2021 was ₹7.08, ₹5.91 and ₹4.50 million, respectively.

SUMMARY OF THE ISSUE

The following is a general summary of the terms of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Preliminary Placement Document, including the sections titled "*Risk Factors*", "*Use of Proceeds*", "*Placement and Lock-in*", "*Issue Procedure*" and "*Description of the Equity Shares*" on pages 39, 80, 207, 193 and 222, respectively.

Issuer	Orchid Pharma Limited
Face Value	₹10 per Equity Share
Issue Price	₹[•] per Equity Share ([•] including a premium of ₹[•] per Equity Share)
Floor Price	₹425.19 per Equity Share, calculated in accordance with Regulation 176 under Chapter VI of the SEBI ICDR Regulations. In terms of the SEBI ICDR Regulations, the Issue Price cannot be lower than the Floor Price. However, our Company may offer a discount of not more than 5% on the Floor Price in accordance with the approval of the Shareholders pursuant to their special resolution passed at the EGM held on December 29, 2022 and in terms of Regulation 176(1) of the SEBI ICDR Regulations.
Issue Size	Issue of [•] Equity Shares, aggregating upto ₹ [•] million, at a premium of ₹[•] per Equity Share . A minimum of 10% of the Issue Size of at least [•] Equity Shares, is made available for Allocation to Mutual Funds only and the balance [•] Equity Shares is made available for Allocation to all QIBs, including Mutual Funds. In case of undersubscription in the portion available for Allocation to Mutual Funds, such minimum portion or part thereof would be Allotted to other Eligible QIBs.
Date of Board resolution approving the Issue	December 01, 2022
Date of Shareholders' resolution approving the Issue	December 29, 2022
Eligible Investors	Eligible QIBs as defined in Regulation 2(1)(ss) of the SEBI ICDR Regulations and not excluded pursuant to Regulation 179 of the SEBI ICDR Regulations, to whom this Preliminary Placement Document and the Application Form is circulated and who are eligible to Bid and participate in the Issue. FVCIs are not permitted to participate in the Issue. The list of Eligible QIBs to whom this Preliminary Placement Document and Application Form is delivered has been determined by our Company in consultation with the Lead Managers at their discretion. For further details, see "*Issue Procedure – Qualified Institutional Buyers*", "*Selling Restrictions*" and "*Transfer Restrictions*" on pages 197, 209, and 217, respectively .
Dividend	See "*Description of the Equity Shares*" and "*Dividends*" on pages 222 and 97, respectively.
Indian taxation	See "*Taxation*" on page 226.
Equity Shares issued and outstanding immediately prior to the Issue	40,816,400 Equity Shares
Equity Shares issued and outstanding immediately after the Issue	[•] Equity Shares
Issue Procedure	The Issue is made only to Eligible QIBs in reliance on Section 42 of the Companies Act, 2013, read with rules made thereunder and Chapter VI of the SEBI ICDR Regulations. For further details, see "*Issue Procedure*" beginning on page 193.

Listing and trading	Our Company has obtained in-principle approvals dated June 22, 2023 in terms of Regulation 28(1)(a) of the SEBI Listing Regulations from the Stock Exchanges, for listing of the Equity Shares to be issued pursuant to the Issue. Our Company will make applications to each of the Stock Exchanges after Allotment to obtain final listing and trading approval for the Equity Shares after the Allotment and after the credit of the Equity Shares to the beneficiary account of the Depository Participant, respectively. The trading of the Equity Shares would be in dematerialized form and only in the cash segment of each of the Stock Exchanges.	
Lock-in	For details, see "*Placement and Lock-in*" on page 207	
Transferability restrictions	The Equity Shares to be issued pursuant to this Issue shall not be sold for a period of one year from the date of Allotment, except on the floor of the Stock Exchanges. For details in relation to other transfer restrictions, please see "*Transfer Restrictions*" on page 217.	
Use of proceeds	The gross proceeds from the Issue will aggregate upto ₹[•] million. The Net Proceeds from the Issue, after deducting fees, commissions and expenses of the Issue, will be approximately ₹[•] million. See "*Use of Proceeds*" on page 80 for additional information regarding the use of Net Proceeds from the Issue.	
Risk factors	See "*Risk Factors*" on page 39 for a discussion of risks you should consider before investing in the Equity Shares.	
Closing Date	The Allotment of the Equity Shares pursuant to the Issue is expected to be made on or about [•].	
Ranking	The Equity Shares to be issued pursuant to the Issue shall be subject to the provisions of the Memorandum of Association and Articles of Association and shall rank *pari passu* with the existing Equity Shares of our Company, including in respect of voting rights and dividends. The holders of Equity Shares (as on the record date) will be entitled to participate in dividends and other corporate benefits, if any, declared by our Company after the Closing Date, in compliance with the Companies Act, 2013, the SEBI Listing Regulations and other applicable laws and regulations. Equity Shareholders may attend and vote in Shareholders' meetings in accordance with the provisions of the Companies Act, 2013. For further details, see "*Dividends*" and "*Description of the Equity Shares*" on pages 97 and 222, respectively.	
Security codes for the Equity Shares	ISIN	INE191A01027
	BSE Code BSE Symbol	524372 ORCHIDPHAR
	NSE Symbol	ORCHPHARMA

SELECTED FINANCIAL INFORMATION

The following tables set out selected financial information derived from our Audited Consolidated Financial Statements, prepared in accordance with the applicable accounting standards, Companies Act, 2013 and the requirements of SEBI Listing Regulations, as applicable, and presented in "Financial Information" on page 98. See "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Financial Information", on pages 98 and 99, respectively, for further details.

STATEMENT OF BALANCE SHEET

(₹ in Millions)

Particulars	Notes	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
ASSETS				
Non-current assets				
Property, plant and equipment	4	5,727.09	5,833.66	6,700.77
Intangible assets	4	3.86	3.37	3.69
Capital work in progress	5	464.63	97.84	74.31
Intangible Assets under Development	6	-	-	-
Financial assets		444.41	-	-
Investments	7	68.75	454.91	4.04
Other financial assets	8	513.02	47.61	39.97
Other non current assets	9	20.21	169.38	51.17
Total non-current assets		**7,241.97**	**6,606.77**	**6,873.95**
Current assets				
Inventories	10	2,287.38	1,726.56	1,528.85
Financial assets		-	-	-
Investments	11	-	-	150.21
Trade receivables	12	2,151.94	1,705.68	1,356.98
Cash and cash equivalents	13	225.97	43.07	156.94
Bank balances other than above	14	80.29	37.56	42.18
Loans	15	-	-	-
Other financial assets	16	1.58	0.01	0.71
Current tax assets (net)	17	9.54	525.54	544.60
Non current assets held for sale and disposal groups	18	-	132.90	1,208.52
Other current assets	19	253.40	327.53	509.59
Total current assets		**5,010.10**	**4,498.86**	**5,498.57**
Total Assets		**12,252.06**	**11,105.63**	**12,372.52**
EQUITY AND LIABILITIES				
Equity				
Equity share capital	20	408.16	408.16	408.16
Other equity	21	6,478.33	6,065.64	6,120.91
Total equity		**6,886.49**	**6,473.80**	**6,529.08**
Liabilities				
Non-current liabilities				
Financial liabilities		-	-	-
Borrowings	22	1,488.38	2,081.65	4,274.97
Provisions	23	126.02	110.13	115.39
Deferred Tax Liability (net)	24	32.26	32.26	32.26
Total non-current liabilities		**1,646.66**	**2,224.04**	**4,422.63**
Current liabilities				
Financial liabilities		-	-	-
Borrowings	25	1,825.08	597.88	252.43
Trade payables	26	1,817.85	1,676.83	1,099.52
Short term provisions	27	34.86	30.07	35.24
Other current liabilities	28	41.13	103.00	33.62
Total current liabilities		**3,718.92**	**2,407.78**	**1,420.82**
Total Liabilities		**5,365.57**	**4,631.83**	**5,843.44**
Total Equity and Liabilities		**12,252.06**	**11,105.63**	**12,372.52**

SUMMARY STATEMENT OF PROFIT AND LOSS

(₹ in millions)

Particulars	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Income			
Revenue from operations	6,658.98	5,595.57	4,500.60
Other income	194.31	90.03	152.12
Total Income	**6,853.29**	**5,685.60**	**4,652.72**
Cost of materials consumed	4,060.96	3,406.18	2,455.97
Purchase of stock-in-trade - Traded goods	-	-	-
Changes in inventories of finished goods and WIP	(214.75)	(270.58)	(170.94)
Employee benefits expense	653.50	632.77	671.08
Depreciation and amortization expense	547.87	870.25	1,089.16
Finance Cost	322.26	320.12	513.36
Other expenses	1,323.09	1,295.86	1,046.58
Total expenses	**6,692.92**	**6,254.59**	**5,605.21**
Profit/ (Loss) before exceptional item and tax	**160.37**	**(568.99)**	**(952.49)**
Exceptional items	**392.10**	**-**	**-**
Profit/ (Loss) before tax from continuing operations	**552.47**	**(568.99)**	**(952.49)**
Income tax expense			
Current tax	-	-	-
Deferred tax charge /(credit)	-	-	-
Profit/ (Loss) after tax from continuing operations	552.47	(568.99)	(952.49)
Discontinuing Operations	(67.75)	584.70	(212.81)
Profit/(Loss) for the year from discontinued operations	**(67.75)**	**584.70**	**(212.81)**
Tax expense of discontinued operations	-	-	-
Profit/ (Loss) from discontinued operations after tax	**(67.75)**	**584.70**	**(212.81)**
Profit/(Loss) for the year before share of profit of Associates	**484.72**	**15.71**	**(1,165.30)**
Add: Share of loss of Associates	(21.54)	(35.23)	-
Profit/ (Loss) for the year	**463.18**	**(19.51)**	**(1,165.30)**
Other Comprehensive Income			
Items that will not be reclassified to profit or loss			
Remeasurement of post employment benefit obligations	(2.33)	14.64	5.99
Gain/(Loss) on fair valuation of investments	0.54	(0.41)	0.66
Income tax (charge)/credit relating to these items	-	-	-
Other comprehensive income for the year, net of tax	1.74	14.23	6.65
Total comprehensive profit/(loss) for the year	**461.40**	**(5.28)**	**(1,158.65)**
Earning per Share			
Basic earnings per share	11.35	(0.48)	(28.55)
Diluted earnings per share	11.35	(0.48)	(28.55)
Employee separation compensation			

SUMMARY STATEMENT OF CASH FLOWS

(in ₹millions, unless otherwise specified)

Particulars	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Cash Flow From Operating Activities			
Profit/ loss before income tax	463.18	(19.51)	(1,165.30)
Adjustments for			
Depreciation and amortisation expense	547.87	870.25	1,089.16
Depreciation and amortisation expense of discontinuing operations	-	-	75.65
(Profit)/ loss on sale of fixed assets	(399.85)	-	0.65
Profit on sale of Non current assets held for sale included in discontinuing operations	-	(886.69)	-
Interest income	(3.73)	(4.19)	(7.33)
Unrealised forex (gain)/ loss	16.44	1.40	56.17
Allowance for expected credit loss	11.88	36.67	13.28
Finance costs	322.26	320.12	513.36
Share of loss from associates under equity method	21.54	35.23	-
Fair valuation (Gain)/ Loss on investments	-	-	(9.01)
(Profit) / loss on sale of investments	(0.15)	(5.12)	(10.41)
Cash generated from operating activities before working capital changes	**979.44**	**348.15**	**556.23**
Change in operating assets and liabilities			
(Increase)/ decrease in Other financial assets	(21.14)	116.93	(32.68)
(Increase)/ decrease in inventories	(560.82)	25.37	(334.99)
(Increase)/ decrease in trade receivables	(416.54)	(229.19)	(820.25)
(Increase)/ decrease in Other assets	126.83	143.82	673.34
Increase/ (decrease) in provisions and other liabilities	(58.09)	65.10	(34.33)
Increase/ (decrease) in trade payables	139.14	473.63	179.31
Cash generated from operations	**188.81**	**943.81**	**186.63**
Add : Income taxes received (net of payments)	(2.99)	(19.06)	49.23
Net cash from operating activities (A)	**185.83**	**924.75**	**235.86**
Cash Flows From Investing Activities			
Purchase of Property, plant and equipment (including changes in CWIP)	(849.13)	(144.04)	(6.04)
Sale proceeds of Property, plant and equipment	9.36	0.99	2.86
Net Sale proceeds of IKKT Undertaking	576.1	1,594.08	
(Purchase)/ disposal proceeds of Investments	(10.35)	123.83	(130.79)
Investment in equity share of associate companies	-	(455.00)	-
(Investments in)/ Maturity of fixed deposits with banks	(42.73)	4.61	799.31
Interest received	2.16	4.88	6.71
Net cash used in investing activities (B)	**(314.59)**	**1,129.36**	**672.05**
Cash Flows From Financing Activities			
Proceeds from issue of equity share capital	-	-	-
Proceeds from Borrowings	1,731.98	199.99	-
Repayment of Borrowings (net)	(1,098.06)	(2,047.85)	(1,250.80)
Finance costs	(322.26)	(320.12)	(399.09)
Net cash from/ (used in) financing activities (C)	**(311.66)**	**(2,167.98)**	**(1,649.89)**

Particulars	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Net increase/decrease in cash and cash equivalents (A+B+C)	**182.9**	**113.87**	**741.98**
Cash and cash equivalents at the beginning of the financial year	43.07	156.94	898.92
Cash and cash equivalents at end of the year	**225.97**	**43.07**	**156.94**

For details of reservations, qualifications, matters of emphasis or adverse remarks in the last five Fiscals immediately preceding the year of issue of this Preliminary Placement Document and their impact on the financial statements and financial position of our Company and the corrective steps taken and proposed to be taken by our Company for each of the said reservations or qualifications, matters of emphasis or adverse remarks, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Auditor Observations*" on page 128.

Also see, "*Risk Factors –* ***"****Our Statutory Auditors have included certain qualifications and matters of emphasis in their audit report on financial statements for the Fiscal 2023, Fiscal 2022 and Fiscal 2021*." on page 47.

RELATED PARTY TRANSACTIONS

For details of the related party transactions during Fiscal 2023, Fiscal 2022 and Fiscal 2021 as per the requirements under Ind AS 24 'Related party disclosures' notified under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standard) Rules 2015, as amended and as reported, please see the section titled "*Financial Information*" on page 98.

SECTION II: RISK FACTORS

An investment in Equity Shares involves a high degree of risk. You should carefully consider all the information in this Preliminary Placement Document, including the risks and uncertainties described below, before making an investment in our Equity Shares. The risks described below are not the only ones relevant to us or our Equity Shares, the industry and segments in which we currently operate or propose to operate. Additional risks and uncertainties, not presently known to us or that we currently deem immaterial may also impair our business, results of operations, financial condition and cash flows. If any of the following risks, or other risks that are not currently known or are currently deemed immaterial, actually occur, our business, results of operations, financial condition and cash flows could suffer, the trading price of our Equity Shares could decline, and you may lose all or part of your investment. To obtain a complete understanding of our Company, prospective investors should read this section in conjunction with "Our Business", "Industry Overview" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 162, 138 and 99, respectively, as well as the financial, statistical and other information contained in this Preliminary Placement Document.

Prospective investors should pay particular attention to the fact that our Company is incorporated under the laws of India and is subject to a legal and regulatory environment, which may differ in certain respects from that of other countries. This Preliminary Placement Document also contains forward-looking statements that involve risks, assumptions, estimates and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Preliminary Placement Document. For details, see "Forward Looking Statements" on page 15.

*Industry and market data used in this section have been extracted from the report titled "Global Antibiotics and Cephalosporin Market" prepared and released by Frost & Sullivan in June 21, 2023 (the "**F&S Report**") which has been commissioned by us as no report is publicly available which provides a comprehensive industry analysis, particularly for our Company's products, that may be similar to the F&S Report. For further details and risks in relation to commissioned reports, see "Risk Factors – We have commissioned an industry report from Frost & Sullivan which has been used for industry related data in this Preliminary Placement Document" on page* 58.

Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implications of any of the risks described in this section. In making an investment decision, investors must rely on their own examination of us and the terms of the Issue including the merits and the risks involved.

Internal Risk Factors

1. Any manufacturing or quality control problems may subject us to regulatory action, loss of customers, damage our reputation and have an adverse effect on our business, results of operations, financial condition and cash flows.

We are engaged in manufacturing of API and currently operate three manufacturing facilities situated at Alathur, Tamil Nadu. We are required to comply with regulations and quality standards stipulated by regulatory authorities such as the State Directorate of Drugs Control, Tamil Nadu, USFDA, EMEA, WHO GMP and PMDA amongst others. If we fail to comply with the applicable quality standards specified by these regulators/agencies, or if the relevant accreditation institute or agency declines to certify our products or facilities, or if we are otherwise unable to obtain such quality accreditations in the future, within time or at all, our business prospects and financial performance will be materially and adversely affected. The quality of our products is critical to the success of our business and depends on the effectiveness of our quality assurance system, which, in turn, depends on a number of factors, including the design of our facilities, and the checks and balances implemented at the stage of development/manufacturing, and testing processes in line with the regulatory and customer requirements. Any significant failure or deterioration of our quality system could result in defective or substandard products, which, in turn, may result in delays in the delivery of our products and the need to replace defective or substandard products, or cancellation of customer orders. As a result, our reputation, business, results of operations and financial condition could be materially and adversely affected.

Further, our products and manufacturing processes are subject to stringent quality standards and specifications, as specified by our customers. For change in the product specifications, manufacturing process, manufacturing site, manufacturing method or raw material used, we are typically required to obtain prior consent from our customers. While we believe we undertake the necessary measures and have our in-house quality control and quality assurance departments to ensure that our manufacturing facilities comply with the applicable standards as imposed by our customers, any failure on our part to maintain the applicable standards and manufacture products according to prescribed specifications, may lead to cancellation of the orders, loss of customers, loss of reputation and loss of goodwill of our Company. Additionally, it could expose us to monetary liability and/ or litigation. Our customers are typically provided the right to audit our manufacturing facilities, processes or systems, by providing a certain amount of notice and they have in past routinely conducted audits at our manufacturing facilities. We have received some observations in the past from our customers pursuant to such audits and there can be no assurance that in future such audits would not result in any adverse observations or that our customers will necessarily use the Company for their further requirements. The audit may involve inspection of our manufacturing facilities and equipment, review of the manufacturing processes and raw materials and review of our logistical capabilities. The finished products delivered by us are further subject to laboratory validation by certain customers. Occurrence of any event on account of errors and omission could result in damage to our reputation and loss of customers, which could adversely affect our business, operations, our cash flows and financial condition. In the past, we have received certain complaints from our customers for which our Company has undertaken corrective measures, as appropriate, and there can be no assurance that we would not receive such complaints in the future as well. Further, our customers have the right to return or reject the product in the event that the products do not conform to the quality standards specified by them.

Certain developments could adversely affect demand for our products, including the regulatory review of products that are already marketed, new scientific information or the loss of approval of products that we supply, manufacture, market or sell. Further, our customers to whom we supply our APIs must comply with the regulations and standards of regulatory authorities outside India. Failure to comply with these regulatory requirements, or the receipt by these customers of warning or deficiency letters from regulators/agencies could adversely affect the demand for our products from these customers.

2. ***We are subject to extensive government regulation both in and outside India and if we fail to obtain, maintain or renew our statutory and regulatory licenses, permits and approvals required to operate our business, results of operations and cash flows may be adversely affected.***

Our operations are subject to extensive government regulations applicable to Indian and global pharmaceutical market. We are required to obtain and maintain a number of statutory and regulatory permits and approvals under central, state and local government rules in India, generally for carrying out our business and for our manufacturing facilities. Also, many international regulatory authorities must approve our manufacturing facilities before we can sell our products, irrespective of whether these products are approved in India. Currently, we have approvals for our API Facility under State Directorate of Drugs Control, Tamil Nadu, USFDA, EMEA, WHO GMP and PMDA. A majority of these approvals require timely renewal. The cost and time taken to acquire such authorizations and approvals in a timely manner can be substantial.

We are also required to obtain and maintain a number of statutory and regulatory licenses, permits and approvals for carrying out our business in India, including consents to establish and operate under environmental laws, which are granted for a limited duration and require timely renewal.

We are also required to obtain factory related statutory licenses and certifications for our manufacturing facilities including factory license, fire NOC, metrology certifications, boiler certifications and other equipment related approvals, which require timely renewal post regulatory inspections. We cannot assure that such approvals, licenses and registrations will be issued or granted to us in a timely manner, or at all. If we do not receive such approvals or are not able to renew the approvals in a timely manner, our business and operations may be materially adversely affected.

The approvals required by our Company are subject to numerous conditions and we cannot assure that these would not be suspended or revoked in the event of non-compliance or alleged non-compliance of any terms or conditions thereof, or pursuant to any regulatory action. If there is any failure by us to comply with the applicable regulations or if the regulations governing our business are amended, we may incur increased costs, be subject to penalties, have our approvals and permits revoked or suffer a disruption in our operations, any of which could adversely affect our business. If we fail to comply with applicable statutory or regulatory requirements, there could be a delay in the submission or grant of approval for sale of new products. In many of the international markets where our products are ultimately sold, the approval process for a new product can be complex, lengthy and expensive. If we fail to obtain, maintain or renew such approvals, licenses, registrations and permissions, in a timely manner or at all, our business, results of operations, cash flows and financial condition may be adversely affected. Further, changes in laws and regulations, more stringent enforcement or alternative interpretation of existing laws and regulations in geographies in which we currently operate may make compliance with all applicable laws and regulations more challenging and could affect us adversely by tightening restrictions, reducing our freedom to do business, increasing our costs of doing business, or reducing our profitability.

Further, government approvals and licenses are subject to numerous conditions, of which some may be onerous and may require us to undertake substantial compliance-related expenditure which may or may not be possible to do. In case we are unable to meet these changes in regulations, our business may be adversely affected.

3. Our business is dependent on the success of our relationships with our customers and sale of our products to them. Any adverse developments or inability to enter into or maintain such relationships, loss of such customers, the deterioration of their financial condition or prospects, or a reduction in their demand for our products could adversely affect our business, results of operations, financial condition and cash flows.

We are dependent on our key customers for a significant portion of our revenues. Our top 10 customer accounts for Fiscal 2023 generated 46.21% of our total revenue for Fiscal 2023. Further the top 10 customers for Fiscal 2023 generated 49.04% and 41.77% of our total revenue for Fiscal 2022 and Fiscal 2021, respectively. A significant portion of our revenue is generated by way of repeat orders. Our business, financial condition and results of operations are dependent on our relationships with our customers. Some of our customers may start manufacturing APIs at their own facilities and may discontinue purchasing APIs from us. Further, we are planning and propose to incur capital expenditure for future periods. Delays in successfully generating demand for utilization of upcoming capacity may result in lack of proportionate increase in our revenues and results of operations, vis-à-vis capacity increase. In addition, there can be no assurance that we will be able to maintain historic levels of business with our key customers.

We do not have any long-term contracts with our customers, prices are negotiated for each purchase order. However, our reliance on a select group of customers may also constrain our ability to negotiate our arrangements, which may have an impact on our profit margins and financial performance. The deterioration of the financial condition or business prospects of these customers could reduce the demand of our products from such customers and may result in a significant decrease in the revenues which we derive from these customers. The loss of our key customers or a reduction in the amount of business we obtain from them, whether due to circumstances specific to such customer, such as pricing pressures, or adverse market conditions affecting our supply chain, the pharmaceutical industry or the economic environment generally, such as the COVID-19 pandemic and any delay in replacing these customers or reduction in business with new customers could have an adverse effect on our business, results of operations and financial condition.

4. We derive majority of our revenue from our sterile and oral cephalosporin API business, of which a limited number of key products generate a significant portion of our total revenue, and our business may be adversely affected if our sterile and oral cephalosporin API business or our key products do not perform as well as expected or if substitute products become available or gain wider market acceptance.

A significant portion of our income is dependent on sales of our key products, including Cefixime, Cefuroxime Axetil and Ceftriaxone Sodium Sterile. For Fiscal 2023, 2022 and 2021, our revenue from sales of these top three products accounted for 68.50%, 75.06% and 71.83% of our total revenue from operations, respectively.

If market growth in our key products decreases, or if profit margins on our key products decline, our results of operations could be adversely affected. As a result of increased competition, pricing pressures or fluctuation in the demand or supply of our products, our revenues from these products may decline in the future. Similarly, in the event of any breakthroughs in the development or invention of alternative drugs for these key products, we may be exposed to the risk of our products becoming obsolete or being substituted to a greater or lesser extent by these alternatives. Any adverse developments with respect to the sale or use of products in our key products, or failure to successfully introduce new products in the API segment, could adversely affect our revenue.

5. ***Our Company is required to comply with the minimum public shareholding ("MPS") requirements prescribed under the SCRR and SEBI Listing Regulations. At present our Company is non-compliant with the MPS requirements. Failure to comply with the MPS requirements by our Company may result in certain adverse consequences, including delisting of our Equity Shares***

Pursuant to Regulation 38 of the SEBI Listing Regulations and Rule 19A of the SCRR, all listed companies are required to maintain MPS of at least 25%. Rule 19A(5) of SCRR mandates that where the public shareholding in a listed company falls below 25%, as a result of implementation of the Resolution Plan approved under Section 31 of the IBC, such company shall bring the public shareholding to 25% within a maximum period of three years from the date of such fall, in the manner specified by SEBI. Provided further that if the public shareholding falls below 10%, the same shall be increased to at least 10% within a maximum period of 18 months from the date of such fall, in the manner specified by SEBI. Failure to achieve/ maintain a MPS would subject such company to penalties and other regulatory enforcement actions. Consequently, a listed company may be delisted from the Stock Exchanges for not complying with the above-mentioned requirements.

Since our Company was acquired under a CIRP proceeding, pursuant to the implementation of the Resolution Plan approved under Section 31 of the IBC, the public shareholding of the company fell below the MPS requirement. Our Promoter made an offer for sale in the year 2021, pursuant to which the Promoter shareholding reduced to 89.96%, bringing the public shareholding to 10.04%. For further details on CIRP, please see *Organizational Structure* on page 176. Further, we were to comply with the MPS threshold of 25% or on before March 31, 2023. However, as on the date of this PPD our Company is non-compliant with the MPS requirements. The Stock Exchanges vide their letters and emails dated April 20, 2023 (a) intimated our Company about initiating a freezing action against the Promoter and Promoter Group of our Company for non-compliance of MPS requirements under Regulation 38 of the SEBI Listing Regulations; (b) barred our Promoter, Promoter Group and Directors from holding any new position as director in any other listed entity till the date of compliance with requirements of the Regulation 38 of the SEBI Listing Regulations; (c) notified our Company that they may consider compulsory delisting in accordance with the provisions of the SCRA, the SCRR and the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 as amended. Further, the NSE and BSE vide their correspondence dated May 25, 2023, imposed a fine of ₹5,000 per day on our Company till the date of compliance with the SEBI Listing Regulations; and (d) informed our Company that the Stock Exchanges would initiate action of freezing the entire shareholding of the Promoter and Promoter Group in case of failure of non-compliance with the Regulation and non-payment of the fine levied. We have replied to the letters of NSE and BSE vide our letter dated May 31, 2023 intimating the Stock Exchanges about the relaxation sought by the Company on the MPS requirements from SEBI vide an application dated March 30, 2023 under Rule 19(7) of the SCRR read with Regulation 102 of the SEBI Listing Regulations. However, as on the date of this PPD we have not received any revert from the SEBI on our relaxation application.

Further, we cannot assure that in future we shall be compliant with the MPS requirements at all times and failure to comply with the MPS requirements may result in certain adverse consequences, amongst others, the Stock Exchanges take action for delisting of our Equity Shares and may also result in additional heavy penal action being taken against us.

6. ***We are dependent on our manufacturing facilities located at Alathur, Tamil Nadu. Additionally, a part of the land on which our API Facility is located is under dispute. Any disruption or shutdown of our manufacturing facilities could have an adverse effect on our business, results of operations, financial condition and cash flows.***

We currently operate through our three manufacturing facilities situated at Alathur, Tamil Nadu. One of our manufacturing facilities is dedicated to manufacturing API while the other two are formulation facilities. Our API Facility is spread over an aggregate land area of 64.09 acres of which up to 28 acres is owned by the Company, and the remaining aggregate area of 36.09 acres was being held under a lease agreement which expired in May, 2014 and is currently under dispute. For further details, see "*Legal Proceedings– Litigations against our Company – Civil Litigation*" on page 238. We may not be able to successfully renew such lease or settle the dispute with DBS and may therefore be forced to relocate our affected operations. This could disrupt our operations and result in relocation expenses, which could adversely affect our business, financial condition, results of operations and cash flows. In addition, we may not be able to locate desirable alternative sites for our operations as our business continues to grow, and failure in relocating our affected operations could adversely affect our business and operations.

Our business is dependent upon our ability to manage our manufacturing facilities, which are subject to various operating risks, including political instability, productivity of our workforce, compliance with regulatory requirements, product quality and other factors beyond our control, such as the breakdown and failure of equipment or industrial accidents, disruption in electrical power or water resources, natural disasters and an outbreak of infectious disease such as COVID -19. Any significant social, political or economic disruption or natural calamities or civil disruptions in Tamil Nadu or Alathur or changes in the policies of the state or local governments could require us to incur significant capital expenditure and changes in our business strategy. Further, any significant malfunction or breakdown of our machinery may entail significant repair and maintenance costs and cause delays in our operations. Any accident could result in shutdown of our facilities which could result in us being unable to meet with our contractual commitments, and have an adverse effect on our operations, business, results of operation and financial condition. Our inability to effectively respond to any shutdown or slowdown and rectify any disruption in a timely manner and at an acceptable cost, could delay the entire production cycle and an inability to comply with our customers' requirements leading to loss of revenue to us and our customers.

7. ***Manufacture, storage and supply of oral and sterile cephalosporin APIs is a complex process and if we fail to maintain the quality of our sterile APIs manufacture at any stage, our business and operations will be adversely affected.***

The quality of our products is critical to the success of our business. The majority of global regulatory agencies require that beta-lactams be produced in dedicated and segregated facilities to prevent cross-contamination requiring additional infrastructure investment. Moreover, serving global markets requires adherence to heterogeneous protocols for facility approval and API registration. Further, fermentation technology (required for cephalosporin starting materials) is a multidisciplinary methodology encompassing microbiology, organic chemistry, biochemistry, and molecular biology, to name a few, and therefore requires substantial knowledge and experience [*Source: F&S Report*]. The manufacture of sterile cephalosporin APIs is complex, and we may experience problems during the manufacture for a variety of reasons, including equipment malfunction, failure to follow specific protocols and procedures, manufacturing quality concerns, problems with raw materials, lack of technical know-how, natural disaster related events or other environmental factors.

In the past, we have received certain complaints from our customers for which our Company has undertaken corrective measures, as appropriate, and there can be no assurance that we would not receive such complaints in the future as well. Further, our customers have the right to return or reject the product in the event that the products do not conform to the quality standards specified by them. Occurrence of any event on account of errors and omission could result in damage to our reputation and loss of customers, which could adversely affect our business, operations, our cash flows and financial condition.

8. ***We are dependent on select countries and few suppliers for significant part of our raw material. Any delay, interruption or shortfall in the supply of our raw materials or an increase in our raw material costs, or other input costs, may adversely affect the pricing and supply of our products and have an adverse effect on our business, results of operations and financial condition.***

Our raw materials are subject to supply disruptions and price volatility caused by various factors beyond our control such as commodity market fluctuations, the quality and availability of raw materials, currency fluctuations, consumer demand, changes in government policies and regulatory sanctions. We identify and approve multiple third-party vendors with whom we place purchase orders from time to time, for the purchase of raw materials. We currently source a significant portion of our raw materials from vendors in China and India. Our raw materials imported from China constituted 42.05%, 48.09% and 53.69% of our total raw material purchases for Fiscals 2023, 2022 and 2021, respectively. For Fiscals 2023, 2022 and 2021, our three largest suppliers accounted for 44.92%, 40.20% and 37.66% of our total purchases of key starting materials, respectively. We do not have any long-term contracts with our suppliers. Prices are negotiated for each purchase order, and we generally have more than one supplier for each raw material.

However, our suppliers may be unable to provide us with a sufficient quantity of raw materials, at prices acceptable to us, for us to meet the demand for our products or at all. We are also subject to the risk that one or more of our existing suppliers may discontinue their operations, which may adversely affect our ability to source raw materials at a competitive price.

Hence, we cannot assure that we will be able to continue to obtain adequate supplies of our raw materials, in a timely manner at a price favorable to us or at all in the future. If our vendors fail to provide the raw materials required for APIs for any reason, our manufacturing and thereby the supply of our products to our customers could be disrupted. Since we procure a substantial portion of our raw materials from China, any significant social, political or economic disruption or natural calamities or civil disruptions in China, or any trade or political tensions between China and India, or any changes in the policies of the state or local governments could significantly hamper our manufacturing and thereby supply of products to our customers and largely hamper our business.

Any such reductions or interruptions in the supply of raw materials, abrupt increase in the prices of raw materials, inability on our part to find alternate sources for procuring such raw materials or disruption/termination in arrangements with our transport agencies may have an adverse effect on our ability to manufacture or deliver our products in a timely or cost-effective manner and we may be in breach of our contractual obligations. The occurrence of any such event may adversely affect our margins, business, results of operations and financial condition.

9. ***Timely and successful implementation of our contracts/purchase orders is critical to our business. Delay or failure in delivery of our products may adversely affect our business, financial condition, cash flows and results of operations.***

Contracts/purchase orders with our customers and others require us to supply our products in compliance with specific delivery schedules. Our failure to adhere to contractually agreed timelines may result in delayed payment to us for our products, imposition of penalties, indemnification by us for the loss suffered by our customers arising out of defects in the products supplied by us or delay in shipments, claims may be brought against us for losses suffered as a result of our non-performance, our customers may cancel individual orders under such contracts or terminate our contracts/purchase orders and our reputation may be damaged. Failure on our part to deliver our products on a timely basis or at all, for any reason, could result in one or more of the above listed consequences, which in turn may adversely affect our business, financial condition, cash flows and results of operations. Should we fail to meet specified supply levels, our business, financial condition, cash flows and results of operations may be adversely affected.

10. ***In the past, our Company was subjected to a CIRP proceeding, which had an impact on our operations and cash flow.***

In the year 2017, our Company went through a CIRP proceeding, and in the year 2019, the Resolution Plan of our current Promoter was accepted and on March 31, 2020, a new Board of Directors was constituted. During this time-period, functioning as well as cash flow of the Company were highly impacted and were under the control of the RP. Further, during this period, our Company did not have access to working capital and therefore its ability to do business was severely compromised and investments into future products, improvement and growth was also curtailed. The current Promoter and management have taken a number of actions to improve the business and operations of the Company, including availing certain credit facilities and have been able to achieve profit worth ₹ 461.40 million in Fiscal 2023. However, the Company did incur losses of ₹ 5.28 million and ₹ 1,158.65 million, in Fiscals 2022 and 2021, respectively. There is no assurance that the current Promoter and the management will be able to successfully implement its business strategies and maintain the business of the Company as profitable.

11. ***Our business subjects us to risks in multiple countries that could materially adversely affect our business, cash flows, results of operations and prospects. We also face foreign exchange risks that could adversely affect our results of operations and cash flows.***

A significant portion of our total revenues is denominated in currencies other than Indian Rupees. For Fiscal 2023, Fiscal 2022 and Fiscal 2021, exports to regions outside India accounted for 82.85%, 87.55% and 90.05% of our total revenue from operations, respectively. As on March 31, 2023, we exported our products to over 40 countries. As a result of our international operations, we are subject to risks inherent to establishing and conducting operations on an international scale, including:

- compliance with a wide range of regulatory requirements and foreign laws;
- ability to obtain the necessary approvals from Indian authorities and other foreign regulatory authorities, as applicable, for the products which we intend to sell;
- potential difficulties with respect to protection of our intellectual property rights in some countries which may result in infringement by others of our intellectual property rights;
- social, economic, political, geopolitical conditions and adverse weather conditions, such as natural disasters, civil disturbance, terrorist attacks, war or other military action;
- outbreaks of diseases, such as COVID-19, resulting in a widespread health crisis; and
- fluctuation in the exchange rate.

The growth in size or scope of our business, expansion of our footprint in existing regions in which we operate and entry into new markets will also expose us to regulatory regimes with which we have no prior direct experience and expansion into new product areas could lead to our becoming subject to additional or different laws and regulations. If any of these risks materialise, it could have a material adverse effect on our business, cash flows, results of operations and prospects.

Further, although we closely follow our exposure to foreign currencies and selectively enter into hedging transactions in an attempt to reduce the risks of currency fluctuations and there is automatic hedging of our forex risk to some extent owing to the import of raw materials by the Company these activities are not always sufficient to protect us against incurring potential losses if currencies fluctuate significantly. In addition, the policies of RBI may also change from time to time, which may limit our ability to effectively hedge our foreign currency exposures and may have an adverse effect on our results of operations and cash flows.

12. Our inability to successfully utilize our installed capacity, could have an adverse effect on our business, results of operations, financial condition and cash flows.

We currently operate three manufacturing facilities and our annual installed capacity for the API Facility as per the consents received under the Air Act and Water Act is 972 MTPA. As of March 31, 2023, March 31, 2022 and March 31, 2021, our API Facility were operating at a utilized capacity of 39.40%, 39.10% and 29.80 %, respectively [*Source: Chartered Engineer certificate dated June 22, 2023*]. Our Company is also engaged in manufacturing and export of general category finished dosage formulations and anti-infective finished dosage formulations through its two formulation facilities ("**F1 Plant**" and "**F2 Plant**") spread over an area of approximately 2 acres with an annual installed capacity of 60.00 million units and 56.70 million units under Air Act and Water Act, respectively. As of March 31, 2023, March 31, 2022 and March 31, 2021, our F1 Plant was operating at a utilized capacity of 15.08%, 16.31% and 19.27%, respectively and F2 Plant was operating at an utilized capacity of 4.46%, 3.46% and 5.15% for the same periods. [*Source: Chartered Engineer certificate dated June 22, 2023*]. Further, we intend to increase our manufacturing capabilities at the API Facility and are in the process of (i) adding blocks within our existing API Facility for manufacturing downstream products of 7ACA and (ii) building an additional manufacturing facility at Jammu for manufacturing of 7ACA.

There is no assurance that we will be able to completely utilize the current idle capacity and enhanced capacity we propose to add. If our capacities are not utilized fully, we may not be able to recover our fixed expenses incurred in our business. Our inability to manage our expansion effectively and execute our growth strategy in a timely manner, or within budget estimates, or our inability to optimally utilize our additional manufacturing facility, could have an adverse effect on our business, results of operations, financial condition and cash flows.

13. We have significant working capital requirements due to the nature of business we are into. If we experience insufficient cash flows from our operations or are unable to borrow to meet our working capital requirements, due to our inability to provide collateral to obtain letters of credit from bank as required, there may be an adverse effect on our business and results of operations.

Our business requires significant working capital including in connection with our manufacturing operations and our development of new products. Further, we are required to finance a portion of the purchase orders received through our own sources and are therefore required to maintain a sufficient amount of working capital. Consequently, there could be situations where the total funds available may not be sufficient to fulfil our commitments, and hence we may need to incur additional indebtedness in the future, or utilize internal accruals to satisfy our working capital needs. We require a substantial amount of capital and will continue to incur significant expenditure in maintaining and growing our existing infrastructure.

Further, the actual amount of our future capital requirements may differ from estimates as a result of, among other factors, unforeseen delays or cost overruns, unanticipated expenses, regulatory changes, economic conditions, technological changes, additional market developments and new opportunities in the sterile API businesses.

Our sources of additional financing may include the incurrence of debt, the issue of equity or debt securities or a combination of both. If we decide to raise additional funds through the incurrence of debt, our interest and debt repayment obligations will increase, which may have a significant effect on our profitability and cash flows. We may also become subject to certain covenants, which could limit our ability to access cash flows from operations and undertake certain types of transactions. In addition, to the extent we receive credit ratings in respect of any of our future borrowings, any subsequent downgrade in those credit ratings may increase interest rates for our future borrowings, which would increase our cost of borrowings and adversely affect our ability to borrow on a competitive basis. Any issuance of equity, on the other hand, would result in a dilution of the shareholding of existing shareholders.

In many cases, a significant amount of our working capital is required to finance the purchase of raw materials and the development and manufacturing of products before payment is received from customers. Our working capital requirements may increase if the payment terms in our agreements/purchase orders include reduced advance payments or longer payment schedules. These factors may result in increases in the amount of our receivables and may result in increases in any future short-term borrowings. Continued increases in our working capital requirements may have an adverse effect on our results of operations, cash flows and financial condition.

14. Pricing pressure from customers may affect our gross margin, profitability and ability to increase our prices, which in turn may materially adversely affect our business, results of operations and financial condition.

Inability to reduce the cost at one hand and pricing pressure on the other hand may lead to an erosion of our margins, which may have a material adverse effect on our business, results of operations and financial condition. In addition, estimating amounts of such price reductions is subject to risk and uncertainties, as any price reduction is the result of negotiations and other factors. Accordingly, we must be able to reduce our operating costs in order to maintain profitability. If we are unable to offset customer price reductions in the future through improved operating efficiencies, new manufacturing processes, sourcing alternatives and other cost reduction initiatives, our business, results of operations and financial condition may be materially adversely affected. Our customers are also likely to negotiate for larger discounts in price as the volume of their orders increase. To maintain our profit margins, we may seek price reductions from our suppliers, improved production processes to increase manufacturing efficiency and streamlined product designs to reduce costs. There can be no assurance that we will be able to avoid future customer price reductions or offset the impact of any such price reductions through continued technology improvements, improved operational efficiencies, cost-effective sourcing alternatives, new manufacturing processes, cost reductions or other productivity initiatives, which may adversely affect our business, financial condition and results of operations.

15. We have been entitled to certain incentives and export promotion schemes in past and any decrease in or discontinuation of such incentives or export promotion scheme or other government schemes may adversely affect our results of operations, cash flows and financial condition.

We have in the past enjoyed benefits under the Merchandise Exports from India Scheme ("**MEIS**"), the objective of which was to compensate exporters who offset infrastructural inefficiencies and associated costs involved in export of products being produced or manufactured in India, especially those having high export intensity and employment potential, thereby enhancing India's export competitiveness. Under the MEIS, the Government of India provided duty benefits depending on the product and the country of export. However, the MEIS has been discontinued since January 1, 2021. For the Fiscals 2021, we availed export incentives under the MEIS on our exports of ₹ 82.48 million. Any newly introduced or revised policies in relation to tax duties or other such levies issued by the Directorate General of Foreign Trade or any other relevant authorities may deprive us of our existing benefits.

Further, our wholly owned Subsidiary, Orchid Bio Pharma Limited, has been approved under the PLI Scheme to manufacture 7ACA during the scheme tenure starting Fiscal 2024 till Fiscal 2029 for availing a cumulative incentive of up to ₹ 6,000 million. 7ACA is the raw material for manufacturing cephalosporin sterile for injection and will therefore enable backward integration for manufacture of sterile cephalosporin at our own manufacturing facility. In the event the PLI scheme was to be discontinued or curtailed by the Government of India, the same would have an adverse impact on our business and operations.

16. We are exposed to counterparty credit risk and any delay in receiving payments or non-receipt of payments may adversely impact our results of operations and cash flow.

Due to the nature of, and the inherent risks in, the arrangements with our customers, we are subject to counterparty credit risk. Our operations involve extending credit to our customers in respect of sale of our API products and consequently, we face the risk of uncertainty regarding the receipt of these outstanding amounts. We typically have average range of credit terms of 60 to 120 days with our domestic customers, and 25 to 90 days with our overseas customers. As of March 31, 2023, March 31, 2022 and March 31, 2021, our trade receivables (net of provisions) were ₹ 2,151.94 million, ₹ 1,705.68 million and ₹ 1,356.98 million, respectively, of which 2.73%, 7.59 % and 4.67%, respectively, were pending beyond 180 days. While we do assess the credit worthiness of our customers before extending credit, there is no assurance that our assessment will be accurate at all times. Further, macroeconomic conditions which are beyond our control, such as a potential credit crisis in the global financial system, could also result in financial difficulties for our customers, including limited access to the credit markets, insolvency or bankruptcy. Such conditions could cause our customers to delay payment, request modifications of their payment terms, or default on their payment obligations to us, all of which could increase our receivables. Timely collection of dues from customers also depends on our ability to complete our contractual commitments and subsequently bill for and collect from our clients. A significant delay in receiving large payments or non-receipt of large payments from our customers may adversely impact our results of operations. If we are unable to meet our contractual obligations, we may experience delays in the collection of, or be unable to collect, our customer balances, which could adversely affect our results of operations and cash flows.

17. Our Statutory Auditors have included certain qualifications and matters of emphasis in their audit report on financial statements for the Fiscal 2023, Fiscal 2022 and Fiscal 2021.

Set forth below are the reservations/ qualifications/ adverse remarks highlighted by our statutory auditors, for respective period, in their auditor’s reports as of and for the years ended March 31, 2021, 2022 and 2023:

<u>Fiscal 2023 Consolidated Financials</u>:

“*The Consolidated Financial Statements for the year ended March 31, 2023 include the financial statements for the year ended March 31, 2023, of the following subsidiary companies:*

(i) Orchid Europe Limited, UK (Upto 27th September 2022)
(ii) Orchid Pharmaceuticals Inc., USA
(iii) Bexel Pharmaceuticals Inc., USA
(iv) Orchid Pharmaceuticals SA (Proprietary) Limited, South Africa
(v) Diakron Pharmaceuticals, Inc. USA
(vi) Orchid Bio-Pharma Limited

The consolidated financial statements also include the results of M/s Orbion Pharmaceuticals Private Limited, an associate company accounted under equity method.

We did not audit the financial statements of the above subsidiaries and Associate whose financial statements reflect total Assets of Rs.2253.16 Lakhs and net Assets of Rs.(-) 4331.36 Lakhs as at March 31, 2023, total revenue from operations of Rs. Nil and Rs.Nil, total comprehensive income after tax of Rs.(-) 571.70 Lakhs and Rs.(-) 571.70 Lakhs for the quarter and year ended March 31, 2023 respectively and net cash flows amounting to Rs.43.30 Lakhs for the year ended on that date as considered in the *consolidated financial statements. We also did not audit the Group's share of net Profit / loss (after tax) of Rs.(-) 1.60 Lakhs and Rs.(-) 215.35 Lakhs of the associate for the quarter and year ended March 31, 2023 respectively, as considered in the consolidated financial statements.*

The financial statements of the subsidiaries and associate are unaudited and have been furnished to us by the management and our opinion on the Consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiaries and associate, is based solely on such unaudited financial statements. Accordingly, we do not express any opinion on the completeness and true and fair view of the financial statements, including adjustments, if any, required on the carrying amount of assets and liabilities of the above subsidiaries and associate and foreign currency translation reserve as at March 31,2023 included in the consolidated financial statements. This has also been qualified in the Limited Review reports of the earlier quarters and audit reports of the earlier years, audited by the predecessor auditor."

<u>Fiscal 2022 Consolidated Financials</u>:

"*The Consolidated Financial Statements for the year ended March 31, 2022 include the financial statements for the year ended March 31, 2022, of the following subsidiary companies:*

(i) Orchid Europe Limited, UK
(ii) Orchid Pharmaceuticals Inc., USA
(iii) Bexel Pharmaceuticals Inc., USA
(iv) Orchid Pharmaceuticals SA (Proprietary) Limited, South Africa
(v) Diakron Pharmaceuticals, Inc. USA

The consolidated financial results also include the results of M/s Orbion Pharmaceuticals Private Limited, an associate company accounted under equity method.

We did not audit the financial statements of the above subsidiaries and associate that reflect total assets of Rs. 2.229.87 lakhs and net assets of (-) Rs.6,955.67 lakhs as at March 31, 2022, total revenue of Rs. 992.64 lakhs, total comprehensive Income (comprising of loss and other comprehensive income) of (-) Rs. 766.64 lakhs and net cash flows amounting to Rs. 291.29 lakhs for the year ended on that date, as considered in the consolidated financial statements.

The financial statements of the subsidiaries and associate are unaudited and have been furnished to us by the management and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiaries and associate, is based solely on such unaudited financial statements. Accordingly, we do not express any opinion on the completeness and true and fair view of the financial statements, including adjustments, if any, required on the carrying amount of assets and liabilities of the above subsidiaries and associate and foreign currency translation reserve as at March 31, 2022 included in the Consolidated Financial Statements. This has also been qualified in our limited review reports of the earlier quarters and audit reports of earlier years."

<u>Fiscal 2021 Consolidated Financials</u>:

"*(a) Due to the extension of complete/ partial lockdown across India to contain the spread of the Covid'19 virus, the company could not complete the physical verification of fixed assets and its related reconciliation with the books of account. Accordingly, we are unable to comment on the possible impact, if any, arising out of the above matters. This is was qualified in our earlier year audit report also;*

The Consolidated Financial Statements for the year ended March 31, 2021 include the financial statements for the year ended March 31, 2021, of the following subsidiary companies:

(i) Orchid Europe Limited, UK
(ii) Orchid Pharmaceuticals Inc., USA
(iii) Bexel Pharmaceuticals Inc., USA
(iv) Orchid Pharmaceuticals SA (Proprietary) Limited, South Africa

We did not audit the financial statements of the above subsidiaries that reflect total assets of Rs. 2,211.11 lakhs and net assets of (-) Rs.6,402.23 lakhs as at March 31, 2021, total revenue of Rs. 848.69 lakhs, *total comprehensive loss (comprising of loss and other comprehensive income) of (-) Rs.580.31 lakhs and net cash flows amounting to Rs.77.70 lakhs for the year ended on that date, as considered in the consolidated financial statements.*

The financial statements of the subsidiaries are unaudited and have been furnished to us by the management and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiaries, is based solely on such unaudited financial statements. Accordingly, we do not express any opinion on the completeness and true and fair view of the financial statements, including adjustments, if any, required on the carrying amount of assets and liabilities of the above subsidiaries and the balance in foreign currency translation reserve as at March 31, 2021 included in the Consolidated Financial Statements. This has also been qualified in our limited review reports of the earlier quarters and audit reports of earlier years.

Further, set forth below are the matters of emphasis highlighted by our statutory auditors, for the respective period, in their auditor's reports as of and for the years ended March 31, 2021, 2022 and 2023-

Fiscal 2023 Consolidated Financials:

"*Attention was drawn to: Certain lands taken on lease by the Company for its operations in respect of which the lease agreement expired before the date of commencement of the Corporate Insolvency Resolution Process. As part of the right to review the existing agreements, the Company has made a detailed assessment of the market rent for the property and the market value of the property for outright purchase. Since the present rent as per erstwhile lease agreements is significantly high considering the market value of the property itself, the Company is in talks with the lessor for renewal of the lease with lower rent or for outright purchase of the property as part of the implementation of the resolution plan. However, no finality is reached on this matter as of date."*

Fiscal 2022 Consolidated Financials:

"*Attention was drawn to: The Company has taken certain lands on lease for its operations in respect of which the lease agreement expired before the date of commencement of the Corporate Insolvency Resolution Process. As part of the right to review the existing agreements, the Company has made a detailed assessment of the market rent for the property and the market value of the property for outright purchase. Since the present rent as per erstwhile lease agreements is significantly high considering the market value of the property itself, the Company is in talks with the lessor for renewal of the lease with lower rent or for outright purchase of the property as part of the implementation of the resolution plan. However, no finality is reached on this matter as of date; and Note 4 which describes the uncertainties and the impact of Covid-19 pandemic on the Company's operations and results as assessed by the management."*

Fiscal 2021 Consolidated Financials:

"*Without qualifying opinion, attention was drawn to: Note 40 to the Consolidated financial statement which describes that the Group has taken certain lands on lease for its operations in respect of which the lease agreement expired before the date of commencement of the Corporate Insolvency Resolution Process. As part of the right to review the existing agreements, the Group has made a detailed assessment of the market rent for the property and the market value of the property for outright purchase. Since the present rent as per erstwhile lease agreements is significantly high considering the market value of the property itself, the Group is in talks with the lessor for renewal of the lease with lower rent or for outright purchase of the property as part of the implementation of the resolution plan. However, no finality is reached on this matter as of date.*

Pending completion of the negotiation and the uncertainties involved, the Group disputed the portion of the lease rent, considered to be excessive than the market rate as assessed by an independent valuer, amounting to Rs.1,025.67 Lakhs for the year ended March 31, 2021 in respect of the aforesaid lease. The same has been treated as contingent liabilities in the consolidated financial statements of the Group.

Based on legal opinion obtained, the management is of the opinion that no liability will arise on completion of the negotiation; and "Estimation of uncertainties relating to the global health pandemic from COVID-19" section of Note 2 to the consolidated financial statements which describes the *uncertainties and the impact of Covid-19 pandemic on the Group's operations and results as assessed by the management*."

For further details, please see "*Management's Discussion and Analysis of Financial Position and Results of Operations*" and "*Financial Information*" on page 99 and 98, respectively. There can be no assurance that any similar remarks or matters of emphasis will not form part of our financial statements for the future fiscal periods, which could subject us to additional liabilities due to which our financial condition may be adversely affected. Investors are advised to consider the matters when evaluating the financial position, cash flow, and results of operation of the Company.

***18. Conflicts of interest may arise out of the relevant business undertaken by our Company and our Promoters. If we are unable to obtain requisite approval for the Merger, our business, results of operations, financial condition could be adversely affected*.**

Both our Company and our Promoter undertake pharmaceutical businesses and there is an overlap of the markets in which they sell their products. Further, key products manufactured by both the Company and the Promoter are cephalosporin API. Since the Company and the Promoter are engaged in similar business, in 2021, a merger between Dhanuka Laboratories Limited and our Company was announced, through a scheme of amalgamation and arrangement. The merger was denied by the NCLT and while we appealed against the NCLT order, the said appeal was withdrawn by our Company. We may refile for the merger in future, as appropriate, subject to necessary approvals. For more details, please see section titled '*Organisational Structure – Proposed Scheme of Amalgamation'* on page *176*. We cannot assure you that we will be able to file for the merger in the future or when filed, we will receive the merger approval in a timely manner or at all. In the event we are unable to complete the merger process, we will be unable to achieve the benefits expected from the merger and conflict of interest between the Promoter and our Company may continue which have material adverse effect on our business, cash flows, results of operations and financial condition.

19. The COVID-19 pandemic, or any future pandemic or widespread public health emergency, could materially and adversely impact our business, financial condition, cash flows and results of operations.

From March 20, 2020 till April 20, 2020, the operations at our Company were closed due to COVID-19 impact. The COVID-19 pandemic has had, and any future pandemic or widespread public health emergency could have, repercussions across regional and global economies and financial markets. The outbreak of COVID-19 in many countries, including India, has significantly and adversely impacted economic activity and has contributed to significant volatility and negative pressure in financial markets, and it is possible that the outbreak of COVID-19 will cause a prolonged global economic crisis, recession or depression, despite monetary and fiscal interventions by governments and central banks globally.

There can be no assurance that there will not be any material impact on our operations if any further outbreak of COVID-19 is not effectively controlled. Although we were declared an essential business and were able to adjust our business to continue operating during the lockdown, there can be no assurance that further restrictions will not be introduced on our operations in case of any further outbreak of COVID-19. We may be required to quarantine employees that are suspected of being infected of COVID-19, as well as others that have come into contact with those employees, or we may be required to shut down our manufacturing facilities as a health measure, which could have an adverse effect on our business operations or result in a delay in the production and supply of products to our customers in a timely manner. If any of our suppliers are affected by COVID-19 to the extent our supply chain is disrupted, this may affect our ability to meet the demand of our customers.

The full extent to which the COVID-19 pandemic, or any future pandemic or widespread public health emergency impacts our business, operations and financial results will depend on numerous evolving factors that we may not be able to accurately predict, including the scope, severity, and duration of the pandemic, the various variants of the virus; actions taken by governments, business and individuals in response to the pandemic; the effect on customer demand for and ability to pay for our products; the impact on our capital expenditure and drug development projects; disruptions or restrictions on our employees' and suppliers' ability to work and travel; volatility in foreign exchange rates; any extended period of remote work arrangements; and strain on our or our customers' business continuity plans, and resultant operational risk.

The COVID-19 pandemic, or any future pandemic or widespread public health emergency could therefore materially and adversely impact our business, financial condition, cash flows and results of operations.

20. We are in non-compliance with mandatory reporting requirements under the Foreign Exchange Management (Overseas Investment) Regulations, 2022. As a result, we are subject to late-submission fee. We cannot assure you that we will comply with the reporting requirements within stipulated timelines and that any regulatory proceedings or actions will not be initiated against us in the future

In 2022, RBI via a notification dated August 22, 2022 published the FEMA Overseas Investment Regulation, laying down certain reporting requirements for Indian Investors. According to Regulation 10(4) of the FEMA Overseas Investment Regulation, Indian investors who acquire ODI in a foreign entity, must submit an annual performance report ("**APR**") for each foreign entity every year by quarter ended December 31. If the accounting year of such a foreign entity ends on quarter ended December 31, the APR must be submitted by December 31 of the following year.

We have five subsidiaries outside of India and are required to submit an APR for each of these subsidiaries every year. As on the date of this Preliminary Placement Document, we are in non-compliance with the reporting requirements for Fiscals 2022 and 2021. Thus, under the FEMA Overseas Investment Regulation, we are now required to submit these APRs with a late submission fee. We cannot assure that we will be able to submit the APRs with the late submission fee within the stipulated timelines. Further, we cannot assure that any regulatory proceedings or actions will not be initiated against us in the future. Any such regulatory proceedings or actions may result in adverse fines or penalties, which in turn will impact our reputation, financial condition, and operational results.

21. Financial statement of some of our Subsidiaries and Associate are unaudited.

Financial statements of our Subsidiaries, namely a.) Orchid Europe Limited, UK (Up to September 27, 2022); b.) Orchid Pharmaceuticals Inc., USA; c.) Bexel Pharmaceuticals Inc., USA; d.) Orchid Pharmaceuticals SA (Proprietary) Limited, South Africa; e.) Diakron Pharmaceuticals, Inc. USA; and f.) Orchid Bio-Pharma Limited (only for Fiscal 2023) and our Associate, M/s Orbion Pharmaceuticals Private Limited (only for Fiscal 2023 and 2022), have not been audited. The Consolidated Financial Statements for the year ended March 31, 2023, March 31, 2022 and March 31, 2021 include the unaudited financial statements of these Subsidiaries and Associate. In the Consolidated Financial Statements, the Statutory Auditor have included a qualification stating that "*The financial statements of the subsidiaries and associate are unaudited and have been furnished to them by the management and their opinion on the Consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiaries and associate, is based solely on such unaudited financial statements. Accordingly, they do not express any opinion on the completeness and true and fair view of the financial statements, including adjustments, if any, required on the carrying amount of assets and liabilities of the above subsidiaries and associate and foreign currency translation reserve as at March 31,2023 included in the consolidated financial statements*". For further information, please see risk factor "*Our Statutory Auditors have included certain qualifications and matters of emphasis in their audit report on financial statements for the Fiscal 2023, Fiscal 2022 and Fiscal 2021*."

22. Our inability to accurately forecast demand for our products and manage our inventory may have an adverse effect on our business, results of operations, financial condition and cash flows.

Our business depends on our estimate of the long-term demand for our APIs from our customers. Accurate assessment of market demand requires significant investment in our sales and marketing network and training of marketing personnel. We endeavour to maintain a reasonable level of inventory of raw materials, work-in-progress and finished goods. As of March 31, 2023, our total inventory amounted to ₹ 2,287.38 million. However, there is no guarantee that our estimate of market demand in India or foreign countries in which we sell our products will be accurate. In the event we overestimate the demand for our products, we may have expended resources in manufacturing excess products. Our products have an expiry period, and in the event of excess production, we might have to bear the cost of expiry and destruction of these goods. In the event that we underestimate the market demand or fail to order a sufficient volume of supplies and input materials from our third-party suppliers, we may be unable to meet customer orders and lose out on sales opportunities that our competitors may capitalise on. Failure to meet customer orders may also occur because of existing manufacturing facilities and other equipment not having sufficient capacity or us having an inaccurate level of inventory holding. Accordingly, any incorrect assessment of the demand for our products may adversely affect our business, financial condition, cash flows and results of operations.

Further, based on the products we manufacture, or the markets we serve, the purchase orders that our customers place with us differ from quarter to quarter, which has caused our revenues, margins, profits, results of operations and cash flows to fluctuate in the past, including for one or more recent quarters, and we expect this trend to continue in the future. Our inability to accurately forecast demand for our products and manage our inventory may have an adverse effect on our business, results of operations, cash flows and financial condition.

23. Our success depends on our ability to develop and commercialize new product, identify industry trends and customer preferences in a timely manner. If our R&D efforts do not succeed, the introduction of new products may be hindered, which could adversely affect our business, growth and financial condition.

Our success depends significantly on our ability to successfully commercialize our products under research and development in a timely manner. The development and commercialization process are both time consuming and costly, and involves a high degree of business risk. During these periods, our competitors may be developing similar products of which we are unaware of that could compete directly or indirectly with our products under development. Such unforeseen competition may hinder our ability to effectively plan the timing of our product development, which could have an adverse impact on our financial condition, cash flows and results of operations Our products proposed to be developed or currently under development, if and when fully developed and tested, may not perform as we expect, or necessary regulatory approvals, registrations or licences may not be obtained in a timely manner, or at all, and we may not be able to successfully and profitably produce and market such products. Even if we are successful in developing a new product, such product may become subject to litigation by other parties claiming that our product infringes on their patents or may be seized in transit by regulatory authorities for alleged infringement of third-party intellectual property rights or may be otherwise unsuccessful in the marketplace due to the introduction of superior products by our competitors. Moreover, it may take an extended period of time for our new products to gain market acceptance, if at all.

24. We rely extensively on our operational support systems, including quality assurance systems, quality control systems, products processing systems and information technology systems, the failure of which could adversely affect our business, financial condition, cash flows and results of operations.

We depend extensively on the capacity and reliability of the quality assurance, quality control, product development and information technology systems supporting our operations. Our systems are subject to damage or incapacitation by natural disasters, human error, power loss, sabotage, computer viruses, hacking, acts of terrorism and similar events or the loss of support services from third parties. Any failure or disruption in the operation of these systems or the loss of data due to such failure or disruption may affect our ability to plan, track, record and analyse work in progress and sales, process financial information, manage product lifecycle, payables and inventory or otherwise conduct our normal business operations, which may increase our costs and materially adversely affect our business, cash flows and results of operations. There can be no assurance that we will not encounter disruptions in the future. Any disruption in the use of, or damage to, our systems may adversely affect our business, financial condition, cash flows and results of operations.

25. Our ability to adopt new technology to respond to new and enhanced products poses a challenge in our business. The cost of implementing new technologies for our operations could be significant and could adversely affect our business, results of operations, cash flows and financial condition.

The industry in which we operate is subject to significant technological changes and novel chemical processes, with constant introduction of new and enhanced products. While we strive to keep our technology, facilities and machinery current with the market standards, the technologies, facilities and machinery we currently deploy may become less competitive or even obsolete due to advancement in technology or changes in market demand, which may require substantial new capital expenditure. The cost of implementing new technologies and upgrading our manufacturing facilities could be significant. If our competitors introduce superior technology and we cannot make enhancements to ours to remain competitive, either because we do not have the resources to continually improve our technology by investing in R&D or for any other reason, our competitive position, and in turn our business, financial condition and results of operations could be adversely affected.

26. We intend to utilise a portion of the Net Proceeds for funding our capital expenditure requirements. However, we are yet to place order for the plant and machinery, procure land and approvals and licenses, as required for these objects. There can be no assurance that we shall be able to successfully deploy such portion of the Net Proceeds as per our estimates, in a timely manner or at all, which may adversely affect our business, financial condition, results of operations and future prospects.

We intend to utilise a portion of the Net Proceeds for i) investment in OBPL for setting up Jammu Manufacturing Facility and ii) funding capital expenditure requirements for setting up a new block at the API Facility of the Company at Alathur, Tamil Nadu. We have estimated the total cost of such capital expenditure to be ₹ 8,498.24 million that is proposed to be funded partially from the Net Proceeds. We are yet to place orders for the total capital expenditure. We have not entered into any definitive agreements to utilize the Net Proceeds and have made the estimate of the cost basis the Chartered Engineer certificate obtained from Sushil Kumar Agrawal, Chartered Engineer, dated June 22, 2023. We may be subjected to project cost overrun and time overrun.

The cost of the machineries is based on the quotations received from suppliers and such quotations are subject to change due to various factors such as, change in supplier of equipment, change in the government regulations and policies, change in management's view of desirability of the current plans, possible cost overruns, etc. Since, we have not yet placed orders for some of the machineries for the proposed expansion, we cannot assure that we shall be able to procure the same in a timely manner and at the same price at which the quotations have been received. As a result, our business, financial condition, results of operations and prospects could be materially and adversely affected. Further, we have entered into an agreement with a consultant/agent to help us procure land in Jammu. However, we have not yet entered into any agreement with the sellers of the land. We have also written to the Directorate of Industries and Commerce, Jammu & Kashmir seeking allocation of land in connection with Jammu Manufacturing Facility on May 10, 2023 and we are yet to receive any communication from the directorate. There is no assurance that we will be able to procure the land in a timely manner, at terms and conditions beneficial to us or at all. Any delay in procurement of land at Jammu will have an adverse impact on the business and operations of the Company.

We are required to obtain a number of statutory and regulatory permits, licenses and approvals under central, state and local government rules in India for setting up Jammu Manufacturing Facility. Also, many international regulatory authorities must approve the Jammu Manufacturing Facility before we can sell our products, irrespective of whether these products are approved in India. Under Indian law, for setting up the Jammu Manufacturing Facility, we will be required to obtain and maintain these licenses, permits and approvals, including consents to establish and consent to operate under environmental laws from J&K Pollution Control Board, factory license, fire NOC, petroleum license, approval for boiler, EIA approvals, permission from District Commissioner of Sambha, J&K to procure land and PAN & GST numbers and any such other approvals from appropriate statutory and regulatory authorities. We cannot assure that such consents, licenses, permits and/or approvals will be issued or granted to us in a timely manner, or at all. In addition, government approvals and licenses are subject to numerous conditions, of which some may be onerous and may require us to undertake substantial compliance-related expenditure which may or may not be possible to do. If we do not receive such approvals or in a timely manner, we will not be able to operate the Jammu Manufacturing Facility, which will in turn adversely affect our business financial condition, results of operations and prospects.

Further, we may not be able to meet the scheduled date of commercial production as approved under the PLI Scheme. Our wholly owned Subsidiary, Orchid Bio Pharma Limited has furnished a bank guarantee of ₹ 40 million to the Industrial Finance Corporation of India in order to avail the incentives under the PLI Scheme. If we fail to commence the actual commercial production within one year of the original scheduled date of commercial production, being October 1, 2023, the bank guarantee may be invoked and we might lose out on the desired incentives under the PLI Scheme.

Further, the enhancement of existing capacities and the opening of new manufacturing facility are subject to certain risks that could result in delays or cost overruns, which could require us to expend additional capital and, as a result, adversely affect our business and operating results. These risks include:

- delays in the delivery, installation, commissioning and qualification of our manufacturing equipment;

- delays or failure in securing the necessary governmental and other regulatory approvals;
- design or construction changes with respect to building spaces or equipment layout;
- insufficient demand for our products resulting in under-utilization of our expanded capacities; and
- technological capacity and other changes to our plans necessitated by changes in market conditions.

Our inability to manage our expansion effectively and execute our growth strategy in a timely manner, or within budget estimates, or our inability to optimally utilize our additional manufacturing facility, could have an adverse effect on our business, results of operations, financial condition and cash flows.

27. We currently have no firm tie ups to fund the balance amount for our objects in relation to the Jammu Manufacturing Facility.

The total fund requirement towards the proposed Jammu Manufacturing Facility is ₹ 7,500 million. We propose to fund these activities only partially from the Net Proceed and propose to fund the balance amount in the form of debt and other sources. However, currently there are no firm tie ups for the balance amount. For further details, please see "*Use of Proceeds*" on page 80. With respect to the amounts proposed to be raised in the future for the above object, it is possible that in the future due to factors outside of our control, our ability to raise such funds through debt and other sources may be hampered. For e.g., we may become subject to certain covenants, which could limit our ability to undertake certain types of transactions including availing additional loans. In the event we are not able to raise the balance amount in a timely manner on terms and conditions favorable to us or at all, out projects may be delayed and adversely impacted.

28. A substantial portion of our Company's revenue is derived from sale of products in Asia making us dependent on the general economic conditions and activities in the continent of Asia.

In the last three Fiscals, the Company has exported its products to over five continents and catered to over 400 customers. However, our majority revenue contribution lies in the continent of Asia. For Fiscal 2023, 2022 and 2021 our revenue from Asia (including India) accounted for 57.42%, 55.08% and 44.76% of our total revenue, respectively. Our concentration in the continent of Asia exposes us to any adverse geological, ecological, economic, social, political circumstances and/or natural disasters, epidemics or pandemics, such as COVID-19 in this region. While we have a presence in other continents as well and we continue to expand our operations, if there is a sustained downturn in the economy or a change in consumer preferences in the Asian region, our business, results of operations and financial condition may be materially and adversely affected

29. Our business success depends on the strength of our reputation. Any failure to maintain and enhance, or any damage to, our reputation could materially and adversely affect the level of market recognition of, and trust in, our products.

We believe we have a reputation for high quality and reliability. If there is any damage to our reputation, the demand for our products may be materially and adversely affected. Many factors that are important in maintaining and enhancing our reputation are not entirely within our control, and such factors may materially and adversely affect our reputation. Furthermore, any negative publicity in relation to our products may damage our reputation.

30. Reforms in the healthcare industry and the uncertainty associated with pharmaceutical pricing and reimbursement could adversely affect the pricing and demand for our products.

Antibiotics are life-saving drugs and hence price protected by different governments through ceiling mechanisms. Moreover, there is continuous downward pricing pressure from insurers and patients alike, which gets transferred from formulation companies to API suppliers, thus compressing the profit margins [*Source: F&S Report*]. Our success depends, in part, on the extent to which government and health administration authorities, private health insurers and other third-party purchasers pay for drugs that contain our products. Increasing expenditures for healthcare have been the subject of considerable public attention in almost every jurisdiction where we conduct business. Many countries in which we currently operate, including India, pharmaceutical prices are subject to extensive regulation. Both private and governmental entities are seeking ways to reduce or contain healthcare costs by limiting both coverage and the level of reimbursement for new products. Any restriction on the ability of our customers to freely set prices for their drugs that contain our products, may in turn adversely affect our ability to freely price our products and consequently reduce our profits.

31. Non-compliance with and changes in, safety, health, environmental and labor laws and other applicable regulations, may adversely affect our business, results of operations, financial condition and cash flows.

We are subject to laws and government regulations, including in relation to safety, health, environmental protection and labor. These laws and regulations impose controls on air, water, effluent discharge, storage handling, employee exposure to hazardous substances and other aspects of our manufacturing operations. Further, our products, along with the process of manufacture, storage and distribution of such products, are subject to numerous laws and regulations in relation to quality, safety and health. We handle and use hazardous materials in our R&D and manufacturing activities and the improper handling or storage of these materials could result in accidents, injure our personnel, property and damage the environment. We try to prevent such hazards by training our personnel, conducting industrial hygiene assessments and employing other safety measures. However, we cannot assure that we will not experience any accidents in the future. Any accident or incident at our facilities may result in personal injury or loss of life, substantial damage to or destruction of property and equipment resulting in the suspension of operations. In particular, the environmental approvals obtained for our manufacturing facilities prescribe certain conditions, including limits on a facilities' aggregate production output, the output of specific products and effluent discharge amounts. Any failure to comply with such conditions could result in revocation of the licenses and lead to shut down of our facilities.

The discharge of materials that are chemical in nature or of other hazardous substances into the air, soil or water beyond these limits may cause us to be liable to regulatory bodies or third parties. Any of the foregoing could subject us to litigation, which could lower our profits in the event we were found liable, and could also adversely affect our reputation and consequently, operations and profitability. Additionally, the government or the relevant regulatory bodies may require us to shut down our manufacturing plants, which in turn could lead to product shortages that delay or prevent us from fulfilling our obligations to customers.

We are also subject to the laws and regulations governing employees, including in relation to minimum wage and maximum working hours, overtime, working conditions, hiring and termination of employees, contract labor and work permits. We have incurred and expect to continue incurring costs for compliance with such laws and regulations. We have also made and expect to continue making capital expenditures on an on-going basis to comply with all applicable environmental, health and safety and labor laws and regulations. These laws and regulations have, however, become increasingly stringent and it is possible that they will become significantly more stringent in the future. We cannot assure that we will not be found to be in non-compliance with, or remain in compliance with all applicable environmental, health and safety and labor laws and regulations or the terms and conditions of any consents or permits in the future or that such compliance will not result in a curtailment of production or a material increase in the costs of production. We do not carry any insurance to cover environmental losses and liabilities in India.

32. If we are unable to protect our intellectual property and proprietary information, or if we infringe third party intellectual property rights, we may be subjected to legal action and our business operations and reputation may be adversely affected.

As of the date of this Preliminary Placement Document, we had filed for over 21 patents, 17 of which have been granted and 4 are pending at various stages. Further, as of the date of this Preliminary Placement Document, we held 11 registered trademarks. See "*Our Business – Intellectual Property*" on page 172.

The protection of our intellectual property rights may require substantial allocation of our financial, managerial, and operational resources. We operate in an industry that significantly relies on protections under intellectual property laws, safeguarding of confidential information, and strict adherence to contractual restrictions. Despite our efforts to protect and enforce our proprietary rights, unauthorised parties may in the future use our trademarks or similar trademarks, or obtain and use information that we consider as proprietary. In addition, unauthorized parties may also attempt, or successfully endeavour, to obtain our intellectual property and confidential information. Any of our current or future trademarks or other intellectual property rights may be challenged by third parties or invalidated through administrative process or litigation and we may not be able to prosecute or otherwise obtain all necessary or desirable applications at a reasonable cost or in a timely manner. Additionally, the legal standards relating to the validity, enforceability and scope of protection of trademark and other intellectual property rights are applied on a case-by-case basis and it is generally difficult to predict the results of any litigation relating to such matters

Our competitors may adopt service names similar to ours. In addition, there could be potential trade name or trademark ownership or infringement claims brought by owners of other rights, including registered trademarks, in our marks or marks similar to ours. Any such claims could damage our reputation and substantially harm our business and results of operations.

Due to varying requirements from different regulatory bodies across the world, we may be unable to obtain intellectual property protection in those jurisdictions for certain aspects of our products or technologies. Moreover, our existing patents may expire, and we cannot assure you that we will renew, or will be able to renew, them after expiry. Our inability to patent new processes and protect our proprietary information could adversely affect our business.

Due to our marketing and distribution activities in many parts of the world, we may manufacture or sell products that infringe intellectual property rights of others that could subject us to potentially high value claims for infringement. If our products were found to be infringing on the intellectual property rights of a third-party, we could be required to cease selling the infringing products, causing us to lose future sales revenue from such products and face substantial liabilities for patent infringement, in the form of either payment for the innovator's lost profits on our sales of the infringing product. Any litigation, regardless of the merits or eventual outcome, would be costly and time consuming and we could incur significant costs and/or a significant reduction in revenue in defending the action and may also result into delays in manufacturing, marketing or selling any of our products subject to such claims. Our insurance cover may also fail to sufficiently cover such claims. Further, we could be subject to laws and procedures of other countries of which we may not have any familiarity and may be subject to protracted litigations. While it is not possible to predict the outcome of litigation, we believe that any adverse result of such litigation could include an injunction, preventing us from selling our products or payment of significant damages, which would affect our ability to sell current or future products or prohibit us from enforcing our patent and proprietary rights against others. The occurrence of any of these events could subject us to legal action and adversely affect our business, reputation, cash flows and results of operations.

33. We are dependent on a number of key personnel, including our senior management, and the loss of, or our inability to attract or retain, such persons could adversely affect our business, results of operations, financial condition and cash flows.

Our performance depends largely on the efforts and abilities of our senior management and other key personnel. We believe that the inputs and experience of our senior management and key managerial personnel are valuable for the growth and development of business and operations and the strategic directions taken by our Company. We cannot assure that we will be able to retain these employees or find adequate replacements in a timely manner, or at all. Among our total employee base, we had attrition of 20.1%, 17.6% and 18.9% in Fiscals 2023, 2022 and 2021, respectively. We may require a long period of time to hire and train replacement personnel when qualified personnel terminate their employment with our Company. We may also be required to increase our levels of employee compensation more rapidly than in the past to remain competitive in attracting employees that our business requires. The loss of the services of such persons may have an adverse effect on our business, our results of operations and our cash flows.

The continued operations and growth of our business is dependent upon our ability to attract and retain personnel, who have the necessary and required experience and expertise. Competition for qualified personnel with relevant industry expertise in India is intense. A loss of the services of our key personnel may adversely affect our business, results of operations, cash flows and financial condition.

Further, as of March 31, 2023, we employed a total of 940 permanent employees. As on the date of the Preliminary Placement Document, 117 of our employees are associated with Orchid Chemicals & Pharmaceuticals employees union (affiliated to Centre of Indian Trade Unions). We may enter into agreements with unions or works councils that impose specific obligations, constraints, or conditions on certain individuals, workplaces, departments, or product lines. Increasing unionisation may raise our labour costs. Even though labour costs form a small percentage of our expenses, if there is any major increase in our labour costs it could potentially hurt our business, cash flow, operations, and finances. Our collective bargaining agreements are renegotiable with the unions, and employees may argue for measures that increase our employment expenses.

Such agreements or arrangements could limit our capacity to modify headcounts, pay, or corporate structure in response to economic conditions. Reduced flexibility could hurt our business, cash flow, operations, and finances. Accordingly, it may be difficult for us to maintain flexible labour policies, and we may face the threat of labour unrest, work stoppages, and the diversion of our management's attention due to union intervention. Although we have not experienced any strikes or labour unrest in the past, we cannot assure that we will not experience disruptions or slowdowns in work in the future due to disputes or other problems with our work force. Any labour unrest directed against us, could directly or indirectly prevent or hinder our normal operating activities, and, if not resolved in a timely manner, could lead to disruptions in our operations, which in turn could adversely affect our business, results of operations, financial condition, and cash flows.

34. Our insurance policies may not be sufficient or adequate to protect us against all material hazards, which may adversely affect our business, results of operations, financial condition and cash flows.

Our operations are subject to hazards inherent in manufacturing facilities such as risk of equipment failure, work accidents, fire, earthquakes, flood and other force majeure events, acts of terrorism and explosions including hazards that may cause injury and loss of life, severe damage to and the destruction of property and equipment and environmental damage.

Various parts of our assets like building, plant & machinery and fixtures are covered for varying amounts of sums under different policies like industrial all risk polices (that includes cover for acts of terrorism, earthquakes and other natural calamities like storm, typhoon, hurricane, tornado, flood, etc), burglary policy and marine cargo policy. For more information, please see "*Our Business- Insurance*" on page 173. While we believe that the insurance coverages that we maintain would be reasonably adequate to cover the normal risks associated with the operation of our business, we cannot assure that any claim under the insurance policies maintained by us will be honoured fully, in part or on time, or that it will be sufficient to cover all our losses that may arise in the future.

The duration of our insurance coverage is usually one year; thus, our insurance coverage expires from time to time. We apply for the renewal of such insurance coverage in the normal course of our business, but we cannot assure that such renewals will be granted in a timely manner, at acceptable cost, or at all. Additionally, in future, we may be required to bear increased premiums for our insurance to provide various additional coverages. To the extent that we suffer loss or damage, for which we have not obtained or maintained insurance, or which is not covered by insurance, which exceeds our insurance coverage or where our insurance claims are rejected, the loss would have to be borne by us and our results of operations, cash flows and financial performance could be adversely affected.

35. The pharmaceutical industry is intensely competitive and our inability to compete effectively may adversely affect our business, results of operations and financial condition and cash flows.

The pharmaceutical industry is a highly competitive market and therefore it is challenging to improve market share and profitability. In addition, the major pharmaceutical companies may set up pure play sterile API businesses similar to ours, which may impact our market share and profit margins on our products. Many of our competitors may have greater financial, manufacturing, R&D, marketing and other resources, more experience in obtaining regulatory approvals, greater geographic reach, broader product ranges or a stronger sales force. The development of a pharmaceutical product involves lengthy development and approval periods before a product may be commercialized. During these periods, our competitors may be developing similar products of which we are unaware of that could compete directly or indirectly with our products in development. Because of these extensive periods of internal development and regulatory approval required before a product may be commercialized, we may invest substantial efforts and resources in developing products that will face competition of which we are currently unaware. Such unforeseen competition may hinder our ability to effectively plan the timing and order of our product development, which could have an adverse impact on our financial condition and results of operations. Our competitors may succeed in developing products that are more effective, popular or cheaper than ours, which may render our products uncompetitive and adversely affect our business, results of operations, cash flows and financial condition.

36. Certain of our Directors may have interests other than reimbursement of expenses incurred and normal remuneration or benefits in our Company.

Certain of our Directors may be regarded as interested to the extent of, among other things, remuneration, sitting fees, reimbursement of expenses and perquisites, that they are entitled to as part of their services rendered to us as an officer or an employee. Certain of the Directors may also be regarded as interested in any Equity Shares held by them or their relatives and also to the extent of any dividend payable to them and other distributions in respect of the Equity Shares held by them. Certain Directors and their relatives may also be regarded as interested in the Equity Shares held by, or subscribed by and allotted to, the companies, firms, HUFs, and trusts, in which they are interested as directors, members, partners, karta, trustees, etc. Our Directors, Ram Gopal Agarwal, Manish Dhanuka and Mridul Dhanuka, by virtue of being shareholders of our Promoter, DLL, are also interested in the 14,300 OCDs issued by our Company to DLL. For details, please see "*Capital Structure*" on page 90. Our Directors, Ram Gopal Agarwal, Manish Dhanuka and Mridul Dhanuka, by virtue of being directors of our wholly owned Subsidiary, Orchid Bio Pharma Limited, are also interested to the extent of the loan of ₹ 84.00 million extended to our Company by Orchid Bio Pharma Limited.

We cannot assure you that our Directors will exercise their rights to the benefit and best interest of our Company. As Shareholders of our Company, our Directors may take or block actions with respect to our business which may conflict with the best interests of the Company or that of minority Shareholders. For further information on the interest of our Directors of our Company, other than reimbursement of expenses incurred or normal remuneration or benefits, see "*Board of Directors and Senior Management-Interest of our Directors*" on page 180.

37. Our ability to pay dividends in the future will depend on our earnings, financial condition, working capital requirements, capital expenditures and restrictive covenants of our financing arrangements.

Our Company has adopted a formal dividend distribution policy. Our Company has not paid any dividend in Fiscal 2023, Fiscal 2022 and Fiscal 2021, and until the date of this Preliminary Placement Document. Our ability to pay dividends in the future will depend upon our dividend policy, future results of operations, financial condition, cash flows, working capital requirements and capital expenditure requirements and other factors considered relevant by our directors and shareholders. Our ability to pay dividends may also be restricted under certain financing arrangements that we may enter into. We may also decide to retain all of our earnings to finance the development and expansion of our business and, therefore, may not declare dividends on our Equity Shares. We cannot assure you that we will be able to pay dividends on the Equity Shares at any point in the future. For details pertaining to dividend, see "*Dividends*" on page 97.

38. We have commissioned an industry report from Frost & Sullivan which has been used for industry related data in this Preliminary Placement Document.

Certain sections of this Preliminary Placement Document include information based on, or derived from, the industry report or extracts of the industry report prepared by Frost & Sullivan, which is not related to our Company, Directors or Promoter. We have commissioned and paid for this F&S Report for the purpose of confirming our understanding of the industry in connection with the Issue as no report is publicly available which provides a comprehensive industry analysis, particularly for our Company's services, that may be similar to the F&S Report. All such information in this Preliminary Placement Document indicates the F&S Report as its source. Accordingly, any information in this Preliminary Placement Document derived from, or based on, the F&S Report should be read taking into consideration the foregoing. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. While we have assumed responsibility for the contents of the report and have taken reasonable care in the reproduction of the information, we make no representation or warranty, express or implied, as to the accuracy or completeness of such facts and statistics. Further, the F&S Report is not a recommendation to invest/disinvest in any company covered in the F&S Report. Accordingly, prospective investors should not place undue reliance on, or base their investment decision solely on this information. You should consult your own advisors and undertake an independent assessment of information in this Preliminary Placement Document based on, or derived from, the F&S Report before making any investment decision regarding the Issue. See "*Industry Overview*" on page 138.

39. While we have earned profit in the Fiscal 2023, we do have a history of net losses in the past, and we anticipate increased expenses in the future.

While we have earned a profit of ₹ 461.40 million in Fiscal 2023, we had incurred losses of ₹ 5.28 million and ₹ 1,158.65 million, in Fiscals 2022 and 2021, respectively. We anticipate that our costs may rise over time, as we make significant investments to grow our business. Any failure to increase our revenue sufficiently to keep pace with our investments and other expenses could prevent us from maintaining or increasing profitability or positive cash flow on a consistent basis. If we are unable to successfully address these risks and challenges as we encounter them, our business, cash flows, financial condition, and results of operations could be adversely affected. If we are unable to generate adequate revenue growth and manage our expenses and cash flows, we might incur significant losses in the future.

40. Any failure, inadequacy or breach of our information technology systems could adversely affect our business.

We use information and communication technology systems for our business operations. The size and complexity of our computer systems make them potentially vulnerable to breakdown, malicious intrusion and computer viruses. Although we have not experienced any significant disruptions to our information technology systems, we cannot assure that we will not encounter disruptions in the future. Any such disruption may result in the loss of key information and disruption of production and business processes, which could adversely affect our business, results of operations and cash flows.

In addition, our systems are potentially vulnerable to data security breaches, whether by employees or others that may expose sensitive data to unauthorized persons. Such data security breaches could lead to the loss of intellectual property, or could lead to the public exposure of personal information (including sensitive personal information) of our employees, customers and others. Any such security breaches could have an adverse effect on our business, reputation, results of operations, cash flows and financial condition.

41. Agreements with our customers, distribution agents contain clauses which may not be favourable to us.

We have entered into agreements with our customers and distribution agents which have various restrictions, including restrictions on maintaining confidentiality, being able to sell our products directly or indirectly to agents or customers, liability of the Company to protect the agents against any claim arising out of our products, requirement to register the Company as well as the products under the local laws of the jurisdiction where the supply is being made, as applicable, not being able to change the production process which may have an influence on the quality of the product without prior consent of the customer. The purchase orders with certain agents mention specific packaging instructions, our inability to follow such instructions would result in return of the shipment. In the event there is any issue with the quality of products, then the customers should revert with the detailed test report within 15 days to 30 days from the date of arrival of goods and if the discrepancies are found, we will substitute the rejected goods at our own cost and expense. or we will have to compensate the buyer for the total cost of the sub-standard products and its utilization that were caused with the import of sub-standard products namely, import duties, cost of custom clearance, storage and transportation cost etc

Under these agreements the property right and the risk of casual loss of products is passed from the supplier to the buyer from the date of delivery of product and accordingly we bear these risks until the products are tested and approved by the customers. Lastly, in the event these agreements are terminated prematurely by the counter party or not renewed after expiry, we may have to look for alternate arrangements which we may not find at terms suitable to us or at all and this may impact our business and operations. In addition, one of our product supply agreements may require us to supply 200% of the agreeable quantity of the product to stabilize the customer's demand. Even though we manufacture enough quantity of our products to meet the demands of the customers, this condition may not be conducive to our operations and impact our ability to serve other customers. If triggered, it may have an impact on our business, results of operation and longstanding client relationships.

42. We rely completely on third-party logistics providers for supply and transportation of our products to our customers. Any inability on the part of third party logistics providers to effectively render their services may adversely impact our operations and business.

We do not have an in-house logistics facility and rely completely on third-party logistics providers for logistic services. These third-party logistic providers assist us in supply and transportation of our products to our distributors and receipt of raw material by us from our suppliers. The logistic services that our third-party logistic providers provide to us are critical to our supply chain and our ability to manage supply chain risk and distribution costs, as well as maintain control and traceability over our products. However, our third-party logistic providers' ability to provide us with these services effectively depends on a number of factors, some of which are beyond their control. To the extent that our third-party logistic providers experience any disruptions or delay in their operations or are unable to successfully deliver the products due to, for example, disruptions in the technology it uses to manage our supply chain, insufficient labour or transportation resources, non-compliance with licensing or permit requirements, breakdowns in machinery or equipment, factors affecting road transportation or its infrastructure, such as political unrest, bad weather conditions and natural disasters, our ability to deliver products to our distributors could be disrupted, which could adversely affect our business, results of operations and financial condition.

We generally believe that a sufficient number of alternative logistic providers are available to deliver our products if our third-party logistic providers are not able to make a delivery. However, such deliveries may be disrupted or delayed or incur additional cost to us, which could have an adverse effect on our business, results of operations and financial condition.

43. Information relating to the capacity utilization of the manufacturing facilities included in this Preliminary Placement Document is based on various assumptions and estimates and future production and capacity may vary.

Information relating to the capacity utilization of the manufacturing facilities for Fiscals 2023, 2022 and 2021 included in this Preliminary Placement Document is based on various assumptions and estimates of our management, including operations, assumptions relating to potential utilization levels and operational efficiencies. Further, our competitors and other players in the market may calculate capacity utilization of their manufacturing facilities different from us and therefore the data on capacity utilization of the manufacturing facilities may not be comparable with others in the market. Undue reliance or investment decision should therefore not be placed on historicalcapacity utilization of our manufacturing facilities included in this Preliminary Placement Document.

44. Our employees, suppliers and distributors may engage in misconduct or other improper activities, including non-compliance with regulatory standards and requirements.

We are exposed to the risk of employee, supplier and distributors fraud or other misconduct. Misconduct by employees, suppliers, and distributors could include intentional failures to comply with any regulations applicable to us, to provide accurate information to regulatory authorities, to comply with manufacturing standards we have established, to comply with healthcare laws and regulations, or to report financial information or data accurately or disclose unauthorized activities to us. While we have not faced any instances of theft in the past as well as terminated employment of any employees for disciplinary action in relation to our manufacturing facilities, there can be no assurance that we will be able to identify and deter employee misconduct, and the precautions we take to detect and prevent this activity may not be effective in controlling unknown or unmanaged risk. If our employees engage in any such misconduct, we could face criminal penalties, fines, revocation of regulatory approvals and harm to our reputation, any of which could result in a material adverse effect on our business.

45. We have power and water requirements and any disruption to power or water sources could increase our production costs.

We require power and water for our manufacturing facilities. For details on the arrangement for power and water requirement, please see "*Our Business - Utilities*" on page 169 of this Preliminary Placement Document. If energy or water costs were to rise, our production costs could increase. If we are unable to increase our product prices enough to offset these increased costs our profitability may suffer. If electricity or water supplies or supply arrangements were disrupted, we may need to rely on alternative sources, which may not be able to consistently meet our requirements. Interruptions of electricity supply can also result in production shutdowns, increased costs associated with restarting production and the loss of production in progress.

46. If we fail to maintain an effective system of internal controls, we may not be able to accurately report our financial results and successfully manage associated risks.

Effective internal controls are necessary for us to prepare reliable financial reports and effectively avoid fraud. Moreover, any internal controls that we may implement, or our level of compliance with such controls, may deteriorate over time, due to evolving business conditions. There can be no assurance that deficiencies in our internal controls will not arise in the future, or that we will be able to implement and continue to maintain adequate measures to rectify or mitigate any such deficiencies in our internal controls.

47. We appoint contract labour for carrying out certain of our operations and we may be responsible for paying the wages of such workers if the independent contractors through whom such workers are hired default on their obligations, and such obligations could have an adverse effect on our cash flows, results of operations and financial condition.

In addition to our employees, in order to retain flexibility and control costs, we appoint independent contractors who in turn engage on-site contract labour for performance of certain of our operations. Although we do not engage these labourers directly, we may be held responsible for any wage payments including social security contributions to be made to such labourers in the event of default by such independent contractors. Any requirement to fund their wage requirements may have an adverse impact on our results of operations, cash flows and financial condition. In addition, under the Contract Labour (Regulation and Abolition) Act, 1970, as amended, we may be required to absorb a number of such contract labourers as permanent employees. Thus, any such order from a regulatory body or court may have an adverse effect on our business, cash flows and results of operations.

48. We may not be able to sustain effective implementation of our business and growth strategy, which may adversely affect our business, cash flows and results of operations.

The success of our business will depend greatly on our ability to effectively implement our business and growth strategy. For details, please see "*Our Business –Strategies*" on page 165. In pursuing our growth strategy, we will require additional capital investments and cash outlays, which may have a material impact on our cash flows and results of operations. Our ability to manage our growth effectively requires us to forecast accurately our sales, growth and manufacturing capacity and to expend funds to improve our operational, financial and management controls, reporting systems and procedures. We may also be exposed to certain other risks, including difficulties arising from the failure to (i) efficiently and optimally allocate management, technology and other resources across our organisation; (ii) compete effectively with competitors; and (iii) increase our production capacity; the inability to control our costs; and unforeseen legal, regulatory, property, labour or other issues.

For instance, as we intend to continue our growth by expanding our manufacturing facilities and introducing new products, the construction of a new manufacturing facility at Jammu and addition of a block in our API Facility are capital intensive, require significant time and are subject to certain risks that could result in delays or cost overruns, which could require us to expend additional capital and adversely affect our business and operating results. For more details on the objects of the Issue, see section titled "*Use of Proceeds*" on page 80. Such potential events include shortages and late delivery of building materials and facility equipment; delays in the delivery, installation, commissioning and qualification of our manufacturing equipment; seasonal factors, such as a long and intensive wet season that limits construction; labour disputes; design or construction changes with respect to building spaces or equipment layout; delays or failure in securing the necessary governmental approvals, building sites or land use rights; and technological capacity and other changes to our plans for new manufacturing facility necessitated by changes in market conditions. Delays in the construction or expansion of any of our manufacturing facilities could result in a loss or delayed receipt of earnings and an increase in financing costs which would adversely affect our business, cash flows and results of operations.

There can be no assurance that our growth strategy will be successfully implemented or completed or that if completed, will result in the anticipated growth in our revenues or improvement in our results of operations. We also cannot assure you that we will be able to continue to expand further, or at the same rate.

Further, we expect our growth strategy to place significant demands on our management, financial and other resources and require us to continue developing and improving our operational, financial and other internal controls. We cannot assure that our existing or future management, operational and financial systems, procedures and controls will be adequate to support future operations or establish or develop business relationships beneficial to future operations. Failure to manage growth effectively may have an adverse effect on our business, cash flows, results of operations and prospects.

49. The acquisition of other companies, businesses or technologies could result in operating difficulties, dilution and other adverse consequences.

We may from time to time pursue strategic acquisitions of companies, products and technologies or enter into partnerships to strengthen our product and technology infrastructure. We cannot assure that we will be able to identify suitable acquisition, strategic investment or joint venture opportunities at acceptable cost and on commercially reasonable terms, obtain the financing necessary to complete and support such acquisitions or investments, integrate such businesses or investments or that any business acquired or investment made will be profitable. If we attempt to acquire companies outside of India, we may not be able to satisfy certain regulatory requirements for such acquisitions.

In addition, acquisitions and investments involve a number of risks, including possible adverse effects on our operating results, exposure to future funding obligations, diversion of management's attention, failure to retain key personnel, currency risks, risks associated with unanticipated events or liabilities, possible contravention of applicable laws in relation to investment and transfer of shareholding, including any pre-emptive rights of existing shareholders of such entities and difficulties in the assimilation of the operations, technologies, systems, services and products of the acquired businesses or investments, as well as other economic, political and regulatory risks. Failure to achieve successful integration of any future acquisitions or investments could have a material adverse effect on our business, financial condition, cash flows and results of operations. Future acquisitions could result in potentially dilutive issuances of our equity securities, the incurrence of debt, contingent liabilities or amortization expenses, any of which could harm our financial condition and may have an adverse impact on the price of our Equity Shares.

50. Our manufacturing process requires our labourers to work under potentially dangerous circumstances. In the event of any accidents, our Company may be held liable for damages and penalties which may impact the financials of our Company.

Our employees/labour may be required to work under potentially dangerous circumstances in the operation of our manufacturing unit associated with the handling, storage, movement and production of our products, as well as accidents such as fire and explosions. Although the Company has taken measures and provided equipment to mitigate these risks to a certain extent, any mishandling of our equipment and machineries could also lead to serious and sometimes fatal accidents. These accidents can cause personal injury and loss of life, severe damage to and destruction of property and equipment, environmental damage and may result in the suspension of operations and the imposition of civil and criminal liabilities. Liabilities incurred as a result of these events have the potential to adversely impact our financial position and reputation. Events like these could result in liabilities, or adversely affect our reputation with suppliers, customers, regulators, employees and the public, which could in turn affect our financial condition and business performance.

51. Our Registered Office is located on leased premise and there can be no assurance that the lease agreement will be renewed upon termination or that we will be able to obtain other premise on lease on same or similar commercial terms.

Our Registered Office is located on leased premises. For further details, see "*Our Business- Material Properties*" on page 174. We cannot assure you that we will be able to renew our leases on commercially acceptable terms or at all. In the event that we are required to vacate our current premises, we would be required to make alternative arrangements for new offices and other infrastructure and we cannot assure that the new arrangements will be on commercially acceptable terms. If we are required to relocate our business operations during this period, we may suffer a disruption in our operations or have to pay increased charges, which could have an adverse effect on our business, financial condition, cash flows and results of operations. Further, the deeds for our future leased properties may not be adequately stamped. While we believe that adequate stamp duty has been paid on existing leased properties, such stamp duty may not be accepted as evidence in a court of law and we may be required to pay penalties for inadequate stamp duty.

52. Our Company, Subsidiaries, Promoter and Directors are or may be involved in certain legal and regulatory proceedings. Any adverse decision in such proceedings may have a material adverse effect on our business, financial condition, cash flows and results of operations.

There are outstanding legal and regulatory proceedings involving our Company, Subsidiaries, Promoter and Directors which are pending at different levels of adjudication before various courts, tribunals and other authorities. For further details, see "*Legal Proceedings*" on page 238.

Since our Company was taken over by the current management through the CIRP proceeding, as per the Resolution Plan, all inquiries, investigations, notices, causes of action, suits, claims, disputes, litigation, arbitration or other judicial, regulatory or administrative proceedings against our Company or the affairs of our Company, pending or threatened, present or future and the proceedings, in relation to any period on or before March 31, 2020 or arising out of or in connection with or in relation to or consequent to the acquisition of control or management by DLL over our Company, shall be settled at Nil value as against any amount, determined to be paid by our Company and accordingly, all such proceedings, inquiries, investigations, etc. shall stand disposed off and all liabilities or obligations in relation thereto, (whether admitted/verified or not, due or contingent, asserted or unasserted, crystallised or uncrystallised, known, unknown, disputed or undisputed, present or future, whether or not set out in the balance sheet or profit & loss account of our Company or the list of unsecured financial creditors dues), shall be written off in full against a Nil value. By virtue of the order of the NCLT dated June 27, 2019 approving the Resolution Plan and further upheld by the Supreme Court by its order dated February 28, 2020, all new inquiries, investigations, notices, suits, claims, disputes, litigation, arbitration or other judicial, regulatory, or administrative proceedings in relation to any period on or before March 31, 2020 or arising out of or in connection with or in relation to or consequent to the acquisition of control or management by DLL over our Company pursuant to the Resolution Plan shall be settled at Nil value as against any amount, determined to be paid by our Company and accordingly, shall not be initiated or admitted against our Company, its future Directors, Shareholders, employees and officers. Therefore while there are certain outstanding legal, regulatory proceedings, claims etc., currently pending in relation to the Company for the period before March 31, 2020, they have not been disclosed in the section on "*Legal Proceedings*" on page 238.

All outstanding legal proceedings, regulatory proceedings, claims etc., involving the Company divert the management's time and attention and consume financial resources in their defense or prosecution. The amounts claimed in the proceedings in relation to the period post March 31, 2020 have been disclosed to the extent that such amounts are ascertainable and quantifiable and include amounts claimed jointly and severally, as applicable. We cannot assure that any of outstanding proceedings or claims will be settled in favour of our Company, Promoter, Subsidiaries or Directors, respectively, or that no additional liability will arise out of these proceedings. An adverse outcome in any of the outstanding proceedings may have an adverse effect on our business, financial position, prospects, results of operations and our reputation.

53. Our financing agreements contain covenants that limit our flexibility in undertaking certain transactions. Our inability to meet our obligations, including financial and other covenants under our debt financing arrangements could adversely affect our business, results of operations and cash flows.

As of March 31, 2023, we had total outstanding borrowings of ₹ 3,999.07 million including OCDs. Our ability to meet our debt service obligations and repay our outstanding borrowings will depend primarily on the cash generated by our business. Our financing agreements contain certain restrictive covenants that limit our ability to undertake certain types of transactions. These restrictive covenants *inter-alia* require us to obtain either the prior permission of such banks or financial institutions or require us to inform them of various activities, including, among others, alteration of our capital structure, implementing any scheme of expansion/diversification/modernization, amending our articles of association or memorandum of association, undertaking any guarantee obligations on behalf of any third party or any other company , undertaking any change in ownership / control / management or raising of additional debt or equity. In the event that we breach a restrictive covenant, our lenders could deem us to be in default and seek early repayment of loans. An event of default would also affect our ability to raise new funds or renew maturing borrowings as needed to conduct our operations and pursue our growth initiatives.

In addition, certain terms of our borrowings require us to maintain financial ratios which are tested periodically, including on a quarterly or annual basis. In the event we breach any financial or other covenants contained in any of our financing arrangements, we may be required to immediately repay our borrowings either in whole or in part, together with any related costs. Certain of our financing arrangements also contain cross-default provisions which could automatically trigger defaults under other financing arrangements. Our failure to meet our obligations under the financing agreements could have an adverse effect on our business, results of operations and financial condition.

54. Our Director has provided personal guarantees for loan facilities obtained by our Company, and any failure or default by our Company to repay such loans in accordance with the terms and conditions of the financing documents could trigger repayment obligations, which may affect the ability of our Director to effectively render their duties and thereby, adversely impact our business and operations.

Our Company has availed loans and facilities in the ordinary course of its business for, *inter alia*, meeting working capital requirements and capital expenditure. Our Director, Manish Dhanuka and director of DLL, Mahendra Kumar Dhanuka, has personally guaranteed the repayment of certain loan facilities availed by our Company.

In the event the guarantors withdraw or terminate their guarantees, our lenders may require alternate guarantees, repayments of amounts outstanding or even terminate the loan facilities. We may not be successful in providing alternate guarantees satisfactory to the lenders, and as a result may be required to repay outstanding amounts or seek additional sources of capital, which could affect our financial condition and cash flows.

55. Our Company was incorporated in 1992 and we are unable to trace some of our historical corporate records. We cannot assure you that no disputes, regulatory actions or penalties shall arise or be imposed or initiated against our Company in future in relation to the missing corporate records, which may impact our financial condition and reputation.

Our records date back to 1992 when our Company was originally incorporated. We are unable to trace certain old secretarial, RoC form filings and other corporate records in relation to certain allotments of Equity Shares of our Company from 1992 to 2006, December 22, 2014 and October 09, 2015. Despite conducting searches of our internal records and the records maintained by the jurisdictional RoC for the aforesaid secretarial and other corporate documents and records, we have not been able to trace the records for the aforementioned period.

We had commissioned a physical and electronic search of the RoC records through a practicing company secretary firm, to retrieve missing documents in relation to, inter alia, issuances of Equity Shares by the Company. Pursuant to the foregoing, the practicing company secretary firm has issued its report dated December 29, 2022 ("**Search Report**"). However, no documents including, Forms 2 or Form PAS-3 and others were retrieved during the search and the Search Report mentions the same.

Accordingly, we have relied on other documents, including, audited financial statements and board resolutions for the periods to which such documents relate, for such matters. For further details, please see "*Capital Structure*" on page 90.

While no legal proceedings or regulatory action has been initiated against our Company in relation to untraceable secretarial and corporate records and documents as of the date of this Preliminary Placement Document, we cannot assure you that such legal proceedings or regulatory actions will not be initiated against our Company in future or that we will not be subject to penalties imposed by regulatory authorities in this respect.

56. After the completion of the Issue, our Promoters will continue to hold substantial shareholding in our Company and the interest of the Promoter may conflict with the interest of other shareholders in the Company.

After completion of the Issue, our Promoter will own, approximately [●]% of our post-Issue paid-up Equity Share capital (excluding conversion of OCDs). Further, pursuant to the CIRP proceeding, our Company had issued 14,300 zero coupon unsecured and non-marketable optionally convertible debentures of face value ₹100,000 each at zero coupon interest to DLL for a tenor of 10 years or such further period as may be mutually agreed between the Company and DLL. During the tenor, at any point of time commencing after the completion of one year from the date of allotment, DLL shall have the option to fully or partly convert the OCDs in Equity Shares, in one or more tranches. Each OCDs will convert into 10,000 fully paid Equity Shares having face value of ₹ 10 each, or alternatively shall also have the right to intimate the Company about its willingness to not convert whole or any part of such OCDs into Equity Shares and seek redemption of OCDs. In the event DLL chooses to fully convert the OCDs into Equity Shares, it will entitle them to 143,000,000 Equity Shares thereby significantly raising their shareholding in the Company. Consequently, any issue of Equity Shares on conversion of these OCD would significantly dilute the shareholding of the existing Shareholders.

Our Promoter will continue to exercise significant control over us, including decisions requiring a majority of the total voting power of our shareholders. The interests of our Promoter may conflict in material aspects with our interests or with the best interests of our other Shareholders and our Promoter may not take decisions in our best interests. Although, the actions taken by our Company will be subject to the approval of our Board or Shareholders, as necessary under the Companies Act and the SEBI Listing Regulations and in compliance with the SEBI Listing Regulations, we cannot assure that our Promoter will act to resolve any conflicts of interest in our favour and any such conflict may adversely affect our ability to execute our business strategy or to operate our business.

57. Any downward revision of our credit ratings could result in an increase in the interest rates we pay on any new borrowings and could decrease our ability to borrow as much money as we require to finance our business.

Any downward revision of our credit ratings could result in adverse changes to the terms of new borrowings, including, but not limited to, an increase in the interest rates we pay on any new borrowings and could decrease our ability to borrow as much money as we require to finance our business, which could have a material adverse effect on our business, financial condition, and results of operations. There can be no assurance that the ratings will not be further revised or changed by the credit rating agencies which may materially or adversely affect our business, financial condition, result of operations and cash flows.

58. We have in the past entered into related party transactions and may continue to do so in the future, which may potentially involve conflicts of interest with the equity shareholders.

We have entered into related party transactions, in the past and may continue to enter into related party transactions, including with our Promoter, which may be material to our business. Under applicable regulations, these transactions may require periodic approval of the audit committee/Board and the shareholders of each of our Company and/or our Promoter. Further, while we believe that all such transactions have been conducted on an arm's length basis, we cannot assure that we might have obtained more favourable terms had such transactions been entered into with unrelated parties. We cannot assure you that our related party transactions, individually or in the aggregate will not have an adverse effect on our results of operations and not involve conflict of interest. For details on our related party transactions, see "*Related Party Transactions*" on page 38.

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59. We have certain contingent liabilities, which, if they materialise, may affect our results of operations, financial condition, and cash flows

As of March 31, 2023, our contingent liabilities and commitments (to the extent not provided for) as disclosed in the notes to our Financial Information is as below:

(In ₹ million)

Commitments and contingent liabilities			
Particulars	**Fiscal 2023**	**Fiscal 2022**	**Fiscal 2021**

Contingent Liability			
Claims against the Group not acknowledged as debts			
- Income Tax dispute pending before High Court of Chennai*	-	-	-
- Other claims **	345.68	205.13	-
Unexpired Letter of Credit	73.86	223.64	451.16
Commitments			
Estimated amount of contracts remaining to be executed on capital account and not provided for	67.54	-	1.94

**The RP has confirmed that a public announcement was caused by the IRP regarding the initiation of corporate insolvency resolution process and submission of claims was called under section 15 on August 24, 2017. Pursuant to such public announcement, the IRP/ RP of the Corporate Debtor has received certain claims from statutory authorities which was admitted under the provisions of Insolvency and Bankruptcy Code, 2016 (IBC code) and subsequent settlement made as per the approved resolution plan. Accordingly, the Corporate Debtor/ Resolution Applicant/ SPV will have no additional exposure arising out of the claims towards the Statutory Dues which have not been admitted and/or the claims which have been rejected (partly or fully) by the RP and/or because of the re-classification in the category of creditor(s).*

***The Group has taken certain lands on lease for its operations in respect of which the lease agreement expired before the date of commencement of the Corporate Insolvency Resolution Process. As part of the right to review the existing agreements, the Group has made a detailed assessment of the market rent for the property and the market value of the property for outright purchase. Since the present rent as per erstwhile lease agreements is significantly high considering the market value of the property itself, the Group is in talks with the lessor for renewal of the lease with lower rent or for outright purchase of the property as part of the implementation of the resolution plan. However, no finality is reached on this matter as of date. Pending completion of the negotiation, the Company has disputed the portion of the lease rent, considered to be excessive than the market rate, amounting to Rs.307.70 million up to March 31, 2023 (FY: 2021-22 Rs. 205.13 million) in respect of the aforesaid lease. Based on the legal opinion obtained, the management is of the opinion that no liability will arise on completion of the negotiation. In addition to the above claim in litigation, pertaining to one of our subsidiaries, for ₹ 37.98 million considered.*

For further details of contingent liability, please see "*Financial Information*" beginning on page 98 of this Preliminary Placement Document. Furthermore, there can be no assurance that we will not incur similar or increased levels of contingent liabilities in the future.

60. Certain agreements may not be or may be inadequately stamped and may not have been registered as a result of which our operations may be adversely affected.

We have entered into various agreements with companies in India and abroad. Due to prevailing business culture in foreign countries like US and UK, the agreements entered into with entities in these regions may not be stamped and registered. Though, some of these agreements have jurisdictional prevalence in their respective countries, some agreements may have jurisdiction of India in case of any dispute. We cannot guarantee that we will be able to defend the terms of such agreements in a court of law in India and that such an agreement will be acknowledged as valid. Further, we have no experience of the legal process and manners in foreign countries and in the event of a dispute arising under an agreement having a foreign jurisdiction, we might not be able to represent, bear costs and/ or legally enforce our rights under such agreement.

Further, some of our agreements with Indian parties also may not be stamped adequately or registered. The effect of inadequate stamping is that the document is not admissible as evidence in legal proceedings and parties to that agreement may not be able to legally enforce the same, except after paying a penalty for inadequate stamping. The effect of non-registration, in certain cases, is to make the document inadmissible in legal proceedings. Any potential dispute due to non-compliance of foreign or local laws relating to stamp duty and registration may adversely impact the operations of our Company.

61. As a listed company, our Company is subject to certain obligations and reporting requirements under the SEBI Listing Regulations, and we must comply with other SEBI regulations as may be applicable to us. Any non- compliance/delay in complying with such obligations and reporting requirements may render us liable to prosecution and/or penalties.

The Equity Shares of our Company are listed on the BSE and NSE. We are, therefore, subject to the obligations and reporting requirements prescribed under the SEBI Listing Regulations, and we must comply with other SEBI regulations as may be applicable to us. While our Company strives to meet all such obligations and reporting requirements, there have been instances in the past of delayed disclosures or inadvertently incorrect or inadvertent income-producing factual disclosures under the SEBI Listing Regulations, such as delayed filings under Regulations 23(9), 30 and 33 of the SEBI Listing Regulations, incorrect categorization of promoter and promoter group in the shareholding pattern filed with the SEBI, and incorrect categorization of promoter and promoter group. We cannot assure that such penalties will not be levied against the company again. Such non-compliance is usually subject to penalties, warnings, and show-cause notices by SEBI and the Stock Exchanges. Any regulatory action or development that is initiated against us could affect our business reputation, divert management attention, and result in a material adverse effect on our business prospects and financial performance, and the trading price of the Equity Shares.

62. Our Promoter may not be able to operate the Company efficiently and maintain profitability

The current Promoter is not the original promoter of the Company. The Company was referred to the CIRP proceedings in 2017 and the current Promoter acquired control of the Company on March 31, 2020 pursuant to the Resolution Plan. While the Promoter has experience of running a pharmaceutical business, it may encounter significant challenges in turning around the business of the Company and maintaining it as profitable. Acquisitions involve a significant number of risks and successful implementation of acquisitions depends on a range of factors, including funding arrangements, cultural compatibility and integration. Potential difficulties that we may encounter as part of an acquisition could include the following:

- our inability to turnaround or grow the business, which may also result in our inability to meet acquisition finance costs;
- underestimated costs associated with the acquisition or over-valuation by us of the Company;
- incurring of debt or loan liabilities in order to finance an acquisition and execution of financing agreements with restrictive covenants in relation to the same;
- our failure to discover issues around an acquired company's intellectual property, customer relationships, accounting practices or regulatory compliances;
- financial liabilities (including payment of arrears in remuneration and other labour welfare benefits)
- potential unknown liabilities, legal contingencies and unforeseen increased expenses or delays associated with the acquisition;
- delays in the integration of strategies, operations and services and increased costs of integration;
- attrition and differences in business backgrounds, corporate cultures and management philosophies that may delay successful integration;
- the possibility that the full benefits anticipated to result from the acquisition will not be realized;
- litigation or other claims in connection with acquired companies, including claims from terminated employees, customers, former stockholders or other third parties;
- retaining key executives and other employees; and
- the disruption of, or the reduction in growth in, our ongoing businesses.

If the Promoter is unable to successfully overcome the potential difficulties associated with the integration process the objectives following the acquisition of the Company may not be achieved. Additionally, no assurance can be given that the Company would be maintained as profitable at all times.

63. If our products cause, or are perceived to cause, severe side effects, our revenues and profitability could be adversely affected.

Our pharmaceutical products may cause severe side effects as a result of a number of factors including overdose, drug-food interaction, drug-drug interaction, many of which are outside of our control. These factors, which may become evident only when the drugs are introduced into the marketplace, include potential side effects not revealed in clinical testing, unusual but severe side effects in isolated cases, defective products not detected by our quality management system or misuse of our products by end-users. Our products may also be perceived to cause severe side effects when a conclusive determination as to the cause of the severe side effects is not obtained or is unobtainable.

In addition, our products may be perceived to cause severe side effects if other pharmaceutical companies' products containing the same or similar active pharmaceutical ingredients, raw materials or delivery technologies as our products cause or are perceived to have caused severe side effects, or if one or more regulators, such as the USFDA or the European Medicines Agency, or an international institution, such as the WHO, determines that products containing the same or similar pharmaceutical ingredients as our products could cause or lead to severe side effects.

If our products cause, or are perceived to cause, severe side effects, we may face a number of consequences, including:

- a severe decrease in the demand for, and sales of, the relevant products;
- the recall or withdrawal of the relevant products;
- removal of regulatory approvals for the relevant products or the relevant production facilities;
- damage to the brand name of our products and our reputation; and
- exposure to lawsuits and regulatory investigation relating to the relevant products that result in liabilities, fines or penalties.

As a result of these consequences, our sales and profitability could be adversely affected.

64. Any recall of our products could adversely affect our business, prospects, reputation and results of operations.

Defects, if any, in our products could require us to undertake product recalls whether voluntary or in compliance with order of a regulatory authority. We have ongoing obligations to the regulatory authorities in the markets we operate, both before and after a product's approval and commercial release. These regulatory authorities may at any time audit our manufacturing facilities or the efficacy of our products based on newly developed scientific knowledge or other factors. Such assessments may result in such regulatory authorities amending or withdrawing our existing approvals to manufacture and market our products in certain jurisdictions, which may also entail us having to recall our products from the relevant markets. Although we have not experienced any product recalls in the last five years, we cannot assure you that we will not experience any product recalls in the future. If we are required to withdraw a product for any reason, it could expose us to adverse publicity associated with manufacturing or quality control problems, product liability claims, adversely affect our goodwill, which may lead to the loss of existing and future business contracts, and result in the write-off of related inventory, all of which could have a material adverse effect on our financial condition and results of operations.

External Risk Factors

Risks Related to India

65. Political, economic or other factors that are beyond our control may have an adverse effect on our business, results of operations, financial condition and cash flows.

The Indian economy and capital markets are influenced by economic, political and market conditions in India and globally. We currently manufacture only in India and, as a result, are dependent on prevailing economic conditions in India. Our results of operations are significantly affected by factors influencing the Indian economy. Factors that may adversely affect the Indian economy, and hence our results of operations, may include:

- the macroeconomic climate, including any increase in Indian interest rates or inflation;
- any exchange rate fluctuations, the imposition of currency controls and restrictions on the right to convert or repatriate currency or export assets;
- any scarcity of credit or other financing in India, resulting in an adverse impact on economic conditions in India and scarcity of financing for our expansions;
- prevailing income conditions among Indian consumers and Indian corporates;
- volatility in, and actual or perceived trends in trading activity on, India's principal stock exchanges;
- changes in India's tax, trade, fiscal or monetary policies;
- political instability, terrorism or military conflict in India or in countries in the region or globally, including in India's various neighboring countries;
- occurrence of natural or man-made disasters (such as typhoons, flooding, earthquakes and fires) which may cause us to suspend our operations;
- civil unrest, acts of violence, terrorist attacks, regional conflicts or situations or war;
- epidemic, pandemic or any other public health in India or in countries in the region or globally,

including in India's various neighboring countries, such as the highly pathogenic H7N9, H5N1 and H1N1 strains of influenza in birds and swine and more recently, the COVID-19 pandemic;

- prevailing regional or global economic conditions, including in India's principal export markets;
- any downgrading of India's debt rating by a domestic or international rating agency;
- international business practices that may conflict with other customs or legal requirements to which we are subject, including anti-bribery and anti-corruption laws;
- protectionist and other adverse public policies, including local content requirements, import/export tariffs, increased regulations or capital investment requirements;
- logistical and communications challenges;
- financial instability in financial markets;
- difficulty in developing any necessary partnerships with local businesses on commercially acceptable terms or on a timely basis;
- being subject to the jurisdiction of foreign courts, including uncertainty of judicial processes and difficulty enforcing contractual agreements or judgments in foreign legal systems or incurring additional costs to do so; and
- other significant regulatory or economic developments in or affecting India or its pharmaceutical sector.

Any slowdown or perceived slowdown in the Indian economy, or in specific sectors of the Indian economy, could adversely affect our business, results of operations and financial condition and the price of the Equity Shares.

66. Changing laws, rules and regulations and legal uncertainties, including adverse application of corporate and tax laws, may adversely affect our business, prospects and results of operations.

The regulatory and policy environment in which we operate is evolving and subject to change. Such changes, including the instances mentioned below, may adversely affect our business, results of operations and prospects, to the extent that we are unable to suitably respond to and comply with any such changes in applicable law and policy.

For instance, the Taxation Laws (Amendment) Ordinance, 2019, a tax legislation issued by India's Ministry of Finance effective as of September 20, 2019, prescribes certain changes to the income tax rate applicable to companies in India. According to this legislation, companies can henceforth voluntarily opt in favour of a concessional tax regime (subject to no other special benefits/exemptions being claimed), which reduces the rate of income tax payable to 22% plus surcharge and cess, effective tax rate being 24.17% subject to compliance with conditions prescribed under Section 115 BAA of Income tax Act, 1961 from the erstwhile 25% or 30% depending upon the total turnover or gross receipt in the relevant period. A tax rate of 15% plus surcharge and cess has been introduced under Section 115BAB of Income tax Act 1961 for new manufacturing companies set up after October 1, 2019. Any such future amendments may affect our other benefits such as exemption for income earned by way of dividend from investments in other domestic companies and units of mutual funds, exemption for interest received in respect of tax-free bonds, and long-term capital gains on equity shares if withdrawn by the statute in the future, and the same may no longer be available to us. Any adverse order passed by the appellate authorities/ tribunals/ courts would have an effect on our profitability.

Unfavorable changes in or interpretations of existing, or the promulgation of new laws, rules and regulations including foreign investment and stamp duty laws governing our business and operations could result in us being deemed to be in contravention of such laws and may require us to apply for additional approvals. We may incur increased costs and other burdens relating to compliance with new requirements, which may also require significant management time and other resources, and any failure to comply may adversely affect our business, financial condition, prospects and results of operations.
Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may impact the viability of our current businesses or restrict our ability to grow our businesses in the future.

Further, our Company cannot predict whether any laws or regulations impacting it will be enacted or predict the nature and impact of any such laws or regulations or whether, if at all, any laws or regulations would have an adverse effect on our business, results of operations and financial condition.

67. A downgrade in credit ratings of India may affect the trading price of the Equity Shares.

Our borrowing costs and our access to the debt capital markets depend significantly on the credit ratings of India. India's sovereign rating improved from Baa3 with a "negative" outlook to Baa3 with a "stable" outlook by Moody's in October 2021 and from BBB with a "negative" outlook to BBB with a "stable" outlook by Fitch in June 2022. India's sovereign ratings from S&P is BBB- with a "stable" outlook. Any further adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely impact our ability to raise additional financing and the interest rates and other commercial terms at which such financing is available, including raising any overseas additional financing. A downgrading of India's credit ratings may occur, for reasons beyond our control such as, upon a change of government tax or fiscal policy. This could have an adverse effect on our ability to fund our growth on favorable terms or at all, and consequently adversely affect our business and financial performance and the price of the Equity Shares.

68. If inflation rises in India, increased costs may result in a decline in profits.

Inflation rates in India have been volatile in recent years, and such volatility may continue. India has experienced high inflation in the recent past. Increasing inflation in India could cause a rise in the costs of rent, wages, raw materials and other expenses. High fluctuations in inflation rates may make it more difficult for us to accurately estimate or control our costs. Any increase in inflation in India can increase our expenses, which we may not be able to adequately pass on to our clients, whether entirely or in part, and may adversely affect our business and financial condition. If we are unable to increase our revenues sufficiently to offset our increased costs due to inflation, it could have an adverse effect on our business, prospects, financial condition, results of operations and cash flows. Further, the GoI has previously initiated economic measures to combat high inflation rates, and it is unclear whether these measures will remain in effect. There can be no assurance that Indian inflation levels will not worsen in the future.

69. Regional conflicts, civil disturbances and terrorist attacks in South Asia may have an adverse effect on our business.

India has, from time to time, experienced hostilities with neighbouring countries, social and civil unrest within the country, and localised terror attacks. Any degradation in India-China political relations or any future military confrontations could result in curbs or delays on the import from China into India of materials and equipment that we require to operate our business. For Fiscal 2023, Fiscal 2022 and Fiscal 2021, 7ACA sourced by us from China amounted to 100% of our 7ACA requirements. As of now, we partially rely on China for our raw materials, and any of the conflict could also cause a disruption in the accessibility of raw materials and the export of finished products to vendors in China, which could have an adverse impact on our business, financial conditions, cash flows, results of operations, and prospects and such acts may also result in a loss of business confidence.

70. Investors may have difficulty in enforcing foreign judgments against our Company or our management.

Our Company is a limited liability company incorporated under the laws of India. All of our directors and executive officers are residents of India. Almost all of our Company's assets are located in India. As a result, it may be difficult for investors to effect service of process upon us or such persons in India or to enforce judgments obtained against our Company or such parties outside India.

India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. India has reciprocal recognition and enforcement of judgments in civil and commercial matters with a limited number of jurisdictions, which includes, the United Kingdom, Singapore, UAE, and Hong Kong. A judgment from certain specified courts located in a jurisdiction with reciprocity must meet certain requirements of the Code of Civil Procedure. The United States has not been notified as a reciprocating territory.

In order to be enforceable, a judgment obtained in a jurisdiction which India recognizes as a reciprocating territory must meet certain requirements of the Civil Procedure Code. Section 13 of the Civil Procedure Code provides that foreign judgments shall be conclusive regarding any matter directly adjudicated on except (i) where the judgment has not been pronounced by a court of competent jurisdiction, (ii) where the judgment has not been given on the merits of the case, (iii) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or refusal to recognize the law of India in cases to which such law is applicable, (iv) where the proceedings in which the judgment was obtained were opposed to natural justice, (v) where the judgment has been obtained by fraud or (vi) where the judgment sustains a claim founded on a breach of any law then in force in India.

Under the Civil Procedure Code, a court in India shall, on the production of any document purporting to be a certified copy of a foreign judgment, presume that the judgment was pronounced by a court of competent jurisdiction, unless the contrary appears on record; such presumption may be displaced by proving want of jurisdiction. The Civil Procedure Code only permits the enforcement of monetary decrees, not being in the nature of any amounts payable in respect of taxes, or other charges of a like nature or in respect of a fine or other penalty and does not provide for the enforcement of arbitration awards even if such awards are enforceable as a decree or judgment. A foreign judgment rendered by a superior court (as defined under the Civil Procedure Code) in any jurisdiction outside India which the Government of India has by notification declared to be a reciprocating territory, may be enforced in India by proceedings in execution as if the judgment had been rendered by a competent court in India. Judgments or decrees from jurisdictions which do not have reciprocal recognition with India cannot be enforced by proceedings in execution in India. Therefore, a final judgment for the payment of money rendered by any court in a non-reciprocating territory for civil liability, whether or not predicated solely upon the general laws of the non-reciprocating territory, would not be enforceable in India. Even if an investor obtained a judgment in such a jurisdiction against us, our officers or directors, it may be required to institute a new proceeding in India and obtain a decree from an Indian court.

However, the party in whose favor such final judgment is rendered may bring a new suit in a competent court in India based on a final judgment that has been obtained in the United States or other such jurisdiction within three years of obtaining such final judgment. It is unlikely that an Indian court would award damages on the same basis as a foreign court if an action is brought in India. Moreover, it is unlikely that an Indian court would award damages to the extent awarded in a final judgment rendered outside India if it believes that the amount of damages awarded were excessive or inconsistent with public policy in Indian. In addition, any person seeking to enforce a foreign judgment in India is required to obtain the prior approval of the RBI to repatriate any amount recovered, and we cannot assure that such approval will be forthcoming within a reasonable period of time, or at all, or that conditions of such approvals would be acceptable. Such amount may also be subject to income tax in accordance with applicable law.

Consequently, it may not be possible to enforce in an Indian court any judgment obtained in a foreign court, or effect service of process outside of India, against Indian companies, entities, their directors and executive officers and any other parties resident in India. Additionally, there is no assurance that a suit brought in an Indian court in relation to a foreign judgment will be disposed of in a timely manner.

71. Under Indian law, foreign investors are subject to investment restrictions that limit our ability to attract foreign investors, which may adversely affect the trading price of the Equity Shares.

Foreign investment in Indian securities is subject to regulation by Indian regulatory authorities. Under the FDI Policy notified by the DPIIT effective from October 15, 2020, as amended and the FEMA Non-debt Instrument Rules, FDI in the pharmaceutical sector is permitted (i) up to 100% in greenfield investments under the automatic route; and (ii) up to 100% (automatic route up to 74% and government route beyond 74%) in brownfield investments. Further, the Government of India may incorporate appropriate conditions for FDI in brownfield investments at the time of granting approval. FDI in the pharmaceutical sector is subject to conditions such as non-compete which is not allowed except in special circumstances with governmental approval. Further, the Government of India on April 22, 2020 amended the FEMA Non-debt Instruments Rules pursuant to which any investment into India by an entity of a country which shares a land border with India, or the beneficial owner of an investment into India who is situated in or is a citizen of any such country, shall require the approval of the Government of India.

In addition, under foreign exchange regulations which are currently in force in India, transfer of shares between non-residents and residents are freely permitted (subject to certain restrictions), if they comply with the valuation and reporting requirements specified by the RBI. If a transfer of shares is not in compliance with such requirements and does not fall under any of the exceptions specified by the RBI, then the RBI's prior approval is required. Additionally, shareholders who seek to convert Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India require a no-objection or a tax clearance certificate from the Indian income tax authorities. Further, this conversion is subject to the shares having been held on a repatriation basis and, either the security having been sold in compliance with the pricing guidelines or, the approval of RBI approval having been obtained for the sale of shares and corresponding remittance of the sale proceeds. We cannot assure you that any required approval from the RBI or any other governmental agency can be obtained with or without any particular terms or conditions. Our ability to raise any foreign capital under the FDI route is therefore constrained by Indian law, which may adversely affect our business, financial condition, results of operation and prospects. Our ability to raise any foreign capital under the FDI route is therefore constrained by Indian law, which may adversely affect our business, financial condition, cash flows, results of operations and prospects.

72. Our ability to raise foreign capital may be constrained by Indian law.

As an Indian company, we are subject to exchange controls that regulate borrowing in foreign currencies including those specified in FEMA. Such regulatory restrictions limit our financing sources and could constrain our ability to obtain financings on competitive terms and refinance existing indebtedness. In addition, we cannot assure that any required regulatory approvals for borrowing in foreign currencies will be granted to us without onerous conditions, or at all. Limitations on foreign debt may have an adverse effect on our business growth, financial condition, cash flows and results of operations.

73. Investors can be subject to Indian taxes arising out of capital gains on the sale of the Equity Shares or dividend paid thereon.

Under current Indian tax laws and regulations, unless specifically exempted, capital gains arising from the sale of equity shares in an Indian company are generally taxable in India. A securities transaction tax ("**STT**") is levied on and collected by an Indian stock exchange on which equity shares are sold. Any gain realized on the sale of listed be subject to long-term capital gains tax in India at the specified rates depending on certain factors, such as STT paid, the quantum of gains and any available treaty exemptions. Accordingly, you may be subject to payment of long-term capital gains tax in India, in addition to payment of STT, on the sale of any Equity Shares held for more than 12 months. STT will be levied on and collected by a domestic stock exchange on which the Equity Shares are sold. Until March 31, 2018, any gain realized on the sale of equity shares, listed on a stock exchange and held for more than 12 months was not subject to capital gains tax in India if STT was paid on the transaction. However, with the enactment of the Finance Act, 2018 the exemption previously granted in respect of payment of long-term capital gains tax has been withdrawn and such taxes are now payable by the investors with effect from April 1, 2018. The Finance Act, 2018 provides that existing investors are eligible for relief on such capital gains accrued until January 31, 2018 and any long-term capital gains made after January 31, 2018 shall be subject to taxation.

Further, any gain realized on the sale of our Equity Shares held for a period of 12 months or less will be subject to short-term capital gains tax in India. While non-residents may claim tax treaty benefits in relation to such capital gains income, generally, Indian tax treaties do not limit India's right to impose tax on capital gains arising from the sale of shares of an Indian company. In cases where the seller is a non-resident, capital gains arising from the sale of the equity shares will be partially or wholly exempt from taxation in India in cases where the exemption from taxation in India is provided under a treaty between India and the country of which the seller is resident.

Starting F.Y 2018-19, tax @10% shall be payable on capital gains arising from transfer of long term capital asset where the long term capital gains are in excess of ₹1,00,000, subject to certain exceptions in case of resident individuals & HUF.

The Finance Act, 2019 amended the Indian Stamp Act, 1899 with effect from July 1, 2020 clarified that, in the absence of a specific provision under an agreement, the liability to pay stamp duty in case of sale of securities through stock exchanges will be on the buyer, while in other cases of transfer for consideration through a depository, the onus will be on the transferor. The stamp duty for transfer of securities other than debentures on a delivery basis is specified at 0.015% and on a non-delivery basis is specified at 0.003% of the consideration amount. As such, there is no certainty on the impact that the Finance Act, 2019 may have on our Company's business and operations.

Further, the Government of India has announced the union budget for the Fiscal 2023, pursuant to which the Finance Bill, has introduced various amendments. The Finance Bill has received assent from the President of India on March 30, 2022 and has been enacted as the Finance Act We have not fully determined the impact of these recent and proposed laws and regulations on our business. We cannot predict whether any amendments made pursuant to the Finance Act would have an adverse effect on our business, financial condition, and results of operations. Unfavourable changes in or interpretations of existing, or the promulgation of new, laws, rules and regulations including foreign investment and stamp duty laws governing our business and operations could result in us being deemed to be in contravention of such laws and may require us to apply for additional approvals. There is no certainty on the impact of Finance Acton tax laws or other regulations, which may adversely affect the Company's business, financial condition, results of operations or on the industry in which we operate. Investors are advised to consult their own tax advisors and to carefully consider the potential tax consequences of owning Equity Shares.

Historically, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of the equity shares.

Further, we cannot predict whether any tax laws or other regulations impacting it will be enacted or predict the nature and impact of any such laws or regulations or whether, if at all, any laws or regulations would have a material adverse effect on our business, financial condition, results of operations and cash flows.

74. Increasing employee compensation in India may erode some of our competitive advantage and may reduce our profit margins, which may have a material adverse effect on our business, financial condition, cash flows and results of operations.

Employee compensation in India has historically been significantly lower than employee compensation in the United States and Western Europe for comparably skilled professionals, which has been one of our competitive strengths. However, compensation increases in India may erode some of this competitive advantage and may negatively affect our profit margins. Employee compensation in India is increasing at a faster rate than in the United States and Western Europe, which could result in increased costs relating to scientists and engineers, managers and other mid-level professionals. We may need to continue to increase the levels of our employee compensation to remain competitive and manage attrition. Compensation increases may have a material adverse effect on our business, financial condition, cash flows and results of operations.

75. Rights of shareholders under Indian laws may be different from laws of other jurisdictions.

Indian legal principles related to corporate procedures, directors' fiduciary duties and liabilities, and shareholders' rights may differ from those that would apply to a company in another jurisdiction. Shareholders' rights including in relation to class actions, under Indian law may not be as extensive as shareholders' rights under the laws of other countries or jurisdictions. Investors may face challenges in asserting their rights as shareholder in an Indian company than as a shareholder of a corporation in another jurisdiction.

76. We may be affected by competition law in India and any adverse application or interpretation of the Competition Act could in turn adversely affect our business.

The Competition Act, 2002, as amended (the "**Competition Act**") prohibits any anti competition agreement or arrangement, understanding or action in concert between enterprises, whether formal or informal, which causes or is likely to cause an appreciable adverse effect on competition in India.

The Competition Act also prohibits abuse of a dominant position by any enterprise. The combination regulation (merger control) provisions under the Competition Act require acquisitions of shares, voting rights, assets or control or mergers or amalgamations that cross the prescribed asset and turnover based thresholds to be mandatorily notified to, and pre-approved by, the Competition Commission of India (the "**CCI**"). Any breach of the provisions of Competition Act, may attract substantial monetary penalties. The Company is contemplating a Proposed Merger in the future which may fall under the ambit of CCI and the Competition Act.

The Competition Act aims to, among other things, prohibit all agreements and transactions, which may have an appreciable adverse effect in India. Consequently, all agreements entered into by us could be within the purview of the Competition Act. Further, the CCI has extra-territorial powers and can investigate any agreements, abusive conduct or combination occurring outside of India if such agreement, conduct or combination has an appreciable adverse effect in India. We are not currently party to any outstanding proceedings, nor have we ever received any notice in relation to non-compliance with the Competition Act. Any enforcement proceedings initiated by the CCI in future, or any adverse publicity that may be generated due to scrutiny or prosecution by the CCI may affect our business, financial condition and results of operations.

77. Significant differences exist between Ind AS used to prepare our financial information and other accounting principles, such as IFRS and U.S. GAAP, with which investors may be more familiar.

Our financial information for the Fiscals 2023, 2022 and 2021 included in this Preliminary Placement Document are prepared and presented in conformity with Ind AS. Ind AS differs from accounting principles with which prospective investors may be familiar, such as Indian GAAP, IFRS and U.S. GAAP. We have not attempted to quantify the impact of US GAAP or IFRS on the financial data included in this Preliminary Placement Document, nor do we provide a reconciliation of our financial statements to those of US GAAP or IFRS. US GAAP and IFRS differ in significant respects from Ind AS and Indian GAAP. Accordingly, the degree to which the financial statements conforming to Ind AS included in this Preliminary Placement Document will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Preliminary Placement Document should be limited accordingly.

Risks Related to the Issue

78. After this Issue, the price of the Equity Shares may be volatile

The Issue Price, which may include a discount of not more than 5% of the Floor Price in accordance with the SEBI ICDR Regulations, will be determined by our Company in consultation with the Lead Managers, based on the Bids received in compliance with Chapter VI of the SEBI ICDR Regulations, and it may not necessarily be indicative of the market price of the Equity Shares after this Issue is complete. The price of the Equity Shares on NSE and BSE may fluctuate after this Issue as a result of several factors, including:

- volatility in the Indian and the global securities market or prospects for our business and the sectors in which we compete;
- the valuation of publicly traded companies that are engaged in business activities similar to us;
- volatility in the Indian Rupee's value relative to the U.S. dollar, the Euro and other foreign currencies;
- our Company's profitability and performance;
- perceptions about our Company's future performance or the performance of Indian companies in general;
- the performance of our Company's competitors and the perception in the market about investments in the pharmaceutical sector;
- adverse media reports about our Company or the Indian pharmaceutical sector;
- a comparatively less active or illiquid market for the Equity Shares;
- changes in the estimates of our Company's performance or recommendations by financial analysts;
- significant developments in India's economic liberalization and deregulation policies;
- regulatory changes in the Indian pharmaceutical sector;
- inclusion or exclusion of our Company in indices;
- significant developments in India's fiscal regulations;
- any other political or economic factors;

We cannot assure you that you will be able to resell your Equity Shares at or above the Issue Price. There can be no assurance that an active trading market for the Equity Shares will be sustained after this Issue, or that the price at which the Equity Shares have historically traded will correspond to the price at which the Equity Shares will trade in the market subsequent to this Issue.

79. Holders of Equity Shares may be restricted in their ability to exercise pre-emptive rights under Indian

law and thereby may suffer future dilution of their ownership position.

Under the Companies Act, a company having share capital and incorporated in India must offer its holders of equity shares pre-emptive rights to subscribe and pay for a proportionate number of equity shares to maintain their existing ownership percentages before the issuance of any new equity shares, unless the pre-emptive rights have been waived by adoption of a special resolution by the shareholders of such company. However, if the laws of the jurisdiction in which the investors are located in do does not permit the investors to exercise their pre-emptive rights, without our filing an offering document or registration statement with the applicable authority in such jurisdiction, the investors will be unable to exercise their pre-emptive rights unless we make such a filing. If we elect not to file a registration statement, the new securities may be issued to a custodian, who may sell the securities for the investor"s benefit. The value the custodian receives on the sale of such securities and the related transaction costs cannot be predicted. In addition, to the extent that the investors are unable to exercise pre-emptive rights granted in respect of the Equity Shares held by them, their proportional interest in us would be reduced.

80. An investor's ability to acquire and sell Equity Shares issued in the Issue is restricted by the distribution, solicitation and transfer restrictions set forth in this Preliminary Placement Document

No actions have been taken to permit a public offering of the Equity Shares issued in the Issue in any jurisdiction. As such, an investor's ability to acquire Equity Shares offered in the Issue is restricted by the distribution and solicitation restrictions set forth in this Preliminary Placement Document. For further information, please see "*Selling Restrictions*" on page 209. Furthermore, the Equity Shares offered in the Issue are subject to restrictions on transferability and resale. For further information, please see "*Transfer Restrictions*" on page 217. You are required to inform yourself about and observe these restrictions. Our representatives, our agents and us will not be obligated to recognize any acquisition, transfer or resale of the Equity Shares offered in the Issue made other than in compliance with applicable law.

81. Any future issuance of Equity Shares may dilute your shareholding and sales of the Equity Shares by our Promoter or other major shareholders may adversely affect the trading price of the Equity Shares.

We may be required to finance our growth, whether organic or inorganic, through future equity offerings. Any future equity issuances by us, including a primary offering, may lead to the dilution of investors' shareholdings in us. Any future issuances of Equity Shares (including under an employee benefit scheme) or the disposal of Equity Shares by our Promoter or any of our other principal shareholders or any other change in our shareholding structure to comply with the minimum public shareholding norms applicable to listed companies in India or any public perception regarding such issuance or sales may adversely affect the trading price of the Equity Shares, which may lead to other adverse consequences including difficulty in raising capital through offering of the Equity Shares or incurring debt. There can be no assurance that we will not issue further Equity Shares or that the shareholders will not dispose off the Equity Shares. In addition, any perception by investors that such issuances or sales might occur may also affect the market price of the Equity Shares.

82. Foreign investors are subject to foreign investment restrictions under Indian law that limit our ability to attract foreign investors, which may adversely affect the trading price of our Equity Shares.

Under the foreign exchange regulations currently in force in India, transfers of shares between non-residents and residents are freely permitted (subject to certain exceptions) if they comply with the requirements specified by the RBI. If the transfer of shares is not in compliance with such requirements or falls under any of the specified exceptions, then prior approval of the RBI will be required. In addition, shareholders who seek to convert the Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India will require a no-objection or tax clearance certificate from the income tax authority. Additionally, the Indian government may impose foreign exchange restrictions in certain emergency situations, including situations where there are sudden fluctuations in interest rates or exchange rates, where the Indian government experiences extreme difficulty in stabilizing the balance of payments or where there are substantial disturbances in the financial and capital markets in India. These restrictions may require foreign investors to obtain the India n government's approval before acquiring Indian securities or repatriating the interest or dividends from those securities or the proceeds from the sale of those securities. There can be no assurance that any approval required from the RBI or any other government agency can be obtained on any particular terms or at all.

83. Bidders in the Issue are not allowed to withdraw or revise their Bids downwards after the Issue Closing Date.

In terms of Regulation 179 (1) of the SEBI ICDR Regulations, Bidders in the Issue are not allowed to withdraw their Bids or revise their Bids downwards after the Issue Closing Date. The Allotment of Equity Shares in this Issue and the credit of such Equity Shares to the Bidder' demat account with the depository participant could take approximately 7 to 10 days from the Issue Closing Date. However, there is no assurance that material adverse changes in the international or national monetary, financial, political, or economic conditions, or other events in the nature of force majeure, material adverse changes in the business, results of operation, or financial condition of the Company, or other events affecting the investor's decision to invest in the Equity Shares, would not arise between the Issue Closing Date and the date of Allotment of Equity Shares in the Issue. Occurrence of any such events after the Issue Closing Date could also adversely impact the market price of the Equity Shares. The Bidders shall not have the right to withdraw their Bids or revise their Bids downwards in the event of any such occurrence. We may complete the Allotment of the Equity Shares even if such events may limit the investor's ability to sell the Equity Shares after the Issue or cause the trading price of the Equity Shares to decline.

84. An investor will not be able to sell any of the Equity Shares subscribed in this Issue other than across a recognized Indian stock exchange for a period of twelve (12) months from the date of the issue of the Equity Shares.

Pursuant to Regulation 178 of the SEBI ICDR Regulations, for a period of twelve (12) months from the date of the allotment of the Equity Shares in this Issue, Bidders subscribing to the Equity Shares in the Issue may only sell their Equity Shares on the NSE or the BSE and may not enter into any off-market trading in respect of these Equity Shares. The Company cannot be certain that these restrictions will not have an impact on the price of the Equity Shares. Further, allotments made to Bidders in the Issue are subject to the rules and regulations that are applicable to them, including in relation to lock-in requirements. This may affect the liquidity of the Equity Shares purchased by such investors and it is uncertain whether these restrictions will adversely impact the market price of the Equity Shares purchased by Bidders.

MARKET PRICE INFORMATION

As on the date of this Preliminary Placement Document, 40,816,400 Equity Shares are issued, subscribed and fully paid up. The face value of Equity Shares is ₹10 per Equity Share. The Equity Shares have been listed and are available for trading on BSE and NSE.

On June 22, 2023, the closing price of the Equity Shares on BSE and NSE was ₹452.05 and ₹447.65 respectively per Equity Share. Since the Equity Shares are available for trading on BSE and NSE, the market price and other information for each of BSE and NSE has been given separately.

A. The following tables set out the reported high, low and average of the closing prices of our Equity Shares on the NSE and the BSE and number of Equity Shares traded on the days on which such high and low prices were recorded and the total trading turnover for Fiscals 2023, 2022, 2021*:

NSE

Fiscal	High (₹)	Date of High	No. of Equity Shares traded on date of high	Total Turnover of Equity Shares traded on date of high (₹ in million)	Low (₹)	Date of Low	No. of Equity Shares traded on date of low	Total Turnover of Equity Shares traded on date of low (₹ in million)	Average price for the year (₹)	Total no. of Equity Shares traded in the fiscal	Total Turnover of Equity Shares traded in the fiscal (₹ in million)
2023	429.2	February 20, 2023	10,793	4.57	275.8	July 06, 2022	2,049	0.57	349.5	23,05,702	857.37
2022	2,527.90	April 01, 2021	247	0.62	269.3	February 24, 2022	1,20,700	32.98	681.72	33,76,807	1,646.80
2021**	2,407.55	March 31, 2021	314	0.76	18	November 03, 2020	734	0.01	492.68	28,814	27.55

**Our Company was listed on NSE on July 02, 1997 .*
(Source: www.nseindia.com)
*** Data available on the Stock Exchange is from November 03, 2020 to March 31, 2021*

1. High, low and average prices are based on the daily closing prices.
2. In the case of a year, average represents the average of the closing prices of all trading days of each year presented.
3. In case of two days with the same high or low price, the date with the higher turnover has been chosen.

BSE

Fiscal	High (₹)	Date of High	No. of Equity Shares traded on date of high	Total Turnover of Equity Shares traded on date of high (₹ in million)	Low (₹)	Date of Low	No. of Equity Shares traded on date of low	Total Turnover of Equity Shares traded on date of low (₹ in million)	Average price for the year (₹)	Total no. of Equity Shares traded in the fiscal	Total Turnover of Equity Shares traded in the fiscal (₹ in million)
2023	427.5	February 20, 2023	1,534	0.64	276.15	July 06, 2022	188	0.05	349.24	5,31,860	192.3
2022	2,588.40	April 01, 2021	865	2.24	270.8	March 30, 2022	4,416	1.19	685.34	11,76,690	604.82

Fiscal	High (₹)	Date of High	No. of Equity Shares traded on date of high	Total Turnover of Equity Shares traded on date of high (₹ in million)	Low (₹)	Date of Low	No. of Equity Shares traded on date of low	Total Turnover of Equity Shares traded on date of low (₹ in million)	Average price for the year (₹)	Total no. of Equity Shares traded in the fiscal	Total Turnover of Equity Shares traded in the fiscal (₹ in million)
2021**	2,465.15	March 31, 2021	494	1.22	18	November 03, 2020	78	0	504.32	84,907	90.58

** Our Company was listed on BSE on December 6, 1993.*
*** Data available on the Stock Exchange is from November 03, 2020 to March 31, 2021*
(Source: www.bseindia.com)

1. High, low and average prices are based on the daily closing prices.
2. In the case of a year, average represents the average of the closing prices of all trading days of each year presented.
3. In case of two days with the same high or low price, the date with the higher turnover has been chosen.

B. The following tables set out the reported high and low closing prices of our Equity Shares recorded on the NSE and the BSE and the number of Equity Shares traded on the days on which such high and low prices were recorded and the turnover of Equity Shares traded in each of the last six months preceding this Preliminary Placement Document:

NSE

Month	High (₹)	Date of High	No. of Equity Shares traded on date of high	Total Turnover of Equity Shares traded on date of high (₹ in million)	Low (₹)	Date of Low	No. of Equity Shares traded on date of low	Total Turnover of Equity Shares traded on date of low (₹ in million)	Average price for the month (₹)	Equity Shares traded in the month	
										No.	Turnover (₹ in million)
May 2023	435.45	May 17, 2023	17,199	7.47	387.5	May 02, 2023	2,106	0.83	413.37	1,79,494	75.82
April 2023	396	April 25, 2023	1,10,232	44.09	383.15	April 13, 2023	1,565	0.6	389.14	1,46,561	58.22
March 2023	416.4	March 10, 2023	5,574	2.31	380.6	March 03, 2023	1,778	0.68	394.35	85,744	34.26
February 2023	429.2	February 20, 2023	1,170	0.39	337.8	February 02, 2023	537	0.18	393.64	1,80,869	73.67
January 2023	377.6	January 05, 2023	2,328	0.87	334.2	January 30, 2023	1,170	0.39	365.44	64,467	23.83
December 2022	403.05	December 05, 2022	12,751	5.15	360.1	December 23, 2022	9,344	3.43	380.23	1,37,192	52.67

(Source: www.nseindia.com)

1. High, low and average prices are based on the daily closing prices.
2. In the case of a month, average represents the average of the closing prices of all trading days of each month presented.
3. In case of two days with the same high or low price, the date with the higher turnover has been chosen.

BSE

Month	High (₹)	Date of High	No. of Equity Shares traded on date of high	Total Turnover of Equity Shares traded on date of high (₹ in million)	Low (₹)	Date of Low	No. of Equity Shares traded on date of low	Total Turnover of Equity Shares traded on date of low (₹ in million)	Average price for the month (₹)	Equity Shares traded in the month	
										No.	Turnover (₹ in million)
May 2023	437.35	May 17, 2023	5,726	2.5	387	May 02, 2023	464	0.18	413.03	96,022	40.51
April 2023	395	April 26, 2023	143	0.06	382	April 24, 2023	1,717	0.64	389.62	9,710	3.76
March 2023	408.65	March 09, 2023	1,449	0.59	380.85	March 06, 2023	333	0.13	390.53	13,197	5.18
February 2023	427.5	February 20, 2023	1,534	0.64	342	February 02, 2023	418	0.14	392.67	23,526	9.17
January 2023	377.4	January 16, 2023	848	0.31	331.55	January 30, 2023	523	0.18	365.28	14,278	5.22
December 2022	404.6	December 02, 2022	2,072	0.83	361.2	December 29, 2022	854	0.31	380.93	23,064	8.8

(Source: www.bseindia.com)

1. High, low and average prices are based on the daily closing prices.
2. In the case of a month, average represents the average of the closing prices of all trading days of each month presented.
3. In case of two days with the same high or low price, the date with the higher turnover has been chosen.

C. The following table sets forth the market price on the Stock Exchanges on December 02, 2022, the first Working Day following the approval of our Board for the Issue:

BSE						NSE					
Open (₹)	High (₹)	Low (₹)	Close (₹)	Number of Equity Shares traded	Turnover (₹ in million)	Open (₹)	High (₹)	Low (₹)	Close (₹)	Number of Equity Shares traded	Turnover (₹ in million)
398.00	407.25	396.00	404.60	2,072	0.83	383.00	410.35	383.00	400.35	17,129	6.94

(Source: www.bseindia.com and www.nseindia.com)

USE OF PROCEEDS

The Issue is being undertaken in accordance with Regulation 173 read with Chapter VI of SEBI ICDR Regulations and Section 42 of the Companies Act, 2013 including the rules made thereunder, to the extent applicable, for the purpose of achieving minimum public shareholding in terms of the SCRR.

The total gross proceeds from the Issue shall aggregate up to ₹ **[•]** million (the "**Gross Proceeds**"). Subject to compliance with applicable laws, the net proceeds from the Issue, after deducting fees, commissions and expenses of the Issue, of approximately ₹ **[•]** million, are expected to amount to approximately ₹ **[•]** million (the "**Net Proceeds**").

Purpose/Objects of the Issue

Subject to compliance with applicable laws and regulations, we intend to use the Net Proceeds towards the following objects:

i) investment in our wholly owned Subsidiary, Orchid Bio-Pharma Limited, **("OBPL")** for setting up a new manufacturing facility in Jammu **("Jammu Manufacturing Facility")**;
ii) repayment/prepayment, in full or in part, of certain outstanding borrowings availed by our Company;
iii) funding capital expenditure requirements for setting up a new block at API Facility of the Company in Alathur, Tamil Nadu; and
iv) general corporate purposes.

Requirement of funds

The Net Proceeds are proposed to be used in accordance with the details provided in the following table:

S.No.	Particulars	Amount to be utilised (in ₹ million)
1.	Investment in OBPL for setting up Jammu Manufacturing Facility	900.00
2.	Repayment/prepayment, in full or in part, of certain outstanding borrowings availed by our Company	1,410.00
3.	Funding capital expenditure requirements for setting up a new block at the API Facility of the Company in Alathur, Tamil Nadu	998.24
4.	General corporate purposes (1)	[•]
	Total Net Proceeds	[•]

(1) The amount to be utilised for general corporate purposes alone shall not exceed 25% of the Gross Proceeds.

Proposed schedule of implementation and deployment of Net Proceeds

We propose to deploy the Net Proceeds for the aforesaid purposes in accordance with the estimated schedule of implementation and deployment of funds set forth in the table below:

(in ₹ million)

S. No.	Particulars	Amount to be funded from Net Proceeds	Estimated amount to be deployed from the Net Proceeds in Fiscal 2024	Estimated amount to be deployed from the Net Proceeds in Fiscal 2025
1.	Investment in OBPL, for setting up Jammu Manufacturing Facility (1)	900.00	900.00	-
2.	Repayment/prepayment, in full or in part, of certain outstanding borrowings availed by our Company	1,410.00	1,410.00	-
3.	Funding capital expenditure requirements for setting up a new block at the API Facility of the Company in Alathur, Tamil Nadu (1)	998.24	998.24	-
4.	General Corporate Purposes (2)	[•]	[•]	[•]
	Total Net Proceeds	[•]	[•]	[•]

(1) *The estimated cost of the setting up Jammu Manufacturing Facility and capital expenditure requirements for setting up a new block at the API Facility of the Company at Alathur, Tamil Nadu, has been certified by Sushil Kumar Agrawal, Chartered Engineer, by way of certificate dated June 22, 2023*

(2) *The amount to be utilised for general corporate purposes alone shall not exceed 25% of the Gross Proceeds.*

Our fund requirements and deployment of the Net Proceeds are based on management estimates as per our internal business plan based on current market conditions, which are subject to change in the future, and the certificate obtained from Sushil Kumar Agrawal, Chartered Engineer, dated June 22, 2023. However, such fund requirements and deployment of funds have not been appraised by any bank or financial institution or any other independent agency. These are based on current general economic and market conditions and business needs, and the actual deployment of funds at each stage will depend on a number of factors, including changes in costs, our financial condition, business and strategy, external circumstances such as market conditions, competitive environment and inflation, interest or exchange rate fluctuations, and finance charges, increasing regulations or changes in government policies, which may not be within the control of our Company. Further, if the Net Proceeds are not utilised (in full or in part) for the purpose during the period stated above due to factors such including (i) the timing of completion of the Issue; (ii) economic and market conditions outside the control of our Company; and (iii) any other business and commercial considerations, the remaining Net Proceeds shall be utilised in subsequent periods in such manner as may be determined by our Company, in accordance with applicable law and as approved by the Board of Directors or a duly constituted committee thereof. This may entail rescheduling and revising the planned expenditure and funding requirements and increasing or decreasing the expenditure for a particular purpose from the planned expenditure as may be determined by our Company, subject to compliance with applicable law. Further, if the actual utilisation towards any of the objects is lower than the proposed deployment, such balance will be used towards general corporate purposes, to the extent that the total amount to be utilised towards general corporate purposes is within the permissible limits in accordance with the SEBI ICDR Regulations. Further, in case of variations in the actual utilisation of funds earmarked for the purposes set forth above, increased fund requirements for a particular purpose may be financed by surplus funds, if any, available in respect of the other purposes for which funds are being raised in the Issue, subject to compliance with applicable laws.

As permissible under applicable laws, our Company's management will have flexibility in deploying the Net Proceeds. The amounts and timing of any expenditure will depend on, among other factors, the amount of cash generated by our operations, competitive and market developments and the availability of acquisition or investment opportunities on terms acceptable to us. Pending utilisation of the Net Proceeds, our Company intends to temporarily invest the funds in creditworthy instruments, including money market, mutual funds, and deposits with Banks. Such investments will be in accordance with the investment policies as approved by the Board and/ or duly authorized committee of the Board from time to time, and in accordance with the applicable laws. In accordance with the SEBI Listing Regulations, our Company shall disclose the utilization of funds raised through this Issue in its annual report every year until such funds are fully utilized.

Details of use of proceeds

1. **Investment in OBPL, for setting up a new Jammu Manufacturing Facility**

Our Company, through OBPL, has been approved under the production linked incentive scheme dated July 21, 2020, (the "**PLI Scheme**") to manufacture 7ACA under the target segment of key fermentation based KSMs/drug intermediates for a committed capacity of 1,000 MT for a maximum total incentive of ₹ 6,000 million during the scheme tenure of Fiscal 2024 to Fiscal 2029. The rate of incentive will be staggered over the six years of the scheme tenure with fixed annual ceiling of incentive. 7ACA is a critical raw material for manufacturing cephalosporins and the in-house production of 7ACA under the PLI scheme will enable us to do backward integration, achieve a captive source of supply and improve the gross margins.

We intend to set up the Jammu Manufacturing Facility for the purpose of manufacturing 7ACA under the PLI Scheme. The proposed capital expenditure for the setting up of Jammu Manufacturing facility includes cost for, *inter alia*, land and site development, building, plant and machinery, technical know-how, electrical, ETP and other utilities, pre-operative expenses and other incidental expenses.

Our Company intends to use ₹ 900.00 million from the Net Proceeds for investment in OBPL, which will in turn be used for setting up the Jammu Manufacturing Facility. The break-up of the proposed capital expenditure to be incurred for setting up of the Jammu Manufacturing Facility is set forth below:

S. No.	Particulars	Estimated cost (in ₹ million) *	Amount to be utilised from the Net Proceeds (in ₹ million)
1.	Land and Site Development	450.00	-
2.	Building	910.00	200.00
3.	Plant and Machinery	4,850.00	500.00

S. No.	Particulars	Estimated cost (in ₹ million) *	Amount to be utilised from the Net Proceeds (in ₹ million)
4.	Technical Know -how	100.00	100.00
5.	Electrical, ETP and Other Utilities	550.00	-
6.	Misc. Fixed Assets	50.00	50.00
7.	Pre-Operative Expenses	150.00	50.00
8.	Working Capital Margin	440.00	-
	TOTAL	**7,500.00**	**900.00**

** As certified by Sushil Kumar Agrawal, Chartered Engineer, pursuant to certificate dated June 22, 2023.*

Land

With respect to the land required for the Jammu Manufacturing Facility, we have entered into an agreement dated March 6, 2023 with a consultant/agent to help us procure land in Jammu. However, we have not yet entered into any agreement with the sellers of the land. Further, we have also written to the Directorate of Industries and Commerce, Jammu and Kashmir seeking allocation of land from the Directorate in connection with the Jammu Manufacturing Facility on May 10, 2023 but are as yet to receive any communication from the Directorate. The total estimated cost for this is ₹ 450.00 million.

Building

Sr. No	Description	Sq.ft	Estimated Amount (Rs. In Millions)
1	Building and Civil Construction	2,80,000	910.00

** As certified by Sushil Kumar Agrawal, Chartered Engineer, pursuant to certificate dated June 22, 2023.*

Plant and Machinery

The break up of estimated cost of plant and machinery (as given in table above) is as follows:

S.No.	Item	Estimated Amount (Rs. Millions)
A	**Plant and Machinery**	
	Reactors, Piping, Storage Tanks, Material Handling equipment, piping, Instrumentation etc.	3,000.00
B	**Utilities**	
	HVAC	50.00
	Water	150.00
	Compressed Air	200.00
	Chilling	500.00
C	**Boiler**	
	Including Air treatment / recovery and its associated Water Systems	250.00
D	**Pilot Plant**	
	Including R&D Setup Costs	200.00
E	**QC Lab**	
	Including Laboratory Equipment and Instruments	150.00
D	**R&D Lab**	
	Including R&D Equipment and Instruments	250.00
F	**MISC. EQUIPMENT**	100.00
	TOTAL	**4,850.00**

** As certified by Sushil Kumar Agrawal, Chartered Engineer, pursuant to certificate dated June 22, 2023.*

Technical Know How

This is an approximate cost assumed with respect to the technical know how the Company shall license from its technology provider. The total estimated cost for this is ₹ 100.00 million.

Electrical, ETP and Other Utilities

Utilities are support equipment which are needed to run the plant like cooling towers, associated pumps, infrastructure, and controls etc. The total estimated cost for this is ₹ 550.00 million.

Miscellaneous Fixed Asset

Miscellaneous items are areas which are not covered in any other heads above and cover the administrative area and setups, safety equipment, canteens etc. The total estimated cost for this is ₹ 50.00 million.

Pre Operative Expenses

This head covers all the expenses which are incurred by the Company before the commercial production starts. The total estimated cost for this is ₹ 150.00 million.

Project Implementation Schedule

S.No.	Particulars	Date of Completion
1.	Land and Site Development	June 2024
2.	Building	September 2024
3.	Plant and Machinery	December 2024
4.	Technical Know How	July 2024
5.	Electrical, ETP and Other Utilities	October 2024
6.	Misc. Fixed Assets	October 2024
7.	Pre Operative Expenses	December 2024

Means of finance

The total fund requirement towards the proposed Jammu Manufacturing Facility is ₹ 7,500 million as certified by Sushil Kumar Agrawal, Chartered Engineer, pursuant to certificate dated June 22, 2023. We propose to utilize ₹ 900.00 million from the Net Proceeds towards items mentioned in the table above. The remaining ₹ 6,600 million shall be raised in the form of debt or other sources. The payment for the line items in our Project Implementation Schedule for the proposed Jammu Manufacturing Facility shall be made by way of advances in Fiscal 2024 only.

2. **Repayment/prepayment, in full or in part, of certain outstanding borrowings availed by our Company**

As of March 31, 2023, we had total outstanding borrowings of ₹ 3,999.07 million including OCDs. Our Company has entered into various financial arrangements with banks. The borrowing arrangements entered into by us include, *inter alia,* term loans and working capital facilities. We propose to utilise ₹ 1,410.00 million from the Net Proceeds for repayment or prepayment, in full or in part, of certain outstanding borrowings availed by our Company. The repayment/ prepayment, will help reduce our outstanding indebtedness, assist us in maintaining a favourable debt - equity ratio and enable utilisation of some additional amount from our internal accruals for further investment in business growth and expansion. In addition, we believe that since our debt - equity ratio will improve significantly, it will enable us to raise further resources at competitive rates and additional funds/ capital in the future to fund potential business development opportunities and plans to grow and expand our business in the future. Set forth below are the details of repayment/pre-payment proposed by our Company:

a) ***Full repayment of term loan availed from UBI Bank by our Company ("UBI Loan")***

Our Company proposes to utilise an estimated amount of ₹ 400.00 million from the Net Proceeds towards repayment UBI Loan availed by the Company. Set forth below are the terms of the UBI Loan:

S. No.	Name of the lender	Date of sanction letter	Nature of Borrowing	Purpose	Sanctioned amount (in ₹ million) *	Outstanding amount as on June 19, 2023 (in ₹ million)	Interest rate (%) per annum	Prepayment clause	Whether loan is utilized for the purpose which it was availed.
1	Union Bank of India	March 17, 2020, renewed on April 23, 2021, and further modified on December 06, 2021	Term loan	Proceeds of facility to be used for payment of the financial creditors as per the Resolution Plan.*	4,270.00	402.35	Interest at the rate of 1Y MCLR +1.80%	Repayable in 5 quarterly instalments of ₹ 91.50 million each, with the last instalment being of ₹ 91.20 million.	Yes
Total					**4,270.00**	**402.35**			

As certified by our Statutory Auditors M/s Singhi & Co, Chartered Accountant. by way of their certificate dated June 22, 2023
**The loan was availed by DPPL, DPPL has been amalgamated with the Company on closing/effective date as per the Resolution Plan approved by NCLT, Chennai. The Company is the borrower after the amalgamation.*

b) ***Full/partial repayment of working capital loans***

We propose to utilise an estimated amount of ₹ 1,010.00 million from the Net Proceeds towards full or partial prepayment, of certain working capital loans availed by our Company. Set forth are the loans availed by the Company which will be repaid/prepaid, all or in part, to the extent of ₹ 1,010.00 million from the Net Proceeds:

S. No.	Name of the lender	Date of sanction letter	Nature of Borrowing	Sanctioned amount (in ₹ million)	Fund Based	Non-Fund Based	Amount to be utilised from the Net Proceeds (in ₹ million)	Outstanding amount as on June 19, 2023 (in ₹ million)	Interest rate (%) per annum	Prepayment clause	Whether loan is utilized for the purpose which it was availed.
1.	Union Bank of India	March 17, 2020, renewed on April 23, 2021, further modified on December 06, 2021, and further modified on January 01, 2022	Working Capital	250.00	100.00	150.00	90.00	91.16	Interest at the rate of 1Y MCLR +1.80 %	Working capital renewable every year	Yes

S. No.	Name of the lender	Date of sanction letter	Nature of Borrowing	Sanctioned amount (in ₹ million)	Fund Based	Non-Fund Based	Amount to be utilised from the Net Proceeds (in ₹ million)	Outstanding amount as on June 19, 2023 (in ₹ million)	Interest rate (%) per annum	Prepayment clause	Whether loan is utilized for the purpose which it was availed.
2.	HDFC Bank	Sanction letter dated October 26, 2021, October 30, 2021 and August 10, 2022	Working Capital	1,490.00	650.00	840.00	520.00	524.13	Fund Based- 7.60% linked to 1-year MCLR	180 days	Yes
3.	Yes Bank	Facility letter dated August 11, 2022	Working Capital	750.00	750.00*		400.00	400.82	Interest at the rate of 3M Treasury Bill +3.11 %	Working capital renewable every year	Yes
Total:				**2,490.00**	**1,500.00**	**990.00**	**1,010.00**	**1,016.11**			

As certified by our Statutory Auditors M/s Singhi & Co., Chartered Accountant. by way of their certificate dated June 22, 2023
** Total limit is ₹ 750.00 million which is fully interchangeable between fund based and non- fund based facility. Currently ₹ 750.00 million have been considered as Fund Based Limits.*

4. Funding capital expenditure requirements for setting up a new block at the API Facility of the Company in Alathur, Tamil Nadu

We intend to set up a new block at the API Facility at Alathur, Tamil Nadu to expand our API manufacturing capacity for the purposes of further processing 7ACA into intermediate goods or downstream products. The proposed capital expenditure includes cost for, *inter alia*, building, utilities, plant and machinery and any other incidental expenses as mentioned below:

S. No.	Particulars	Estimated cost (in ₹ million) *	Amount to be utilised from the Net Proceeds (in ₹ million)
1.	Building	220.36	220.36
2.	Plant and Machinery	217.02	217.02
3.	Electricals, instrumental and other quality control equipment's.	213.37	213.37
4.	Fabrication erection and commissioning	195.22	195.22
	Add GST @ 18%	152.27	152.27
Total:		**998.24**	**998.24**

** As certified by Sushil Kumar Agrawal, Chartered Engineer, pursuant to certificate dated June 22, 2023.*

Land

The new block will be set up at the API Facility of the Company.

Building

Sr. No	Description	Quantity	Estimated Amount (Rs. In Millions)
1	Building/ Civil	10,000	220.36

** As certified by Sushil Kumar Agrawal, Chartered Engineer, pursuant to certificate dated June 22, 2023.*

Plant and Machinery

Sr. No	Equipment Description	Quantity	Per unit Rate (Rs. In Millions)	Estimated Amount (Rs. In Millions)
1	Stainless steel reactor 7KL	2	2.95	5.90
2	Stainless steel reactor 6KL	2	2.75	5.49
3	Stainless steel reactor 5KL	8	2.47	19.72
4	Stainless steel reactor 4KL	5	1.98	9.88
5	Stainless steel reactor 3KL	5	1.60	7.98
6	Glass lined reactor 16KL	2	6.08	12.15
7	Glass lined reactor 12.5KL	2	5.02	10.05
8	Glass lined reactor 10KL	3	4.50	13.50
9	Centrifuge 60"	2	5.09	10.18
10	Centrifuge 48"	2	2.54	5.08
11	Sparkler filter 3.5 m2	2	2.44	4.87
12	FBD dryer	2	2.38	4.75
13	Micronizer 12"	2	2.55	5.10
14	Air compressor (Centri+VFD)	1	16.19	16.19
15	Air dryer	4	0.26	1.02
16	+10 Chiller	4	7.05	28.21
17	-10 Brine Chiller (Chiller, evaporative condenser & Starter panel)	2	21.00	42.00
18	Cooling tower	1	7.62	7.62
19	Pumps	26	0.05	1.30
20	Air conditioning	1	4.15	4.15
21	Receivers -SS	5	0.38	1.89
			Total	**217.02**

** As certified by Sushil Kumar Agrawal, Chartered Engineer, pursuant to certificate dated June 22, 2023.*

Electricals, Instrumental and other quality control equipments

Sr. No	Equipment Description	Quantity	Per unit Rate (Rs. In Millions)	Estimated Amount (Rs. In Millions)
C	**Electrical costing**			
1	Panels	1	17.90	17.90
2	Lift	2	3.46	6.91
3	Cable trays	1	4.88	4.88
4	Cables	1	24.84	24.84
5	VFD	1	0.80	0.80
6	Fire alarm	1	0.50	0.50
D	**Instrumentation costing**			
1	DCS	1	21.00	21.00
2	Level indicators	20	0.14	2.78
3	Pressure transmitters	10	0.26	2.60
F	**QC requirement**			
1	HPLC	5	3.75	18.75
2	Titrator	2	2.14	4.28
3	Karl fisher titrator	1	0.81	0.81
G	**RO plant for ETP**			
1	RO plant cost	1	9.60	9.60
2	Transfer pump for Effluent	5	0.19	0.94
3	Sewage plant	1	4.84	4.84
H	**Recovery plant**			
1	Distillation column	12	4.97	59.64
2	Storage tanks MS 15 KL	20	0.42	8.40
3	Pumps for recovery plant storage tanks	40	0.05	2.00
I	Pipes, Fittings, valves and structurals	1	**21.90**	21.90
			Total	**213.37**

** As certified by Sushil Kumar Agrawal, Chartered Engineer, pursuant to certificate dated June 22, 2023.*

Fabrication erection & commissioning

Sr. No	Equipment Description	Quantity	Per unit Rate (Rs. In Millions)	Estimated Amount (Rs. In Millions)
1	Fabrication & erection, Installation + commissioning cost 30%	1	195.22	195.22
			Total	**195.22**

** As certified by Sushil Kumar Agrawal, Chartered Engineer, pursuant to certificate dated June 22, 2023.*

Project Implementation Schedule

S.No.	Particulars	Date of Complete
1.	Building	December 2023
2.	Plant and Machinery	January 2024
3.	Electricals, Instrumental and other quality control equipments	February 2024
4.	Fabrication erection & commissioning	February 2024

Means of finance

The total estimated cost for setting up a new block at the API Facility of the Company in Alathur, Tamil Nadu is ₹ 998.24 million, which is entirely proposed to be funded from the Net Proceeds as mentioned above in the table.

4. General corporate purposes

The Net Proceeds will first be utilised for the purposes as set out above. Subject to this, our Company intends to deploy ₹ **[•]** million from the Gross Proceeds towards our general corporate purposes, subject to such amount not exceeding 25% of the gross proceeds of the Issue and as permissible under applicable law and approved by our Board of Directors or a duly constituted committee thereof. Such general corporate purposes may include (i) strategic investment; (ii) financing of business opportunities (which may be either organic or inorganic); (iii) any additional cost incurred towards the objects of the Company; and (iv) meeting various expenditure of the Company including contingencies or any other purpose as permissible.

Monitoring Utilization of Funds

In accordance with Regulation 173A of the SEBI ICDR Regulations, our Company has appointed CARE Ratings Limited as the Monitoring Agency (**"Monitoring Agency"**) for monitoring the utilisation of Net Proceeds as the size of our Issue exceeds ₹ 1,000 million. Our Audit Committee and the Monitoring Agency will monitor the utilization of the Net Proceeds. Our Company undertakes to place the report(s) of the Monitoring Agency on receipt before the Audit Committee without any delay. Our Company will disclose the utilisation of the Net Proceeds, including interim use under a separate head in our balance sheet for such periods as required under the SEBI ICDR Regulations, the SEBI Listing Regulations and any other applicable laws or regulations, clearly specifying the purposes for which the Net Proceeds have been utilised. Our Company will also, in its balance sheet for the applicable Fiscals, provide details, if any, in relation to all such Net Proceeds that have not been utilised, if any, of such currently unutilised Net Proceeds.

Pursuant to Regulation 32(3) of the SEBI Listing Regulations, our Company shall, on a quarterly basis, disclose to the Audit Committee the uses and applications of the Net Proceeds. On an annual basis, our Company shall prepare a statement of funds utilised for purposes other than those stated in this Preliminary Placement Document and place it before the Audit Committee and make other disclosures as may be required until such time as the Net Proceeds remain unutilised. Such disclosure shall be made only until such time that all the Net Proceeds have been utilised in full. Further, our Company, on a quarterly basis, shall include the deployment of Net Proceeds under various heads, as applicable, in the notes to our financial results. The statement shall be certified by the Statutory Auditor of our Company. Furthermore, in accordance with Regulation 32(1) of the SEBI Listing Regulations, our Company shall furnish to the Stock Exchanges on a quarterly basis, a statement indicating (i) deviations, if any, in the actual utilisation of the proceeds of the Issue from the Objects; and (ii) details of category wise variations in the actual utilisation of the proceeds of the Issue from the Objects as stated above. This information will also be published in newspapers simultaneously with the interim or annual financial results and explanation for such variation (if any) will be included in our Director's report, after placing the same before the Audit Committee.

Other confirmations

In accordance with applicable laws, we undertake to not utilize proceeds from the Issue unless Allotment is made and the corresponding return of Allotment is filed with the RoC and final listing and trading approvals are received from each of the Stock Exchanges.

Neither our Promoter nor our Directors are making any contribution either as a part of the Issue or separately in furtherance of the use of the Net Proceeds.

Further, neither our Promoter nor our Directors shall receive any proceeds from the Issue, whether directly or indirectly. Since the Issue is only made to Eligible QIBs, our Promoter, Directors, and Key Managerial Personnel are not eligible to subscribe in the Issue.

CAPITALISATION STATEMENT

The following table sets forth our capitalisation statement as at March 31, 2023 derived from the Audited Consolidated Financial Statements and as adjusted to give effect to the receipt of the gross proceeds of the Issue. This table should be read in conjunction with the sections titled "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and "*Financial Information*" on pages 99 and 98, respectively:

(in ₹ million)

Particulars	Pre-Issue as at March 31, 2023 (on a consolidated basis)	Pre-Issue adjusted for proposed Issue of shares pursuant to QIP *(on a consolidated basis
Borrowings		[•]
Borrowings in India		[•]
Current Borrowings(A)		[•]
-Secured	1,409.50	[•]
-Unsecured	-	[•]
-Current Maturities of Long Term Borrowings	415.58	[•]
Non-Current Borrowings(B)		[•]
-Secured	816.44	[•]
-Unsecured 0% Optionally Convertible Debentures	1,087.51	[•]
-Current Maturities of Long Term Borrowings	(415.58)	
Borrowings outside India (C)	-	[•]
Total Borrowings (D=A+B+C)	**3,313.45**	[•]
		[•]
EQUITY		[•]
Equity Share Capital**(E)**	408.16	[•]
		[•]
Other Equity		[•]
Capital Reserve	510.57	[•]
Capital Reserve on Amalgamation	16,312.56	[•]
Security Premium Reserve	4,644.79	[•]
Equity Component of Optionally Convertible Debenture	685.61	[•]
General Reserve	5,585.19	[•]
Foreign Currency Fluctuation Reserve	1,422.45	[•]
Other Comprehensive Income	-0.43	[•]
Profit and Loss Account	-22,682.41	
Total (F)	**6,478.33**	[•]
		[•]
Total Equity (G=E+F)	**6,886.49**	[•]
		[•]
Total Borrowings/ Total Equity (H = D/G)	**0.48**	[•]

** All figures are extracted from the Audited Consolidated Financial Statements for Fiscal 2023, except for Capital and Share premium account, which has been adjusted for the face value and the premium of new shares proposed to be issued pursuant to QIP*

CAPITAL STRUCTURE

The share capital of our Company as on the date of this Preliminary Placement Document is set forth below:

(In ₹ except share data)

	Particulars	Aggregate value at face value (except for securities premium account)
A	**AUTHORIZED SHARE CAPITAL**	
	150,010,000 Equity Shares [(1)]	1,500,100,000
B	**ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL BEFORE THE ISSUE**	
	40,816,400 Equity Shares	408,164,000
C	**ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL BEFORE THE ISSUE (AFTER CONVERSION OF THE OCDs)**	
	183,816,400 Equity Shares	1,838,164,000[(2)]
D	**PRESENT ISSUE IN TERMS OF THIS PRELIMINARY PLACEMENT DOCUMENT**	
	Up to **[•]** Equity Shares aggregating up to ₹ **[•]** million [(3)] [(4)]	**[•]**
E	**ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL AFTER THE ISSUE**	
	[•] Equity Shares[(4)]	**[•]**
F	**SECURITIES PREMIUM ACCOUNT**	
	Before the Issue	46,447.86
	After the Issue[(5)]	**[•]**

(1) Pursuant to the Scheme of Amalgamation, the authorised share capital of our Company increased from 150,000,000 Equity Shares to 150,010,000 Equity Shares. Our Company has filed INC-28 dated August 04, 2020, before the RoC, which is still pending for their approval.

(2) Assuming 14,300 OCDs of face value ₹100,000 each, converting each OCD into 10,000 fully paid equity shares having face value of ₹ 10 each.

(3) The Issue has been authorised by our Board pursuant to a resolution dated December 01, 2022, and by our Shareholders pursuant to their special resolution passed at the EGM held on December 29, 2022

(4) To be determined upon finalisation of the Issue Price.

(5) The securities premium amount after the Issue is calculated on the basis of gross proceeds from the Issue. Adjustments do not include Issue related expenses.

Equity Share Capital History of our Company

The history of the Equity Share capital of our Company is set forth below:

Date of allotment	Number of Equity Shares allotted	Face value per Equity Share (₹)	Issue/Offer price per Equity Share (₹)	Nature of consideration	Nature of allotment	Cumulative number of Equity Shares
July 13, 1992**	70	10	10.00	Cash	Subscription to MoA**	70
November 26, 1992**	249,930	10	10.00	Cash	Issued on private placement basis**	250,000
February 27, 1993**	1,451,800	10	10.00	Cash	Issued on private placement basis**	1,701,800
November 04, 1993**	1,798,200	10	10.00	Cash	Issued on private placement basis**	3,500,000
November 08, 1993**	2,500,000	10	10.00	Cash	Initial public offering**	6,000,000
July 18, 1994**	350,000	10	140.00	Cash	Issued on private placement basis**	6,350,000
July 18, 1994**	100,000	10	120.00	Cash	Issued on private placement basis**	6,450,000
July 18, 1994**	100,000	10	145.00	Cash	Issued on private placement basis**	6,550,000
July 18, 1994**	350,000	10	141.00	Cash	Issued on private placement basis**	6,900,000
July 18, 1994**	300,000	10	135.00	Cash	Issued on private placement basis**	7,200,000

Date of allotment	Number of Equity Shares allotted	Face value per Equity Share (₹)	Issue/Offer price per Equity Share (₹)	Nature of consideration	Nature of allotment	Cumulative number of Equity Shares
November 01, 1994**	200,000	10	200.00	Cash	Issued to foreign institutional investors on private placement basis**	7,400,000,
November 01, 1994**	50,000	10	190.00	Cash	Issued to foreign institutional investors on private placement basis**	7,450,000
November 03, 1994**	1,000,000	10	87.70	Cash	Allotment pursuant to conversion of warrants**	8,450,000
November 03, 1994**	160,000	10	175.00	Cash	Issued on private placement basis**	8,610,000
November 03, 1994**	25,000	10	170.00	Cash	Issued on private placement basis**	8,635,000
November 03, 1994**	38,000	10	40.00	Cash	Issued on private placement basis**	8,673,000
April 21, 1995**	8,673,000	10	40.00	Cash	Rights issue in the ratio of one Equity Share for every one Equity Share held by existing Shareholders **	17,346,000
December 09, 1999**	10,653,192	10	154.27	Cash	Issued to companies on private placement basis**	27,999,192
November 21, 2002**	4,382,727	10	220.00	Cash	Allotment pursuant to conversion of unsecured FCCBs**	32,381,919
March 01, 2005**	1,750,000	10	212.18	Cash	Allotment pursuant to conversion of warrants**	34,131,919
April 27, 2005**	8,250	10	243.35	Cash	Allotment pursuant to exercise of ESOP Scheme 1999**	34,140,169
April 27, 2005**	3,550	10	252.00	Cash	Allotment pursuant to exercise of ESOP Scheme 1999**	34,143,719
August 02, 2005**	44,320	10	243.35	Cash	Allotment pursuant to exercise of ESOP Scheme 1999**	34,188,039
August 02, 2005**	15,165	10	252.00	Cash	Allotment pursuant to exercise of ESOP Scheme 1999**	34,203,204
August 02, 2005**	180,000	10	212.18	Cash	Allotment pursuant to conversion of warrants**	34,383,204
August 31, 2005**	185,084	10	243.35	Cash	Allotment pursuant to exercise of ESOP Scheme 1999**	34,568,288
August 31, 2005**	115,592	10	252.00	Cash	Allotment pursuant to exercise of ESOP Scheme 1999**	34,683,880
August 31, 2005**	70,000	10	339.41	Cash	Allotment pursuant to conversion of warrants**	34,753,880
September 21, 2005**	17,376,940	10	-	Bonus	Bonus issue in the proportion of one Equity Share for every two Equity Shares held as on the record date being September 17, 2005 **	52,130,820
October 13, 2005**	105,000	10	141.46	Cash	Allotment pursuant to conversion of warrants**	52,235,820
November 02, 2005**	8,650,000	10	195.04	Cash	Allotment pursuant to conversion of GDRs**	60,885,820
November 29, 2005**	600,000	10	195.04	Cash	Allotment pursuant to conversion of GDRs**	61,485,820

Date of allotment	Number of Equity Shares allotted	Face value per Equity Share (₹)	Issue/Offer price per Equity Share (₹)	Nature of consideration	Nature of allotment	Cumulative number of Equity Shares
December 23, 2005**	19,424	10	162.24	Cash	Allotment pursuant to exercise of ESOP Scheme 1999**	61,505,244
December 23, 2005**	225	10	168.00	Cash	Allotment pursuant to exercise of ESOP Scheme 1999**	61,505,469
March 01, 2006**	184,330	10	243.80	Cash	Allotment pursuant to conversion of zero coupon FCCBs**	61,689,799
March 07, 2006**	460,827	10	243.80	Cash	Allotment pursuant to conversion of zero coupon FCCBs**	62,150,626
March 20, 2006**	1,751,146	10	243.80	Cash	Allotment pursuant to conversion of zero coupon FCCBs**	63,901,772
March 20, 2006**	50,000	10	226.28	Cash	Allotment pursuant to conversion of warrants**	63,951,772
March 31, 2006**	652,531	10	243.80	Cash	Allotment pursuant to conversion of zero coupon FCCBs**	64,604,303
March 31, 2006**	6,720	10	162.24	Cash	Allotment pursuant to exercise of ESOP Scheme 1999**	64,611,023
March 31, 2006**	7,159	10	168.00	Cash	Allotment pursuant to exercise of ESOP Scheme 1999**	64,618,182
April 18, 2006**	414,744	10	243.80	Cash	Allotment pursuant to conversion of FCCBs**	65,032,926
April 28, 2006**	737,325	10	243.80	Cash	Allotment pursuant to conversion of FCCBs**	65,770,251
April 28, 2006**	2,250	10	162.24	Cash	Allotment pursuant to exercise of ESOP Scheme 1999**	65,772,501
April 28, 2006**	1,225	10	168.00	Cash	Allotment pursuant to exercise of ESOP Scheme 1999**	65,773,726
May 31, 2006**	35,000	10	226.28	Cash	Allotment pursuant to conversion of warrants	65,808,726
May 31, 2006**	600	10	162.24	Cash	Allotment pursuant to exercise of ESOP Scheme 1999	65,809,326
May 31, 2006**	1,177	10	168.00	Cash	Allotment pursuant to exercise of ESOP Scheme 1999	65,810,503
May 31, 2006**	1,238	10	200.44	Cash	Allotment pursuant to exercise of ESOP Scheme 1999	65,811,741
October 19, 2006	4,000	10	200.44	Cash	Allotment pursuant to exercise of ESOP Scheme 1999	65,815,741
January 19, 2007	550	10	168.00	Cash	Allotment pursuant to exercise of ESOP Scheme 1999	65,816,291
May 03, 2007	375	10	162.24	Cash	Allotment pursuant to exercise of ESOP Scheme 1999	65,816,666
May 03, 2007	210	10	168.00	Cash	Allotment pursuant to exercise of ESOP Scheme 1999	65,816,876

Date of allotment	Number of Equity Shares allotted	Face value per Equity Share (₹)	Issue/Offer price per Equity Share (₹)	Nature of consideration	Nature of allotment	Cumulative number of Equity Shares
May 03, 2007	5,500	10	200.44	Cash	Allotment pursuant to exercise of ESOP Scheme 1999	65,822,376
July 17, 2007	5,650	10	200.44	Cash	Allotment pursuant to exercise of ESOP Scheme 1999	65,828,026
October 18, 2007	6,000	10	200.44	Cash	Allotment pursuant to exercise of ESOP Scheme 1999	65,834,026
December 20, 2007	3,000	10	200.44	Cash	Allotment pursuant to exercise of ESOP Scheme 1999	65,837,026
January 17, 2008	12,750	10	200.44	Cash	Allotment pursuant to exercise of ESOP Scheme 1999	65,849,776
January 17, 2008	1,000	10	193.25	Cash	Allotment pursuant to exercise of ESOP Scheme 2005	65,850,776
April 26, 2008	7,400	10	200.44	Cash	Allotment pursuant to exercise of ESOP Scheme 1999	65,858,176
April 26, 2008	1,900	10	193.25	Cash	Allotment pursuant to exercise of ESOP Scheme 2005	65,860,076
April 26, 2008	125	10	193.25	Cash	Allotment pursuant to exercise of ESOP Scheme 1999	65,860,201
May 29, 2008	16,150	10	200.44	Cash	Allotment pursuant to exercise of ESOP Scheme 1999	65,876,351
May 29, 2008	200	10	193.25	Cash	Allotment pursuant to exercise of ESOP Scheme 2005	65,876,551
May 29, 2008	25	10	193.25	Cash	Allotment pursuant to exercise of ESOP Scheme 1999	65,876,576
August 13, 2008	381,000	10	202.58	Cash	Allotment pursuant to conversion of warrants	66,257,576
August 13, 2008	3,000	10	200.44	Cash	Allotment pursuant to exercise of ESOP Scheme 1999	66,260,576
August 13, 2008	1,000	10	193.25	Cash	Allotment pursuant to exercise of ESOP Scheme 2005	66,261,576
August 29, 2008	4,179,000	10	202.58	Cash	Allotment pursuant to conversion of warrants	70,440,576
August 29, 2008	1,500	10	193.25	Cash	Allotment pursuant to exercise of ESOP Scheme 2005	70,442,076
May 17, 2012	10,000	10	166.15	Cash	Allotment pursuant to exercise of ESOP Scheme 2010	70,452,076
December 22, 2014**	14,809,801	10	49.79	Cash	Allotment to promoters on preferential basis as per corporate debt restructuring programme **	85,261,877
October 09, 2015**	3,702,450	10	49.79	Cash	Allotment to promoters on preferential basis as per corporate debt restructuring programme **	88,964,327

Date of allotment	Number of Equity Shares allotted	Face value per Equity Share (₹)	Issue/Offer price per Equity Share (₹)	Nature of consideration	Nature of allotment	Cumulative number of Equity Shares
Total:						**88,964,327**
Pursuant to the CIRP proceeding, the Resolution Plan, the Supreme Court order dated February 28, 2020, and as approved by Monitoring Committee in their meeting held on March 30, 2020 and March 31, 2020, our Company through its Board resolution dated March 31, 2020, reduced and consolidated its existing issued, subscribed and paid-up Equity Share capital from ₹ 889,643,270 consisting of 88,964,327 Equity Shares to ₹ 4,081,640 consisting of 408,164 Equity Shares, thereby cancelling and extinguishing 88,556,163 Equity Shares.						
March 30, 2020	408,164	10	10	Cash	Allotment on preferential basis to eligible secured financial creditors pursuant to conversion (part conversion and settlement) of loan into equity*	816,328
March 31, 2020	39,990,072	10	10	Cash	Allotment to DLL pursuant to equity infusion as per Resolution Plan on private placement basis*	40,806,400
March 31, 2020	10,000	10	10	Cash	Allotment to DLL[#] (sole shareholder of DPPL) pursuant to Resolution Plan*	40,816,400
Total:						**40,816,400**

Pursuant to the CIRP proceedings, a resolution professional ("RP"**) was appointed for transferring the power of the Board to the RP. The Resolution Plan proposed by DLL for an infusion of funds and equity into our Company was approved by the NCLT vide its order dated June 27, 2019, and further upheld by the Supreme Court vide its order dated February 28, 2020. Consequently, the issued, subscribed and paid-up Equity Share capital of the Company was reduced and consolidated from ₹ 889,643,270 divided into 88,964,327 Equity Shares, to ₹.4,081,640 divided into 408,164 Equity Shares cancelling and extinguishing 88,556,163 Equity Shares.*

[#] Pursuant to the Resolution Plan as approved by NCLT vide its order dated June 27, 2019, and by Supreme Court vide its order dated February 28, 2020, and as approved by the Board on March 31, 2020, allotment of Equity Shares was made to DLL as DLL was the sole shareholder of DPPL. Subsequently our Board approved the Scheme of Amalgamation on March 31, 2020.

*** We have been unable to trace certain form filings and secretarial records (including Form 2 and PAS 3) in relation to changes in our issued, subscribed and paid-up Equity Share capital for these allotments. Accordingly, disclosures in this Preliminary Placement Document have been made in reliance of (i) Our annual reports; and/or (ii) resolutions of our Board of Directors and the associated board agendas. For further details, see "Risk Factors-Our Company was incorporated in 1992 and we are unable to trace some of our historical corporate records. We cannot assure you that no legal proceedings or regulatory actions disputes, or penalties shall arise or imposed will be initiated against our Company in future in relation to the missing corporate records, which may impact our financial condition and reputation".*

Employee Stock Option Plan

As on date of this Preliminary Placement Document, our Company does not have any active employee stock option plan or employee stock option scheme.

Confirmations regarding allotments in the last one year of our Company

Our Company has not made any allotment of Equity Shares in last one year immediately preceding the date of this Preliminary Placement Document, including for consideration other than cash.

Proposed Allottees in the Issue

In compliance with the requirements of Chapter VI of the SEBI ICDR Regulations, Allotment shall be made by our Company, in consultation with the Lead Managers, to Eligible QIBs only, on a discretionary basis. For further details, see "*Proposed Allottees*" on page 245.

Pre-Issue and post-Issue shareholding pattern

The pre-Issue and post-Issue shareholding pattern of our Company is set forth below.

S. No.	Category	Pre-Issue^		Post-Issue*	
		No. of Equity Shares held	% of shareholding	No. of Equity Shares held	% of shareholding
1.	**Promoter's holding**				
1.	Indian				
	Individual	Nil	Nil	[•]	[•]
	Bodies corporate	36,719,957	89.96	[•]	[•]
	Sub-total	**36,719,957**	**89.96**	[•]	[•]
2.	Foreign	Nil	Nil	[•]	[•]
	Sub-total (A)	**36,719,957**	**89.96**	[•]	[•]
2.	**Non – Promoter's holding**				
1.	Institutional Investors	1,301,372	3.19	[•]	[•]
2.	Non-Institutional Investors				
	Private corporate bodies	1,154,201	2.83	[•]	[•]
	Directors and relatives	Nil	Nil	[•]	[•]
	Indian public	1,534,808	3.76	[•]	[•]
	Others including Non-resident Indians (NRIs)	106,062	0.26	[•]	[•]
	Sub-total (B)	**4,096,443**	**10.04**	[•]	[•]
	Grand Total (A+B)	**40,816,400**	**100.00**	[•]	[•]

^ *Based on beneficiary position data of our Company as on June16, 2023.*

* *The table for the post-Issue shareholding pattern of our Company reflects the shareholding of the institutional investors category as of* [•]*, adjusted for the Allocation in the Issue, and reflects the shareholding of all other categories of Shareholders as of* [•].

Other confirmations

Our Equity Shares have been listed for a period of at least one year prior to the date of issuance of notice dated December 6, 2022, to the Shareholders for approval of this Issue.

Our Company shall not make any subsequent qualified institutions placement until the expiry of two weeks from the date of this Issue.

There will be no change of control of our Company pursuant to the Issue.

Except as disclosed below there are no outstanding options or rights to convert debentures, loans or other instruments convertible into the Equity Shares as on the date of this Preliminary Placement Document.

Pursuant to the CIRP proceeding, our Company has issued 14,300 zero coupon unsecured and non-marketable optionally convertible debentures of face value ₹100,000 each, aggregating up to ₹ 1,430 million ("**OCDs**") to DLL on March 31, 2020. The OCDs are subject to the following conditions:

a. The tenor of OCDs is 10 years or such further period as may be mutually agreed between the Company and DLL;
b. During the tenor, at any point of time commencing after the completion of one year from the date of allotment, DLL shall have the option to fully or partly convert the OCDs in Equity Shares, in one or more tranches;
c. Each OCDs will convert into 10,000 fully paid Equity Shares having face value of ₹ 10 each, or alternatively shall also have the right to intimate the Company about its willingness to not convert whole or any part of such OCDs into equity shares and seek redemption of OCDs;
d. In the event that DLL chooses not to convert the OCD into Equity Shares, DLL shall be paid the principal amount of the OCDs along with the redemption premium of at least 11 % IRR on annual basis from date of the issuance on the principal amount of OCDs or such higher amount as the Board of Directors decides after considering the market price of shares of our Company and achievement of EBITDA, within a period of one month from the date of intimation given by DLL about its willingness to not convert whole or any part of such OCDs into equity shares, provided that in no event, the redemption premium shall exceed 18% IRR on annual basis, unless otherwise agreed to between our Company and DLL.
e. The OCDs redemption coupon basis the achievement of EBITDA shall be as follows:

Date	EBITDA	Redemption premium	EBITDA	Redemption premium
March 31, 2024	1900.00	15%	2100.00	18%
March 31, 2025	1930.00	15%	2130.00	18%
March 31 2026	1950.00	15%	2150.00	18%

f. OCDs shall be transferable only with the prior permission of the Board of Directors.

g. The redemption of OCDs or payment of OCDs redemption coupon is subject to the Company having free cash flow, prior approval of the secured lenders and there shall be no redemption including payment of interest/other kind of return of any nature unless the loan availed by our Company from Union Bank of India is paid in full;

DIVIDENDS

The declaration and payment of dividends will be recommended by the Board and approved by the Shareholders, at their discretion, subject to the provisions of the Articles of Association and other applicable law, including the Companies Act, 2013. Our Board has approved and adopted a formal dividend distribution policy on May 22, 2021 in terms of Regulation 43A of the SEBI Listing Regulations. For further information, see "*Description of the Equity Shares*" on page 222.

In accordance with the dividend distribution policy, the declaration of dividend is dependent on a number of internal and external factors, including, but not limited to (i) inadequacy or absence of profits in any Financial Year, (ii) if the Board may decide to conserve profits of the Company and may declare a lesser dividend or the if Board is of the opinion that it is financially not prudent to do so and may not declare the profits (iii) adverse market conditions and business uncertainty, (iv) any restrictions and covenants contained in any agreement as may be entered with the lenders (v) inadequacy of cash balance, large forthcoming capital requirements which are best funded through internal accruals, changing government regulations, (v) pressure on cash flows on account of various factors such as higher working capital expenditure / tax demands and / or others (vi) funds required for any contingencies or unforeseen events/ service any outstanding loan / any other significant developments that require cash investment and others.

Our Company has not declared any dividends on Equity Shares in Fiscals 2023, 2022 and 2021. Further our Company has not declared any dividend from April 1, 2023 till the date of this Preliminary Placement Document. The Equity Shares to be offered in connection with this Issue shall qualify for dividends, including interim dividend, if any, that is declared in respect of the fiscal in which they have been allotted.

Investors are cautioned not to rely on past dividends as an indication of the future performance of our Company or for an investment in the Equity Shares offered in the Issue. Also see "*Risk Factors –*" on page 39.

FINANCIAL INFORMATION

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INDEPENDENT AUDITOR'S REPORT

To the Members of Orchid Pharma Limited

Report on the Audit of the Consolidated financial statements

Qualified Opinion

We have audited the accompanying consolidated financial statements of **Orchid Pharma Limited** (hereinafter referred to as the 'Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group") and its Associate, which comprise of the consolidated balance sheet as at M arch 31,2023, and the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of cash flows and consolidated statement of changes in equity for the year then ended, and notes to the Consolidated Financial Statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the aforesaid Consolidated Financial Statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2023, of its consolidated profit (including other comprehensive income), consolidated Total comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended on that date.

Basis for Qualified Opinion

We draw attention to the fact that the Consolidated Financial Statements for the year ended March 31, 2023 include the financial statements for the year ended March 31, 2023, of the following subsidiary companies:

i) Orchid Europe Limited, UK (Upto 27th September 2022)
ii) Orchid Pharmaceuticals Inc., USA
iii) Bexel Pharmaceuticals Inc., USA
iv) Orchid Pharmaceuticals SA(Proprietary) Limited, South Africa
v) Diakron Pharmaceuticals, Inc. USA
vi) Orchid Bio-Pharma Limited

The consolidated financial statements also include the financial information of M/s Orbion Pharmaceuticals Private Limited, an associate company accounted under equity method.

SINGHI & CO. * Chartered Accountants *

We did not audit the financial statements of the above subsidiaries and Associate whose financial statements reflect total Assets of Rs.2253.16 Lakhs and net Assets of Rs.(-)4331.36 Lakhs as at March 31, 2023, total revenue from operations of Rs. Nil, total comprehensive income after tax of Rs.(-) 571.70 Lakhs for the year ended March 31, 2023 respectively and net cash flows amounting to Rs.43.30 Lakhs for the year ended on that date as considered in the consolidated financial statements. We also did not audit the Group's share of net Profit / loss (after tax) of Rs.(-) 215.35 Lakhs of the associate for the year ended March 31, 2023, as considered in the consolidated financial statements

The standalone financial statements of the subsidiaries and associate are unaudited and have been furnished to us by the management and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiaries and associate, is based solely on such unaudited financial statements. Accordingly, we do not express any opinion on the completeness and true and fair view of the financial statements, including adjustments, if any, required on the carrying amount of assets and liabilities of the above subsidiaries and associate as at March 31, 2023 included in the Consolidated Financial Statements.

We conducted our audit of the consolidated financial statements` in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us along with the consideration of audit report of the other auditor referred to "Other Matters" paragraph below, is sufficient and appropriate to provide a basis for our opinion on the Consolidated Financial Statements.

Emphasis of Matter

Without qualifying our opinion, we draw attention to the following matter:

Note 41 to the financial statements relating to the fact that the Group has taken certain lands on lease for its operations in respect of which the lease agreement expired before the date of commencement of the Corporate Insolvency Resolution Process. We were informed that as part of the right to review the existing agreements, the Group has made a detailed assessment of the market rent for the property and the market value of the property for outright purchase. We were also informed that since the present rent as per erstwhile lease agreement is significantly high considering the market value of the property itself, the Group is in talks with the lessor for renewal of the lease with lower rent or for outright purchase of the property as part of the implementation of the resolution plan. However, no finality is reached on this matter as of date.

Pending completion of the negotiation and the uncertainties involved, the Group disputed the portion of the lease rent, considered to be excessive than the market rate as assessed by an independent valuer, amounting to INR 3,077.00 Lakhs unto March 31, 2023 in respect of the aforesaid lease. The same has been treated as contingent liability in the Consolidated financial statements of the group.

Based on legal opinion obtained, the management is of opinion that no liability will arise on completion of the negotiation.

SINGHI & CO. Chartered Accountants

Our opinion on the consolidated financial statements is not modified in respect of the above matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year ended March 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

For the matter stated below, our description of how our audit addressed the matter is provided in that context.

Key audit matter	How our audit addressed the key audit matter
1. Revenue Recognition (Refer Note 3 (c) and 29 to the Consolidated financial Statements)	
Revenue is recognized at an amount that reflects the consideration to which the Company expects to be entitled in exchange for transferring goods to a customer. The revenue recognition occurs at a point in time when the control of the goods is transferred to the customer. We focussed on this area as a key audit matter as the value is significant and also since Exports form a substantial part of the Sales of the Group, wherein there are multiple terms of Sale, an inherent risk exists of revenue being recognized before the control is transferred.	As part of our audit procedures, we: ➢ Read the Group's accounting policy for revenue recognition and assessed compliance with the requirements of Ind AS 115. ➢ Evaluated the design, tested the implementation and operating effectiveness of the Holding Company's internal controls including general IT controls and key IT application controls over recognition of revenue. ➢ On a sample basis, tested supporting documentation for sales transactions which included sales invoices, customer contracts, and shipping documents. ➢ Tested revenue samples focused on sales recorded immediately before the year-end, obtained evidence as regards timing of revenue recognition, based on terms and conditions of sales contracts and delivery documents. ➢ Assessed disclosures in financial statements in respect of revenue, as specified in Ind AS 115.

Information Other than the Financial Statements and Auditor's Report Thereon

The Holding Group's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Holding Group's annual report, but does not include the Consolidated Financial Statements and our Auditor's Report thereon.

Our opinion on the Consolidated Financial Statements does not cover the other information and we do not express any form of assurance thereon.

SINGHI & CO. * Chartered Accountants *

In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Consolidated Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed and based on the work done/ audit report of other auditor, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Management for the Consolidated Financial Statements

The Holding Group's management and Board of Directors are responsible for the preparation and presentation of these Consolidated Financial Statements in term of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Management and Board of Directors of the companies/ entities included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring 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, that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Financial Statemonts by the Directors of the Group, as aforesaid.

In preparing the Consolidated Financial Statements, tho respectivo management and Board of Directors of the Group and of its subsidiaries included in the Group are responsible for assessing the ability of each group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective management and Board of Directors of the Group and of its subsidiaries included in the Group are also responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objcclives are to oblain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

SINGHI & CO. Chartered Accountants

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Group has adequate internal financial controls over financial reporting in place and the operating effectiveness of such controls. As none of the subsidiaries are a Group incorporated in India under the Act, the audit of internal financial controls over financial reporting is not applicable to these subsidiaries.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management and Board of Directors.
- Conclude on the appropriateness of Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group to express an opinion on the Consolidated Financial Statements, of which we are the independent auditors. We are responsible for the direction, supervision and performance of the audit of financial statements of such entities included in the Consolidated Financial Statements of which we are the independent auditors. For the other entity included in the Consolidated Financial Statements, which has been audited by other auditor, such other auditor remains responsible for the direction, supervision and performance of the audit carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the Consolidated Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Consolidated Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Consolidated Financial Statements.

We communicate with those charged with governance of the Holding Group and such other entities included in the Consolidated Financial Statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and

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significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements for the financial year ended March 2023 and are therefore the key audit matters. We describe these matters in our Auditor's Report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

Consolidated financial statements of the Group for the year ended March 31, 2022 have been audited by the predecessor auditor who expressed a modified opinion on the consolidated financial statements vide their report dated May 12, 2022.

Our opinion on the consolidated financial statements is not modified in respect of the above matter.

Report on Other Legal and Regulatory Requirements

1. As required by section 143(3) of the Act, we report that:
   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Financial Statements.
   b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books.
   c) The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated cash flows and the consolidated statement of changes in equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Financial Statements, subject to our comments in the basis of qualified opinion paragraph of our report.
   d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Ind AS specified under section 133 of the Act. read with Companies (Indian Accounting Standards) Rules, 2015, as amended.
   e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2023 taken on record by the Board of Directors of the Holding Company none of the directors are disqualified as on March 31,2023 from being appointed as a director in terms of section 164(2) of the Act.

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f) With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the managerial remuneration for the year ended March 31, 2023 paid by the group to its directors is in accordance with the provisions of section 197 read with Schedule V to the Act, and

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Consolidated Financial Statements disclose the impact of pending litigations as at 31 March 2023 on the consolidated financial position of the Group - Refer Note 41 to the Consolidated Financial Statements;

ii. The Group has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts,

iii. There has been no delay in transferring amounts required to be transferred, to the Investor Education and Protection Fund by the Holding Company or its subsidiary companies incorporated in India during the year ended 31 March 2023;

iv. The Management has represented that, to the best of its knowledge and belief:

(a) The respective managements of the Holding Company and its subsidiaries which are companies incorporated in India, if any, whose financial statements have been audited under the Act have represented to us that, to the best of its knowledge and belief, other than as disclosed in the notes to the consolidated financial statements, if any, no funds have been advanced or loaned or invested either from borrowed funds or share premium or any other sources or kind of funds by the Group to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(b) The respective managements of the Holding Group and its subsidiaries, which are companies incorporated in India, if any, whose financial statements have been audited under the Act have represented to us that, to the best of its knowledge and belief, other than as disclosed in the notes to the consolidated financial statements, if any, no funds have been received by the Group from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Group shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

(c) Based on the audit procedures carried out by us, that we have considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material mis-statement.

v. The Group has not declared or paid any dividends during the year and accordingly reporting on compliance with section 123 of the Companies Act, 2013 is not applicable for the year under consideration.

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vi. As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable only w.e.f. April 1, 2023 for the Holding Company and its subsidiaries, hence reporting under this clause is not applicable.

For Singhi & Co.,
Chartered Accountants
Firm Registration no: 302049E

Sudesh Choraria
Partner
Membership no: 204936
UDIN: 23204936BGYIRU4372

Date: May 10, 2023
Place: Mumbai

Annexure – A to the Independent Auditor's Report of even date to the members of Orchid Pharma Limited on the Consolidated financial Statements as of and for the year ended March 31, 2023

(Referred to in paragraph 1 (f) of our Report on Other legal and regulatory requirements)

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

In conjunction with our audit of the Consolidated Financial Statements of **Orchid Pharma Limited** ('the Holding Company') as of and for the year ended March 31,2023, we have audited the internal financial controls over financial reporting of the Holding Company and its subsidiary companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The Group's management and the Board of Directors are responsible for establishing and maintaining internal financial controls over financial reporting based on the criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective group's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls over financial reporting. 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 were 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 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 the internal controls based on the assessed risk. The procedures selected depend on the Auditor's judgement, including the assessment of the risks of material misstatement of the Consolidated 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 Group's internal financial control system over financial reporting.

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Meaning of Internal Financial Controls over financial reporting

A group's internal financial controls 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 group's internal financial controls 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 group; (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 group are being made only in accordance with authorisations of management and directors of the group; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the group's assets that could have a material effect on the consolidated financial statements.

Inherent Limitations of Internal Financial Controls over financial reporting

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

Opinion

In our opinion, the Group has, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31,2023, based on the internal financial controls over financial reporting criteria established by the Group considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Singhi & Co,
Chartered Accountants
Firm Registration no: 302049E

Sudesh Choraria
Partner
Membership no: 204936
UDIN: 23204936BGYIRU4372

Date: May 10, 2023
Place: Mumbai

SINGHI & CO. * Chartered Accountants *

Orchid Pharma Limited

Consolidated Balance Sheet as at March 31, 2023

(All amounts are in INR lakhs, except share data and unless otherwise stated)

	Notes	As at March 31, 2023	As at March 31, 2022
ASSETS			
Non-current assets			
Property, plant and equipment	4	57,270.68	58,336.55
Intangible assets	4	38.57	33.73
Capital work in progress	5	4,646.34	978.42
Financial assets			
Investments	6	4,444.13	4,549.08
Other financial assets	7	687.48	476.05
Non current tax assets (net)	8	5,130.15	5,223.63
Other non current assets	9	202.11	1,693.84
Total non-current assets		72,419.66	71,291.30
Current assets			
Inventories	10	22,873.80	17,265.63
Financial assets			
Investments	11	-	-
Trade receivables	12	21,519.38	17,056.82
Cash and cash equivalents	13	2,259.71	430.66
Bank balances other than above	14	802.91	375.64
Loans	15	-	-
Other financial assets	16	15.84	0.14
Current tax assets (net)	17	95.37	31.76
Non current assets held for sale and disposal groups	18	-	1,328.97
Other current assets	19	2,533.96	3,275.33
Total current assets		50,100.97	39,764.95
Total Assets		1,22,520.63	1,11,056.25
EQUITY AND LIABILITIES			
Equity			
Equity share capital	20	4,081.64	4,081.64
Other equity	21	64,783.26	60,656.35
Total equity		68,864.90	64,737.99
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	22	14,883.76	20,816.52
Provisions	23	1,260.18	1,101.29
Deferred Tax Liability (net)	24	322.62	322.62
Total non-current liabilities		16,466.56	22,240.43
Current liabilities			
Financial liabilities			
Borrowings	25	18,250.81	5,978.84
Trade payables	26		
- Outstanding Dues of Micro and Small Enterprises		158.44	340.26
- Outstanding Dues of Creditors other than Micro and Small Enterprises		18,020.06	16,428.04
Short term provisions	27	348.60	300.71
Other current liabilities	28	411.26	1,029.98
Total current liabilities		37,189.17	24,077.83
Total Liabilities		53,655.73	46,318.26
Total Equity and Liabilities		1,22,520.63	1,11,056.25
Significant Accounting Policies	3		

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

For Singhi & Co.,
Chartered Accountants
Firm Registration No. 302049E

Sudesh Choraria
Partner
Membership No. 204936

Place : Mumbai
Date: May 10, 2023

For and on behalf of the board

Manish Dhanuka
Managing Director
DIN: 00238798

Mridul Dhanuka
Wholetime director
DIN: 00199441

Sunil Gupta
Chief Financial Officer
Place : Gurgaon
Date: May 10, 2023

Marina Peter
Company Secretary

SINGHI & CO. Chartered Accountants

ORCHID PHARMA LIMITED Chennai

Orchid Pharma Limited

Statement of consolidated profit and loss for the year ended March 31, 2023

(All amounts are in INR lakhs, except share data and unless otherwise stated)

	Notes	For the year ended March 31, 2023	For the year ended March 31, 2022
Continuing Operations			
A Income			
Revenue from operations	29	66,589.84	55,955.74
Other income	30	1,943.05	900.29
Total income		68,532.89	56,856.03
B Expenses			
Cost of materials consumed	31	40,609.61	34,061.77
Changes in inventories of finished goods and WIP	32	(2,147.54)	(2,705.83)
Employee benefits expense	33	6,535.04	6,327.70
Depreciation and amortisation expense	34	5,478.68	8,702.46
Finance costs	35	3,222.57	3,201.17
Other expenses	36	13,230.88	12,958.63
Total expenses		66,929.24	62,545.90
C Profit / (Loss) before exceptional items and tax		1,603.65	(5,689.87)
Exceptional items - Income / (Expenses) (Refer Note 50)		3,921.04	-
D Profit / (Loss) before tax from continuing operations		5,524.69	(5,689.87)
Income tax expense			
Current tax		-	-
Deferred tax charge/ (credit)		-	-
Profit / (Loss) after tax from continuing operations		5,524.69	(5,689.87)
Discontinuing Operations			
E Profit / (Loss) for the year from discontinued operations		(677.51)	5,847.02
Tax expense of discontinued operations		-	-
Profit / (Loss) from discontinued operations after tax		(677.51)	5,847.02
Profit / (Loss) for the year before share of profit of Associates		4,847.18	157.15
Add: Share of Profit / (loss) of Associates		(215.35)	(352.27)
F Profit/ (Loss) for the year		4,631.83	(195.12)
G Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement of post employment benefit obligations		(23.28)	146.39
Gain/ (Loss) on fair valuation of investments		5.40	(4.09)
Income tax (charge)/ credit relating to these items		-	-
Other comprehensive income for the year, net of tax		(17.88)	142.30
Total comprehensive Profit / (loss) for the year		4,613.95	(52.82)
Earnings per share	39		
Earnings per equity share (For continuing operations):			
- Basic (Rs.)		13.01	(14.80)
- Diluted (Rs.)		13.01	(14.80)
Earnings per equity share (For discontinued operations) :			
- Basic (Rs.)		(1.66)	14.32
- Diluted (Rs.)		(1.66)	14.32
Earnings per equity share (For discontinued & continuing operations) :			
- Basic (Rs.)		11.35	(0.48)
- Diluted (Rs.)		11.35	(0.48)
Significant Accounting Policies	3		

The accompanying notes form an integral part of the financial statements

As per our report of even date attached
For Singhi & Co.,
Chartered Accountants
Firm Registration No. 302049E

Sudesh Choraria
Partner
Membership No. 204936

Place : Mumbai
Date: May 10, 2023

For and on behalf of the board

Manish Dhanuka
Managing Director
DIN: 00238798

Mridul Dhanuka
Wholetime director
DIN: 00199441

Sunil Gupta
Chief Financial Officer
Place : Gurgaon
Date: May 10, 2023

Marina Peter
Company Secretary

Orchid Pharma Limited

Statement of consolidated cash flows for the year ended March 31, 2023

(All amounts are in INR lakhs, except share data and unless otherwise stated)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Cash Flow From Operating Activities		
Profit/ loss before income tax	4,631.83	(195.12)
Adjustments for		
Depreciation and amortisation expense	5,478.68	8,702.46
(Profit)/ loss on sale of fixed assets (Net) (including Exceptional item)	(3,998.50)	(0.04)
Profit on sale of Non current assets held for sale included in discontinuing operations	-	(8,866.86)
Interest income	(61.80)	(41.88)
Unrealised forex (gain)/ loss	164.44	14.00
Allowance for expected credit loss	118.83	366.73
Finance costs	3,222.57	3,201.17
Share of loss from associates under equity method	215.35	352.27
(Profit) / loss on sale of investments	(1.54)	(51.24)
	9,769.66	3,481.49
Change in operating assets and liabilities		
(Increase)/ decrease in Other financial assets	(211.43)	1,169.34
(Increase)/ decrease in inventories	(5,608.17)	253.69
(Increase)/ decrease in trade receivables	(4,165.35)	(2,291.94)
(Increase)/ decrease in Other assets	1,268.27	1,438.18
Increase/ (decrease) in provisions and other liabilities	(580.94)	651.03
Increase/ (decrease) in trade payables	1,391.41	4,736.27
Cash generated from operations	1,863.65	9,438.06
Add : Income taxes received (net of payments)	(29.85)	(190.60)
Net cash from operating activities (A)	1,833.80	9,247.46
Cash Flows From Investing Activities		
Purchase of Property, plant and equipment (including changes in CWIP)	(8,491.31)	(1,440.35)
Sale proceeds of Property, plant and equipment	93.55	9.89
Net Sale proceeds of Land & Buildings	5,761.00	15,940.81
(Purchase)/ disposal proceeds of investments	(103.46)	1,238.32
Investment in equity share of associate companies	-	(4,550.00)
(Investments in)/ Maturity of fixed deposits with banks	(427.27)	45.14
Interest received	46.10	48.81
Net cash used in investing activities (B)	(3,121.39)	11,293.62
Cash Flows From Financing Activities		
Proceeds from Borrowings	17,319.84	1,999.88
Repayment of Borrowings (net)	(10,980.63)	(20,478.52)
Finance costs	(3,222.57)	(3,201.17)
Net cash from/ (used in) financing activities (C)	3,116.64	(21,679.81)
Net increase/decrease in cash and cash equivalents (A+B+C)	1,829.05	(1,138.73)
Cash and cash equivalents at the beginning of the financial year	430.66	1,569.39
Cash and cash equivalents at end of the year	2,259.71	430.66

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	2,259.05	427.20
- in fixed deposit with original maturity of less than 3 months	-	-
Cash on hand	0.66	3.46
	2,259.71	430.66

3. Reconciliation of Liabilities arising from financing activities

Particulars	Outstanding as at 1st April, 2022	Cash Flows	Non-Cash Changes	Outstanding as at 31st March, 2023
Long Term Borrowings	24511.22	(6,628.91)	1157.21	19039.52
Short Term Borrowings	2284.14	11,810.91		14095.05
Total Liabilities from financing activities	26795.36	5,182.00	1157.21	33134.57

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

For Singhi & Co.,

Chartered Accountants

Firm Registration No. 302049E

Sudesh Choraria

Partner

Membership No. 204936

Place : Mumbai

Date: May 10, 2023

For and on behalf of the board

Manish Dhanuka

Managing Director

DIN: 00238798

Mridul Dhanuka

Wholetime director

DIN: 00199441

Sunil Gupta

Chief Financial Officer

Place : Gurgaon

Date: May 10, 2023

Manna Peter

Company Secretary

SINGHI & CO. Chartered Accountants

ORCHID PHARMA LTD. Chennai

Orchid Pharma Limited

Statement of Consolidated Changes in Equity for the year ended March 31, 2023

(All amounts are in INR lakhs, except share data and unless otherwise stated)

(A) Equity Share Capital

Balance at the end of March 31, 2021	4,081.64
Changes in equity share capital due to prior period errors	-
Changes in equity share capital during the year	-
Balance at the end of March 31, 2022	4,081.64
Changes in equity share capital due to prior period errors	-
Changes in equity share capital during the period	-
Balance at the end of March 31, 2023	4,081.64

(B) Other Equity (attributable to the owners of Orchid Pharma Limited)

Particulars	Capital Reserve	Capital Reserve on Amalgamation	Securities Premium Reserve	Equity component of Optionally convertible debentures	General Reserve	Foreign Currency Fluctuation Reserve	Other Comprehensive Income	Profit and Loss Account	Total
Balance as at March 31, 2021	5,105.69	1,63,125.58	46,447.86	6,856.06	55,851.90	15,211.52	(5.60)	(2,31,383.87)	61,209.14
Income/ (loss) for the year	-	-	-	-	-	-	142.30	(195.12)	(52.82)
Changes due to prior period errors	-	-	-	-	-	-	-	-	-
Restated Balance as at April1, 2021	5,105.69	1,63,125.58	46,447.86	6,856.06	55,851.90	15,211.52	136.70	(2,31,578.99)	61,156.32
Additions/ (deductions) during the year	-	-	-	-	-	(499.97)	(146.39)	146.39	(499.97)
Balance as at March 31, 2022	5,105.69	1,63,125.58	46,447.86	6,856.06	55,851.90	14,711.55	(9.69)	(2,31,432.60)	60,656.35
Income/ (loss) for the year							(17.88)	4,631.83	4,613.95
Changes due to prior period errors	-	-	-	-	-	-	-	-	-
Restated Balance as at April1, 2022	5,105.69	1,63,125.58	46,447.86	6,856.06	55,851.90	14,711.55	(27.57)	(2,26,800.77)	65,270.30
Additions/ (deductions) during the year						(487.04)	23.28	(23.28)	(487.04)
Balance as at March 31, 2023	5,105.69	1,63,125.58	46,447.86	6,856.06	55,851.90	14,224.51	(4.29)	(2,26,824.05)	64,783.26

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

For Singhi & Co.,
Chartered Accountants
Firm Registration No. 302049E

Sudesh Choraria
Partner
Membership No. 204936

Place : Mumbai
Date: May 10, 2023

For and on behalf of the board

Manish Dhanuka
Managing Director
DIN: 00238798

Mridul Dhanuka
Wholetime director
DIN: 00199441

Sunil Gupta
Chief Financial Officer
Place : Gurgaon
Date: May 10, 2023

Marina Peter
Company Secretary

ORCHID PHARMA LIMITED Chennai

1 **Corporate Information**

The Consolidated Financial Statements comprise financial statements of "Orchid Pharma Limited" ("the Holding Company") and its subsidiaries and associate (collectively referred to as "the Group") for the year ended March 31, 2023.

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.

According to the Resolution Plan approved by the Hon'ble National Company Law Tribunal (NCLT) has, by its order dated June 27, 2019 and the order of the Hon'ble Supreme Court vide its order dated February 28, 2020, Dhanuka Laboratories Limited (DLL), the successful Resolution Applicant, implemented the resolution plan on March 31, 2020.

DLL infused the funds as per the terms of the resolution plan through a special purpose vehicle, Dhanuka Pharmaceuticals Private Limited. The special purpose vehicle was later on merged with the Company as pur the terms of the approved resolution plan. Thus the holding company became a subsidiary of M/s Dhanuka Laboratories Limited with effect from March 31, 2020.

The Group has invested in the following subsidiary companies :

a) Orchid Europe Limited, a company formed in the United Kingdom initially to market nutraceuticals through mail order/ direct marketing in the United Kingdom and Europe. This subsidiary company has been wound up during this financial year.

b) Bexel Pharmaceuticals Inc., USA engaged in Pharmaceutical research and development.

c) Orchid Pharmaceuticals Inc., USA to provide services in USA. It has a wholly owned subsidiaries "Orgenus Pharma Inc, USA" which provides services in USA and "Orchid Pharma Inc./Karalex Pharma, USA" which sells pharmaceutical products in USA.

d) Orchid Pharmaceuticals SA (Proprietary) Limited, South Africa to register and market formulations in South Africa.

e) Diakron Pharmaceuticals Inc., USA engaged in Pharmaceutical research and development.

f) Orchid Bio- Pharma Limited , Inda for manufacture of the KSM as a backward integration to the Holding company's activities.

During the previous year, the Group had also invested in M/s Orbion Pharmaceuticals Private Limited, an associate Company of the Group.

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 notifind) 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, as amended from time to time.

Basis of preparation and presentation

The Consolidated Financial Statements comprises of Orchid Pharma Limited and all its subsidiaries, being the entities that it controls. Control is assessed in accordance with the requirement of Ind AS 110 - Consolidated Financial Statements. The investment in associate is consolidated using equity methods as per Ind AS 28

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 recognisnd 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 Group'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, 2023 to March 31, 2023 in respect of subsidiaries/ having financial year ended December 31, 2022.

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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.

i) In respect of investments in associate company, the Group has applied equity method for consolidation of its interest in the associate.

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 recognisnd 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 Holding Company's Board of Directors on May 10, 2023.

2A Critical accounting estimates and management judgments

In application of the accounting policies, which are described in note 3, 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 am considered to be relevent.

Information about significant areas of estimation, uncertainty and critical judgaments used in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is includnd 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 echieved 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

New amendments issued but not effective
Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time.On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 1, 2023, as below:

Ind AS 1 – Presentation of Financial Statements
The amendments related to shifting of disclosure of accounting policies from 'significant accounting policies' to 'material accounting policies' in the notes to the financial statements requiring companies to reframe their accounting policies to make them more 'entity specific. This amendment aligns with the 'material' concept already required under International Financial Reporting Standards(IFRS). The Company does not expect this amendment to have any significant impact in its Consolidated Financial Statements.

Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors
The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a "change in accounting estimates" has been replaced with a definition of "accounting estimates."

Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty." Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Group does not expect this amendment to have any significant impact in its Consolidated Financial Statements.

Ind AS 12 – Income Taxes
The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12. At the date of transition to Ind ASs, a first-time adopter shall recognize a deferred tax asset to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized. Similarly, a deferred tax liability is recognized for all deductible and taxable temporary differences associated with

A) Right -of-use assets and lease liabilities
B) Decommissioning, restoration and similar liabilities and the corresponding amounts are recognised as part of the cost of the related asset.

Therefore, if the Group has not yet recognised deferred tax on right-of-use assets and lease liabilities or has recognised deferred tax on net basis, the same need to recognize on gross basis based on the carrying amount of right-of- use assets and lease liabilities

The Group has evaluated the above amendments and concluded that they will have no significant impact on the Group on a go forward basis.

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.

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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 when the Group satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when the customer obtains control of that asset., 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.

Significant financing component

Generally, the Group receives short-term advances from its customers. Using the practical expedient in Ind AS 115, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised goods or services to the customer and when the customer pays for that goods or services will be one year or less.

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 estimatnd 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**

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.

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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**

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.

Drug Master Files ('DMF') and Abbreviated New Drug Applications ('ANDA') costs represent expenses incurred on development of processes and compliance with regulatory procedures of the US FDA, in filing DMF and 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 expanditures, 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 separetely.

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, cost being determined based on weighted average method.

In respect of work-in-progress, intermediaries and finished goods, cost also includes the variable and fixed overhead incurred for bringing the inventory to present location and conditions.

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.

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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 115 "Revenue from contract with Customers".

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 116 "Leases"

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.

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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 recognisnd 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 115 "Revenue from contract with Customers".

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.

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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.

The translation of financial statements of the foreign subsidiaries to the presentation currency is performed for assets and liabilities using the exchange rate in effect at the Balance Sheet date and for revenue, expense and cash-flow items using the average exchange rate for the respective periods. The gains or losses resulting from such translation are included in currency translation reserves under other components of equity. When a subsidiary is disposed off, in full, the relevant amount is transferred to net profit in the Consolidated Statement of Profit and Loss. However when a change in the parent's ownership does not result in loss of control of a subsidiary, such changes are recorded through equity.

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.

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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.

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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.

The Group has elected not to apply the requirements of Ind AS 116 Leases to short term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term. All other Leases are recognized as follows :

a) **Initial measurement**
Lease liability is initially recognised and measured at an amount equal to the present value of minimum lease payments during the lease term that are not yet paid. Right-of-use asset is recognized and measured at cost, consisting of initial measurement of lease liability plus any lease payments made to the lessor at or before the commencement date less any lease incentives received, initial estimate of restoration costs and any initial direct costs incurred by the lessee.

b) **Subsequent measurement**
The lease liability is measured in subsequent periods using the effective interest rate method. Right-of-use asset is depreciated in accordance with requirements in Ind AS 16, Property, Plant and equipment. 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. However, Ind AS 116 provides the lessee with the option to recognise a low value asset or a short term lease (12 months of lesser) as an expense in the statement of profit and loss on a straight-line basis or any other systematic approach as adopted by the entity.

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) **Non current assets held for sale and disposal groups**

The Group classifies a non-current asset (or disposal group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. Immediately before the initial classification of the asset (or disposal group) as held for sale, the carrying amounts of the asset (or all the assets and liabilities in the group) shall be measured in accordance with applicable Ind ASs.

The Group measures a non-current asset (or disposal group) classified as held for sale at the lower of its carrying amount and fair value less costs to sell. The Group does not depreciate (or amortise) a non-current asset while it is classified as held for sale or while it is part of a disposal group classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale shall continue to be recognised.

t) **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.

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Notes to the Consolidated financial statements for the year ended March 31, 2023
(All amounts are in INR lakhs, except share data and unless otherwise stated)

4 **Property, plant and equipment**

Particulars	Tangible 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
Cost as at March 31, 2021	1,228.12	0.61	14,393.77	99,048.40	227.28	9.98	3.48	326.78	1,305.07	1,16,543.49	1,012.91	54.06	1,066.97
Additions	-	-	-	38.05	-	-	-	-	-	38.05	-	-	-
Disposals	-	-	-	(9.85)	-	-	-	-	-	(9.85)	-	-	-
Cost as at March 31, 2022	1,228.12	0.61	14,393.77	99,076.60	227.28	9.98	3.48	326.78	1,305.07	1,16,571.69	1,012.91	54.06	1,066.97
Additions	1,373.45	-	3,432.00	46.16	1.81	-	2.26	-	-	4,855.68	14.21	-	14.21
Disposals	(417.44)		-	(13.75)	(16.09)	-	-	-	-	(447.28)	(4.78)	-	(4.78)
Cost as at March 31, 2023	2,184.13	0.61	17,825.77	99,109.01	213.00	9.98	5.74	326.78	1,305.07	1,20,980.09	1,022.34	54.06	1,076.40
Depreciation/Amortisation													
As at March 31, 2021	-	0.61	3,126.84	45,113.56	166.81	3.69	3.48	127.20	993.62	49,535.81	1,012.91	17.20	1,030.11
Charge for the year	-	-	711.36	7,939.00	3.01	-	-	18.14	27.82	8,699.33	-	3.13	3.13
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-
As at March 31, 2022	-	0.61	3,838.20	53,052.56	169.82	3.69	3.48	145.34	1,021.44	58,235.14	1,012.91	20.33	1,033.24
Charge for the year	-	-	788.90	4,663.58	0.50	-	0.55	15.54	5.00	5,474.07	1.46	3.13	4.59
Disposals	-	-	-	-	-	-	-	-	-	-		-	-
As at March 31, 2023	-	0.61	4,627.10	57,716.14	170.32	3.69	4.03	160.88	1,026.44	63,709.21	1,014.37	23.46	1,037.83
Net Block													
As at March 31, 2022	1,228.12	-	10,555.57	46,024.04	57.46	6.29	-	181.44	283.63	58,336.55	-	33.73	33.73
As at March 31, 2023	2,184.13	-	13,198.67	41,392.87	42.68	6.29	1.71	165.90	278.63	57,270.88	7.97	30.50	38.57

Notes :

1 The title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the respective companies in the group as at the balance sheet date. In respect of immovable properties of land and building that have been taken on lease and disclosed as property, plant and equipments in the financial statements, the lease agreements are in the name of the respective companies in the group. In respect of assets given as collateral for loans taken from banks, the title deeds are in the custody of the respective banks.

2 The Group has not revalued its property, plant and equipment (including right-of-use asset) during the year, since the Group has adopted cost model as its accounting policy to an entire class of Property, Plant and Equipment in accordance with Ind AS 16.

3 The Group has not revalued its intangible asset, since the Group has adopted cost model as its accounting policy to an entire class of Intangible Asset in accordance with Ind AS 38.

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Notes to the Consolidated financial statements for the year ended March 31, 2023

(All amounts are in INR lakhs, except share data and unless otherwise stated)

	As at March 31, 2023	As at March 31, 2022
5 Capital Work-in-progress		
Property, plant and equipment under development	4,646.34	978.42
	4,646.34	978.42

Refer Note 48 (a) for aging schedule of Capital work in progress
Refer Note 48 (b) for information relating to estimated completion schedule of Capital work in progress.

	As at March 31, 2023	As at March 31, 2022
6 Non-current investments		
Non Trade		
Investments in companies other than subsidiaries, associates and joint ventures at FVTOCI		
i. Investments in Equity Instruments (Quoted)		
18,600 equity shares (PY : 18,600 no.s) of Rs.10 each in Bank of India Limited, fully paid up	13.93	8.53
ii. Investments in Equity Instruments (Unquoted)		
6,00,000 equity shares (PY: 6,00,000 no.s) of Rs. 10 each in Sai Regency Power Corporation Private	60.00	60.00
42,00,000 equity shares (PY: 31,50,000) of Rs.10 each Investment in Nellai Renewables Private Limited, fully	420.00	315.00
1,19,568 (PY: 1,19,568) equity shares of Rs.10 each in MSE Financial Services Limited, fully paid up *	23.99	23.99
8,823 (PY : 8,823) equity shares of Rs.1/- each allotted in Madras Enterprises Private Limited *	3.83	3.83
Investments in Equity Instruments of Associate (Unquoted) at cost		
4,55,00,000 equity shares (PY: 4,55,00,000 nos.) of Rs.10 /- each in Orbion Pharmaceuticals private limited	3,982.38	4,197.73
	4,504.13	4,609.08
Less: Provision for diminution in value of investments	(60.00)	(60.00)
Total non-current investments	4,444.13	4,549.08
Aggregate value of quoted investments	13.93	8.53
Aggregate market value of quoted investments	13.93	8.53
Aggregate value of unquoted investments	4,490.20	4,600.55
Aggregate amount of impairment in value of investments	60.00	60.00

* Pursuant to the Scheme of Arrangement of MSE Financial Services Ltd and SRT Ascendancy Solutions Private Ltd with Madras Enterprises Ltd, 2.60 shares of Madras Enterprises Ltd have been allotted for every one share held in MSE Financial Services Ltd.

	As at March 31, 2023	As at March 31, 2022
7 Other non-current financial assets		
(Unsecured, considered good)		
Security deposits for electricity and power	620.05	460.69
Fixed deposits with banks (maturing after 12 month from the reporting date)	-	0.74
Other Deposits	67.43	14.62
(Unsecured, considered doubtful)		
Others	202.66	202.66
Less : Provision for expected credit loss	(202.66)	(202.66)
	687.48	476.05

Note :The Group has not granted any loan or advance in the nature of loan to promoters, directors, KMPs and other related parties that are repayable on demand or without specifying any terms or period of repayment. The loans given to certain parties during the pre-CIRP period have been fully provided for.

	As at March 31, 2023	As at March 31, 2022
8 Non Current tax assets(Net)		
Advance income tax (net of provision for tax)	5130.15	5,223.63
	5,130.15	5,223.63
9 Other non-current assets		
(Unsecured, considered good)		
Capital Advances	202.11	1,166.94
Advances to suppliers	-	526.90
(Unsecured, considered doubtful)		
Advances to suppliers	15,333.30	15,333.30
	15,535.41	17,027.14
Less: Provision for expected credit loss	(15,333.30)	(15,333.30)
	202.11	1,693.84

Note :The Group has not granted any loan or advance in the nature of loan to promoters, directors, KMPs and other related parties that are repayable on demand or without specifying any terms or period of repayment. The loans given to certain parties during the pre-CIRP period have been fully provided for.

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(All amounts are in INR lakhs, except share data and unless otherwise stated)

	As at March 31, 2023	As at March 31, 2022
	As at March 31, 2023	As at March 31, 2022
10 Inventories		
Raw Materials	7,588.65	4,283.13
Intermediates & Work-in-progress	7,745.00	6,907.63
Finished Goods	6,794.66	5,484.49
Stores and Spare parts	133.88	152.44
Chemicals and Consumables	212.54	201.52
Packing Materials	399.07	236.42
	22,873.80	17,265.63

Note: The Group has physically verified the inventories at reasonable intervals and no discrepancies of 10% or more in the aggregate for each class of inventory were noticed during such verification.

	As at March 31, 2023	As at March 31, 2022
11 Current Investments		
Fair valued through profit and loss		
Investment in Mutual Funds	-	-
	-	-
12 Trade receivables		
Trade Receivables considered good - Secured	-	-
Trade Receivables considered good - Unsecured	21,519.38	17,056.82
Trade Receivables which have significant risk increase in credit risk	-	-
Trade Receivables credit impaired	4,374.42	4,255.59
	25,893.80	21,312.41
Less: Allowance for expected credit loss	(4,374.42)	(4,255.59)
	21,519.38	17,056.82

Note:
Trade receivables are neither due from directors or other officers of the Group either severally or jointly with any other person, nor any trade or other receivables are due from firms or private companies respectively in which any director is a partner, a director or a member, except to the extent disclosed in Note 46 relating to amounts receivable from related parties.

Refer Note 45 for information about risk profile of Trade Receivables under Financial Risk Management.

Refer Note 48 (c) for the ageing schedule of Trade Receivables.

	As at March 31, 2023	As at March 31, 2022
13 Cash and cash equivalents		
Cash on hand	0.66	3.46
Balances with banks		
In current accounts	2,259.05	427.20
In fixed deposits (having original maturity of less than 3 months)	-	-
	2,259.71	430.66
14 Other Bank Balances		
In Fixed Deposits with banks (maturing within 12 months from the reporting date)	401.46	0.59
In earmarked accounts		
Escrow Accounts	310.55	323.60
Fractional Shares Payable Bank Account	90.90	51.45
	802.91	375.64
15 Loans		
(Unsecured, considered doubtful)		
Loans to related parties	99.25	99.25
	99.25	99.25
Less : Allowance for expected credit loss	(99.25)	(99.25)
	-	-

Note : The Group has not granted any loan or advance in the nature of loan to promoters, directors, KMPs and other related parties that are repayable on demand or without specifying any terms or period of repayment. The loans given to other related parties during the pre-CIRP period have been fully provided for.

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	As at March 31, 2023	As at March 31, 2022
	As at March 31, 2023	As at March 31, 2022
16 Other current financial assets		
(Unsecured, considered good)		
Interest accrued on deposits	15.84	0.14
	15.84	0.14
17 Current tax assets		
Advance income tax (net of provision for tax)	95.37	31.76
	95.37	31.76
18 Non current assets held for sale		
Other buildings	-	1,328.97
	-	1,328.97
19 Other current assets		
(Unsecured, considered good)		
Advance recoverable in cash or in kind		
Advance to suppliers	935.18	305.93
Prepaid expenses	379.10	711.76
MEIS license scrips entitlement	-	588.70
Balances with Statutory Authorities	1,217.07	1,645.15
Other deposits	2.61	12.82
Employees Advances	-	10.97
	2,533.96	3,275.33
(Unsecured, considered doubtful)		
Advances to Suppliers	29.05	29.75
Less : Allowance for expected credit loss	(29.05)	(29.75)
	2,533.96	3,275.33

Note :The Group has not granted any loan or advance in the nature of loan to promoters, directors, KMPs and other related parties that are repayable on demand or without specifying any terms or period of repayment. The advances given to certain suppliers during the pre-CIRP period have been fully provided for.

20 Capital

	As at March 31, 2023	As at March 31, 2022
Authorised Share Capital		
15,00,10,000 (Previous year 15,00,10,000) Equity shares of Rs. 10 each*	15,010.00	15,010.00
	15,010.00	15,010.00

* The authorised share capital of the Company has increased by 10,000 shares of Rs.10 each pursuant to a scheme of amalgamation. However, the same is yet to be updated in the records of the registrar of companies. The Company is closely following it up for regularisation

	As at March 31, 2023	As at March 31, 2022
Issued Share Capital		
4,08,16,400 (Previous year 4,08,16,400) Equity shares of Rs. 10 each	4,081.64	4,081.64
	4,081.64	4,081.64
Subscribed and fully paid up share capital		
4,08,16,400 (Previous year 4,08,16,400) Equity shares of Rs. 10 each	4,081.64	4,081.64
	4,081.64	4,081.64

Notes:

(a) Reconciliation of number of equity shares subscribed

Balance at the beginning and end of the period (Nos.)	4,08,16,400	4,08,16,400

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

Name of the share holders	March 31, 2023		March 31, 2022	
	No of shares	%	No of shares	%
Dhanuka Laboratories Limited *	3,67,19,957	89.96	3,67,19,957	89.96

~~# The successful resolution applicant of a listed company in the case of a Corporate Insolvency Resolution Process is required to increase the public holding~~ to at least 25% within three years from the date of implementation of the approved resolution plan ~~(i.e., on or before March 31, 2023).~~ The Group is taking the ~~necessary steps to achieve the required threshold limits.~~

* As per Regulation 38 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") the Holding Company is required to comply with the Minimum Public Shareholding ("MPS") requirements of 25% specified in rules 19(2) and 19A of the Securities Contracts (Regulation) Rules, 1957 on or before March 30, 2023. In order to comply with the above MPS requirement, the Holding Company has obtained shareholders' approval for raising funds through the Qualified Institutional Placement ("QIP") route for an aggregate amount of upto Rs.500 Crore at its Extra Ordinary General Meeting held on December 29, 2022 and have also appointed the requisite authorised agencies for going ahead with the QIP, who have been actively working towards completing the process.

However due to weak market sentiments the Holding Company, despite its best efforts, could not fulfil the above MPS requirement before the said deadline and the Company has submitted an application to SEBI seeking relaxation for a period of one year from March 30, 2023 to comply with the minimum public shareholding requirement under SEBI SCRR Rules and Listing Regulations.

(c) Shares held by promoters at the end of the year

Name of the share holder	March 31, 2023		March 31, 2022		% of change
	No of shares	% age	No of shares	% age	
Dhanuka Laboratories Limited *	3,67,19,957	89.96	3,67,19,957	89.96	0.00

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(All amounts are in INR lakhs, except share data and unless otherwise stated)

	As at March 31, 2023	As at March 31, 2022
	As at March 31, 2023	As at March 31, 2022

(d) **Rights, preferences and restrictions in respect of equity shares issued by the Company**
The Group has only one class of equity shares having a par value of Rs.10 each. The equity shares of the Group 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 Group has not proposed any dividend.

21 **Other Equity**

Capital Reserve	5,105.69	5,105.69
Capital Reserve on Amalgamation	1,63,125.58	1,63,125.58
Securities Premium Reserve	46,447.86	46,447.86
Equity component of Optionally convertible debentures	6,856.06	6,856.06
General Reserve	55,851.90	55,851.90
Foreign Currency Fluctuation Reserve	14,224.51	14,711.55
Other Comprehensive Income	(4.29)	(9.69)
Retained Earnings	(2,26,824.05)	(2,31,432.60)
	64,783.26	60,656.35

a) Capital reserve

Balance at the beginning and end of the year	5,105.69	5,105.69

Capital reserve was created in the earlier years in respect of business acquired by the Group. The Group can use this reserve for issuing fully paid up Bonus shares.

b) Capital Reserve on Amalgamation

Balance at the beginning and end of the year	1,63,125.58	1,63,125.58

Capital reserve on Amalgamation was created in the earlier years as per approved resolution plan on the amalgamation of the special purpose vehicle with the Group. The Group can use this reserve for issuing fully paid up Bonus shares.

c) Securities Premium Reserve

Balance at the beginning and end of the year	46,447.86	46,447.86

Securities Premium was credited when shares are issued at a premium. The Group can use this reserve to issue bonus shares, to provide for premium on redemption of shares or debentures, preliminary expenses and the commission paid or discount allowed

d) Equity component of Optionally convertible debentures

Balance at the beginning and end of the year	6,856.06	6,856.06

This represents the equity component accounted as per split accounting prescribed for compound financial instruments under Ind AS 109 "Financial Instruments". This will be available as free reserves once the Group completed the conversion of the debentures into equity.

e) General Reserve

Balance at the beginning and end of the year	55,851.90	55,851.90

General Reserve represents the statutory reserve in accordance with Companies Act, 2013 wherein a portion of profit is apportioned to general reserve. This is a free reserve and the Group can use it for declaration of dividends, subject to the conditions prescribed by the Companies Act, 2013.

f) Foreign Currency Fluctuation Reserve

Balance at the beginning of the year	14,711.55	15,211.52
Additions/ (deductions) during the year	(487.04)	(499.97)
Balance at the end of the year	14,224.51	14,711.55

Foreign Currency Fluctuation Reserve represents the cumulative impact of translating the financial statements of foreign subsidiaries. The same will be reclassified to the profit and loss account on disposal of investments in those subsidiaries in accordance with Ind AS 21.

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ORCHID PHARMA LIMITED Chennai

(All amounts are in INR lakhs, except share data and unless otherwise stated)

	As at March 31, 2023	As at March 31, 2022
	As at March 31, 2023	As at March 31, 2022
g) Other Comprehensive Income		
Balance at the beginning of the year	(9.69)	(5.60)
Additions during the year	(17.88)	142.30
Deductions/Adjustments during the year	23.28	(146.39)
Balance at the end of the year	(4.29)	(9.69)

Other comprehensive income represents the balance in equity for items to be accounted in Other Comprehensive Income (OCI). The Group has opted to recognise the changes in the fair value of certain investments in equity instruments and remeasurement of defined benefit obligations in OCI. The Group transfers amounts from this reserve to Retained Earnings in case of actuarial loss / gain and in case of fair value recognition of equity instrument, the same will be transferred when the respective equity instruments are derecognised.

h) Retained Earnings		
Balance at the beginning of the year	(2,31,432.60)	(2,31,383.87)
Net Profit /(loss) for the year	4,631.83	(195.12)
Transfer from Other Comprehensive Income	(23.28)	146.39
Balance at the end of the year	(2,26,824.05)	(2,31,432.60)

Retained Earnings represent the undistributed profits/ accumulated losses of the Group remaining after transfer to other Reserves.

22 Long Term Borrowings		
Secured *		
From Banks		
Rupee Term Loans	3,205.16	-
Foreign Currency term Loans	4,959.26	14,778.80
Unsecured		
0% Optionally Convertible Debentures	10,875.10	9,732.42
	19,039.52	24,511.22
Less: Current maturities of long term borrowings (refer note 25)	(4,155.76)	(3,694.70)
	14,883.76	20,816.52

Note :
* Refer Note 44 for repayment terms and security details

The Group has used the borrowings from banks and financial institutions for the specific purpose for which it was taken as at the reporting date.

Registration, Modification and Satisfaction of charges relating to the year under review, had been filed with the ROC, within the prescribed time or within the extended time requiring the payment of additional fees

The Group has used the borrowings from banks and financial institutions for the specific purpose for which it was taken as at the reporting date.

Refer Note No. 45 for information about risk profile of borrowings under Financial Risk Management.

23 Provisions (Non-current)		
Provision for Employee Benefits		
Gratuity	1,011.32	868.56
Compensated absences	248.86	232.73
	1,260.18	1,101.29

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	As at March 31, 2023	As at March 31, 2022
	As at March 31, 2023	As at March 31, 2022
24 Deferred Tax Asset / (Liability) - Net		
Deferred Tax Liability		
On Property, plant and equipment	8,610.56	8,283.47
On Others	322.62	322.62
	8,933.18	8,606.09
Deferred Tax Asset		
On unabsorbed tax depreciation	8,610.56	8,283.47
	8,610.56	8,283.47
Net deferred tax asset / (liability)	(322.62)	(322.62)

Note: In view of carry forward tax losses, the recognition of deferred tax asset has been scaled down to the extent of deferred tax liability

25 Current liabilities - Borrowings		
Secured		
Cash Credit Facility / Working Capital Demand Loans and Buyers Credit	14,095.05	2,284.14
Current maturities of long term borrowings (refer note 22)	4,155.76	3,694.70
	18,250.81	5,978.84

* Refer Note 44 for repayment terms and security details

Note: Short term Borrowings (other than Current maturities of Long term borrowings) are secured by way of first pari passu hypothecation charge on trade receivables and inventories of the Group, present and future. The quarterly returns or statements filed by the Group with the banks or financial institutions are in agreement with the books of accounts, except in the following cases

Quarter ended	As per financials	As per returns filed with banks	Difference	Reason
June 30, 2022	23676.26	22,702.90	973.36	The difference is mainly due to estimated over head rate considered while valuing WIP and FG given to the bank and the actual over head rate finalised on completion of limited review of the quarterly results. Also the bank stock statement does not include R&D Stock (INR 282.37 lacs)
September 30, 2022	23,601.95	23,386.97	214.98	The difference is mainly due to estimated over head rate considered while valuing WIP and FG given to the bank and the actual over head rate finalised on completion of limited review of the quarterly results. Also the bank stock statement does not include R&D Stock (INR 278.55 lacs)
December 31, 2022	23,337.45	21,376.13	1,961.32	The difference is mainly due to estimated over head rate considered while valuing WIP and FG given to the bank and the actual over head rate finalised on completion of limited review of the quarterly results. Also the bank stock statement does not include R&D Stock (INR 256.33 lacs)
March 31, 2023	22,873.80	24,059.23	(1,185.43)	The difference is mainly due to estimated over head rate considered while valuing WIP and FG given to the bank and the actual over head rate finalised on completion of the audit of the financial statements. The bank stock statement does not include R&D Stock (253.38 lacs) and Provision for non moving stock created in Q4 - INR 54 lakhs.

The Group has used the borrowings from banks and financial institutions for the specific purpose for which it was taken as at the reporting date.

Refer Note No. 45 for information about risk profile of borrowings under Financial Risk Management.

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ORCHID PHARMA LIMITED Chennai

(All amounts are in INR lakhs, except share data and unless otherwise stated)

	As at March 31, 2023	As at March 31, 2022
	As at March 31, 2023	As at March 31, 2022
26 Trade payables		
Dues to Micro enterprises and Small enterprises	158.44	340.26
Dues to Creditors other than Micro and Small enterprises	18,020.06	16,428.04
	18,178.50	16,768.30

* 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.

Refer Note 45 for information about risk profile of trade payables under Financial Risk Management.

Refer Note 48 (d) for information about aging of Trade Payables

27 Provisions (Current)		
Provision for employee benefits		
Gratuity	299.41	255.46
Leave encashment	49.19	45.25
	348.60	300.71

28 Other current liabilities		
Statutory Liabilities	148.36	98.39
Fractional Share amount payable to shareholders	90.91	51.45
Employee payables	4.40	1.19
Advance and deposits from customers etc.,	167.59	878.95
	411.26	1,029.98

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Orchid Pharma Limited Chennai

(All amounts are in INR lakhs, except share data and unless otherwise stated)

		For the year ended March 31, 2023	For the year ended March 31, 2022
29	**Revenue from operations**		
	Sale of Products	65,561.06	55,607.27
	Sale of Services	104.52	77.28
	Other Operating Revenues		
	Sale of Other Materials	924.26	271.19
		66,589.84	55,955.74
30	**Other income**		
	Interest income on deposits etc	61.80	41.88
	Profit on sale of property, plant and equipment	93.55	0.04
	Foreign exchange gain (net)	520.14	758.18
	Profit on sale of investments	1.54	51.24
	Other non-operating income	1,266.02	48.95
		1,943.05	900.29
31	**Cost of materials consumed**		
	Opening inventory of raw materials	4,283.13	2,106.10
	Add : Purchases	43,915.13	36,238.80
	Less : Closing inventory of raw materials	(7,588.65)	(4,283.13)
		40,609.61	34,061.77
32	**Changes in inventories of work-in-progress, stock in trade and finished goods**		
	Opening stock		
	Intermediates & Work-in-progress	6,907.63	5,217.56
	Traded Goods		-
	Finished Goods	5,484.49	4,902.00
		12,392.12	10,119.56
	Closing stock		
	Intermediates & Work-in-progress	7,745.00	6,907.63
	Traded Goods		-
	Finished Goods	6,794.66	5,917.76
		14,539.66	12,825.39
	Total changes in inventories	2,147.54	2,705.83
33	**Employee benefits expense**		
	Salaries and wages	5,449.92	4,935.58
	Contribution to provident and other funds	424.91	849.31
	Staff welfare expenses	660.21	542.81
		6,535.04	6,327.70
34	**Depreciation and amortisation expense**		
	Depreciation on Property, Plant and Equipment	5,477.90	8,699.33
	Less : Depreciation considered under discontinued operations	-	-
	Amortisation of Intangible Assets	0.78	3.13
	Less : Amortisation considered under discontinued operations	-	-
		5,478.68	8,702.46

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		For the year ended March 31, 2023	For the year ended March 31, 2022
35	**Finance Cost**		
	Interest on Bank Borrowings	1,527.85	1,859.51
	Less : Transferred to Capital work in progress	69.32	-
	Net interest on bank borrowings	1,458.53	1,859.51
	Interest on Others	1,764.04	1,341.66
		3,222.57	3,201.17
36	**Other expenses**		
	Power and Fuel	6,126.21	5,273.93
	Consumption of Stores, Spares & Chemicals	1,255.53	1,272.56
	Rent	0.35	56.84
	Repairs to buildings	134.60	65.35
	Repairs to Machinery	83.02	57.02
	Factory maintenance	1,445.75	1,230.89
	Insurance	395.91	423.27
	Rates & Taxes	98.24	84.11
	Research & Development Expenses	636.21	662.63
	Advertisement	4.06	4.40
	Payment to Auditors [refer note 36 (a)]	35.25	34.53
	Cost Audit fee	2.00	2.00
	Travelling and Conveyance	51.21	19.70
	Directors' remuneration & perquisites	236.21	146.71
	Directors' travelling expenses	52.05	20.80
	Directors' sitting fees	8.00	9.75
	Freight outward	698.41	1,063.18
	Commission on sales	675.02	1,153.09
	Business promotion and selling expenses	56.14	5.50
	Lease rentals	101.25	101.25
	Professional consultancy charges	445.49	404.34
	Allowance for expected credit loss	118.83	366.73
	Bank charges	67.65	144.43
	Loss on sale of property, plant and equipment	16.09	-
	Miscellaneous expenses	487.41	355.62
		13,230.88	12,958.63
36 (a)	**Payment to Auditors**		
	For statutory audit	16.50	18.00
	For issuing limited review reports	7.50	12.00
	For tax audit	2.00	2.50
	For certificate and other services *	9.25	1.82
	Out of pocket expenses	-	0.21
		35.25	34.53

* including Rs.8.25 Lakhs paid to erstwhile auditors

37 Income tax expense

In view of the carried forward losses under the taxation laws, no provision for tax is required to be created.

38 Movement of deferred tax expense

For the year ended March 31, 2023

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	(8,283.47)	(327.09)	-	(8,610.56)
Unabsorbed tax depreciation*	8,283.47	327.09	-	8,610.56
Other temporary differences	(322.62)	-	-	(322.62)
	(322.62)	-	-	(322.62)

For the year ended March 31, 2022

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	(14,933.97)	6,650.50	-	(8,283.47)
Unabsorbed tax depreciation*	14,933.97	(6,650.50)	-	8,283.47
Other temporary differences	(322.62)	-	-	(322.62)
	(322.62)	-	-	(322.62)

*Since the Group 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.

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	For the year ended March 31, 2023	For the year ended March 31, 2022
39 Earnings per share		
Profit for the year from continuing operations attributable to owners of the Group	5,309.34	(6,042.14)
Profit for the year from discontinued Operations attributable to the owners of the Group	(677.51)	5,847.02
Profit for the year from continued and discontinued Operations attributable to the owners of the Group	4,631.83	(195.12)
Weighted average number of ordinary shares outstanding	4,08,16,400	4,08,16,400
Earnings per equity share (For continuing operations):		
- Basic (Rs.)	13.01	(14.80)
- Diluted (Rs.)	13.01	(14.80)
Earnings per equity share (For discontinued operations) :		
- Basic (Rs.)	(1.66)	14.32
- Diluted (Rs.)	(1.66)	14.32
Earnings per equity share (For discontinued & continuing operations) :		
- Basic (Rs.)	11.35	(0.48)
- Diluted (Rs.)	11.35	(0.48)

40 Expenditure on Research and Development

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Revenue expenditure relating to Research and Development charged to the Statement of Profit or Loss (excluding depreciation) includes:		
Power and fuel	-	36.66
Consumption of stores, spares and chemicals	133.31	104.94
Salaries, wages and bonus	402.62	448.52
Contribution to Provident and other funds	18.78	30.09
Travelling and conveyance	0.27	-
Filing and registration expenses	0.88	0.88
Professional consultancy charges	63.96	14.96
Others	16.39	26.58
Total	636.21	662.63

41 Commitments and contingent liabilities

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Contingent Liability		
Claims against the Group not acknowledged as debts		
- Income Tax dispute pending before High Court of Chennai*	-	-
- Other claims **	3,456.78	2,051.33
Unexpired Letter of Credit	738.56	2,236.39
Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for	675.43	-

* The RP has confirmed that a public announcement was caused by the IRP regarding the initiation of corporate insolvency resolution process and submission of claims was called under section 15 on August 24, 2017. Pursuant to such public announcement, the IRP/ RP of the Corporate Debtor has received certain claims from statutory authorities which was admitted under the provisions of Insolvency and Bankruptcy Code, 2016 (IBC code) and subsequent settlement made as per the approved resolution plan. Accordingly, the Corporate Debtor/ Resolution Applicant/ SPV will have no additional exposure arising out of the claims towards the Statutory Dues which have not been admitted and/or the claims which have been rejected (partly or fully) by the RP and/or because of the re-classification in the category of creditor(s).

Considering the above, all statutory liabilities of pre-CIRP period is considered as completely settled and no liability, whatsoever, including contingent in nature is existing on implementation of the resolution plan.

** The Group has taken certain lands on lease for its operations in respect of which the lease agreement expired before the date of commencement of the Corporate Insolvency Resolution Process. As part of the right to review the existing agreements, the Group has made a detailed assessment of the market rent for the property and the market value of the property for outright purchase. Since the present rent as per erstwhile lease agreements is significantly high considering the market value of the property itself, the Group is in talks with the lessor for renewal of the lease with lower rent or for outright purchase of the property as part of the implementation of the resolution plan. However, no finality is reached on this matter as of date.

Pending completion of the negotiation, the Group has disputed the portion of the lease rent, considered to be excessive than the market rate, amounting to Rs.3,077.00 Lakhs upto March 31, 2023 (FY : 2021-22 Rs. 2051.33 lacs) in respect of the aforesaid lease. Based on the legal opinion obtained, the management is of the opinion that no liability will arise on completion of the negotiation.

The Group is in the process of discussion with the Lessor for the out of court settlement.

42 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.

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(All amounts are in INR lakhs, except share data and unless otherwise stated)

Information relating to geographical areas

(a) Revenue from external customers

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
India	10,388.91	7,661.35
Rest of the world	55,172.15	47,945.92
	65,561.06	55,607.27

(b) Non current assets

The manufacturing facilities of the Group is situated in India and no non-current assets are held outside India

43 Operating lease arrangements

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
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	101.25	101.25

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44 Terms and conditions of borrowings

A) Long term borrowings - Term loans from banks

1) Foreign Currency Term Loan:

As per the terms of the Loan agreement, Interest for the Foreign Currency Term Loan (FCTL) is @ 6 Months SOFR plus 2.00% margin. This Loan is repayable in 14 equal quarterly installments starting from December 2021. However, in March 2023 the Group has pre-paid Rs.60 Crore against the sale of non-core asset. Now, the balance loan will be fully settled by September 2024.

2) Rupee Term Loan :

New Rupee term loan of Rs.50 Crore was sanctioned during the year with the terms of interest @ 8.36% per annum linked with 3 months T bill with a tenor of 54 months including a moratorium of 12 months from first disbursement. First instalment will fall due in Dec 2023

The Loan is secured by way of :

i) Exclusive charge on the moveable fixed assets of the Company funded out of the Term Loan by way of hypothecation,both present and future

ii) First pari passu charge over

a) all other movable fixed assets of the Company by way of hypothecation, both present and future

b) Immovable Fixed Assets by way of mortgage of land/ leasehold rights and all the buildings of the Company at Alathur, both present and future

c) all the rights, titles, interest, benefits, claims & demand whatsoever of the Company as amended, varied or supplemented from time to time

d) all the title, interest, benefits, claims and demands whatsoever of the Company in any letter of credit, guarantee, performance bond provided by any party to the Company present or future.

e) intangibles, goodwill, uncalled capital , present and future

iii) The term loans are additionally secured by personal guarantee given by one of the director of the Company Mr. Manish Dhanuka and one of the director of the holding company Mr. Mahendra Kumar Dhanuka

3) Long term borrowings - 0% Optionally Convertible Debentures

During the year ended March 31, 2020, the Company has issued 14,300 0% Optionally Convertible Debentures (OCD) of Rs.1,00,000 each. In case, the OCD holders exercise their option to convert the same, then the said conversion shall happen only on the basis of face value of each of the OCD and no interest shall be payable to the OCD holders. However, if the OCD holders opt not to exercise their option for conversion, then the OCL holders shall be entitled to redemption premium of atleast 11 % IRR on annual basis on the amount of the said OCDs or such higher amount as the Board decides after considering the market price of shares of the Company; however in any case, redemption premium shall not exceed beyond 18% IRR on an annual basis. The said OCD, till the time it is not converted into equity shares, shall not be listed on any stock exchange in India and are permitted to be transferred only with the permission of the Board of Directors of the Holding Company. Further there shall be no redemption of OCDs, including payment of interest/ other kind of return of what so ever nature thereon, until entire outstanding of the loan availed from Union Bank of India is paid in full to the lender.

B) Short term borrowings

During the year YES Bank has sanctioned Rs.75 Crore Working Capital credit facility (100% interchangeable) with terms of 3 months T bill + 3.11%. Spread. Further, HDFC Bank has sanctioned additional non-fund based working capital facility of Rs.19 Crore.

The cash credit limits and working capital demand loan with the banks are secured by:

i) First Pari pasu charge by way of hypothecation over the entire current assets, both present and future.

ii) Second pari passu charge on all movable fixed assets by way of hypothecation, of all movable fixed assets of the Company, both present and future.

iii) Second pari passu charge by way of mortgage of land/ leasehold rights and all the buildings present and future of the Company.

iv) First pari passu charge over all the rights, titles, interests, benefits, claims and demand whatsoever of the Company and as amended, varied or supplemented from time to time.

v) First pari passu charge on all the titles, interests, benefits, claims and demand whatsoever of the Company, in any letter of credit, guarantee or performance bond provided by any party to OPL, present or future.

vi) First pari passu charge on intangibles, goodwill uncalled capital present and future.

vii) The cash credit limits and working capital demand loan are additionally secured by personal guarantee given by Managing Director of the Holding Company Mr. Manish Dhanuka and one of the director of the ultimate holding company Mr. Mahendra Kumar Dhanuka

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45 Financial Instruments

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

The Group 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 Group's capital management, capital includes issued capital, share premium and all other equity reserves attributable to the equity holders.

Gearing Ratio:	March 31, 2023	March 31, 2022
Debt	19,039.52	24,511.22
Less: Cash and bank balances	3,062.62	806.30
Net debt	15,976.90	23,704.92
Total equity	68,864.90	64,737.99
Gearing ratio (%)	23.20%	36.62%

Categories of Financial Instruments	March 31, 2023	March 31, 2022
Financial assets		
a. Measured at amortised cost		
Other non-current financial assets	687.48	476.05
Trade receivables	21,519.38	17,056.82
Cash and cash equivalents	2,259.71	430.66
Bank balances other than above	802.91	375.64
Other financial assets	15.04	0.14
b. Mandatorily measured at FVTOCI		
Investments	461.75	351.35
c. Mandatorily measured at FVTPL		
Investments	-	-
Total	25,747.07	18,690.66
Financial liabilities		
a. Measured at amortised cost		
Borrowings (non-current, excluding current maturities)	14,883.76	20,816.52
Borrowings (current)	18,250.81	5,978.84
Trade payables	18,178.50	16,768.30
b. Mandatorily measured at FVTPL		
Derivative instruments	Nil	Nil
Total	51,313.07	43,563.66

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 Group 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 Group'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 Group 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 Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group actively manages its currency and interest rate exposure through its finance division, wherever required, to mitigate the risks from

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

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Disclosure of hedged and unhedged foreign currency exposure

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

As on March 31, 2023

Currency (All amt in Lakhs)	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	143.84	-	143.84	269.02	-	269.02	125.18
EUR	1.91	-	1.91	0.97	-	0.97	(0.94)
Others	0.02	-	0.02	-	-	-	(0.02)
In INR	12,049.05	-	12,049.05	22,110.48	-	22,110.48	10,061.43

As on March 31, 2022

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	254.42	-	254.42	247.10	-	247.10	(7.32)
EUR	2.28	-	2.28	0.97	-	0.97	(1.31)
GBP		-	-	-	-	-	-
Others	2.17	-	2.17	-	-	-	(2.17)
In INR	19,557.21	-	19,557.21	18,884.32	-	18,884.32	(672.89)

Foreign currency sensitivity analysis

Movement in the functional currencies of the various operations of the Group against major foreign currencies may impact the Group's revenues from its operations. Any weakening of the functional currency may impact the Group's cost of imports and cost of borrowings and consequently may increase the cost of financing the Group'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 Group on account of its EOU status (Export oriented undertaking) and higher proportion of earnings in foreign exchange through exports.

Interest rate risk management

The Group is exposed to interest rate risk because it borrows funds at both fixed and floating interest rates. The risk is managed by the Group 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 Group 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.

If interest rates had been 25 basis points higher/lower and all other variables were held constant, the Group's loss for the year ended March 31, 2023 would decrease/ increase by Rs.55.09 lakhs (March 31, 2022 : Rs.36.95 lakhs). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

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 Group 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 Group has no significant concentration of credit risk with any counterparty.

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

The Group does not have higher concentration of credit risks to a single customer. As per simplified approach, the Group 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.

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 Group 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. Group 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 Group 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 Group invests its surplus funds in bank fixed deposits, which carry minimal mark to market risks. The Group 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 Group'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 Group can be required to pay.

March 31, 2023	Due in 1st year	Due in 2nd to 5th year	Due after 5th year	Carrying amount
Trade payables	18,178.50	-	-	18,178.50
Borrowings	22,406.57	10,728.00	-	33,134.57
	40,585.07	10,728.00	-	51,313.07

March 31, 2022	Due in 1st year	Due in 2nd to 5th year	Due after 5th year	Carrying amount
Trade payables	16,768.30	-	-	16,768.30
Borrowings	5,978.84	14,778.80	6,037.72	26,795.36
	22,747.14	14,778.80	6,037.72	43,563.66

	March 31, 2023	March 31, 2022
Fair value of financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required)	Nil	Nil

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46 Related party disclosure

a) Name of related party and nature of relationship

Ultimate Holding Company	Dhanuka Laboratories Limited
Key Management Personnel and their relatives	
Mr. Ram Gopal Agarwal	Chairman and non executive director
Mr. Manish Dhanuka	Managing Director
Mr. Mridul Dhanuka	Wholetime Director
Mr. Arun Kumar Dhanuka	Non Executive Director (upto 30th January, 2023)
Mr. Mahendra Kumar Dhanuka	Relative of Directors
Mr. Sunil Gupta	Chief Financial Officer
Ms. K Nikita (upto 22.07.2022)	Company Secretary (upto 22nd July, 2022)
Ms. Marina Peter (w.e.f. 06.09.2022)	Company Secretary (w.e.f. 6th September, 2022)
Enterprises in which the KMPs are having control/ significant influence	Otsuka Chemical (India) Pvt Ltd
	Synmedic Laboratories
	Dhanuka Agritech Ltd.
	Dhanuka Pharmaceuticals Private Ltd.
	Dhanuka Finvest Private Ltd.
	Madhuri Designs-N-Exports Private Ltd.
	Invest Care Real Estate LLP
	Golden Overseas Private Ltd.
	M D Buildtech Private Ltd.
	Dhanuka Infotech Private Ltd.
	Duke Impex Private Ltd.
	A.M. Bros. Fintrade Private Ltd.
	NorthernMinerals Ltd.
	Growth Advertising and Marketing Pvt Ltd.
	Liberty Sales Private Ltd.
	Agrihawk Technologies Private Ltd.
	Star Living Infrastructure Advisors LLP
	Dhanuka Chemicals Private Ltd.
	H D Realtors Private Ltd.
	Turbos Advisers LLP
	Cosmo Components Private Ltd.

b) Transactions with related parties are as follows

Particulars	Ultimate Holding Company		Enterprises in which Key Management Personnel and their Relatives have significant influence		Key Management Personnel and their Relatives	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Remuneration & Short term benefits*	-	-	-	-	246.69	155.03
Sale of goods	817.62	772.24	107.50	167.01		
Purchase of Land and Buildings	2696.13	-	1,971.62	-		
Leasing of Land and Buildings	147.15	-	100.19	-		
Purchase of goods	2172.80	2044.10	13,406.93	8,596.94		
Rent deposit paid			19.10			
Expenses paid	0.16					
Advance for purchase of Land		674.03	-	492.90	-	-

*Post employment benefit comprising compensated absences is not disclosed as these are determined for the Group as a whole.

Orchid Pharma Limited
Notes to the Consolidated financial statements for the year ended March 31, 2023
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c) Balances with related parties are as follows

Particulars	Ultimate Holding Company		Enterprises in which Key Management Personnel and their Relatives have significant influence		Key Management Personnel and their Relatives	
39.22	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Trade receivables		-	75.62	-		
Trade payables	428.39	-	3,481.99	3,503.39		
Rent deposit			19.10	-		
Remuneration payable			-	-	45.96	-
Advance for purchase of Land	-	674.03	-	492.90		
0% Optionally Convertible Debentures (including the equity component disclosed under "Other Equity")	14300	14300				

e) Material related party transactions are follows

Nature of transactions	Year ended March 31, 2023	Year ended March 31, 2022
Remuneration & Short term benefits		
Manish Dhanuka	118.11	73.35
Mridul Dhanuka	118.11	73.35
K. Nikita	3.17	8.33
Marina Peter	7.30	-
Sale of goods		
Synmedic Laboratories	107.50	167.01
Dhanuka Laboratories Limited	817.62	772.24
Purchase of goods		
Dhanuka Laboratories Limited	2,172.60	2,044.10
Otsuka Chemical (India) Pvt Ltd	13,406.93	8,596.94
Purchase of Land and buildings		
Dhanuka Laboratories Limited	2,696.13	-
Synmedic Laboratories	1,971.62	-
Rental deposit paid		
Dhanuka Agritech Limited	19.10	-
Lease rentals for Land and buildings		
Dhanuka Laboratories Limited	147.15	-
Synmedic Laboratories	100.19	-
Advance for purchase of Land		
Dhanuka Laboratories Limited	-	674.03
Synmedic Laboratories	-	492.90

f) Material related party balances are follows

Name of the related party	As at March 31, 2023	As at March 31, 2022
Trade payables		
Dhanuka Laboratories Limited	428.39	-
Otsuka Chemical (India) Pvt Ltd	3,481.99	3,472.27
Trade receivables		
Dhanuka Laboratories Limited	39.22	-
Synmedic Laboratories	75.62	-
Advance for purchase of Land		
Dhanuka Laboratories Limited	-	674.03
Synmedic Laboratories	-	492.90
Equity Share Capital		
Dhanuka Laboratories Limited	3,672.00	3,672.00
0% Optionally Convertible Debentures (including the equity component disclosed under "Other Equity")		
Dhanuka Laboratories Limited	14,300.00	14,300.00

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47 Retirement benefit plans

Defined contribution plans

In accordance with Indian law, eligible employees of the Group are entitled to receive benefits in respect of Gratuity fund, a defined contribution plan, in which both employees and the Group 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.424.91 Lakhs (for the year ended March 31, 2022: Rs. 589.33 Lakhs) represents contribution paid to these plans by the Group 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 Group 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, 2023	March 31, 2022
Discount Rate	7.27%	7.04%
Rate of increase in compensation level	7.00%	7.00%
Expected return on plan assets	7.04%	6.68%
Mortality	Indian Assured Lives Mortality (2012-14)(Ultimate)	Indian Assured Lives Mortality (2012-14) (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.

Amounts recognised in total comprehensive income in respect of these defined benefit plans are as follows:	March 31, 2023	March 31, 2022
Amount recognised under Employee Benefits Expense in the Statement of profit and Loss:		
Current service cost	88.48	82.26
Net interest expense	97.47	97.81
Return on plan assets (excluding amounts included in net interest	(22.52)	(23.41)
Components of defined benefit costs recognised in profit or loss	163.43	156.66
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	23.28	(146.39)
Components of defined benefit costs recognised in other comprehensive	23.28	(146.39)
Components of defined benefit costs recognised in other comprehensive income	186.71	10.27

i. Current service cost and the net interest expense for the year are included in the 'Employee Benefits Expense' in profit or loss.
ii. The remeasurement of the net defined benefit liability is included in other comprehensive income.

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

	March 31, 2023	March 31, 2022
Present value of defined benefit obligation	1,588.19	1,440.27
Fair value of plan assets	(277.46)	(316.24)
Net liability/ (asset) arising from defined benefit obligation	1,310.73	1,124.03
Funded	1,310.73	1,124.03
Unfunded	-	-
	1,310.73	1,124.03

The above provisions are reflected under 'Provision for employee benefits - Gratuity' (Non current provisions) [Refer note 23] and 'Provision for employee benefits - Gratuity' (Current provisions) [Refer note 27].

Movements in the present value of the defined benefit obligation in the current year were as follows:

	March 31, 2023	March 31, 2022
Opening defined benefit obligation	1,440.27	1,521.80
Current service cost	88.48	82.26
Interest cost	97.47	97.81
Actuarial (gains)/losses	73.58	(146.39)
Benefits paid	(111.60)	(115.21)
Closing defined benefit obligation	1,588.19	1,440.27

Movements in the fair value of the plan assets in the current year were as follows:

Opening fair value of plan assets	316.24	408.04
Return on plan assets	22.52	23.41
Benefits paid	(111.60)	(115.21)
Actuarial gains/(loss)	50.30	-
Closing fair value of plan assets	277.46	316.24

Sensitivity analysis

In view of the fact that the Group 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 balanca 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 - Compensated absences' (Non current provisions) [Refer note 23] and 'Provision for employee benefits - Compensated absences' (Current provisions) [Refer note 27].

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48A Disclosure of interests in subsidiary companies consolidated as per Ind AS 110 'Consolidated Financial Statements"

Name of enterprise *	Country of Incorporation	Proportion of ownership interest
Orchid Europe Limited, UK (Upto 27.09.2022)	UK	100.00%
Orchid Pharmaceuticals Inc., USA	USA	100.00%
Orgenus Pharma Inc., USA (Subsidiary of Orchid Pharmaceuticals Inc USA.)	USA	100.00%
Orchid Pharma Inc / Karalex Pharma USA, (Subsidiary of Orchid Pharmaceuticals Inc,	USA	100.00%
Orchid Pharmaceuticals SA (Proprietary) Limited, South Africa	South Africa	100.00%
Bexel Pharmaceuticals Inc., USA	USA	100.00%
Diakron Pharmaceuticals Inc., USA **	USA	76.65%
Orchid Bio-Pharma Limited , India	India	100.00%
Orbion Pharmaceuticals Private Limited	India	26.00%

* All the above companies are not in operation and the investments are fully provided by the holding company
** Since the company is not operational and fully provided for, no non-controlling interest has been considered

48B Disclosure of interests in associate company consolidated under equity method as per Ind AS 28 "Investments in Associates and Joint Ventures"

Name of enterprise *	Place of Business/ Country of Incorporation	Proportion of ownership interest	Share in Total Comprehensive Income under equity method
Orbion Pharmaceuticals Private Limited	India	26.00%	(215.35)

48C Additional Information, as required under Schedule III to the Companies Act, 2013

	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 Profit / (Loss)	Amount	As % of consolidated Other Comprehensive Income	Amount	As % of consolidated Total Comprehensive Income	Amount
Orchid Europe Limited, UK	0.00%	-	0.00%	-	-	-	0.00%	-
Orchid Pharmaceuticals Inc., USA and its subsidiaries	-6.25%	(4,304.18)	-10.35%	(571.70)	-	-	-10.38%	(571.70)
Orchid Pharmaceuticals SA (Proprietary) Limited, South Africa	-	-	-	-	-	-	-	-
Bexel Pharmaceuticals Inc., USA	-0.21%	(146.26)	-	-	-	-	-	-
Diakron Pharmaceuticals Inc., USA	-4.59%	(3,159.67)	0.00%	-	-	-	0.00%	-

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49 Discontinuing operations

During the previous year the Group had completed the sale of IKKT Division which was previously classified as disposal group as per Ind AS 105 "Non Current Assets held for sale and Discontinued operations". Further, during the year the related working capital adjustment as per the Sale Agreement was finalised and the resultant net outflow amounting to Rs.105.81 lakhs has been disclosed under discontinuing operations .

(i) The carrying value of the total assets and liabilities of discontinued operations

	As at March 31, 2023	As at March 31, 2022
Liabilities		
Non Current liabilities	-	-
Financial Liabilities	-	-
Other Current Liabilities	-	-
Total liabilities	-	-
Assets		
Property, Plant and Equipment (PPE)	-	-
Intangible Assets	-	-
Capital Work in Progress	-	-
Intangible under development	-	-
Non Current Financial Assets	-	-
Current Financial Assets	-	-
Other current assets	-	-
Total Assets	-	-
Net Assets/ (Liabilities)	-	-

(ii) The revenue and expenses in respect of ordinary activities attributable to discontinuing operations

	For the year ended March 31, 2023	For the year ended March 31, 2022
Revenue		
Revenue from operations	-	1,294.59
Other Income	(105.81)	7,530.09
Other Income (Exceptional income)	-	-
Total revenue (a)	(105.81)	8,824.68
Expenses		
Cost of materials consumed	-	276.45
Changes in inventories of work-in-progress, stock in trade and finished goods	-	512.73
Employee benefits expense	-	439.75
Depreciation and amortization expense	-	-
Other expenses	571.70	1,748.73
Total expenses (b)	571.70	2,977.66
profit/ (Loss) before exceptional item and tax (a-b) = (c)	(677.51)	5,847.02
Less : Exceptional item	-	-
Profit/ (Loss) before tax	(677.51)	5,847.02
Tax expenses	-	-
Profit/ (Loss) from discontinuing operations	(677.51)	5,847.02

As required by Ind AS 105, the Group re-presented the disclosures for prior periods presented in the consolidated financial statements so that the disclosures relate to all operations that have been discontinued by the end of the reporting period for the latest period presented.

SINGHI & CO. * Chartered Accountants *

ORCHID PHARMA LIMITED Chennai

50 During the year the Company completed the sale of land and buildings at Orchid Towers, Chennai which was classifed in earlier years as "Non Current asset held for sale". The resultant profit on sale of the assets amounting to Rs. 3921.04 Lakhs is treated as an exceptional item in the Statement of profit and loss.

51 Previous year figures have been regrouped or rearranged wherever considered necessary.

As per our report of even date attached
For Singhi & Co.,
Chartered Accountants
Firm Registration No. 302049E

Sudesh Choraria
Partner
Membership No. 204936

Place : Mumbai
Date: May 10, 2023

For and on behalf of the board

Manish Dhanuka
Managing Director
DIN: 00238798

Mridul Dhanuka
Wholetime director
DIN: 00199441

Sunil Gupta
Chief Financial Officer

Marina Peter
Company Secretary

Place : Gurgaon
Date: May 10, 2023

CNGSN & ASSOCIATES LLP
CHARTERED ACCOUNTANTS

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Sri Nagar Colony, Little Mount, Chennai - 600 015.
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Dr. C.N. GANGADARAN B.Com., FCA, MBIM (Lond.), Ph.d.
CHINNSAMY GANESAN B.Com., FCA, DISA (ICAI)
S. NEELAKANTAN B.Com., FCA
D. KALAIALAGAN B.Com., FCA, DISA (ICAI)
R. THIRUMALMARUGAN M.Com., FCA
K. PARTHASARATHY B.Com., FCA
B. RAMAKRISHNAN B.Com., Grad. CWA, FCA
NYAPATHY SRILATHA M.Com., FCA, PGDFM
V. VIVEK ANAND B.Com., FCA
E.K. SRIVATSAN B.Com., FCA

INDEPENDENT AUDITORS' REPORT

To the Members of Orchid Pharma Limited

Report on the audit of the Consolidated Financial Statements

Qualified Opinion

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"), and its associate, which comprise of the Balance Sheet as at March 31, 2022, and the Consolidated Statement of Profit and Loss (including Consolidated Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the aforesaid Consolidated Financial Statements give the information required by the Companies Act 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2022, and the consolidated loss, consolidated total comprehensive income, consolidated changes in equity and the consolidated cash flows for the year ended on that date.

Basis for Qualified Opinion

We draw attention to the fact that the Consolidated Financial Statements for the year ended March 31, 2022 include the financial statements for the year ended March 31, 2022, of the following subsidiary companies:

- Orchid Europe Limited, UK
- Orchid Pharmaceuticals Inc., USA
- Bexel Pharmaceuticals Inc., USA
- Orchid Pharmaceuticals SA (Proprietary) Limited, South Africa
- Diakron Pharmaceuticals, Inc. USA

The consolidated financial results also include the results of M/s Orbion Pharmaceuticals Private Limited, an associate company accounted under equity method.

We did not audit the standalone financial statements of the above subsidiaries that reflect total assets of Rs.2,229.87 lakhs and net assets of (-) Rs.6,955.67 lakhs as at March 31, 2022, total revenue of Rs. 992.64 lakhs, total comprehensive loss (comprising of loss and other comprehensive income) of Rs. 414.39 lakhs and net cash flows amounting to Rs. 291.29 lakhs for the year ended on that date, as considered in the Consolidated Financial Statements. We did not audit the financial statements of the above associate company included in

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the consolidated financial statement for the year ended March 31, 2022, whose financial statements reflect the Group's share of total loss of INR 352.27 Lakhs for the year ended March 31,2022.

The standalone financial statements of the subsidiaries and associate are unaudited and have been furnished to us by the management and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiaries and associate, is based solely on such unaudited financial statements. Accordingly, we do not express any opinion on the completeness and true and fair view of the financial statements, including adjustments, if any, required on the carrying amount of assets and liabilities of the above subsidiaries and associate as at March 31, 2022 included in the Consolidated Financial Statements. This is a matter of qualification in our earlier years' audit reports also.

We conducted our audit in accordance with the standards on auditing (SAs) specified under section 143 (10) of the Act. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the code of ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the Consolidated Financial Statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's code of ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements of the current period. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Presentation and disclosure of additional information pursuant to the amendments to Schedule III to the Companies Act, 2013

With a view to facilitate enhanced disclosures and transparency in operations by companies in India, the Ministry of Corporate Affairs (MCA) has issued a batch of amendments to the Schedule III to the Companies Act, 2013 relating to presentation and disclosures in the financial statements. The Group has evaluated the requirements and made the relevant disclosures, including restatement of the disclosures made in the comparative period.

Principal Audit Procedures

- We assessed the Group's process to identify, assess, and respond to risks of material misstatement in the disclosure requirements pursuant to the aforesaid amendments to Schedule III to the Companies Act, 2013.

- As part of the evaluation of whether sufficient appropriate audit evidence has been obtained, we have evaluated the appropriateness of our initial risk assessments and revised previous risk assessments in for certain financial statement areas like claims and final settlement of financial and operating creditors, carrying amount of property, plant and equipment, capital work in progress, intangible assets comprising of , including related disclosure requirements under the Act and respective Indian Accounting Standards.

- We have designed, performed additional procedures, including verification of the source and completeness of data used by the management for making proper disclosures as required by the Act.

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- We have considered the basis of management judgment in making the disclosures taking into consideration the date of the financial statements, the facts and circumstances pertaining to the entity, and the conditions that existed at, or arose after, that date. We have considered all subsequent events and transactions to substantiate our conclusions on the appropriateness of management's disclosures in accordance with the requirements of the amendments.

- We have audited the management's estimates required in the Consolidated financial statements, including but not limited to estimates related to expected credit loss, fair value of various assets taken over and liabilities assumed, inventory obsolescence, impairment of non-financial assets etc. by checking the reasonableness of underlying assumptions in making those key estimates.

- We have carried out a detailed analysis of data and performed additional analytical procedures for validating the management's disclosures.

Emphasis of Matters

We draw attention to the following

(a) Note 40 to the consolidated financial statements regarding the fact that the Group has taken certain lands on lease for its operations in respect of which the lease agreement expired before the date of commencement of the Corporate Insolvency Resolution Process. We were informed that as part of the right to review the existing agreements, the Group has made a detailed assessment of the market rent for the property and the market value of the property for outright purchase. We were also informed that since the present rent as per erstwhile lease agreements is significantly high considering the market value of the property itself, the Group is in talks with the lessor for renewal of the lease with lower rent or for outright purchase of the property as part of the implementation of the resolution plan. However, no finality is reached on this matter as of date.

Pending completion of the negotiation and the uncertainties involved, the Group disputed the portion of the lease rent, considered to be excessive than the market rate as assessed by an independent valuer, amounting to INR 2,051.33 Lakhs upto to the year ended March 31, 2022 in respect of the aforesaid lease. The same has been treated as contingent liabilities in the consolidated financial statements of the Group.

Based on legal opinion obtained, the management is of the opinion that no liability will arise on completion of the negotiation; and

(b) Note 2 to the financial statements relating to "Estimation of uncertainties relating to the global health pandemic from COVID-19" which describes the uncertainties and the impact of Covid-19 pandemic on the Group's operations and results as assessed by the management.

Our opinion is not modified in respect of the above matters.

Information other than the financial statements and auditors' report thereon

The Holding Company's Board of Directors are responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and

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Shareholder's Information, but does not include the Consolidated Financial Statements and our auditor's report thereon.

Our opinion on the Consolidated Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Consolidated Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's responsibility for the Consolidated Financial Statements

The Group's management is responsible for the matters stated in section 134 (5) of the Act with respect to the preparation of these Consolidated 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 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 from time to time, and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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.

In preparing the Consolidated Financial Statements, the respective board of directors of the companies included in the Group are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Group's management is also responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

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As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Group has adequate internal financial controls system in place and the operating effectiveness of such controls

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Consolidated Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Consolidated Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Consolidated Financial Statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Report on other legal and regulatory requirements

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

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (b) In our opinion, proper books of account as required by law have been kept by the Group so far as it appears from our examination of those books;

   (c) The consolidated balance sheet, the consolidated statement of profit and loss, the consolidated statement of changes in Equity and the consolidated cash flow statement dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements, subject to our comments in the basis for qualified opinion paragraph of our report;

   (d) In our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards specified 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, 2022 taken on record by the Board of Directors of the holding company, none of the directors is disqualified as on March 31, 2022 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 Group and the operating effectiveness of such controls, refer to our separate report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Group's internal financial controls over financial reporting;

   (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197 (16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Group to its directors during the year is in accordance with the provisions of section 197 of the Act; and

   (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

      a. The Group has disclosed the impact of pending litigations on its financial position in its consolidated financial statements – Refer Note 40 to the consolidated financial statements;

      b. The Group has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts; and

      c. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Group.

CNGSN & ASSOCIATES LLP * CHENNAI * CHARTERED ACCOUNTANTS

d. The management has represented that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts,

   i. no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Group to or in any other person(s) or entity(ies), including foreign entities 'Intermediaries', with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group 'Ultimate Beneficiaries' or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

   ii. no funds have been received by the Group from any person(s) or entity(ies), including foreign entities 'Funding Parties', with the understanding, whether recorded in writing or otherwise, that the Group shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party 'Ultimate Beneficiaries' or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

   iii. Based on audit procedures carried out by us, that we have considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us believe that the representations under sub-clause (i) and (ii) contain any material misstatement.

e. The Group has not declared or paid any dividends during the year and accordingly reporting on the compliance with section 123 of the Companies Act, 2013 is not applicable for the year under consideration.

For CNGSN & ASSOCIATES LLP
Chartered Accountants
Firm's Registration No. 004915S/ S200036

(CHINNSAMY GANESAN)
Partner
Membership No. 027501
UDIN: 22027501AIVWNW7072

CNGSN & ASSOCIATES LLP CHENNAI CHARTERED ACCOUNTANTS

Place: Chennai
Date: May 12, 2022

Annexure "A" to the Independent Auditors' Report on the Consolidated Financial Statements

(Referred to in paragraph 1 (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 Holding Company") as at March 31, 2022, in conjunction with our audit of the Consolidated Financial Statements of the Group for the year ended on that date.

Management's responsibility for internal financial controls

The Holding Company's Board of Directors 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 (the "Guidance Note") 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 Group based on our audit. We conducted our audit in accordance with the Guidance Note 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 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 Consolidated 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 Group'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 Consolidated Financial Statements for external purposes in accordance with generally accepted accounting principles. A Group's internal financial control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions

CNGSN & ASSOCIATES LLP CHENNAI CHARTERED ACCOUNTANTS

of the assets of the Group; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Consolidated Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Group are being made only in accordance with authorisations of management and directors of the Group; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Group's assets that could have a material effect on the Consolidated Financial Statements.

Inherent limitations of internal financial controls over financial reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management 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.

Opinion

In our opinion and according to the information and explanations given to us, the Group has, in all material respects, an adequate internal financial control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2022, based on the internal control over financial reporting criteria established by the Group 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
UDIN: 22027501AIVWNW7072

CNGSN & ASSOCIATES LLP * CHENNAI * CHARTERED ACCOUNTANTS

Place: Chennai
Date: May 12, 2022

Orchid Pharma Limited

Consolidated Balance Sheet as at March 31, 2022

(All amounts are in INR lakhs, except share data and unless otherwise stated)

	Notes	As at March 31, 2022	As at March 31, 2021
ASSETS			
Non-current assets			
Property, plant and equipment	4	58,336.55	67,007.68
Intangible assets	4	33.73	36.86
Capital work in progress	5	978.42	743.06
Financial assets			
Investments	6	4,549.08	40.44
Other financial assets	7	476.05	399.72
Other non current assets	8	1,693.84	511.74
Total non-current assets		**66,067.67**	**68,739.50**
Current assets			
Inventories	9	17,265.63	15,288.53
Financial assets			
Investments	10	-	1,502.08
Trade receivables	11	17,056.82	13,569.81
Cash and cash equivalents	12	430.66	1,569.39
Bank balances other than above	13	375.64	421.78
Loans	14	-	-
Other financial assets	15	0.14	7.07
Current tax assets (net)	16	5,255.39	5,445.99
Non current assets held for sale and disposal groups	17	1,328.97	12,085.19
Other current assets	18	3,275.33	5,095.87
Total current assets		**44,988.58**	**54,985.71**
Total Assets		**1,11,056.25**	**1,23,725.21**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	19	4,081.64	4,081.64
Other equity	20	60,656.35	61,209.14
Total equity		**64,737.99**	**65,290.78**
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	21	20,816.52	42,749.74
Provisions	22	1,101.29	1,153.89
Deferred Tax Liability (net)	23	322.62	322.62
Total non-current liabilities		**22,240.43**	**44,226.25**
Current liabilities			
Financial liabilities			
Borrowings	24	5,978.84	2,524.26
Trade payables	25	16,768.30	10,995.24
Short term provisions	26	300.71	352.44
Other current liabilities	27	1,029.98	336.24
Total current liabilities		**24,077.83**	**14,208.18**
Total Liabilities		**46,318.26**	**58,434.43**
Total Equity and Liabilities		**1,11,056.25**	**1,23,725.21**

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

CNGSN & ASSOCIATES LLP CHENNAI CHARTERED ACCOUNTANTS

Place : Chennai
Date: May 12, 2022

For and on behalf of the board

Manish Dhanuka
Managing Director
DIN: 00238798

Arun Kumar Dhanuka
Non Executive Director
DIN: 00627425

Sunil Gupta
Chief Financial Officer
Place : Gurgaon
Date: May 12, 2022

K Nikita
Company Secretary

ORCHID PHARMA LIMITED Chennai

Orchid Pharma Limited

Statement of consolidated profit and loss for the year ended March 31, 2022

(All amounts are in INR lakhs, except share data and unless otherwise stated)

	Notes	For the year ended March 31, 2022	For the year ended March 31, 2021
Continuing Operations			
A Income			
Revenue from operations	28	55,955.74	45,006.04
Other income	29	900.29	1,521.16
Total income		**56,856.03**	**46,527.20**
B Expenses			
Cost of materials consumed	30	34,061.77	24,559.65
Changes in inventories of finished goods and WIP	31	(2,705.83)	(1,709.38)
Employee benefits expense	32	6,327.70	6,710.79
Depreciation and amortisation expense	33	8,702.46	10,891.64
Finance costs	34	3,201.17	5,133.56
Other expenses	35	12,958.63	10,465.83
Total expenses		**62,545.90**	**56,052.09**
C Loss before exceptional items and tax		**(5,689.87)**	**(9,524.89)**
Exceptional items		-	-
D Loss before tax from continuing operations		**(5,689.87)**	**(9,524.89)**
Income tax expense			
Current tax		-	-
Deferred tax charge/ (credit)		-	-
Loss after tax from continuing operations		**(5,689.87)**	**(9,524.89)**
Discontinuing Operations			
E Profit / (Loss) for the year from discontinued operations		5,847.02	(2,128.11)
Tax expense of discontinued operations		-	-
Profit / (Loss) from discontinued operations after tax		**5,847.02**	**(2,128.11)**
Loss for the year before share of profit of Associates		**157.15**	**(11,653.00)**
Add: Share of loss of Associates		(352.27)	-
F Loss for the year		**(195.12)**	**(11,653.00)**
G Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement of post employment benefit obligations		146.39	59.85
Gain/ (Loss) on fair valuation of investments		(4.09)	6.62
Income tax (charge)/ credit relating to these items		-	-
Other comprehensive income for the year, net of tax		**142.30**	**66.47**
Total comprehensive loss for the year		**(52.82)**	**(11,586.53)**
Earnings per share	38		
Basic earnings per share		(0.48)	(28.55)
Diluted earnings per share		(0.48)	(28.55)

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: May 12, 2022

CNGSN & ASSOCIATES LLP CHENNAI CHARTERED ACCOUNTANTS

For and on behalf of the board

Manish Dhanuka
Managing Director
DIN: 00238798

Arun Kumar Dhanuka
Non Executive Director
DIN: 00627425

Sunil Gupta
Chief Financial Officer
Place : Gurgaon
Date: May 12, 2022

K Nikita
Company Secretary

ORCHID PHARMA LIMITED Chennai

Orchid Pharma Limited

Statement of consolidated cash flows for the year ended March 31, 2022

(All amounts are in INR lakhs, except share data and unless otherwise stated)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Cash Flow From Operating Activities		
Profit/ loss before income tax	(195.12)	(11,653.00)
Adjustments for		
Depreciation and amortisation expense	8,702.46	10,891.64
Depreciation and amortisation expense of discontinuing operations	-	756.54
(Profit)/ loss on sale of fixed assets	(0.04)	6.50
Profit on sale of Non current assets held for sale included in discontinuing operations	(8,866.86)	-
Interest income	(41.88)	(73.26)
Unrealised forex (gain)/ loss	14.00	561.67
Allowance for expected credit loss	366.73	132.80
Finance costs	3,201.17	5,133.56
Share of loss from associates under equity method	352.27	-
Fair valuation (Gain)/ Loss on investments	-	(90.10)
(Profit) / loss on sale of investments	(51.24)	(104.08)
	3,481.49	5,562.27
Change in operating assets and liabilities		
(Increase)/ decrease in Other financial assets	1,169.34	(326.82)
(Increase)/ decrease in inventories	253.69	(3,349.85)
(Increase)/ decrease in trade receivables	(2,291.94)	(8,202.48)
(Increase)/ decrease in Other assets	1,438.18	6,733.40
Increase/ (decrease) in provisions and other liabilities	651.03	(343.25)
Increase/ (decrease) in trade payables	4,736.27	1,793.05
Cash generated from operations	**9,438.06**	**1,866.32**
Add : Income taxes received (net of payments)	(190.60)	492.28
Net cash from operating activities (A)	**9,247.46**	**2,358.60**
Cash Flows From Investing Activities		
Purchase of Property, plant and equipment (including changes In CWIP)	(1,440.35)	(60.40)
Sale proceeds of Property, plant and equipment	9.89	28.64
Net Sale proceeds of IKKT Undertaking	15,940.81	
(Purchase)/ disposal proceeds of Investments	1,238.32	(1,307.90)
Investment in equity share of associate companies	(4,550.00)	-
(Investments in)/ Maturity of fixed deposits with banks	46.14	7,993.10
Interest received	48.81	67.07
Net cash used in investing activities (B)	**11,293.62**	**6,720.51**
Cash Flows From Financing Activities		
Proceeds from Borrowings	1,999.88	-
Repayment of Borrowings (net)	(20,478.52)	(12,508.00)
Finance costs	(3,201.17)	(3,990.87)
Net cash from/ (used in) financing activities (C)	**(21,679.81)**	**(16,498.87)**
Net increase/decrease in cash and cash equivalents (A+B+C)	**(1,138.73)**	**(7,419.76)**
Cash and cash equivalents at the beginning of the financial year	1,569.39	8,989.15
Cash and cash equivalents at end of the year	**430.66**	**1,569.39**

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	427.20	395.03
- In fixed deposit with original maturity of less than 3 months	-	1,170.00
Cash on hand	3.46	4.36
	430.66	**1,569.39**

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

CNGSN & ASSOCIATES LLP CHENNAI CHARTERED ACCOUNTANTS

Place : Chennai

Date: May 12, 2022

For and on behalf of the board

Manish Dhanuka

Managing Director

DIN: 00238798

Arun Kumar Dhanuka

Non Executive Director

DIN: 00627425

Sunil Gupta

Chief Financial Officer

Place : Gurgaon

Date: May 12, 2022

K Nikita

Company Secretary

ORCHID PHARMA LIMITED Chennai

Orchid Pharma Limited
Statement of Consolidated Changes in Equity for the year ended March 31, 2022
(All amounts are in INR lakhs, except share data and unless otherwise stated)

(A) Equity Share Capital

Balance at the end of April 1, 2020	**4,081.64**
Changes in equity share capital due to prior period errors	-
Changes in equity share capital during the year	-
Balance at the end of March 31, 2021	**4,081.64**
Changes in equity share capital due to prior period errors	-
Changes in equity share capital during the year	-
Balance at the end of March 31, 2022	**4,081.64**

(B) Other Equity (attributable to the owners of Orchid Pharma Limited)

Particulars	Capital Reserve	Capital Reserve on Amalgamation	Securities Premium Reserve	Equity component of Optionally convertible debentures	General Reserve	Foreign Currency Fluctuation Reserve	Other Comprehensive Income	Profit and Loss Account	Total
Balance as at April 1,2020	5,105.69	1,63,125.58	46,447.86	6,656.06	55,851.90	14,932.69	(12.22)	(2,19,790.72)	72,516.84
Income/ (loss) for the year	-	-	-	-	-	-	66.47	(11,653.00)	(11,586.53)
Changes due to prior period errors	-	-	-	-	-	-	-	-	-
Additions/ (deductions) during the year	-	-	-	-	-	278.83	(59.85)	59.85	278.83
Balance as at March 31, 2021	5,105.69	1,63,125.58	46,447.86	6,656.06	55,851.90	15,211.52	(5.60)	(2,31,383.87)	61,209.14
Income/ (loss) for the year	-	-	-	-	-	-	142.30	(195.12)	(52.82)
Changes due to prior period errors	-	-	-	-	-	-	-	-	-
Additions/ (deductions) during the year	-	-	-	-	-	(499.97)	(146.39)	146.39	(499.97)
Balance as at March 31, 2022	5,105.69	1,63,125.58	46,447.86	6,656.06	55,851.90	14,711.55	(9.69)	(2,31,432.60)	60,656.35

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: May 12, 2022

CNGSN & ASSOCIATES LLP
CHENNAI
CHARTERED ACCOUNTANTS

For and on behalf of the board

Manish Dhanuka
Managing Director
DIN: 00238798

Arun Kumar Dhanuka
Non Executive Director
DIN: 00627425

Sunil Gupta
Chief Financial Officer
Place : Gurgaon
Date: May 12, 2022

K Nikita
Company Secretary

ORCHID PHARMA LIMITED
Chennai

1 **Corporate Information**

The Consolidated Financial Statements comprise financial statements of "Orchid Pharma Limited" ("the Holding Company") and its subsidiaries and associate (collectively referred to as "the Group") for the year ended March 31, 2022.

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.

According to the Resolution Plan approved by the Hon'ble National Company Law Tribunal (NCLT) has, by its order dated June 27, 2019 and the order of the Hon'ble Supreme Court vide its order dated February 28, 2020, Dhanuka Laboratories Limited (DLL), the successful Resolution Applicant, implemented the resolution plan on March 31, 2020.

DLL infused the funds as per the terms of the resolution plan through a special purpose vehicle, Dhanuka Pharmaceuticals Private Limited. The special purpose vehicle was later on merged with the Company as per the terms of the approved resolution plan. Thus the holding company became a subsidiary of M/s Dhanuka Laboratories Limited with effect from March 31, 2020.

The Group has invested in the following subsidiary companies :

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

During the year, the Group has also invested in M/s Orbion Pharmaceuticals Private Limited, an associate Group.

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, as amended from time to time.

Basis of preparation and presentation

The Consolidated Financial Statements comprises of Orchid Pharma Limited and all its subsidiaries, being the entities that it controls. Control is assessed in accordance with the requirement of Ind AS 110 - Consolidated Financial Statements. The investment in associate is consolidated using equity methods as per Ind AS 28

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 Group'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, 2022 to March 31, 2022 in respect of subsidiaries/ having financial year ended December 31, 2021.

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ORCHID PHARMA LIMITED Chennai

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.

i) In respect of investments in associate company, the Group has applied equity method for consolidation of its interest in the associate.

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.

Estimation of uncertainties relating to the global health pandemic from COVID-19

The Group has made detailed assessment of its liquidity position for the next year and the recoverability and carrying value of its assets comprising property, plant and equipment, investments, inventory and trade receivables. Based on current indicators of future economic conditions, the Group expects to recover the carrying amount of these assets. The Group continues to evaluate them as highly probable considering the orders in hand. The situation is changing rapidly giving rise to inherent uncertainty around the extent and timing of the potential future impact of the COVID-19 which may be different from that estimated as at the date of approval of the financial results. The Group will continue to closely monitor any material changes arising of future economic conditions and impact on its business.

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 May 12, 2022.

2A Critical accounting estimates and management judgments

In application of the accounting policies, which are described in note 3, 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.

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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

Amendments to Ind AS 116 - Leases
As a result of the COVID-19 pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. The relief was originally limited to reduction in lease payments that were due on or before June 30, 2021. However, it was subsequently extended to June 30, 2022.

New amendments issued but not effective
The Ministry of Corporate Affairs has vide notification dated March 23, 2022 notified Companies (Indian Accounting Standards) Amendment Rules, 2022 which amends certain accounting standards, and are effective April 1, 2022.

Ind AS 16, Property, Plant and Equipment
The amendment clarifies that an entity shall deduct from the cost of an item of property, plant and equipment any proceeds received from selling items produced while the entity is preparing the asset for its intended use (for example, the proceeds from selling samples produced when testing a machine to see if it is functioning properly).

Ind AS 37, Provisions, Contingent Liabilities and Contingent Assets
The amendment explains that the cost of fulfilling a contract comprises: the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.

Ind AS 103, Business combinations
The amendment adds a new exception in Ind AS 103 for liabilities and contingent liabilities.

Ind AS 109, Financial Instruments
The amendment clarifies which fees an entity includes when it applies the '10%' test in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

Ind AS 41, Agriculture
The amendment removes the requirement in Ind AS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in Ind AS 41 with the requirements of Ind AS 113, Fair Value Measurement.

The Group has evaluated the above amendments and concluded that they will have no significant impact on the Group on a go forward basis.

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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.

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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 when the Group satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when the customer obtains control of that asset., 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.

Significant financing component

Generally, the Group receives short-term advances from its customers. Using the practical expedient in Ind AS 115, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised goods or services to the customer and when the customer pays for that goods or services will be one year or less.

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

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.

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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**

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.

Drug Master Files ("DMF") and Abbreviated New Drug Applications ("ANDA") costs represent expenses incurred on development of processes and compliance with regulatory procedures of the US FDA, in filing DMF and 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.

S.K.Gupta

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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, cost being determined based on weighted average method.

In respect of work-in-progress, intermediaries and finished goods, cost also includes the variable and fixed overhead incurred for bringing the inventory to present location and conditions.

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.

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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 115 "Revenue from contract with Customers".

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 116 "Leases"

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.

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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.

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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 115 "Revenue from contract with Customers".

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.

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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.

The translation of financial statements of the foreign subsidiaries to the presentation currency is performed for assets and liabilities using the exchange rate in effect at the Balance Sheet date and for revenue, expense and cash-flow items using the average exchange rate for the respective periods. The gains or losses resulting from such translation are included in currency translation reserves under other components of equity. When a subsidiary is disposed off, in full, the relevant amount is transferred to net profit in the Consolidated Statement of Profit and Loss. However when a change in the parent's ownership does not result in loss of control of a subsidiary, such changes are recorded through equity.

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.

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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.

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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 Group has adopted Ind AS 116 "Leases" as notified by MCA as on March 30, 2019. The MCA via this notification requires all entities to apply Ind AS 116 from Accounting period April 01, 2019. The entity has elected the "modified retrospective" approach for adopting Ind AS 116 and hence the comparative information relating to prior years will not be restated.

The Group has elected not to apply the requirements of Ind AS 116 Leases to short term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

a) **Initial measurement**
Lease liability is initially recognised and measured at an amount equal to the present value of minimum lease payments during the lease term that are not yet paid. Right-of-use asset is recognized and measured at cost, consisting of initial measurement of lease liability plus any lease payments made to the lessor at or before the commencement date less any lease incentives received, initial estimate of restoration costs and any initial direct costs incurred by the lessee.

b) **Subsequent measurement**
The lease liability is measured in subsequent periods using the effective interest rate method. Right-of-use asset is depreciated in accordance with requirements in Ind AS 16, Property, Plant and equipment. 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. However, Ind AS 116 provides the lessee with the option to recognise a low value asset or a short term lease (12 months of lesser) as an expense in the statement of profit and loss on a straight-line basis or any other systematic approach as adopted by the entity.

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.

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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) **Non current assets held for sale and disposal groups**
The Group classifies a non-current asset (or disposal group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. Immediately before the initial classification of the asset (or disposal group) as held for sale, the carrying amounts of the asset (or all the assets and liabilities in the group) shall be measured in accordance with applicable Ind ASs.

The Group measures a non-current asset (or disposal group) classified as held for sale at the lower of its carrying amount and fair value less costs to sell. The Group does not depreciate (or amortise) a non-current asset while it is classified as held for sale or while it is part of a disposal group classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale shall continue to be recognised.

t) **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.

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(All amounts are in INR lakhs, except share data and unless otherwise stated)

4 Property, plant and equipment

Particulars	Tangible 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
Cost as at April 1, 2020	2,536.65	52.83	16,782.28	1,00,979.83	256.23	11.85	3.42	367.23	1,478.78	1,22,489.10	2,158.16	63.96	2,222.12
Additions	-	-	-	338.40	-	-	1.27	24.96	1.18	365.81	-	25.20	25.20
Disposals	-	-	-	(1.14)	-	(1.87)	(1.19)	(0.39)	(0.64)	(5.23)	-	(29.90)	(29.90)
Classified as non current assets held for sale	(1,308.53)	(52.22)	(2,388.51)	(2,268.69)	(28.95)	-	(0.02)	(65.02)	(174.25)	(6,306.19)	(1,145.25)	(5.20)	(1,150.45)
Cost as at March 31, 2021	1,228.12	0.61	14,393.77	99,048.40	227.28	9.98	3.48	326.78	1,305.07	1,16,543.49	1,012.91	54.06	1,066.97
Additions	-	-	-	38.05	-	-	-	-	-	38.05	-	-	-
Disposals	-	-	-	(9.85)	-	-	-	-	-	(9.85)	-	-	-
Cost as at March 31, 2022	1,228.12	0.61	14,393.77	99,076.60	227.28	9.98	3.48	326.78	1,305.07	1,16,571.69	1,012.91	54.06	1,066.97
Depreciation/Amortisation													
As at April 1, 2020	-	0.61	2,333.11	34,691.88	142.35	3.69	1.65	88.63	856.94	38,118.86	784.86	14.02	798.88
Charge for the year	-	-	793.73	10,421.68	24.46	-	1.83	38.57	136.68	11,416.95	228.05	3.18	231.23
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-
As at March 31, 2021	-	0.61	3,126.84	45,113.56	166.81	3.69	3.48	127.20	993.62	49,535.81	1,012.91	17.20	1,030.11
Charge for the year	-	-	711.36	7,939.00	3.01	-	-	18.14	27.82	8,699.33	-	3.13	3.13
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-
As at March 31, 2022	-	0.61	3,838.20	53,052.56	169.82	3.69	3.48	145.34	1,021.44	58,235.14	1,012.91	20.33	1,033.24
Net Block													
As at March 31, 2021	1,228.12	-	11,266.93	53,934.84	60.47	6.29	-	199.58	311.45	67,007.68	-	36.86	36.86
As at March 31, 2022	1,228.12	-	10,555.57	46,024.04	57.46	6.29	-	181.44	283.63	58,336.55	-	33.73	33.73

Notes :

1 The title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the respective companies in the group as at the balance sheet date. In respect of immovable properties of land and building that have been taken on lease and disclosed as fixed assets in the financial statements, the lease agreements are in the name of the respective companies in the group. In respect of assets given as collateral for loans taken from banks, the title deeds are in the custody of the respective banks.

2 The Group has not revalued its property, plant and equipment (including right-of-use asset) during the year, since the Group has adopted cost model as its accounting policy to an entire class of Property, Plant and Equipment in accordance with Ind AS 16.

3 No depreciation has been considered in respect of vehicles and office equipments as the assets have reached their residual value as per Schedule II to the Companies Act, 2013.

4 The Group has not revalued its intangible asset, since the Group has adopted cost model as its accounting policy to an entire class of Intangible Asset in accordance with Ind AS 38.

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		As at March 31, 2022	As at March 31, 2021
5	**Capital Work-in-progress**		
	Property, plant and equipment under development	978.42	743.06
		978.42	743.06

Refer Note 47 (a) for aging schedule of Capital work in progress
Refer Note 47 (b) for information relating to estimated completion schedule of Capital work in progress.

		As at March 31, 2022	As at March 31, 2021
6	**Non-current investments**		
	Non Trade		
	Investments in companies other than subsidiaries, associates and joint ventures at FVTOCI		
	i. Investments in Equity Instruments (Quoted)		
	18,600 equity shares (previous year 18,600) of Rs.10 each in Bank of India Limited, fully paid up	8.53	12.62
	ii. Investments in Equity Instruments (Unquoted)		
	6,00,000 equity shares of Rs. 10 each in Sai Regency Power Corporation Private Limited, fully paid up	60.00	60.00
	31,50,000 equity shares of Rs.10 each Investment in Nellai Renewables Private Limited, fully paid up	315.00	-
	1,19,568 equity shares of Rs.10 each in MSE Financial Services Limited, fully paid up *	23.99	23.99
	8,823 equity shares of Rs.1/- each allotted in Madras Enterprises Private Limited *	3.83	3.83
	Investments in Equity Instruments of Associate (Unquoted) at cost		
	4,55,00,000 equity share of Rs.10 /- each in Orbion Pharmaceuticals private limited	4,197.73	-
		4,609.08	100.44
	Less: Provision for diminution in value of investments	(60.00)	(60.00)
		4,549.08	**40.44**

* Pursuant to the Scheme of Arrangement of MSE Financial Services Ltd and SRT Ascendancy Solutions Private Ltd with Madras Enterprises Ltd, 2.60 shares of Madras Enterprises Ltd have been allotted for every one share held in MSE Financial Services Ltd.

	As at March 31, 2022	As at March 31, 2021
Total non-current investments		
Aggregate value of quoted investments	8.53	12.62
Aggregate market value of quoted investments	8.53	12.62
Aggregate value of unquoted investments	4,600.55	87.82
Aggregate amount of impairment in value of investments	60.00	60.00

		As at March 31, 2022	As at March 31, 2021
7	**Other non-current financial assets**		
	(Unsecured, considered good)		
	Deposits for Electricity and Power	460.69	392.24
	Fixed deposits with banks (maturing after 12 month from the reporting date)	0.74	1.33
	Other Deposits	14.62	6.15
	(Unsecured, considered doubtful)		
	Others	202.66	202.66
	Less : Provision for expected credit loss	(202.66)	(202.66)
		476.05	**399.72**

Note : The Group has not granted any loan or advance in the nature of loan to promoters, directors, KMPs and other related parties that are repayable on demand or without specifying any terms or period of repayment. The loans given to certain parties during the pre-CIRP period have been fully provided for.

		As at March 31, 2022	As at March 31, 2021
8	**Other non-current assets**		
	(Unsecured, considered good)		
	Capital Advances	1,166.94	-
	Advances to suppliers	526.90	511.74
	(Unsecured, considered doubtful)		
	Advances to suppliers	15,333.30	15,333.30
		17,027.14	15,845.04
	Less: Provision for expected credit loss	(15,333.30)	(15,333.30)
		1,693.84	**511.74**

Note : The Group has not granted any loan or advance in the nature of loan to promoters, directors, KMPs and other related parties that are repayable on demand or without specifying any terms or period of repayment. The loans given to certain parties during the pre-CIRP period have been fully provided for.

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		As at March 31, 2022	As at March 31, 2021
9	**Inventories**		
	Raw Materials	4,283.13	3,659.38
	Intermediates & Work-in-progress	6,907.63	5,556.29
	Finished Goods	5,484.49	5,380.86
	Stores and Spare parts	152.44	143.99
	Chemicals and Consumables	201.52	200.76
	Packing Materials	236.42	347.25
		17,265.63	**15,288.53**

Note: The Group has physically verified the inventories at reasonable intervals and there are no discrepancies of 10% or more in the aggregate for each class of inventory were noticed during such verification.

		As at March 31, 2022	As at March 31, 2021
10	**Current Investments**		
	Fair valued through profit and loss		
	Investment in Mutual Funds	-	1,502.08
		-	**1,502.08**
11	**Trade receivables**		
	Trade Receivables considered good - Secured	-	-
	Trade Receivables considered good - Unsecured	17,056.82	13,569.81
	Trade Receivables which have significant risk increase in credit risk	-	-
	Trade Receivables credit impaired	8,094.87	6,722.06
		25,151.69	20,291.87
	Less: Allowance for expected credit loss	(8,094.87)	(6,722.06)
		17,056.82	**13,569.81**

Note:
Trade receivables are neither due from directors or other officers of the Group either severally or jointly with any other person, nor any trade or other receivables are due from firms or private companies respectively in which any director is a partner, a director or a member, except to the extent disclosed in Note 49 relating to amounts receivable from related parties.

Refer Note 44 for information about risk profile of Trade Receivables under Financial Risk Management.

Refer Note 47 (c) for the ageing schedule of Trade Receivables.

		As at March 31, 2022	As at March 31, 2021
12	**Cash and cash equivalents**		
	Cash on hand	3.46	4.36
	Balances with banks		
	In current accounts	427.20	395.03
	In fixed deposits (having original maturity of less than 3 months)	-	1,170.00
		430.66	**1,569.39**
13	**Other Bank Balances**		
	In Fixed Deposits with banks (maturing within 12 months from the reporting date)	0.59	80.00
	In earmarked accounts		
	Escrow Accounts	323.60	341.78
	Fractional Shares Payable Bank Account	51.45	-
		375.64	**421.78**
14	**Loans**		
	(Unsecured, considered doubtful)		
	Loans to related parties	99.25	99.25
		99.25	99.25
	Less : Allowance for expected credit loss	(99.25)	(99.25)
		-	-

Note : The Group has not granted any loan or advance in the nature of loan to promoters, directors, KMPs and other related parties that are repayable on demand or without specifying any terms or period of repayment. The loans given to other related parties during the pre-CIRP period have been fully provided for.

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		As at March 31, 2022	As at March 31, 2021
15	**Other current financial assets**		
	(Unsecured, considered good)		
	Interest accrued on deposits	0.14	7.07
		0.14	**7.07**
16	**Current tax assets**		
	Advance income tax (net of provision for tax)	5,255.39	5,445.99
		5,255.39	**5,445.99**
17	**Non current assets held for sale**		
	IKKT Undertaking	-	9,864.82
	Leasehold land at Vishakhapatnam	-	891.40
	Other buildings	1,328.97	1,328.97
		1,328.97	**12,085.19**
18	**Other current assets**		
	Advance recoverable in cash or in kind		
	Advance to suppliers	305.93	598.63
	Prepaid expenses	711.76	256.62
	MEIS license scrips entitlement	588.70	698.58
	Balances with Statutory Authorities	1,645.15	3,517.97
	Other deposits	12.82	12.92
	Employees Advances	10.97	11.15
		3,275.33	5,095.87
	(Unsecured, considered doubtful)		
	Advances to Suppliers	29.75	-
	Less : Allowance for expected credit loss	(29.75)	-
		3,275.33	**5,095.87**

Note :The Group has not granted any loan or advance in the nature of loan to promoters, directors, KMPs and other related parties that are repayable on demand or without specifying any terms or period of repayment. The advances given to certain suppliers during the pre-CIRP period have been fully provided for.

19 Capital

	As at March 31, 2022	As at March 31, 2021
Authorised Share Capital		
15,00,10,000 (Previous year 15,00,10,000) Equity shares of Rs. 10 each*	15,010.00	15,010.00
	15,010.00	**15,010.00**

* The authorised share capital of the Company has increased by 10,000 shares of Rs.10 each pursuant to a scheme of amalgamation. However, the same is yet to be updated in the records of the registrar of companies. The Company is closely following it up for regularisation.

	As at March 31, 2022	As at March 31, 2021
Issued Share Capital		
4,08,16,400 (Previous year 4,08,16,400) Equity shares of Rs. 10 each	4,081.64	4,081.64
	4,081.64	**4,081.64**
Subscribed and fully paid up share capital		
4,08,16,400 (Previous year 4,08,16,400) Equity shares of Rs. 10 each	4,081.64	4,081.64
	4,081.64	**4,081.64**

Notes:

(a) **Reconciliation of number of equity shares subscribed**

Balance at the beginning and end of the period	**4,08,16,400**	**4,08,16,400**

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

Name of the share holders	March 31, 2022		March 31, 2021	
	No of shares	%	No of shares	%
Dhanuka Laboratories Limited *	3,67,19,957	89.96	4,00,00,072	98.00

* The successful resolution applicant of a listed company in the case of a Corporate Insolvency Resolution Process is required to increase the public holding to at least 25% within three years from the date of implementation of the approved resolution plan (i.e., on or before March 31, 2023). The Group is taking the necessary steps to achieve the required threshold limits.

(c) **Shares held by promoters at the end of the year**

Name of	March 31, 2022		
	No of shares	%	% of change
Dhanuka Laboratories Limited *	3,67,19,957	89.96	8.04

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	As at March 31, 2022	As at March 31, 2021

(d) **Rights, preferences and restrictions in respect of equity shares issued by the Company**
The Group has only one class of equity shares having a par value of Rs.10 each. The equity shares of the Group 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 Group has not proposed any dividend.

20 Other Equity	As at March 31, 2022	As at March 31, 2021
Capital Reserve	5,105.69	5,105.69
Capital Reserve on Amalgamation	1,63,125.58	1,63,125.58
Securities Premium Reserve	46,447.86	46,447.86
Equity component of Optionally convertible debentures	6,856.06	6,856.06
General Reserve	55,851.90	55,851.90
Foreign Currency Fluctuation Reserve	14,711.55	15,211.52
Other Comprehensive Income	(9.69)	(5.60)
Profit and Loss Account	(2,31,432.60)	(2,31,383.87)
	60,656.35	61,209.14

a) Capital reserve

Balance at the beginning and end of the year	5,105.69	5,105.69

Capital reserve was created in the earlier years in respect of business acquired by the Group. The Group can use this reserve for issuing fully paid up

b) Capital Reserve on Amalgamation

Balance at the beginning and end of the year	1,63,125.58	1,63,125.58

Capital reserve on Amalgamation was created in the earlier years as per approved resolution plan on the amalgamation of the special purpose vehicle with the Group. The Group can use this reserve for issuing fully paid up Bonus

c) Securities Premium Reserve

Balance at the beginning and end of the year	46,447.86	46,447.86

Securities Premium was credited when shares are issued at a premium. The Group can use this reserve to issue bonus shares, to provide for premium on redemption of shares or debentures, preliminary expenses and the commission paid or discount allowed

d) Equity component of Optionally convertible debentures

Balance at the beginning and end of the year	6,856.06	6,856.06

This represents the equity component accounted as per split accounting prescribed for compound financial instruments under Ind AS 109 "Financial Instruments". This will be available as free reserves once the Group completed the conversion of the debentures into equity.

e) General Reserve

Balance at the beginning and end of the year	55,851.90	55,851.90

General Reserve represents the statutory reserve in accordance with Companies Act, 2013 wherein a portion of profit is apportioned to general reserve. This is a free reserve and the Group can use it for declaration of dividends, subject to the conditions prescribed by the Companies Act, 2013.

f) Foreign Currency Fluctuation Reserve

Balance at the beginning of the year	15,211.52	14,932.69
Additions/ (deductions) during the year	(499.97)	278.83
Balance at the end of the year	14,711.55	15,211.52

Foreign Currency Fluctuation Reserve represents the cumulative impact of translating the financial statements of foreign subsidiaries. The same will be reclassified to the profit and loss account on disposal of investments in those subsidiaries in accordance with Ind AS 21.

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	As at March 31, 2022	As at March 31, 2021
g) Other Comprehensive Income		
Balance at the beginning of the year	(5.60)	(12.22)
Additions during the year	142.30	66.47
Deductions/Adjustments during the year	(146.39)	(59.85)
Balance at the end of the year	(9.69)	(5.60)

Other comprehensive income represents the balance in equity for items to be accounted in Other Comprehensive Income (OCI). The Group has opted to recognise the changes in the fair value of certain investments in equity instruments and remeasurement of defined benefit obligations in OCI. The Group transfers amounts from this reserve to Retained Earnings in case of actuarial loss / gain and in case of fair value recognition of equity instrument, the same will be transferred when the respective equity instruments are derecognised.

h) Retained Earnings		
Balance at the beginning of the year	(2,31,383.87)	(2,19,790.72)
Net loss for the year	(195.12)	(11,653.00)
Transfer from Other Comprehensive Income	146.39	59.85
Balance at the end of the year	(2,31,432.60)	(2,31,383.87)

Retained Earnings represent the undistributed profits/ accumulated losses of the Group remaining after transfer to other Reserves.

21 Long Term Borrowings

Secured		
From Banks		
Rupee Term Loans	-	36,400.00
Foreign Currency term Loans	14,778.80	-
Unsecured		
0% Optionally Convertible Debentures	9,732.42	8,589.74
	24,511.22	44,989.74
Less: Current maturities of long term borrowings (refer note 24)	(3,694.70)	(2,240.00)
	20,816.52	42,749.74

Note :

The Group has used the borrowings from banks and financial Institutions for the specific purpose for which it was taken as at the reporting date.

Registration, Modification and Satisfaction of charges relating to the year under review, had been filed with the ROC, within the prescribed time or within the extended time requiring the payment of additional fees

Refer Note 43 for repayment terms and security details

The Group has used the borrowings from banks and financial institutions for the specific purpose for which it was taken as at the reporting date.

Refer Note No. 44 for information about risk profile of borrowings under Financial Risk Management.

22 Provisions (Non-current)

Provision for Employee Benefits		
Gratuity	868.56	881.28
Compensated absences	232.73	272.61
	1,101.29	1,153.89

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	As at March 31, 2022	As at March 31, 2021
23 Deferred Tax Asset / (Liability) - Net		
Deferred Tax Liability		
On Property, plant and equipment	8,283.47	14,933.97
On Others	322.62	322.62
	8,606.09	15,256.59
Deferred Tax Asset		
On unabsorbed tax depreciation	8,283.47	14,933.97
	8,283.47	14,933.97
Net deferred tax asset / (liability)	(322.62)	(322.62)

Note: In view of carry forward tax losses, the recognition of deferred tax asset has been scaled down to the extent of deferred tax liability

	As at March 31, 2022	As at March 31, 2021
24 Current liabilities - Borrowings		
Secured		
Working Capital Facilities / Borrowings	2,284.14	284.26
Current maturities of long term borrowings (refer note 21)	3,694.70	2,240.00
	5,978.84	2,524.26

* Refer Note 43 for repayment terms and security details

Note: Short term Borrowings (other than Current maturities of Long term borrowings) are secured by way of first pari passu hypothecation charge on trade receivables and inventories of the Group, present and future. The quarterly returns or statements filed by the Group with the banks or financial institutions are in agreement with the books of accounts, except in the following cases

Quarter ended	As per financials	As per returns filed with banks	Difference	Reason
June 30, 2021	Not submitted to Bank as there is no working capital limit during Q1			
September 30, 2021	18,644.90	18,848.69	(203.79)	The difference is mainly due to estimated over head rate considered while valuing WIP and FG given to the bank and the actual over head rate finalised on completion of limited review of the quarterly results. Also the bank stock statement does not include R&D Stock (INR 1.29 Cr)
December 31, 2021	17,665.14	17,452.51	212.63	The difference is mainly due to estimated over head rate considered while valuing WIP and FG given to the bank and the actual over head rate finalised on completion of limited review of the quarterly results. Also the bank stock statement does not include R&D Stock (INR 1.18 Cr)
March 31, 2022	17,265.63	16,409.97	855.66	The difference is mainly due to estimated over head rate considered while valuing WIP and FG given to the bank and the actual over head rate finalised on completion of the audit of the quarterly results. . The bank stock statement does not include R&D Stock (1.18 Cr). Provision for non moving stock created in Q4 - INR 0.54 Cr which was not included in the statement given to the bank

The Group has used the borrowings from banks and financial institutions for the specific purpose for which it was taken as at the reporting date.

Refer Note No. 44 for information about risk profile of borrowings under Financial Risk Management.

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		As at March 31, 2022	As at March 31, 2021
25	**Trade payables**		
	Dues to Micro enterprises and Small enterprises	340.26	785.90
	Dues to Creditors other than Micro and Small enterprises	16,428.04	10,209.34
		16,768.30	**10,995.24**

Refer Note 44 for information about risk profile of trade payables under Financial Risk Management.

Refer Note 47 (d) for information about aging of Trade Payables

26	**Provisions (Current)**		
	Provision for employee benefits		
	Gratuity	255.46	232.48
	Leave encashment	45.25	119.96
		300.71	**352.44**

27	**Other current liabilities**		
	Statutory Liabilities	98.39	79.61
	Fractional Share amount payable to shareholders	51.45	252.64
	Employee payables	1.19	0.25
	Advance and deposits from customers etc.,	878.95	3.74
		1,029.98	**336.24**

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(All amounts are in INR lakhs, except share data and unless otherwise stated)

		For the year ended March 31, 2022	For the year ended March 31, 2021
28	**Revenue from operations**		
	Sale of Products	55,607.27	43,818.25
	Other Operating Revenues		
	Sale of Other Materials	271.19	1,141.34
	Others	77.28	46.45
		55,955.74	**45,006.04**
29	**Other income**		
	Interest income	41.88	73.26
	Profit on sale of property, plant and equipment	0.04	-
	Foreign exchange gain (net)	758.18	349.11
	Income from fair valuation of investments	-	90.10
	Profit on sale of investments	51.24	104.08
	Provisions non longer required written back	-	856.55
	Other non-operating income	48.95	48.06
		900.29	**1,521.16**
30	**Cost of materials consumed**		
	Opening inventory of raw materials	2,106.10	2,970.88
	Add : Purchases	36,238.80	25,248.15
	Less : Closing inventory of raw materials	(4,283.13)	(3,659.38)
		34,061.77	**24,559.65**

Note : Opening and closing inventories are excluding items considered under discontinued operations

		For the year ended March 31, 2022	For the year ended March 31, 2021
31	**Changes in inventories of work-in-progress, stock in trade and finished goods**		
	Opening stock		
	Intermediates & Work-in-progress	5,217.56	4,241.94
	Traded Goods		91.37
	Finished Goods	4,902.00	4,308.83
		10,119.56	**8,642.14**
	Closing stock		
	Intermediates & Work-in-progress	6,907.63	5,217.56
	Traded Goods		-
	Finished Goods	5,917.76	5,133.96
		12,825.39	**10,351.52**
	Total changes in inventories	**2,705.83**	**1,709.38**

Note : Opening and closing inventories are excluding items considered under discontinued operations

		For the year ended March 31, 2022	For the year ended March 31, 2021
32	**Employee benefits expense**		
	Salaries and wages	4,935.58	5,639.16
	Contribution to provident and other funds	849.31	501.69
	Staff welfare expenses	542.81	569.94
		6,327.70	**6,710.79**
33	**Depreciation and amortisation expense**		
	Depreciation on Property, Plant and Equipment	8,699.33	11,416.95
	Less : Depreciation considered under discontinued operations	-	(528.49)
	Amortisation of Intangible Assets	3.13	231.23
	Less : Amortisation considered under discontinued operations	-	(228.05)
		8,702.46	**10,891.64**

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(All amounts are in INR lakhs, except share data and unless otherwise stated)

		For the year ended March 31, 2022	For the year ended March 31, 2021
34	**Finance Cost**		
	Interest on Bank Borrowings	1,859.51	3,902.98
	Interest on Others	1,341.66	1,230.58
		3,201.17	**5,133.56**
35	**Other expenses**		
	Power and Fuel	5,273.93	3,931.09
	Consumption of Stores, Spares & Chemicals	1,272.56	1,149.12
	Rent	56.84	49.36
	Repairs to buildings	65.35	75.98
	Repairs to Machinery	57.02	65.59
	Factory maintenance	1,230.89	1,135.48
	Insurance	423.27	506.03
	Rates & Taxes	84.11	228.83
	Postage, Telephone & Telex	25.72	27.59
	Printing & Stationery	53.28	42.30
	Vehicle Maintenance	2.74	2.42
	Research & Development Expenses	662.63	480.97
	Advertisement	4.40	2.40
	Recruitment expenses	8.03	3.42
	Payment to Auditors [refer note 35 (a)]	34.53	34.86
	Cost Audit fee	2.00	2.00
	Travelling and Conveyance	19.70	8.45
	Directors' remuneration & perquisites	146.71	102.68
	Directors' travelling expenses	20.80	-
	Directors' sitting fees	9.75	6.50
	Freight outward	1,063.18	924.77
	Commission on sales	1,153.09	404.53
	Business promotion and selling expenses	5.50	13.80
	Lease rentals	101.25	101.25
	Professional consultancy charges	404.34	719.41
	Allowance for expected credit loss	366.73	132.80
	Bank charges	144.43	87.08
	Loss on sale of property, plant and equipment	-	6.50
	Miscellaneous expenses	265.85	219.42
		12,958.63	**10,465.83**
35 (a)	**Payment to Auditors**		
	For statutory audit	18.00	18.00
	For issuing limited review reports	12.00	12.00
	For tax audit	2.50	2.50
	For certificate and other services	1.82	2.04
	Out of pocket expenses	0.21	0.32
		34.53	**34.86**

36 Income tax expense

In view of the carried forward losses under the taxation laws, no provision for tax is created. Since the Group had loss for the FY 2021-2022 as per books, the provisions of tax on book profits are not applicable to the Group.

37 Movement of deferred tax expense

For the year ended March 31, 2022

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	(14,933.97)	6,650.50	-	(8,283.47)
Unabsorbed tax depreciation*	14,933.97	(6,650.50)	-	8,283.47
Other temporary differences	(322.62)	-	-	(322.62)
	(322.62)	-	-	(322.62)

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For the year ended March 31, 2021

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	(19,749.52)	4,815.55	-	(14,933.97)
Unabsorbed tax depreciation*	19,749.52	(4,815.55)	-	14,933.97
Other temporary differences	(322.62)	-	-	(322.62)
	(322.62)	-	-	(322.62)

*Since the Group 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.

	For the year ended March 31, 2022	For the year ended March 31, 2021
38 Earnings per share		
Profit for the year attributable to owners of the Group	(195.12)	(11,653.00)
Weighted average number of ordinary shares outstanding	4,08,16,400	4,08,16,400
Basic earnings per share (Rs)	(0.48)	(28.55)
Diluted earnings per share (Rs)	(0.48)	(28.55)

39 Expenditure on Research and Development

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Revenue expenditure relating to Research and Development charged to the Statement of Profit or Loss (excluding depreciation) includes:		
Power and fuel	36.66	0.89
Consumption of stores, spares and chemicals	104.94	39.09
Salaries, wages and bonus	448.52	369.30
Contribution to Provident and other funds	30.09	32.55
Insurance	-	0.49
Postage, telephone and telex	0.02	0.03
Printing and stationery	0.52	0.82
Vehicle maintenance	0.20	0.49
Filing and registration expenses	0.88	1.22
Professional consultancy charges	14.96	20.12
Others	25.84	15.97
Total	662.63	480.97

40 Commitments and contingent liabilities

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Contingent Liability		
Claims against the Group not acknowledged as debts		
- Income Tax dispute pending before High Court of Chennai*	-	-
- Other claims **	250.34	-
Unexpired Letter of Credit	2,236.39	4,511.57
Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for	-	19.35

* The RP has confirmed that a public announcement was caused by the IRP regarding the initiation of corporate insolvency resolution process and submission of claims was called under section 15 on August 24, 2017. Pursuant to such public announcement, the IRP/ RP of the Corporate Debtor has received certain claims from statutory authorities which was admitted under the provisions of Insolvency and Bankruptcy Code, 2016 (IBC code) and subsequent settlement made as per the approved resolution plan. Accordingly, the Corporate Debtor/ Resolution Applicant/ SPV will have no additional exposure arising out of the claims towards the Statutory Dues which have not been admitted and/or the claims which have been rejected (partly or fully) by the RP and/or because of the re-classification in the category of creditor(s).

Considering the above, all statutory liabilities of pre-CIRP period is considered as completely settled and no liability, whatsoever, including contingent in nature is existing on implementation of the resolution plan.

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** The Group has taken certain lands on lease for its operations in respect of which the lease agreement expired before the date of commencement of the Corporate Insolvency Resolution Process. As part of the right to review the existing agreements, the Group has made a detailed assessment of the market rent for the property and the market value of the property for outright purchase. Since the present rent as per erstwhile lease agreements is significantly high considering the market value of the property itself, the Group is in talks with the lessor for renewal of the lease with lower rent or for outright purchase of the property as part of the implementation of the resolution plan. However, no finality is reached on this matter as of date.

Pending completion of the negotiation, the Group has disputed the portion of the lease rent, considered to be excessive than the market rate, amounting to Rs.2,051.33 Lakhs upto March 31, 2022 in respect of the aforesaid lease. Based on the legal opinion obtained, the management is of the opinion that no liability will arise on completion of the negotiation.

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, 2022	Year ended March 31, 2021
India	7,661.35	5,380.64
Rest of the world	47,945.92	38,437.61
	55,607.27	**43,818.25**

(b) Non current assets

The manufacturing facilities of the Group is situated in India and no non-current assets are held outside India

42 Operating lease arrangements

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
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	101.25	101.25

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43 **Terms and conditions of borrowings**

Long term borrowings - Term loans from banks

As per the terms of the Loan agreement, Interest for the Rupee Term loan is 1Y MCLR+1.80%; commission for the LC in case of import : 0.50%+GST and in case of inland : 3.60%+GST. These loans are Repayable in 20 equal quarterly installments after a moratorium period of one year from the date of disbursement (i.e. June 2021)

The above rupee term loan got converted in to Foreign Currency Term Loan (FCTL) on 6th December'2021 with interest rate @ 6 Months LIBOR plus 2.25% margin. These Loans are repayable in 18 equal quarterly installments starting from December 2021

These facilities are secured by:

i) First charge on all immovable assets by way of mortgage of land/ leasehold rights and all the buildings present and future.

ii) First charge on all movable fixed assets by way of hypothecation, of all movable fixed assets Including movable plant and machinery, machinery, spares, tools and accessories, furniture & fixtures, vehicles, etc. present and future

iii) First charge over
   a) all the rights, titles, interest, benefits, claims & demand whatsoever of the Group and as amended, varied or supplemented from time to time
   b) all the title, interest, benefits, claims and demands whatsoever of the Group In any letter of credit, guarantee, performance bond provided by any party to the Group present or future.
   c) First pari-passu charge on intangibles, goodwill, uncalled capital , present and future

iv) First charge by way of hypothecation over the entire current assets (both present & future)

v) The term loans are additionally secured by personal guarantee given by one of the director of the Group Mr. Manish Dhanuka and one of the director of the holding company Mr. Mahendra Kumar Dhanuka

Long term borrowings - 0% Optionally Convertible Debentures

During the year ended March 31, 2020, the Group has issued 14,300 0% Optionally Convertible Debentures (OCD) of Rs.1,00,000 each. In case, the OCD holders exercise their option to convert the same, then the said conversion shall happen only on the basis of face value of each of the OCD and no Interest shall be payable to the OCD holders. However, if the OCD holders opt not to exercise their option for conversion, then the OCL holders shall be entitled to redemption premium of atleast 11 % IRR on annual basis on the amount of the said OCDs or such higher amount as the Board decides after considering the market price of shares of the Group; however in any case, redemption premium shall not exceed beyond 18% IRR on an annual basis. The said OCD, till the time it is not converted into equity shares, shall not be listed on any stock exchange In India and are permitted to be transferred only with the permission of the Board of Directors of the Group. Further there shall be no redemption of OCDs, including payment of interest/ other kind of return of what so ever nature thereon, until entire outstanding of the loan availed from Union Bank of India is paid in full to the lender.

Short term borrowings

The cash credit limits and working capital demand loan with the banks are secured by:

i) Current Assets - first pari pasu charge by way of hypothecation over the entire current assets, both present and future.

ii) Movable Fixed assets - second charge on all movable fixed assets by way of hypothecation, of all movable fixed assets including movable plant and machinery, machinery, spares, tools and accessories, furniture & fixtures, vehicles, etc. present and future.

iii) Second charge by way of mortgage of land/ leasehold rights and all the buildings present and future of Orchid Pharma Limited. First pari passu charge over all the rights, titles, Interests, benefits, claims and demand whatsoever of OPL and as amended, varied or supplemented from time to time and first pari passu charge on all the titles, interests, benefits, claims and demand whatsoever of OPL, in any letter of credit, guarantee or performance bond provided by any party to OPL, present or future. First pari passu charge on intangibles, goodwill uncalled capital present and future.

iv) Personal guarantee of Mr. Manish Dhanuka and Mr. Mahendra Kumar Dhanuka

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44 Financial Instruments

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

The Group 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 Group's capital management, capital includes issued capital, share premium and all other equity reserves attributable to the equity holders.

Gearing Ratio:	March 31, 2022	March 31, 2021
Debt	24,511.22	44,989.74
Less: Cash and bank balances	806.30	1,991.17
Net debt	23,704.92	42,998.57
Total equity	64,737.99	65,290.78
Gearing ratio (%)	36.62%	65.86%

Categories of Financial Instruments	March 31, 2022	March 31, 2021
Financial assets		
a. Measured at amortised cost		
Other non-current financial assets	476.05	399.72
Trade receivables	17,056.82	13,569.81
Cash and cash equivalents	430.66	1,569.39
Bank balances other than above	375.64	421.78
Other financial assets	476.05	399.72
b. Mandatorily measured at FVTOCI		
Investments	351.35	40.44
c. Mandatorily measured at FVTPL		
Investments	-	1,502.08
Financial liabilities		
a. Measured at amortised cost		
Borrowings (non-current, excluding current maturities)	20,816.52	42,749.74
Borrowings (current)	5,978.84	2,524.26
Trade payables	16,768.30	10,995.24
b. Mandatorily measured at FVTPL		
Derivative instruments	Nil	Nil

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 Group 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 Group'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 Group 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 Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group actively manages its currency and interest rate exposure through its finance division, wherever required, to mitigate the risks from such

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

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Disclosure of hedged and unhedged foreign currency exposure

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

As on March 31, 2022

Currency (All amt in Lakhs)	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	254.42	-	254.42	247.10	-	247.10	(7.32)
EUR	2.28	-	2.28	0.97	-	0.97	(1.31)
Others	2.17	-	2.17	-	-	-	(2.17)
In INR	19,557.21	-	19,557.21	18,884.32	-	18,884.32	(672.89)

As on March 31, 2021

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	22.18	-	22.18	206.41	-	206.41	184.23
EUR	2.13	-	2.13	3.22	-	3.22	1.09
GBP	0.30	-	0.30	-	-	-	(0.30)
Others	2.16	-	2.16	-	-	-	(2.16)
In INR	3,517.52	-	3,517.52	15,386.50	-	15,386.50	11,868.98

Foreign currency sensitivity analysis

Movement in the functional currencies of the various operations of the Group against major foreign currencies may impact the Group's revenues from its operations. Any weakening of the functional currency may impact the Group's cost of imports and cost of borrowings and consequently may increase the cost of financing the Group'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 Group on account of its EOU status (Export oriented undertaking) and higher proportion of earnings in foreign exchange through exports.

Interest rate risk management

The Group is exposed to interest rate risk because it borrows funds at both fixed and floating interest rates. The risk is managed by the Group 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 Group 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.

If interest rates had been 25 basis points higher/lower and all other variables were held constant, the Group's loss for the year ended March 31, 2022 would decrease/ increase by Rs.36.95 lakhs (March 31, 2021 : Rs.91.00 lakhs). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

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 Group 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 Group has no significant concentration of credit risk with any counterparty.

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

The Group does not have higher concentration of credit risks to a single customer. As per simplified approach, the Group 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.

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 Group 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. Group 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 Group 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 Group invests its surplus funds in bank fixed deposits, which carry minimal mark to market risks. The Group 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 Group'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 Group can be required to pay.

March 31, 2022	Due in 1st year	Due in 2nd to 5th year	Due after 5th year	Carrying amount
Trade payables	16,768.30	-	-	16,768.30
Borrowings	5,978.84	14,778.80	6,037.72	26,795.36
	22,747.14	14,778.80	6,037.72	43,563.66

March 31, 2021	Due in 1st year	Due in 2nd to 5th year	Due after 5th year	Carrying amount
Trade payables	10,995.24	-	-	10,995.24
Borrowings	4,764.26	8,960.00	31,549.74	45,274.00
	15,759.50	8,960.00	31,549.74	56,269.24

	March 31, 2022	March 31, 2021
Fair value of financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required)	Nil	Nil

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45 Related party disclosure

a) Name of related party and nature of relationship

Ultimate Holding Company	Dhanuka Laboratories Limited
Key Management Personnel and their relatives	
Mr. Ram Gopal Agarwal	Chairman and non executive director
Mr. Manish Dhanuka	Managing Director
Mr. Mridul Dhanuka	Wholetime Director
Mr. Arun Kumar Dhanuka	Non Executive Director
Mr. Sunil Gupta	Chief Financial Officer
Ms. K Nikita	Company Secretary
Enterprises in which the KMPs are having control/ significant influence	Otsuka Chemical (India) Pvt Ltd
	Synmedic Laboratories

b) Transactions with related parties are as follows

Particulars	Enterprises in which Key Management Personnel and their Relatives have significant influence		Key Management Personnel and their Relatives	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Remuneration & Short term benefits*	-	-	155.03	109.70
Sale of goods	167.01	4.94		
Purchase of goods	8,596.94	4,744.14		
Advance for purchase of Land	492.90	-	-	-

*Post employment benefit comprising compensated absences is not disclosed as these are determined for the Group as a whole.

c) Balances with related parties are as follows

Particulars	Enterprises in which Key Management Personnel and their Relatives have significant influence		Key Management Personnel and their Relatives	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Trade receivables	3,844.57	3,816.91		
Trade payables	3,503.39	446.10		
Advance for purchase of Land	492.90	-	-	-

e) Material related party transactions are follows

Nature of transactions	Year ended March 31, 2022	Year ended March 31, 2021
Remuneration & Short term benefits		
Manish Dhanuka	73.35	50.66
Mridul Dhanuka	73.35	52.22
K. Nikita	8.33	6.82
Sale of goods		
Synmedic Laboratories	167.01	4.94
Purchase of goods		
Otsuka Chemical (India) Pvt Ltd	8,596.94	4,744.14
Advance for purchase of Land		
Synmedic Laboratories	492.90	-

f) Material related party balances are follows

Name of the related party	As at March 31, 2022	As at March 31, 2021
Trade payables		
Otsuka Chemical (India) Pvt Ltd	3,472.27	340.42
Advance for purchase of Land		
Synmedic Laboratories	492.90	-

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46 **Retirement benefit plans**

Defined contribution plans

In accordance with Indian law, eligible employees of the Group are entitled to receive benefits in respect of Gratuity fund, a defined contribution plan, in which both employees and the Group 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.589.33 Lakhs (for the year ended March 31, 2021: Rs. 331.51 Lakhs) represents contribution paid to these plans by the Group 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 Group 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, 2022	March 31, 2021
Discount Rate	7.04%	6.68%
Rate of increase in compensation level	7.00%	7.00%
Expected return on plan assets	6.68%	6.68%
Mortality	Indian Assured Lives Mortality (2012-14)(Ultimate)	Indian Assured Lives Mortality (2012-14) (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.

Amounts recognised in total comprehensive income in respect of these defined benefit plans are as follows:	March 31, 2022	March 31, 2021
Amount recognised under Employee Benefits Expense in the Statement of profit and		
Current service cost	82.26	93.40
Net interest expense	97.81	99.88
Return on plan assets (excluding amounts included in net interest	(23.41)	(32.15)
Components of defined benefit costs recognised in profit or loss	**156.66**	**161.13**
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	(146.39)	(61.35)
Components of defined benefit costs recognised in other	**(146.39)**	**(61.35)**
Components of defined benefit costs recognised in other comprehensive income	**10.27**	**99.78**

i. Current service cost and the net interest expense for the year are included in the 'Employee Benefits Expense' in profit or loss.
ii. The remeasurement of the net defined benefit liability is included in other comprehensive income.

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

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	March 31, 2022	March 31, 2021
Present value of defined benefit obligation	1,440.27	1,521.80
Fair value of plan assets	(316.25)	(408.04)
Net liability/ (asset) arising from defined benefit obligation	**1,124.02**	**1,113.76**
Funded	1,124.02	1,113.76
Unfunded	-	-
	1,124.02	**1,113.76**

The above provisions are reflected under 'Provision for employee benefits - Gratuity' (Non current provisions) [Refer note 23] and 'Provision for employee benefits - Gratuity' (Current provisions) [Refer note 27].

Movements in the present value of the defined benefit obligation in the current year were as follows:

	March 31, 2022	March 31, 2021
Opening defined benefit obligation	1,521.80	1,616.08
Current service cost	82.26	93.40
Interest cost	97.81	99.88
Actuarial (gains)/losses	(146.39)	(46.02)
Benefits paid	(115.21)	(241.54)
Closing defined benefit obligation	**1,440.27**	**1,521.80**

Movements in the fair value of the plan assets in the current year were as follows:

Opening fair value of plan assets	408.04	602.10
Return on plan assets	23.41	32.15
Benefits paid	(115.21)	(241.54)
Actuarial gains/(loss)	-	15.33
Closing fair value of plan assets	**316.24**	**408.04**

Sensitivity analysis
In view of the fact that the Group 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 - Compensated absences' (Non current provisions) [Refer note 23] and 'Provision for employee benefits - Compensated absences' (Current provisions) [Refer note 27].

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(All amounts are INR lakhs, except share data and unless otherwise stated)

47 Additional regulatory and other information as required by the Schedule III to the Companies Act 2013

(a) Ageing Schedule of Capital Work-in-Progress (CWIP) - March 2022

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) Projects in Progress	242.87	1.57	3.01	730.97	978.42
(ii) Projects temporarily suspended	-	-	-	-	-
	242.87	**1.57**	**3.01**	**730.97**	**978.42**

Note: The Group do not have any projects whose activity has been suspended.

Ageing Schedule of Capital Work-in-Progress (CWIP) - March 2021

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) Projects in Progress	10.13	0.22	14.47	718.24	743.06
(ii) Projects temporarily suspended	-	-	-	-	-
	10.13	**0.22**	**14.47**	**718.24**	**743.06**

Note: The Group do not have any projects whose activity has been suspended.

(b) Completion Schedule for Capital Work-in-Progress whose completion is overdue

Particulars	To be completed in				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Phase 27 Project (mainly due to CIRP process)	978.42	-	-	-	978.42
	978.42				

(c) Ageing Schedule of Trade Receivables

As at March 31, 2022

Particulars	Outstanding for following periods from due date of payment						Total
	Not due	Less than 6 months	6 months to 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade Receivables							
Considered good	13,693.23	2,069.89	-	-	-	-	15,763.12
Which have significant increase in credit risk and considered doubtful	-	-	-	-	-	-	-
Credit impaired	-	-	-	-	1,034.09	-	1,034.09
Disputed Trade Receivables							
Considered good	-	-	-	-	-	-	-
Which have significant increase in credit risk and considered doubtful	-	-	-	-	-	-	-
Credit impaired	-	-	-	-	259.61	-	259.61
	13,693.23	**2,069.89**	**-**	**-**	**1,293.70**	**-**	**17,056.82**

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As at March 31, 2021

Particulars	Outstanding for following periods from due date of payment						Total
	Not due	Less than 6 months	6 months to 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade Receivables							
Considered good	10,653.87	2,282.64	-	-	-	-	12,936.51
Which have significant increase in credit risk and considered doubtful	-	-	-	-	-	-	-
Credit impaired	-	-	-	-	373.69	-	373.69
Disputed Trade Receivables							
Considered good	-	-	-	-	-	-	-
Which have significant increase in credit risk and considered doubtful	-	-	-	-	-	-	-
Credit impaired	-	-	-	-	259.61		259.61
	10,653.87	**2,282.64**	**-**	**-**	**633.30**	**-**	**13,569.81**

(d) Ageing Schedule of Trade Payables

Particulars	Outstanding for following periods from due date of payment						Total
	Not due	Less than 1 year	1-2 years		2-3 years	More than 3 years	
As at March 31, 2022							
(i). MSME	314.96	15.74	0.82		7.46	1.29	340.27
(ii) Others	4,149.89	6,275.58	617.22		4,880.70	504.64	16,428.03
(iii). Disputed Dues - MSME	-	-	-		-	-	
(iv). Disputed Dues - Others	-	-	-		-	-	
(v). Unbilled Dues	-	-	-		-	-	
	4,464.85	**6,291.32**	**618.04**		**4,888.16**	**505.93**	**16,768.30**
As at March 31, 2021							
(i). MSME	344.47	338.59	31.20		6.69	64.95	785.90
(ii) Others	2,068.41	2,939.32	154.46		4,261.51	251.73	9,675.43
(iii). Disputed Dues - MSME	-	-	-		-	-	-
(iv). Disputed Dues - Others	-	-	-		-	-	-
(v). Unbilled Dues	2.86	363.58	79.49		69.51	18.47	533.91
	2,415.74	**3,641.49**	**265.15**	**4,337.71**	**-**	**335.15**	**10,895.24**

(e) Proceedings under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder

There are no proceedings initiated or are pending against the Group for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder

(f) Borrowings from banks

The Group is not declared as wilful defaulter by any bank or financial Institution or other lenders.

(g) Relationship with Struck off Companies

The Group did not have any transactions with Companies struck off under Section 248 of Companies Act, 2013 or Section 560 of Companies Act, 1956 considering the information available with the Group.

(h) Compliance with number of layers of companies

The Group is in compliance with the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017.

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(All amounts are INR lakhs, except share data and unless otherwise stated)

(i) **Key Financial Ratios**

Particulars	Unit of Measurement	March 31, 2022	March 31, 2021	Variation in %
Current Ratio	In multiple	2.21	4.59	(52%)
Debt-Equity Ratio	In multiple	0.38	0.69	(45%)
Debt Service Coverage Ratio	In multiple	0.50	0.26	92%
Return on Equity Ratio	In %	(0.1%)	(16%)	(15.9%)
Inventory Turnover Ratio	In Days	106.00	119.00	(11%)
Trade receivables Turnover Ratio	In Days	100.00	83.00	20%
Trade payables Turnover Ratio	In Days	91.00	86.00	6%
Net Capital Turnover Ratio	In Days	115.00	116.00	(1%)
Net Profit Ratio	In %	(0.4%)	(26%)	(25.6%)
Return on Capital Employed	In %	2.01%	(3.5%)	(5.5%)
Return on Investment (Assets)	In %	0%	(9%)	(9.0%)

Formula adopted for above Ratios:
Current Ratio = Current Assets / (Total Current Liabilities – Security Deposits payable on Demand – Current
Debt-Equity Ratio = Total Debt / Total Equity
Debt Service Coverage Ratio = (EBITDA – Current Tax) / (Principal Repayment + Gross Interest on term loans)
Return on Equity Ratio = Total Comprehensive Income / Average Total Equity
Inventory Turnover Ratio (Average Inventory days) = 365 / (Net Revenue / Average Inventories)
Trade receivables Turnover Ratio (Average Receivables days) = 365 / (Net Revenue / Average Trade
Trade Payables Turnover Ratio (Average Payable days) = 365 / (Net Revenue / Average Trade payables)
Net Capital Turnover Ratio = (Inventory Turnover Ratio + Trade receivables turnover ratio – Trade payables
Net Profit Ratio = Net Profit / Net Revenue
Return on Capital employed = (Total Comprehensive Income + Interest) / (Average of (Equity + Total Debt))
Return on Investment (Assets) = Total Comprehensive Income / Average Total Assets

Reasons for Variation if more than 25%

Current Ratio
The current ratio have been decreased mainly due to decrease in non current asset held for sale compared to the previous year.

Debt equity ratio
Major portion of the term loans have been repaid during the year and accordingly, the Debt Equity Ratio has decreased.

Debt Service Coverage Ratio
Due to significant decrease in loss, due to profit on sale of IKKT undertaking, the Debt Service Coverage Ratio has significantly improved.

Net Profit Ratio
Due to significant decrease in loss, due to profit on sale of IKKT undertaking, the negative net profit ratio has significantly decreased.

(j) **Scheme of arrangements**
There are no Scheme of Arrangements approved by the Competent Authority in terms of sections 230 to 237 of the Companies Act, 2013 during the year.

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(k) Advance or loan or investment to intermediaries and receipt of funds from intermediaries

The Group has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group (Ultimate Beneficiaries) or (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

The Group has also not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or (ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(l) Undisclosed Income

The Group do not have any transaction which are not recorded in the books of accounts that has been surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 during any of the years.

(m) Details of Crypto Currency or Virtual Currency

The Group did not trade or invest in Crypto Currency or virtual currency during the financial year. Hence, disclosures relating to it are not applicable.

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48 **Discontinuing operations**

During the year, the Group has completed the sale of IKKT division, which was previously classified as disposal group as per Ind AS 105. "Non-current Assets Held for Sale and Discontinued Operations"

Operating results of the Group's discontinuing operations (IKKT division) are summarised as follows:

(i) The carrying value of the total assets and liabilities of discontinued operations

	As at March 31, 2022	As at March 31, 2021
Liabilities		
Non Current liabilities	-	-
Financial Liabilities	-	983.36
Other Current Liabilities	-	25.59
		-
Total liabilities	-	1,008.95
Assets		
Property, Plant and Equipment (PPE)	-	4,085.82
Intangible Assets	-	1,150.45
Capital Work in Progress	-	433.51
Intangible under development	-	1,054.07
Non Current Financial Assets	-	78.73
Current Financial Assets	-	1,040.66
Other current assets	-	3,030.53
Total Assets	-	10,873.77
Net Assets/ (Liabilities)	-	9,864.82

(ii) The revenue and expenses in respect of ordinary activities attributable to discontinuing operations

	For the year ended March 31, 2022	For the year ended March 31, 2021
Revenue		
Revenue from operations	1,294.59	2,133.27
Other Income	7,530.09	(33.24)
Total revenue (a)	8,824.68	2,100.03
Expenses		
Cost of materials consumed	276.45	938.63
Changes in inventories of work-in-progress, stock in trade and finished goods	512.73	(485.09)
Employee benefits expense	439.75	751.68
Depreciation and amortization expense	-	756.54
Other expenses	2,693.98	2,266.38
Total expenses (b)	3,922.91	4,228.14
profit/ (Loss) before exceptional item and tax (a-b) = (c)	4,901.77	(2,128.11)
Less : Exceptional item	-	-
Profit/ (Loss) before tax	4,901.77	(2,128.11)
Tax expenses	-	-
Profit/ (Loss) from discontinuing operations	4,901.77	(2,128.11)

As required by Ind AS 105, the Group re-presented the disclosures for prior periods presented in the consolidated financial statements so that the disclosures relate to all operations that have been discontinued by the end of the reporting period for the latest period presented.

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48A Disclosure of interests in subsidiary companies consolidated as per Ind AS 110 'Consolidated Financial Statements"

Name of enterprise *	Place of Business/ Country of Incorporation	Proportion of ownership interest
Orchid Europe Limited, UK	UK	100.00%
Orchid Pharmaceuticals Inc., USA	USA	100.00%
Orgenus Pharma Inc., USA (Subsidiary of Orchid Pharmaceuticals Inc USA.)	USA	100.00%
Orchid Pharma Inc/ Karalex Pharma USA (Subsidiary of Orchid Pharmaceuticals Inc, USA)	USA	100.00%
Orchid Pharmaceuticals SA (Proprietary) Limited, South Africa	South Africa	100.00%
Bexel Pharmaceuticals Inc., USA	USA	100.00%
Diakron Pharmaceuticals Inc., USA **	USA	76.65%

* All the above companies are not in operation and the investments are fully provided by the holding company
** Since the company is not operational and fully provided for, no non-controlling interest needs to be considered

48B Disclosure of interests in associate company consolidated under equity method as per Ind AS 28 "Investments in Associates and Joint Ventures"

Name of enterprise *	Place of Business/ Country of Incorporation	Proportion of ownership interest	Share in Total Comprehensive Income under equity method
Orbion Pharmaceuticals Private Limited	India	26.00%	(352.27)

48C Additional Information, as required under Schedule III to the Companies Act, 2013

	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 Profit / (Loss)	Amount	As % of consolidated Other Comprehensive Income	Amount	As % of consolidated Total Comprehensive Income	Amount
Orchid Europe Limited, UK	0.08%	54.26	0.00%	-	-	-	0.00%	-
Orchid Pharmaceuticals Inc., USA and its subsidiaries	-6.13%	(3,966.88)	7.28%	(414.39)	-	-	7.47%	(414.39)
Orchid Pharmaceuticals SA (Proprietary) Limited, South Africa	-	-	-	-	-	-	-	-
Bexel Pharmaceuticals Inc.,	-0.21%	(134.80)	-	-	-	-	-	-
Diakron Pharmaceuticals Inc.,	-4.49%	(2,908.25)	0.00%	-	-	-	0.00%	-

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(All amounts are INR lakhs, except share data and unless otherwise stated)

49 Due to the restrictions imposed due to Covid'19, the Group could not complete the proposed sale of land and buildings at Orchid Towers as planned. The Group has received quotes from certain parties and is confident of completing the sale during the current year. Accordingly, no change has been made in the classification of the aforesaid assets in the previous year..

50 The Group is required to comply with the amendments in Schedule III of Companies Act, 2013 notified on 24-03-2021, with effect from 01-04-2021. Accordingly the Group has complied with the disclosure and presentation requirements as per the aforesaid amendments and reclassified the following items in the previous years, to conform to current year classification.

Nature of reclassification	As at March 31, 2022	As at March 31, 2021	Reason for the reclassification
Hitherto, Current maturities of Long term borrowings was included in Other Current Financial Liabilities. As per the requirement under amendments to Schedule III, the same has been presented under 'Short Term Borrowings' as a separate line and previous year figure has been reclassified	3,694.70	2,240.00	As required by Amendments to Schedule III to the Companies Act 2013

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

CNGSN & ASSOCIATES LLP CHENNAI CHARTERED ACCOUNTANTS

Place : Chennai
Date: May 12, 2022

For and on behalf of the board

Manish Dhanuka
Managing Director
DIN: 00238798

Arun Kumar Dhanuka
Non Executive Director
DIN: 00627425

Sunil Gupta
Chief Financial Officer

K Nikita
Company Secretary

Place : Gurgaon
Date: May 12, 2022

ORCHID PHARMA LIMITED Chennai

INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

To the Members of

Orchid Pharma Limited

Report on the audit of the Consolidated Financial Statements

Qualified Opinion

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 of the Balance Sheet as at March 31, 2021, and the Consolidated Statement of Profit and Loss (including Consolidated Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion section of our report the aforesaid Consolidated Financial Statements give the information required by the Companies Act 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2021, and the consolidated loss, consolidated total comprehensive income, consolidated changes in equity and the consolidated cash flows for the year ended on that date.

Basis for Qualified Opinion

We draw attention to the following matters:

a) Note 51 to the Consolidated financial statements which describes that due to the extension of complete/ partial lockdown across India to contain the spread of the Covid'19 virus, the company could not complete the physical verification of fixed assets and its related reconciliation with the books of account. Accordingly, we are unable to comment on the possible impact, if any, arising out of the above matters. This is was qualified in our earlier year audit report also; and

b) The Consolidated Financial Statements for the year ended March 31, 2021 include the financial statements for the year ended March 31, 2021, of the following subsidiary companies:

- Orchid Europe Limited, UK
- Orchid Pharmaceuticals Inc., USA
- Bexel Pharmaceuticals Inc., USA
- Orchid Pharmaceuticals SA (Proprietary) Limited, South Africa
- Diakron Pharmaceuticals, Inc. USA

We did not audit the standalone financial statements of the above subsidiaries that reflect total assets of Rs. 2,211.11 lakhs and net assets of (-) Rs.6,402.23 lakhs as at March 31, 2021, total revenue of Rs. 848.69 lakhs, total comprehensive loss (comprising of loss and other comprehensive income) of (-) Rs.580.31 lakhs and net cash flows amounting to Rs.77.70 lakhs for the year ended on that date, as considered in the consolidated financial statements.

The standalone financial statements of the subsidiaries are unaudited and have been furnished to us by the management and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiaries, is based solely on such unaudited financial statements. Accordingly, we do not express any opinion on the completeness and true and fair view of the financial statements, including adjustments, if any, required on the carrying amount of assets and liabilities of the above subsidiaries and the balance in foreign currency translation reserve as at March 31, 2021 included in the Consolidated Financial Statements. This is a matter of qualification in our earlier years' audit reports also.

c) Our audit report has been qualified in respect of matters referred to clauses (a) to (c) above.

We conducted our audit in accordance with the standards on auditing (SAs) specified under section 143 (10) of the Act. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the code of ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the Consolidated Financial Statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's code of ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements of the current period. These matters were addressed in the context of our audit of the

Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In our opinion and based on the information and explanations given to us, we have determined the matters described below to be the key audit matters to be communicated in our report.

Accounting for Business Combination as per Ind AS 103 and the related revision in the provisional accounting done in the previous year

As morefully explained in Note 50 to the consolidated financial statements, M/s Dhanuka Laboratories Limited, the successful resolution applicant has infused the required investments as per the approved Resolution Plan ("the Said Plan") and the Group has accounted for the transactions relating to the above as directed by the Hon'ble NCLT on March 31, 2020. The adjustments to the carrying amount have been made on a provision basis due to Covid'19 related restrictions in getting complete valuation for various assets and liabilities, including impairment on the carrying value of property, plant and equipment, capital work in progress, intangibles and intangibles under development.

The Group has obtained a detailed valuation report on lifting of the general lockdown through external experts and detailed internal assessment regarding the fair value of various assets taken over and liabilities assumed as part of the business combination. The consequential adjustments have been made in March 2021 (i.e., within 1 year from the date of acquisition) as provided in Para 45 to Para 49 of Ind AS 103 for provisional accounting for business combinations.

Principal Audit Procedures

- We assessed the Group's process to identify, assess and respond to risks of material misstatement considering the complexity of the terms and conditions of the Said Plan and the impact of the revision to the provisional accounting of the business combination on the Group's operations and consolidated financial statements for the year under consideration.

- As part of the evaluation of whether sufficient appropriate audit evidence has been obtained, we have evaluated the appropriateness of our initial risk assessments and revised previous risk assessments in for certain financial statement areas like claims and final settlement of financial and operating creditors, carrying amount of property, plant and equipment, capital work in progress, intangible assets comprising of ANDA/ DMF and intangibles under development, including related disclosure requirements under the Act and respective Indian Accounting Standards.

- We have considered the impact on the processes and controls that may be affected by necessary changes to business processes in light of circumstances such as travel restrictions, result of remote working arrangements etc.

- We have reviewed the terms and conditions stipulated by the Hon'ble NCLT in the Said Plan.

- We have reviewed the valuation report of the independent external expert who has carried out the impairment assessment of property, plant and equipment and the assumptions considered in the valuation

- We have obtained the internal assessment regarding the final fair value of various assets taken over and liabilities assumed as part of the business combination as on the date of acquisition, which were provisionally accounted for business combination as per Ind AS 103 in the previous year and the basis of such conclusions.

- We have designed, performed new procedures and modified previously planned audit procedures as a result of the necessity for carrying out the audit procedures remotely, including verification of the source and completeness of data provided for audit. This includes performing alternative audit procedures to obtain audit comfort in respect of significant account balances for recognition, measurement and disclosures.

- We have audited the management's estimates required in the consolidated financial statements, including but not limited to estimates related to expected credit loss, fair value of various assets taken over and liabilities assumed, inventory obsolescence, impairment of non-financial assets etc. by checking the reasonableness of underlying assumptions in making those key estimates.

- We have considered the basis of management judgment in determining impact on the consolidated financial statements of subsequent events related to the implementation of the Said Plan (in light of the COVID-19 related restrictions) taking into consideration the date of the consolidated financial statements, the facts and circumstances pertaining to the entity, and the conditions that existed at, or arose after, that date. As the impacts of the COVID-19 outbreak continue to evolve, including regulatory restrictions/ conditions, capturing events that relate specifically to conditions that existed at the date of the consolidated financial statements, or after the date of the consolidated financial statements, we have considered all subsequent events and transactions to substantiate our conclusions on the appropriateness of management's estimate in making the adjustments as per the Said Plan.

- We have considered management's adjustments or disclosures which includes the impact of the changes in the Accounting for Business Combination as per Ind AS 103 and the related revision in the provisional accounting done in the previous year on the recognition and measurement of account balances and transactions in the consolidated financial statements or other specific disclosures as per the said plan.

Emphasis of Matters

Without qualifying our opinion, we draw attention to the following matters

(a) Note 40 to the Consolidated financial statement which describes that the Group has taken certain lands on lease for its operations in respect of which the lease agreement expired before the date of commencement of the Corporate Insolvency Resolution Process. As part of the right to review the existing agreements, the Group has made a detailed assessment of the market rent for the property and the market value of the property for outright purchase. Since the present rent as per erstwhile lease agreements is significantly high considering the market value of the property itself, the Group is in talks with the lessor for renewal of the lease with lower rent or for outright purchase of the property as part of the implementation of the resolution plan. However, no finality is reached on this matter as of date.

Pending completion of the negotiation and the uncertainties involved, the Group disputed the portion of the lease rent, considered to be excessive than the market rate as assessed by an independent valuer, amounting to Rs.1,025.67 Lakhs for the year ended March 31, 2021 in respect of the aforesaid lease. The same has been treated as contingent liabilities in the consolidated financial statements of the Group.

Based on legal opinion obtained, the management is of the opinion that no liability will arise on completion of the negotiation; and

(b) "Estimation of uncertainties relating to the global health pandemic from COVID-19" section of Note 2 to the consolidated financial statements which describes the uncertainties and the impact of Covid-19 pandemic on the Group's operations and results as assessed by the management.

Other Matters

Further to the continuous spreading of COVID -19 across India, the Central and State Governments announced partial/ complete lock down during April and May 2021 to contain the spread of the virus. This has resulted in restriction on physical visit to the client locations and the need for carrying out alternative audit procedures as per the Standards on Auditing prescribed by the Institute of Chartered Accountants of India (ICAI).

As a result of the above, the major portion of the audit was carried out based on remote access of the data as provided the management. This has been carried out based on the advisory on "Specific Considerations while conducting Distance Audit/ Remote Audit/ Online Audit under current Covid-19 situation" issued by the Auditing and Assurance Standards Board of ICAI. We have been represented by the management that the data provided for our audit purposes is correct, complete, reliable and are directly generated by the accounting system of the Group without any further manual modifications.

We bring to the attention of the users that the audit of the financial statements has been performed in the aforesaid conditions.

Our opinion is not modified in respect of the above matters.

Information other than the financial statements and auditors' report thereon

The Holding Company's Board of Directors are responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the Consolidated Financial Statements and our auditor's report thereon.

Our opinion on the Consolidated Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Consolidated Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's responsibility for the Consolidated Financial Statements

The Group's management is responsible for the matters stated in section 134 (5) of the Act with respect to the preparation of these Consolidated 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 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 from time to time, and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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.

In preparing the Consolidated Financial Statements, the respective board of directors of the companies included in the Group are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Group's management is also responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(I) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Group has adequate internal financial controls system in place and the operating effectiveness of such controls
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Consolidated Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Consolidated Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Consolidated Financial Statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

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

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

(b) in our opinion, proper books of account as required by law have been kept by the 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 books and records of the Holding Company and the unaudited results of the subsidiary companies prepared by the management;

(c) the consolidated balance sheet, consolidated statement of profit and loss (including consolidated other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flow dealt with by this report are in agreement with the 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 Consolidated Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act;

(e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 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 "A". Our report expresses a modified opinion on the adequacy and operating effectiveness of the Group's internal financial controls over financial reporting; and

(g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197 (16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Group to its directors during the year is in accordance with the provisions of section 197 of the Act; and

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

a. The Group has disclosed the impact of pending litigations on its financial position in its Consolidated Financial Statements – Refer Note 41 to the Consolidated Financial Statements;

b. The Group has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts; and

c. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Group.

For CNGSN & ASSOCIATES LLP

Chartered Accountants
Firm's Registration No. 004915S/ S200036

(**CHINNSAMY GANESAN**)
Partner
Membership No. 027501
UDIN: 21027501AAAACN5744

Place: Chennai

Date: May 22, 2021

Annexure "A" to the Independent Auditors' Report

on the Consolidated Financial Statements

(Referred to in paragraph 1 (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 Holding Company") as at March 31, 2021, in conjunction with our audit of the Consolidated Financial Statements of the Group for the year ended on that date.

Management's responsibility for internal financial controls

The Holding Company's Board of Directors 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 (the "Guidance Note") 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 Group based on our audit. We conducted our audit in accordance with the Guidance Note 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 Consolidated 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 Group'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 Consolidated Financial Statements for external purposes in accordance with generally accepted accounting principles. A Group's internal financial control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Group; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Consolidated Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Group are being made only in accordance with authorisations of management and directors of the Group; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Group's assets that could have a material effect on the Consolidated Financial Statements.

Inherent limitations of internal financial controls over financial reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management 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.

Qualified Opinion

In our opinion and according to the information and explanations given to us, the Company has, in all material respects, an adequate internal financial control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, 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.

Other matters

We bring to the attention of the users that the audit of the internal financial control system over financial reporting and the operating effectiveness of such internal financial controls over financial reporting has been performed remotely in the conditions morefully explained in the Other Matters Paragraph of our Independent Audit Report on the audit of the Consolidated Financial Statements.

Our opinion on the internal financial control system over financial reporting is not modified in respect of the above.

For CNGSN & ASSOCIATES LLP

Chartered Accountants
Firm Registration No.004915S/ S200036

(CHINNSAMY GANESAN)
Partner
Membership No. 027501
UDIN: 21027501AAAACN5744

Place: Chennai
Date: May 22, 2021

Consolidated Balance Sheet as at March 31, 2021

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

₹ in Lakhs

	Notes	As at March 31, 2021	As at March 31, 2020
ASSETS			
Non-current assets			
Property, plant and equipment	4	67,007.68	84,370.24
Intangible assets	4	36.86	1,423.25
Capital work in progress	5	743.06	1,507.18
Intangible Assets under Development	6	-	1,054.07
Financial assets			
Investments	7	40.44	33.82
Other financial assets	8	399.72	140.76
Other non-current assets	9	511.74	528.77
Total non-current assets		**68,739.50**	**89,058.09**
Current assets			
Inventories	10	15,288.53	14,169.47
Financial assets			
Investments	11	1,502.08	-
Trade receivables	12	13,569.81	6,796.94
Cash and cash equivalents	13	1,569.39	8,989.15
Bank balances other than above	14	421.78	8,414.88
Loans	15	-	-
Other financial assets	16	7.07	11.75
Current tax assets (net)	17	5,445.99	5,938.27
Non current assets held for sale and disposal groups	18	12,085.19	-
Other current assets	19	5,095.87	12,611.98
Total current assets		**54,985.71**	**56,932.44**
Total Assets		**1,23,725.21**	**1,45,990.53**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	20	4,081.64	4,081.64
Other equity	21	61,209.14	72,516.84
Total equity		**65,290.78**	**76,598.48**
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	22	42,749.74	50,397.07
Provisions	23	1,153.89	1,178.54
Deferred Tax Liability	24	322.62	322.62
Total non-current liabilities		**44,226.25**	**51,898.23**

Consolidated Balance Sheet as at March 31, 2021

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

₹ in Lakhs

	Notes	As at March 31, 2021	As at March 31, 2020
Current liabilities			
Financial liabilities			
Borrowings	25	284.26	-
Trade payables	26	10,995.24	10,158.86
Short term provisions	27	352.44	324.91
Other current liabilities	28	2,576.24	7,010.05
Total current liabilities		**14,208.18**	**17,493.82**
Total Liabilities		**58,434.43**	**69,392.05**
Total Equity and Liabilities		**1,23,725.21**	**1,45,990.53**

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
UDIN: 21027501AAAACN5744
Place: Chennai
Date: May 22, 2021

For and on behalf of the Board of Directors of
Orchid Pharma Limited

Manish Dhanuka
Managing Director
DIN: 00238798
Place: Gurgaon
Date: May 22, 2021

Mridul Dhanuka
Whole Time Director
DIN: 00199441
Place: Gurgaon
Date: May 22, 2021

Sunil Gupta
Chief Financial Officer
Place : Gurgaon
Date: May 22, 2021

Nikita K
Company Secretary
Place: Chennai
Date: May 22, 2021

Statement of Consolidated Profit and Loss for the year ended March 31, 2021

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

₹ in Lakhs

		Notes	For the year ended March 31, 2021	For the year ended March 31, 2020
Continuing Operations				
A	**Income**			
	Revenue from operations	29	45,006.04	48,380.15
	Other income	30	1,522.57	2,427.72
	Total income		**46,528.61**	**50,807.87**
B	**Expenses**			
	Cost of materials consumed	31	24,559.65	22,121.19
	Purchases of stock in trade	32	-	46.96
	Changes in inventories of finished goods and WIP	33	(1,709.38)	(1,832.56)
	Employee benefits expense	34	6,710.79	7,486.49
	Depreciation and amortisation expense	35	10,891.64	11,792.78
	Finance costs	36	5,133.56	415.85
	Other expenses	37	10,467.24	17,746.34
	Total expenses		**56,053.50**	**57,777.05**
C	**Loss before exceptional items and tax**		**(9,524.89)**	**(6,969.18)**
	Exceptional items		-	-
D	**Loss before tax from continuing operations**		**(9,524.89)**	**(6,969.18)**
	Income tax expense			
	Current tax		-	-
	Deferred tax charge/ (credit)		-	-
	Loss after tax from continuing operations		**(9,524.89)**	**(6,969.18)**
Discontinuing Operations				
E	**Loss for the year from discontinued operations**		(2,128.11)	(6,137.83)
	Tax expense of discontinued operations		-	-
	Loss from discontinued operations after tax		**(2,128.11)**	**(6,137.83)**
F	**Loss for the year**		**(11,653.00)**	**(13,107.01)**

Statement of Consolidated Profit and Loss for the year ended March 31, 2021

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

₹ in Lakhs

		Notes	For the year ended March 31, 2021	For the year ended March 31, 2020
G	Other comprehensive income			
	Items that will not be reclassified to profit or loss			
	Remeasurement of post employment benefit obligations		59.85	(188.84)
	Gain/ (Loss) on fair valuation of investments		6.62	(13.39)
	Income tax (charge)/ credit relating to these items			-
	Other comprehensive income/ (loss) for the year, net of tax		**66.47**	**(202.23)**
Total comprehensive loss for the year			**(11,586.53)**	**(13,309.24)**
Earnings per share		39		
	Basic earnings per share		(28.55)	(14.75)
	Diluted earnings per share		(28.55)	(14.75)

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
UDIN: 21027501AAAACN5744
Place: Chennai
Date: May 22, 2021

For and on behalf of the Board of Directors of
Orchid Pharma Limited

Manish Dhanuka
Managing Director
DIN: 00238798
Place: Gurgaon
Date: May 22, 2021

Mridul Dhanuka
Whole Time Director
DIN: 00199441
Place: Gurgaon
Date: May 22, 2021

Sunil Gupta
Chief Financial Officer
Place : Gurgaon
Date: May 22, 2021

Nikita K
Company Secretary
Place: Chennai
Date: May 22, 2021

Statement of Consolidated Cash Flows for the year ended March 31, 2021

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

₹ in Lakhs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Cash Flow From Operating Activities		
Profit/ loss before income tax	(11,653.00)	(13,107.01)
Adjustments for		
Depreciation and amortisation expense	10,891.64	11,792.78
Depreciation and amortisation expense of discontinuing operations	756.54	799.33
(Profit)/ loss on sale of fixed assets	6.50	(8.82)
Interest income	(73.26)	(2,417.51)
Unrealised forex (gain)/ loss	561.67	3,108.55
Allowance for expected credit loss	132.80	266.49
Finance costs	5,133.56	415.85
Fair valuation (Gain)/ Loss on investments	(90.10)	-
(Profit) / loss on sale of investments	(104.08)	-
	5,562.27	849.66
Change in operating assets and liabilities		
(Increase)/ decrease in Other financial assets	(326.82)	829.15
(Increase)/ decrease in inventories	(3,349.85)	1,406.28
(Increase)/ decrease in trade receivables	(8,202.48)	4,401.10
(Increase)/ decrease in Other assets	6,733.40	(688.52)
Increase/ (decrease) in provisions and other liabilities	(343.25)	(528.69)
Increase/ (decrease) in trade payables	1,793.05	769.19
Cash generated from operations	1,866.32	7,038.17
Add : Income taxes received (net of payments)	492.28	1,042.13
Net cash from operating activities (A)	**2,358.60**	**8,080.30**
Cash Flows From Investing Activities		
Purchase of PPE (including changes in CWIP)	(60.40)	(424.24)
Sale proceeds of PPE	28.64	-
(Purchase)/ disposal proceeds of Investments	(1,307.90)	-
(Investments in)/ Maturity of fixed deposits with banks	7,993.10	14,717.94
Interest received	67.07	2,417.51
Net cash used in investing activities (B)	**6720.51**	**16,711.21**

Statement of Consolidated Cash Flows for the year ended March 31, 2021

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

₹ in Lakhs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Cash Flows From Financing Activities		
Proceeds from issue of equity share capital	-	4,000.00
Proceeds from Borrowings	-	75,409.40
Repayment of Borrowings (net)	(12,508.00)	(1,04,410.32)
Finance costs	(3,990.87)	(32.53)
Net cash from/ (used in) financing activities (C)	**(16,498.87)**	**(25,033.45)**
Net increase/decrease in cash and cash equivalents (A+B+C)	**(7,419.76)**	**(241.94)**
Cash and cash equivalents at the beginning of the financial year	8,989.15	9,231.09
Cash and cash equivalents at end of the year	**1,569.39**	**8,989.15**
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	395.03	8,987.59
- in fixed deposit with original maturity of less than 3 months	1,170.00	-
Cash on hand	4.36	1.56
	1,569.39	**8,989.15**

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
UDIN: 21027501AAAACN5744
Place: Chennai
Date: May 22, 2021

For and on behalf of the Board of Directors of
Orchid Pharma Limited

Manish Dhanuka
Managing Director
DIN: 00238798
Place: Gurgaon
Date: May 22, 2021

Mridul Dhanuka
Whole Time Director
DIN: 00199441
Place: Gurgaon
Date: May 22, 2021

Sunil Gupta
Chief Financial Officer
Place : Gurgaon
Date: May 22, 2021

Nikita K
Company Secretary
Place: Chennai
Date: May 22, 2021

Statement of Consolidated Changes in Equity for the year ended March 31, 2021

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

(A) Equity Share Capital

Balance at the end of April 1, 2019	**8896.43**
Changes in equity share capital during the year	4,814.79
Balance at the end of March 31, 2020	**4,081.64**
Changes in equity share capital during the year	-
Balance at the end of March 31, 2021	**4,081.64**

(B) Other Equity (attributable to the owners of Orchid Pharma Limited)

₹ in Lakhs

Particulars	Capital Reserve	Capital Reserve on Amalgamation	Securities Premium Reserve	Equity component of Optionally convertible debentures	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, 2019	894.68	9,004.21	46,447.86	-	55,851.90	(1,238.14)	(3,277.80)	1.17	(1,86,984.06)	(79,300.18)
Income/ (loss) for the year	-	-	-	-	-	-	-	(202.23)	(13,107.01)	(13,309.24)
Reduction of Share Capital	-	-	-	-	-	-	-	-	8,855.62	8,855.62
Additions/ (deductions) during the year	**4211.01**	**154,121.37**	**-**	**6,856.06**	**-**	**1,238.14**	**(10,155.94)**	**188.84**	**(188.84)**	**1,56,270.64**
Balance as at March 31,2020	5,105.69	1,63,125.58	46,447.86	6,856.06	55,851,90	-	(13.433.74)	(12.22)	(1,91,424.29)	72,516.84
Income/ (loss) for the year	-	-	-	-	-	-	-	66.47	11,653.00	(11,586.53)
Additions/ (deductions) during the year	-	-	-	-	-	-	278.83	(59.85)	59.85	278.83
Balance as at March 31, 2021	**5,105.69**	**1,63,125.58**	**46,447.86**	**6,856.06**	**55,851.90**	**-**	**(13,154.91)**	**(5.60)**	**(2,03,017.44)**	**61,209.14**

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
UDIN: 21027501AAAACN5744
Place: Chennai
Date: May 22, 2021

For and on behalf of the Board of Directors of
Orchid Pharma Limited

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Managing Director
DIN: 00238798
Place: Gurgaon
Date: May 22, 2021

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Whole Time Director
DIN: 00199441
Place: Gurgaon
Date: May 22, 2021

Sunil Gupta
Chief Financial Officer
Place : Gurgaon
Date: May 22, 2021

Nikita K
Company Secretary
Place: Chennai
Date: May 22, 2021

Notes to Consolidated Financial Statements for the year ended March 31, 2021

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, 2021.

"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 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 Phamaceutical research and development.

"The Hon'ble National Company Law Tribunal (NCLT) has, by its order dated June 27, 2019 approved the resolution plan submitted by the successful resolution applicant M/s Dhanuka Laboratories Limited (DLL) and the order of the NCLT was upheld by Hon'ble Supreme Court vide its order dated February 28, 2020.

Accordingly, the Resolution Plan submitted by Dhanuka Laboratories Limited, the successful Resolution Applicant, was implemented during March 2020 and the Board was reconstituted by the Monitoring Committee of Orchid Pharma Limited (OPL) with the nominations from the Resolution Applicant on the effective date i.e. on March 31, 2020 as described in the Resolution Plan. Thus the Company became a subsidiary of M/s Dhanuka Laboratories Limited with effect from March 31, 2020.

DLL infused the funds as per the terms of the resolution plan through a special purpose vehicle, Dhanuka Pharmaceuticals Private Limited. The special purpose vehicle was later on merged with the Company as per the terms of the approved resolution plan. Thus, the Company became a subsidiary of DLL."

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

"Pursuant to the order of the Hon'ble NCLT, the approved Reolution Plan was implemented during March 2020 and the Board of Directors of the Company was reconstituted on March 31, 2020 based on the nominations from the Resolution Applicant. DLL has also infused the amounts in the Company and settled all the financial and operating creditors of the Company as per the terms of the approved Resolution Plan.

In view of the implementation of the Resolution Plan, the financial statements have been prepared and presented by the Company 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.

Notes to Consolidated Financial Statements for the year ended March 31, 2021

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, 2021 to March 31, 2021 in respect of subsidiaries/ having financial year ended December 31, 2020.

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.

Estimation of uncertainties relating to the global health pandemic from COVID-19

The Company has made detailed assessment of its liquidity position for the next year and the recoverability and carrying value of its assets comprising property, plant and equipment, investments, inventory and trade receivables. Based on current indicators of future economic conditions, the Company expects to recover the carrying amount of these assets. The Company continues to evaluate them as highly probable considering the orders in hand. The situation is changing rapidly giving rise to inherent uncertainty around the extent and timing of the potential future impact of the COVID-19 which may be different from that estimated as at the date of approval of the financial results. The Company will continue to closely monitor any material changes arising of future economic conditions and impact on its business.

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 May 22, 2021.

2A Critical accounting estimates and management judgments

In application of the accounting policies, which are described in note 3, 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

Amendments to Schedule III to the Companies Act, 2013

On March 24, 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from April 1, 2021. Key amendments relating to Division II which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

Balance Sheet

- Lease liabilities should be separately disclosed under the head 'financial liabilities', duly distinguished as current or non-current
- Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period
- Specified format for disclosure of shareholding of promoters
- Specified format for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible asset under development
- Lease liabilities should be separately disclosed under the head 'financial liabilities', duly distinguished as current or non-current
- If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used
- Specific disclosure under 'additional regulatory requirement' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc.

Statement of Profit and Loss

- Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head 'additional information' in the notes forming part of the standalone financial statements

The amendments are extensive and the Company will evaluate the same to give effect to them as required by law.

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

Notes to Consolidated Financial Statements for the year ended March 31, 2021

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 when the company satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when the customer obtains control of that asset., 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."

Significant financing component

Generally, the Group receives short-term advances from its customers. Using the practical expedient in Ind AS 115, the Company does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised goods or services to the customer and when the customer pays for that goods or services will be one year or less.

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

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

"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. "

Drug Master Files ("DMF") and Abbreviated New Drug Applications ("ANDA") costs represent expenses incurred on development of processes and compliance with regulatory procedures of the US FDA, in filing DMF and 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, cost being determined based on weighted average method.

(i) Raw materials/ Chemicals/ Packing materials/ Stores & spares: At cost or net realisable value.

(ii) Work-in-progress and intermediates: At cost or net realisable value whichever is lower, after adjustment of unrealised profits on inter division transfer. Variable and fixed overhead incurred for bringing the inventory to present location and conditions are allocated

(iii) Finished goods/ Traded goods: At cost or net realisable value whichever is lower, after adjustment of unrealised profits on inter division transfer. Variable and fixed overhead incurred for bringing the inventory to present location and conditions are allocated "

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 any 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 115 "Revenue from contract with Customers".

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 116 "Leases"

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 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 115 ""Revenue from contract with Customers""."

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 classifi-cation	Revised classifi-cation	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.

S.No	Original classifi-cation	Revised classifi-cation	Accounting treatment
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.

The translation of financial statements of the foreign subsidiaries to the presentation currency is performed for assets and liabilities using the exchange rate in effect at the Balance Sheet date and for revenue, expense and cash-flow items using the average exchange rate for the respective periods. The gains or losses resulting from such translation are included in currency translation reserves under other components of equity. When a subsidiary is disposed off, in full, the relevant amount is transferred to net profit in the Consolidated Statement of Profit and Loss. However when a change in the parent's ownership does not result in loss of control of a subsidiary, such changes are recorded through equity.

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

Notes to Consolidated Financial Statements for the year ended March 31, 2021

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

Accounting policy applied till March 31, 2019 as Lessee

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.

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.

Accounting policy applied from April 01, 2019

The Company has adopted Ind AS 116 "Leases" as notified by MCA as on March 30, 2019. The MCA via this notification requires all entities to apply Ind AS 116 from Accounting period April 01, 2019. The entity has elected the "modified retrospective" approach for adopting Ind AS 116 and hence the comparative information relating to prior years will not be restated.

The Company has elected not to apply the requirements of Ind AS 116 Leases to short term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

a) Initial measurement

Lease liability is initially recognised and measured at an amount equal to the present value of minimum lease payments during the lease term that are not yet paid. Right-of-use asset is recognized and measured at cost, consisting of initial measurement of lease liability plus any lease payments made to the lessor at or before the commencement date less any lease incentives received, initial estimate of restoration costs and any initial direct costs incurred by the lessee.

b) Subsequent measurement

The lease liability is measured in subsequent periods using the effective interest rate method. Right-of-use asset is depreciated in accordance with requirements in Ind AS 16, Property, Plant and equipment. 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. However, Ind AS 116 provides the lessee with the option to recognise a low value asset or a short term lease (12 months of lesser) as an expense in the statement of profit and loss on a straight-line basis or any other systematic approach as adopted by the entity.

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) Non current assets held for sale and disposal groups

The Company classifies a non-current asset (or disposal group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. Immediately before the initial classification of the asset (or disposal group) as held for sale, the carrying amounts of the asset (or all the assets and liabilities in the group) shall be measured in accordance with applicable Ind ASs.

The Company measures a non-current asset (or disposal group) classified as held for sale at the lower of its carrying amount and fair value less costs to sell. The Company does not depreciate (or amortise) a non-current asset while it is classified as held for sale or while it is part of a disposal group classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale shall continue to be recognised.

t) 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.

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

4. Property, plant and equipment

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
Cost as at April 1, 2019	**2,608.52**	**52.83**	**16,737.53**	**1,18,212.70**	**267.32**	**13.20**	**3.42**	**438.60**	**1,530.41**	**1,39,864.53**	**9,482.32**	**-**	**2,544.28**	**60.67**	**12,087.27**
Additions	-	-	44.75	273.04	-	-	-	4.39	12.66	334.84	-	-	-	3.31	3.31
Adjustments as per Ind AS 103 (refer note 50)	(71.87)	-	-	(17,505.91)	(11.04)	-	-	(55.76)	(64.29)	(17,708.87)	-	-	(386.12)		(386.12)
Disposals	-	-	-	-	(0.05)	(1.35)	-	-	-	(1.40)	(9,482.32)	-	-	(0.02)	(9,482.34)
Cost as at March 31, 2020	**2,536.65**	**52.83**	**16,782.28**	**1,00,979.83**	**256.23**	**11.85**	**3.42**	**387.23**	**1,478.78**	**1,22,489.10**	**-**	**-**	**2,158.16**	**63.96**	**2,222.12**
Additions	-	-	-	338.40	-	-	1.27	24.96	1.18	365.81	-	-	-	25.20	25.20
Disposals	-	-	-	(1.14)	-	(1.87)	(1.19)	(0.39)	(0.64)	(5.23)	-	-	-	(29.90)	(29.90)
Other adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Classified as Non current assets held for sale	(1,308.53)	(52.22)	(2,388.51)	(2,268.69)	(28.95)	-	(0.02)	(85.02)	(174.25)	(6,306.19)			(1,145.25)	(5.20)	(1,150.45)
(Refer Note 51)															
Cost as at March 31, 2021	**1,228.12**	**0.61**	**14,393.77**	**99,048.40**	**227.28**	**9.98**	**3.48**	**326.78**	**1,305.07**	**1,16,543.49**	**-**	**-**	**1,012.91**	**54.06**	**1,066.97**
Depreciation/Amortisation															
As at April 1, 2019	**-**	**0.61**	**1,541.29**	**23,385.25**	**112.44**	**3.69**	**1.13**	**48.80**	**711.65**	**25,804.86**	**-**	**-**	**509.49**	**11.28**	**520.77**
Charge for the year	-	-	791.82	11,306.63	29.91	-	0.52	39.83	145.29	12,314.00	-	-	275.37	2.74	278.11
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
As at March 31, 2020	**-**	**0.61**	**2,333.11**	**34,691.88**	**142.35**	**3.69**	**1.65**	**88.63**	**856.94**	**38,118.86**	**-**	**-**	**784.86**	**14.02**	**798.88**
Charge for the year	-	-	793.73	10,421.68	24.46	-	1.83	38.57	136.68	11,416.95	-	-	228.05	3.18	231.23
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
As at March 31, 2021	**-**	**0.61**	**3,126.84**	**45,113.56**	**166.81**	**3.69**	**3.48**	**127.20**	**993.62**	**49,535.81**	**-**	**-**	**1,012.91**	**17.20**	**1,030.11**
Net Block															
As at March 31, 2020	2,536.65	52.22	14,449.17	66,287.95	113.88	8.16	1.77	298.60	621.84	84,370.24	-	-	1,373.30	49.94	1,423.25
As at March 31, 2021	1,228.12	-	11,266.93	53,934.84	60.47	6.29	-	199.58	311.45	67,007.68	-	-	-	36.86	36.86

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

₹ in Lakhs

		As at March 31, 2021	As at March 31, 2020
5	**Capital Work-in-progress**		
	PPE under development (Also refer note 50)	743.06	1,507.18
		743.06	**1,507.18**
6	**Intangible Assets under Development**		
	Intangible Assets under Development (Also refer note 51)	-	1,054.07
		-	**1,054.07**
7	**Non-current investments**		
	Non Trade		
	Investments in companies other than subsidiaries, associates and joint ventures at FVTOCI		
	i. Investments in Equity Instruments (Quoted)		
	18,600 equity shares (previous year 18,600) of Rs.10 each in Bank of India Limited, fully paid up	12.62	6.00
	ii. Investments in Equity Instruments (Unquoted)		
	6,00,000 equity shares of Rs. 10 each in Sai Regency Power Corporation Private Limited, fully paid up	60.00	60.00
	911,430 equity shares of Rs. 10 each in Madras Stock Exchange-Non Traded, fully paid up	23.99	23.99
	31,936 equity shares of Rs.10 each in MSE Financial services Limited fully paid up *	-	3.83
	83,033 equity shares of Rs.1/- each allotted in Madras Enterprises Limited *	3.83	-
		100.44	93.82
	Less: Provision for diminution in value of investments	(60.00)	(60.00)
		40.44	**33.82**
	* Pursuant to the Scheme of Arrangement of MSE Financial Services Ltd and SRT Ascendancy Solutions Private Ltd with Madras Enterprises Ltd, 2.60 shares of Madras Enterprises Ltd have been allotted for every one share held in MSE Financial Services Ltd.		
	Total non-current investments		
	Aggregate value of quoted investments	12.62	6.00
	Aggregate market value of quoted investments	12.62	6.00
	Aggregate value of unquoted investments	87.82	87.82
	Aggregate amount of impairment in value of investments	60.00	60.00
8	**Other non-current financial assets**		
	(Unsecured, considered good)		
	Deposits for Electricity and Power	392.24	134.46
	Fixed deposits with banks (maturing after 12 month from the reporting date)	1.33	-
	Other Deposits	6.15	6.30
	(Unsecured, considered doubtful)		
	Others	202.66	202.66
	Less : Provision for expected credit loss	(202.66)	(202.66)
		399.72	**140.76**

Notes to the Consolidated Financial Statements for the year ended March 31, 2021

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

₹ in Lakhs

		As at March 31, 2021	As at March 31, 2020
9	**Other non-current assets**		
	(Unsecured, considered good)		
	Advances to suppliers	511.74	528.77
	(Unsecured, considered doubtful)		
	Advances to suppliers	15,333.30	15,333.30
		15,845.04	15,862.07
	Less : Provision for expected losses	(15,333.30)	(15,333.30)
		511.74	**528.77**
10	**Inventories**		
	Raw Materials	3,659.38	4,650.37
	Intermediates & Work-in-progress	5,556.29	4,241.94
	Finished Goods	5,380.86	4,303.82
	Traded Goods	-	91.37
	Stores and Spare parts	143.99	295.83
	Chemicals and Consumables	200.76	249.42
	Packing Materials	347.25	336.72
		15,288.53	**14,169.47**
11	**Current Investments**		
	Fair valued through profit and loss		
	Investment in Mutual Funds	1,502.08	-
		1,502.08	**-**
12	**Trade receivables**		
	Trade Receivables considered good - Secured	-	207.80
	Trade Receivables considered good - Unsecured	13,569.81	6,589.14
	Trade Receivables which have significant risk increase in credit risk	-	-
	Trade Receivables credit impaired	6,722.06	6,956.77
		20,291.87	13,753.71
	Less: Allowance for expected credit loss	(6,722.06)	(6,956.77)
		13,569.81	**6,796.94**
13	**Cash and cash equivalents**		
	Cash on hand	4.36	1.56
	Balances with banks		
	In current accounts	395.03	8,987.59
	In fixed deposits (having original maturity of less than 3 months)	1,170.00	-
		1,569.39	**8,989.15**

Notes to the Consolidated Financial Statements for the year ended March 31, 2021

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

₹ in Lakhs

		As at March 31, 2021	As at March 31, 2020
14	**Other Bank Balances**		
	In Fixed Deposits with banks (maturing within 12 months from the reporting date)	80.00	1.22
	In earmarked accounts		
	Escrow Accounts	341.78	8,413.66
		421.78	**8,414.88**
15	**Loans**		
	(Unsecured, considered doubtful)		
	Loans to related parties	99.25	99.25
		99.25	99.25
	Less : Allowance for expected credit loss	(99.25)	(99.25)
		-	-
16	**Other current financial assets**		
	(Unsecured, considered good)		
	Interest accrued	7.07	0.88
	Rent Advances	-	10.87
		7.07	**11.75**
17	**Current tax assets**		
	Advance income tax (net of provision for tax)	5,445.99	5,938.27
		5,445.99	**5,938.27**
18	**Non current assets held for sale**		
	IKKT Undertaking	9,864.82	-
	Leasehold land at Vishakhapatnam	891.40	-
	Other buildings	1,328.97	-
	(Also refer note 51)	**12,085.19**	**-**
19	**Other current assets**		
	(Unsecured, considered good)		
	Advance recoverable in cash or in kind		
	Advance to suppliers	598.63	3,270.93
	Prepaid expenses	256.62	1,257.42
	MEIS license scripts entitlement	698.58	898.60
	Balances with Statutory Authorities	3,517.97	7,179.05
	Other deposits	12.92	2.42
	Employees Advances	11.15	3.56
		5,095.87	**12,611.98**

Notes to the Consolidated Financial Statements for the year ended March 31, 2021

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

₹ in Lakhs

		As at March 31, 2021	As at March 31, 2020
20	**Capital**		
	Authorised Share Capital		
	15,00,00,000 (Previous year : 15,00,00,000) Equity shares of Rs. 10 each	15,000.00	15,000.00
		15,000.00	**15,000.00**
	Issued Share Capital		
	4,08,16,400 (Previous year 4,08,16,400) Equity shares of Rs. 10 each	4,081.64	4,081.64
		4,081.64	**4,081.64**
	Subscribed and fully paid up share capital		
	4,08,16,400 (Previous year 4,08,16,400) Equity shares of Rs. 10 each	4,081.64	4,081.64
		4,081.64	**4,081.64**

Notes:

(a) **Reconciliation of number of equity shares subscribed**

Balance as at the beginning of the year	4,08,16,400	8,89,64,327
Add: Issued during the year	-	4,04,08,236
Less : Capital Reduction as per Resolution Plan	-	(8,85,56,163)
Balance at the end of the year	**4,08,16,400**	**4,08,16,400**

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

Name of the share holders	March 31, 2021		March 31, 2020	
	No of shares	%	No of shares	%
Dhanuka Laboratories Limited *	4,00,00,072	98.00	4,00,00,072	98.00

* The successful resolution applicant of a listed company in the case of a Corporate Insolvency Resolution Process is required to increase the public holding to at least 10% within 18 months and 25% within three years from the date of implementation of the approved resolution plan. The Group is taking the necessary steps to achieve the required threshold limits.

(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)

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

₹ in Lakhs

		As at March 31, 2021	As at March 31, 2020
21	**Other Equity**		
	Capital Reserve	5,105.69	5,105.69
	Capital Reserve on Amalgamation	1,63,125.58	1,63,125.58
	Securities Premium Reserve	46,447.86	46,447.86
	Equity component of Optionally convertible debentures	6,856.06	6,856.06
	General Reserve	55,851.90	55,851.90
	Foreign Currency Monetary Item Translation Difference Account	-	-
	Foreign Currency Fluctuation Reserve	(13,154.91)	(13,433.74)
	Other Comprehensive Income	(5.60)	(12.22)
	Profit and Loss Account	(2,03,017.44)	(1,91,424.29)
		61,209.14	**72,516.84**
	a) Capital reserve		
	Balance at the beginning of the year	5,105.69	894.68
	Additions/ (adjustments) during the year	-	30,048.26
	Effect of revision in provisional accounting for business combination as per Ind AS 109		(25,837.25)
	Balance at the beginning and end of the year	**5,105.69**	**5,105.69**
	b) Capital Reserve on Amalgamation		
	Balance at the beginning of the year	1,63,125.58	9,004.21
	Additions during the year on implementation of Resolution Plan	-	2,44,321.24
	Appropriations on implementation of Resolution Plan	-	(90,199.87)
	Balance at the beginning and end of the year	**1,63,125.58**	**1,63,125.58**
	c) Securities Premium Reserve		
	Balance at the beginning and end of the year	**46,447.86**	**46,447.86**
	d) General Reserve		
	Balance at the beginning and end of the year	**55,851.90**	**55,851.90**
	e) Foreign Currency Monetary Item Translation Difference Account		
	Balance at the beginning of the year	-	(1,238.14)
	Additions during the year	-	1,238.14
	Balance at the end of the year	**-**	**-**
	f) Foreign Currency Fluctuation Reserve		
	Balance at the beginning of the year	(13,433.74)	(3,277.80)
	Additions/ (deductions) during the year	278.83	(10,155.94)
	Balance at the end of the year	**(13,154.91)**	**(13,433.74)**
	g) Other Comprehensive Income		
	Balance at the beginning of the year	(12.22)	1.17
	Additions during the year	66.47	(202.23)
	Deductions/Adjustments during the year	(59.85)	188.84
	Balance at the end of the year	**(5.60)**	**(12.22)**

Notes to the Consolidated Financial Statements for the year ended March 31, 2021

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

₹ in Lakhs

		As at March 31, 2021	As at March 31, 2020
	h) Profit and Loss Account		
	Balance at the beginning of the year	(1,91,424.29)	(1,86,984.06)
	Consolidation adjustment for intangibles		
	Net profit for the period	(11,653.00)	(13,107.01)
	Transfer from Other Comprehensive Income	59.85	(188.84)
	Reduction of Share Capital	-	8,855.62
	Balance at the end of the year	**(2,03,017.44)**	**(1,91,424.29)**
22	**Long Term Borrowings**		
	Secured		
	From Banks		
	Rupee Term Loans	36,400.00	49,192.24
	Unsecured		
	Optionally Convertible Debentures	8,589.74	7,447.07
		44,989.74	56,639.31
	Less: Current maturities of Long Term Debt (refer note 28)	(2,240.00)	(6,242.24)
	(Also refer note 44 for terms and conditions of the borrowings)	**42,749.74**	**50,397.07**
23	**Provisions (Non-current)**		
	Provision for Employee Benefits		
	Compensated absences	272.61	412.92
	Gratuity	881.28	765.62
		1,153.89	**1,178.54**
24	**Deferred Tax Asset / (Liability) - Net**		
	Deferred Tax Liability		
	On Property, plant and equipment	14,933.97	19,749.52
	On Others	322.62	322.62
		15,256.59	20,072.14
	Deferred Tax Asset		
	On unabsorbed tax depreciation	14,933.97	19,749.52
		14,933.97	19,749.52
	Net deferred tax asset / (liability)	**(322.62)**	**(322.62)**
25	**Current liabilities - Borrowings**		
	Secured		
	Working Capital Facilities / Borrowings	284.26	-
		284.26	**-**

Notes to the Consolidated Financial Statements for the year ended March 31, 2021

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

₹ in Lakhs

		As at March 31, 2021	As at March 31, 2020
26	**Trade payables**		
	Dues to Micro enterprises and Small enterprises	785.90	69.20
	Dues to Creditors other than Micro and Small enterprises	10,209.34	10,089.66
		10,995.24	**10,158.86**
27	**Provisions (Current)**		
	Provision for employee benefits		
	Gratuity	232.48	248.36
	Leave encashment	119.96	76.55
		352.44	**324.91**
28	**Other current liabilities**		
	Current maturities of Term Loans	2,240.00	6,242.24
	Statutory Liabilities	79.61	621.14
	Fractional Share amount payable to shareholders	252.64	-
	Employee payables	0.25	-
	Advance and deposits from customers etc.,	3.74	146.67
		2,576.24	**7,010.05**
29	**Revenue from operations**		
	Sale of Products		
	Manufactured goods	43,818.25	46,431.52
	Traded goods	-	96.39
	Other Operating Revenues		
	Sale of Other Materials	1,141.34	1,783.17
	Others	46.45	69.07
		45,006.04	**48,380.15**
30	**Other income**		
	Interest income	73.26	2,417.51
	Profit on sale of assets	1.41	8.82
	Foreign exchange gain (net)	349.11	59.55
	Income from fair valuation of Investments	90.10	-
	Profit on sale of Investments	104.08	-
	Provisions non longer required written back	856.55	-
	Other non-operating income	48.06	(58.16)
		1,522.57	**2,427.72**
31	**Cost of materials consumed**		
	Opening inventory of raw materials	2,970.88	2,108.45
	Add : Purchases	25,248.15	22,983.62
	Less : Closing inventory of raw materials	(3,659.38)	(2,970.88)
		24,559.65	**22,121.19**

Notes to the Consolidated Financial Statements for the year ended March 31, 2021

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

₹ in Lakhs

		As at March 31, 2021	As at March 31, 2020
32	**Purchases of Stock in Trade**		
	Purchases of Stock in Trade	-	46.96
		-	**46.96**
33	**Changes in inventories of work-in-progress, stock in trade and finished goods**		
	Opening Balance		
	Intermediates & Work-in-progress	4,241.94	5,024.60
	Traded Goods	91.37	158.92
	Finished Goods	4,308.83	1,626.06
		8,642.14	**6,809.58**
	Closing Balance		
	Intermediates & Work-in-progress	5,217.56	4,241.94
	Traded Goods	-	91.37
	Finished Goods	5,133.96	4,308.83
		10,351.52	**8,642.14**
	Total changes in inventories	**1,709.38**	**1,832.56**
34	**Employee benefits expense**		
	Salaries and wages	5,639.16	6,279.80
	Contribution to provident and other funds	501.69	549.08
	Staff welfare expenses	569.94	657.61
		6,710.79	**7,486.49**
35	**Depreciation and amortisation expense**		
	Depreciation on Property, Plant and Equipment	10,888.46	11,790.04
	Amortisation of Intangible Assets	3.18	2.74
	Amortisation of Intangible Assets under Development	-	-
		10,891.64	**11,792.78**
36	**Finance Cost**		
	Interest on Bank Borrowings	3,902.98	11.46
	Interest on Others	1,230.58	404.39
		5,133.56	**415.85**

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

₹ in Lakhs

		As at March 31, 2021	As at March 31, 2020
37	**Other expenses**		
	Power and Fuel	3,931.09	4,743.76
	Conversion Charges	-	1.16
	Consumption of Stores, Spares & Chemicals	1,149.12	2,066.37
	Rent	49.36	20.79
	Repairs to buildings	75.98	179.25
	Repairs to Machinery	65.59	206.53
	Factory maintenance	1,135.48	1,671.12
	Insurance	506.03	897.21
	Rates & Taxes	228.83	799.26
	Postage, Telephone & Telex	27.59	30.82
	Printing & Stationery	42.30	48.96
	Vehicle Maintenance	2.42	7.52
	Research & Development Expenses	480.97	1,192.85
	Advertisement	2.40	1.58
	Recruitment expenses	3.42	5.58
	Payment to Auditors [refer note 37 (a)]	34.54	35.50
	Cost Audit fee	2.00	2.75
	Travelling and Conveyance	9.77	37.44
	Directors' Remuneration & perquisites	102.88	11.20
	Directors' sitting fees	6.50	-
	Freight outward	924.77	470.77
	Commission on Sales	404.53	285.36
	Business Promotion and Selling Expenses	13.80	56.68
	Lease Rentals	101.25	1,126.92
	Consultancy & Professional Fees	719.41	1,350.73
	Write off of investments	-	
	Allowance for expected credit loss	132.80	266.49
	Foreign exchange loss (net)	-	1,763.55
	Bank charges	87.08	207.11
	Miscellaneous expenses	227.33	259.08
		10,467.24	**17,746.34**

Notes to the Consolidated Financial Statements for the year ended March 31, 2021

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

₹ in Lakhs

		For the year ended March 31, 2021	For the year ended March 31, 2020
37 (a)	**Payment to Auditors**		
	For Statutory audit	18.00	18.00
	For limited review and certification services	12.00	12.00
	For tax audit	2.50	5.50
	For certification services	2.04	-
		34.54	**35.50**
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	-	-
	Total Deferred tax expense/(benefit)	**-**	**-**
	Income tax expense	**-**	**-**
	b) The income tax expense for the year can be reconciled to the accounting profit as follows:		
	Profit/(loss) before tax from Continuing operations	(11,653.00)	(13,107.01)
	Income tax expense calculated	-	-
	Tax Rate Changes Nil (Previous year Nil)	-	-
	Effect of expenses that are not deductible in determining taxable profit	-	-
	Income tax expense	**-**	**-**
	c) Income tax recognised in other comprehensive income		
	Deferred tax		
	Remeasurement of defined benefit obligation	-	-
	Total income tax recognised in other comprehensive income	-	-

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

₹ in Lakhs

d) Movement of deferred tax expense for the year ended March 31, 2021

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	(19,749.52)	4,815.55		(14,933.97)
Unabsorbed tax depreciation*	19,749.52	(4,815.55)	-	14,933.97
Other temporary differences	(322.62)	-	-	(322.62)
	(322.62)	-	-	(322.62)

e) Movement of deferred tax expense during the year ended March 31, 2020

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	(24,031.60)	4,282.08	-	(19,749.52)
Unabsorbed tax depreciation*	24,031.60	(4,282.08)	-	19,749.52
Other temporary differences	(322.62)	-	-	(322.62)
	(322.62)	-	-	(322.62)

*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.

		For the year ended March 31, 2021	For the year ended March 31, 2020
39	**Earnings per share**		
	Profit for the year attributable to owners of the Company	(11,653.00)	(13,107.01)
	Weighted average number of ordinary shares outstanding	4,08,16,400	8,88,32,775
	Basic earnings per share (Rs)	(28.55)	(14.75)
	Diluted earnings per share (Rs)	(28.55)	(14.75)

40 Expenditure on Research and Development

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Revenue expenditure relating to Research and Development charged to the Statement of Profit or Loss (excluding depreciation) includes:		
Power and fuel	0.89	11.53
Consumption of stores, spared and chemicals	39.09	87.77
Salaries, wages and bonus	369.30	728.04
Contribution to Provident and other funds	32.55	60.79
Insurance	0.49	1.98
Postage, telephone and telex	0.03	0.03
Printing and stationery	0.82	1.57
Vehicle maintenance	0.49	1.75
Recruitment expenses	-	0.27
Filing and registration expenses	1.22	5.83
Consultancy and professional fees	20.12	261.29
Others	15.97	32.00
Total	**480.97**	**1,192.85**

Notes to the Consolidated Financial Statements for the year ended March 31, 2021

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

₹ in Lakhs

41 Commitments and contingent liabilities

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Contingent Liability		
Claims against the company not acknowledged as debts		
- Income Tax dispute pending before High Court of Chennai*	-	
- Other claims **		
Unexpired Letter of Credit	4,511.57	-
Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for	19.35	96.97

* The RP has confirmed that a public announcement was caused by the IRP regarding the initiation of corporate insolvency resolution process and submission of claims was called under section 15 on August 24, 2017. Pursuant to such public announcement, the IRP/ RP of the Corporate Debtor has received certain claims from statutory authorities which was admitted under the provisions of Insolvency and Bankruptcy Code, 2016 (IBC code) and subsequent settlement made as per the approved resolution plan. Accordingly, the Corporate Debtor/ Resolution Applicant/ SPV will have no additional exposure arising out of the claims towards the Statutory Dues which have not been admitted and/or the claims which have been rejected (partly or fully) by the RP and/or because of the re-classification in the category of creditor(s).

Considering the above, all statutory liabilities of pre-CIRP period is considered as completely settled and no liability, whatsoever, including contingent in nature is existing on implementation of the resolution plan.

** The Group has taken certain lands on lease for its operations in respect of which the lease agreement expired before the date of commencement of the Corporate Insolvency Resolution Process. As part of the right to review the existing agreements, the Group has made a detailed assessment of the market rent for the property and the market value of the property for outright purchase. Since the present rent as per erstwhile lease agreements is significantly high considering the market value of the property itself, the Group is in talks with the lessor for renewal of the lease with lower rent or for outright purchase of the property as part of the implementation of the resolution plan. However, no finality is reached on this matter as of date.

Pending completion of the negotiation, the Group disputed the portion of the lease rent, considered to be excessive than the market rate, amounting to Rs.1,025.67 Lakhs for the year ended March 31, 2021 in respect of the aforesaid lease. Based on legal opinion obtained, the management is of the opinion that no liability will arise on completion of the negotiation.

42 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, 2021	Year ended March 31, 2020
India	5,380.64	4,213.95
Rest of the world	38,437.61	42,313.96
	43,818.25	**46,527.91**

(b) Non current assets

The manufacturing facilities of the Company is situated in India and no non-current assets are held outside India

(c) There are no customers with whom the company have more than 10% of total revenue in the current year as well as the previous year

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

43 Operating lease arrangements

The company has availed the pratcical expedient provided in Ind AS 116, "Leases" in respect of short term operating leases and accordingly, charged the lease rent paid in the statement of profit and loss as expenditure as detailed below.

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
As Lessee		
Lease payments recognised in the Statement of Profit and Loss	101.25	1,126.92

44 Terms and conditions of borrowings

Long term borrowings - Term loans from banks

As per the terms of the Loan agreement, Interest for the Rupee Term loan is 1Y MCLR+1.80%; commission for the LC in case of import : 0.50%+GST and in case of inland : 3.60%+GST. These loans are Repayable in 20 equal quarterly installments after a moratorium period of one year from the date of disbursement (i.e. the quarter commencing on April 01, 2021). These facilities are secured by:

i) First charge on all immovable assets by way of mortgage of land/ leasehold rights and all the buildings present and future.

ii) First charge on all movable fixed assets by way of hypothecation, of all movable fixed assets including movable plant and machinery, machinery, spares, tools and accessories, furniture & fixtures, vehicles, etc. present and future

iii) First charge over

a) all the rights, titles, interest, benefits, claims & demand whatsoever of the Group and as amended, varied or supplemented from time to time

b) all the title, interest, benefits, claims and demands whatsoever of the Group in any letter of credit, guarantee, performance bond provided by any party to the Group present or future.

c) First pari-passu charge on intangibles, goodwill, uncalled capital , present and future

iv) First charge by way of hypothecation over the entire current assets (both present & future)

v) Pledge of 50% of fully paid up equity shares of the Group held by the promoters to the lender through security trustee arrangement. In case of any restriction under Banking Regulation Act, promoter to pledge 30% of the fully paid up equity shares of the Group and provide Non Disposal Undertaking for the balance 20% with specific power of attorney authorizing Bank to sell those shares.

vi) The term loans are additionally secured by personal guarantee given by one of the director of the Company Mr. Manish Dhanuka and one of the director of the holding company Mr. Mahendra Kumar Dhanuka.

Long term borrowings - 0% Optionally Convertible Debentures

During the year ended March 31, 2020, the Group has issued 14,300 0% Optionally Convertible Debentures (OCD) of Rs.1,00,000 each. In case, the OCD holders exercise their option to convert the same, then the said conversion shall happen only on the basis of face value of each of the OCD and no interest shall be payable to the OCD holders. However, if the OCD holders opt not to exercise their option for conversion, then the OCL holders shall be entitled to redemption premium of atleast 11 % IRR on annual basis on the amount of the said OCDs or such higher amount as the Board decides after considering the market price of shares of the Group; however in any case, redemption premium shall not exceed beyond 18% IRR on an annual basis. The said OCD, till the time it is not converted into equity shares, shall not be listed on any stock exchange in India and are permitted to be transferred only with the permission of the Board of Directors of the Company. Further there shall be no redemption of OCDs, including payment of interest/ other kind of return of what so ever nature thereon, until entire outstanding of the loan availed from Union Bank of India is paid in full to the lender.

Notes to the Consolidated Financial Statements for the year ended March 31, 2021

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

₹ in Lakhs

45 Financial Instruments

Capital management

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

The Group 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 Group's capital management, capital includes issued capital, share premium and all other equity reserves attributable to the equity holders.

Gearing Ratio:	March 31, 2021	March 31, 2020
Debt	44,989.74	56,639.31
Less: Cash and bank balances	1,991.17	17,404.03
Net debt	42,998.57	39,235.28
Total equity	65,290.78	76,598.48
Gearing ratio (%)	65.86%	51.22%
Categories of Financial Instruments	**March 31, 2021**	**March 31, 2020**
Financial assets		
a. Measured at amortised cost		
Other non-current financial assets	399.72	140.76
Trade receivables	13,569.81	6,796.94
Cash and cash equivalents	1,569.39	8,989.15
Bank balances other than above	421.78	8,414.88
Other financial assets	399.72	140.76
b. Mandatorily measured at FVTOCI		
Investments	40.44	33.82
b. Mandatorily measured at FVTOCI		
Investments	1,502.08	-

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

₹ in Lakhs

Categories of Financial Instruments	March 31, 2021	March 31, 2020
Financial liabilities		
a. Measured at amortised cost		
Borrowings (non-current, excluding current maturities)	42,749.74	50,397.07
Borrowings (current)	284.26	-
Trade payables	10,995.24	10,158.86
b. Mandatorily measured at FVTPL		
Derivative instruments	Nil	Nil

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 Group 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 Group'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 Group 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 Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group 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 Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Group 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 Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

As on March 31, 2021

Currency (All amt in Lakhs)	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	22.18	-	22.18	206.41	-	206.41	184.23
EUR	2.13	-	2.13	3.22	-	3.22	1.09
GBP	0.30	-	0.30	-	-	-	(0.30)
Others	2.16	-	2.16	-	-	-	(2.16)
In INR	3,517.52	-	3,517.52	15,386.50	-	15,386.50	11,868.98

Notes to the Consolidated Financial Statements for the year ended March 31, 2021

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

As on March 31, 2020

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	3.18	-	3.18	130.54	-	130.54	127.36
EUR	1.90	-	1.90	0.98	-	0.98	(0.92)
GBP	0.31	-	0.31	-	-	-	(0.31)
Others	2.15	-	2.15	-	-	-	(2.15)
In INR	436.17	-	436.17	9,823.55	-	9,823.55	9,387.38

Foreign currency sensitivity analysis

Movement in the functional currencies of the various operations of the Group against major foreign currencies may impact the Group's revenues from its operations. Any weakening of the functional currency may impact the Group's cost of imports and cost of borrowings and consequently may increase the cost of financing the Group'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 Group on account of its EOU status (Export oriented undertaking) and higher proportion of earnings in foreign exchange through exports.

Interest rate risk management

The Group is exposed to interest rate risk because it borrows funds at both fixed and floating interest rates. The risk is managed by the Group 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 Group 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.

If interest rates had been 25 basis points higher/lower and all other variables were held constant, the Group's loss for the year ended March 31, 2021 would decrease/ increase by Rs. 91.00 lakhs (March 31, 2020 : Rs.106.75 lakhs. This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

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

The Group does not have higher concentration of credit risks to a single customer. As per simplified approach, the Group 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 Group 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 Group 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. Group 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 Group 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 Group invests its surplus funds in bank fixed deposits, which carry minimal mark to market risks. The Group 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 Group'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 Group can be required to pay.

Notes to the Consolidated Financial Statements for the year ended March 31, 2021

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

March 31, 2021	Due in 1st year	Due in 2nd to 5th year	Due after 5th year	Carrying amount
Trade payables	10,995.24	-	-	10,995.24
Borrowings	2,524.26	8,960.00	33,789.74	45,274.00
	13,519.50	**8,960.00**	**33,789.74**	**56,269.24**
March 31, 2020	**Due in 1st year**	**Due in 2nd to 5th year**	**Due after 5th year**	**Carrying amount**
Trade payables	10,158.86	-	-	10,158.86
Borrowings	6,242.24	34,160.00	16,237.07	56,639.31
	16,401.10	**34,160.00**	**16,237.07**	**66,798.17**
		March 31, 2021	**March 31, 2020**	
Fair value of financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required):		Nil	Nil	

46	**Related party disclosure**	
a)	**List of parties controlling the Company and controlled by the Company**	
	Holding company	Dhanuka Laboratories Limited
b)	**Key Management Personnel and their relatives**	
	Mr. Ram Gopal Agarwal	Chairman and non executive director
	Mr. Manish Dhanuka	Managing Director
	Mr. Mridul Dhanuka	Wholetime Director
	Mr. Arun Kumar Dhanuka	Non Executive Director
	Mr. Sunil Gupta	Chief Financial Officer
	Ms. K Nikita	Company Secretary

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

c) Transactions with related parties are as follows

Transactions/ Balances	Holding Company		Enterprises in which Key Management Personnel and their Relatives have significant influence		Key Management Personnel and their Relatives	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Short Term Borrowings / Advances received	-	12.04	-	-		
Remuneration & Short term benefits*					109.70	57.20
Equity Share Capital allotted	-	4,000.00	-	-		
Debentures issued	-	14,300.00	-	-		

*Post employment benefit comprising compensated absences is not disclosed as these are determined for the Company as a whole.

d) Balances with related parties are as follows

Transactions/ Balances	Holding Company		Enterprises in which Key Management Personnel and their Relatives have significant influence		Key Management Personnel and their Relatives	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Short term borrowings		12.04				
Equity Share Capital	-	4,000.00	-	-	-	-
0% Optionally Convertible Debentures (including the equity component disclosed under "Other Equity")	-	14,300.00	-	-	-	-

e) Material related party transactions are follows

Nature of transactions	Year ended March 31, 2021	Year ended March 31, 2020
Remuneration & Short term benefits		
a) Manish Dhanuka	50.66	
b) Mridul Dhanuka	52.22	
c) K. Nikita	6.82	0.46
Short Term Borrowings		
a) Dhanuka Laboratories Limited	-	12.04
Equity Share Capital		
a) Dhanuka Laboratories Limited	-	4,000.00
0% Optionally Convertible Debentures		
a) Dhanuka Laboratories Limited	-	14,300.00

f) Material related party balances are follows

Name of the related party	As at March 31, 2021	As at March 31, 2020
Short term borrowings		
Dhanuka Laboratories Limited	-	12.04
Equity Share Capital		
Dhanuka Laboratories Limited	4,000.00	4,000.00
0% Optionally Convertible Debentures		
(including the equity component disclosed under "Other Equity")		
Dhanuka Laboratories Limited	14,300.00	14,300.00

47 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 331.51 Lakhs (for the year ended March 31, 2020: Rs. 603.62 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, 2021	March 31, 2020
Discount Rate	6.68%	6.57%
Rate of increase in compensation level	7.00%	7.00%
Expected return on plan assets	6.68%	6.57%
Mortality	Indian Assured Lives Mortality (2012-14) (Ultimate)	Indian Assured Lives Mortality (2012-14) (Ultimate)

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

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.

Amounts recognised in total comprehensive income in respect of these defined benefit plans are as follows:	March 31, 2021	March 31, 2020
Amount recognised under Employee Benefits Expense in the Statement of profit and Loss:		
Current service cost	93.40	116.41
Net interest expense	99.88	87.01
Return on plan assets (excluding amounts included in net interest expense)	(32.15)	(43.41)
Components of defined benefit costs recognised in profit or loss	**161.13**	**160.01**
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	(61.35)	190.42
Components of defined benefit costs recognised in other comprehensive income	**(61.35)**	**190.42**
Components of defined benefit costs recognised in other comprehensive income	**99.78**	**350.43**
i. Current service cost and the net interest expense for the year are included in the 'Employee Benefits Expense' in profit or loss.		
ii. The remeasurement of the net defined benefit liability is included in other comprehensive income.		

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, 2021	March 31, 2020
Present value of defined benefit obligation	1,521.80	1,616.08
Fair value of plan assets	(408.04)	(602.10)
Net liability/ (asset) arising from defined benefit obligation	**1,113.76**	**1,013.98**
Funded	1,113.76	1,013.98
Unfunded	-	-
	1,113.76	**1,013.98**

The above provisions are reflected under 'Provision for employee benefits - Gratuity' (Non current provisions) [Refer note 23] and 'Provision for employee benefits - Gratuity' (Current provisions) [Refer note 27].

Movements in the present value of the defined benefit obligation in the current year were as follows:

	March 31, 2021	March 31, 2020
Opening defined benefit obligation	1,616.08	1,419.72
Current service cost	93.40	116.41
Interest cost	99.88	87.01
Actuarial (gains)/losses	(46.02)	183.82
Benefits paid	(241.54)	(190.88)
Closing defined benefit obligation	**1,521.80**	**1,616.08**

Notes to the Consolidated Financial Statements for the year ended March 31, 2021

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

	March 31, 2021	March 31, 2020
Movements in the fair value of the plan assets in the current year were as follows:		
Opening fair value of plan assets	602.10	756.17
Return on plan assets	32.15	43.41
Contributions	-	-
Benefits paid	(241.54)	(190.88)
Actuarial gains/(loss)	15.33	(6.60)
Closing fair value of plan assets	**408.04**	**602.10**
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 - Compensated absences' (Non current provisions) [Refer note 23] and 'Provision for employee benefits - Compensated absences' (Current provisions) [Refer note 27].

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

₹ in Lakhs

48 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 Pharmaceuticals Inc., USA	USA	USA	76.65%	76.65%

49 Additional Information, as required under Schedule III to the Companies Act, 2013

	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 Profit / (Loss)	Amount	As % of consolidated Other Comprehensive Income	Amount	As % of consolidated Total Comprehensive Income	Amount
Orchid Europe Limited, UK	0.08%	55.14	-0.08%	7.48	-	-	-0.08%	7.48
Orchid Pharmaceuticals Inc., USA and subsidiaries	-5.28%	-3,450.24	4.05%	-385.96	-	-	4.08%	-385.96
Orchid Pharmaceuticals SA (Proprietary) Limited, South Africa	-	-	-	-	-	-	-	-
Bexel Pharmaceuticals Inc., USA	-0.20%	-130.92	-	-	-	-	-	-
Diakron Pharmaceuticals Inc., USA	-4.33%	-2,824.54	2.12%	-201.84	-	-	2.13%	-201.84

50 Business Combination

Summary of acquisition

The Hon'ble NCLT passed the order approving the resolution plan submitted by the successful resolution applicant, "Dhanuka Laboratories Limited " ("DLL") on June 27, 2019 and the same was upheld by Hon'ble Supreme Court of India vide its order dated February 28, 2020. Pursuant to the above order, DLL has infused the prescribed funds into the Company and implemented the resolution plan through the Monitoring Committee constituted with the nominations of the DLL, RP and two financial creditors of the Company on the effective date i.e. on March 31, 2020.

As per the approved Resolution Plan, DLL through its 100% subsidiary (a special purpose vehicle), Dhanuka Pharmaceuticals Private Limited ("DPPL") took over the liabilities of the Company against the consideration of 3,65,000 Non-Convertible Debentures of Rs.1,00,000 each. The special purpose vehicle was then amalgamated with the Company as per the approved resolution plan.

Notes to the Consolidated Financial Statements for the year ended March 31, 2021

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

Provisional accounting of carrying amount of assets and liabilities done during the year ended March 31, 2020

The adjustments to the carrying amount have been made on a provision basis due to Covid'19 related restrictions in getting complete valuation for various assets and liabilities, including impairment on the carrying value of property, plant and equipment, capital work in progress, intangibles and intangibles under development.

Accordingly, the above business combination was accounted as per the following details:

a) Liabilities assumed by Dhanuka Pharmaceuticals Private Limited

Particulars	Amount
Financial Creditors	
Rupee Term Loans	2,14,736.57
Foreign Currency Term Loans	58,169.03
Working Capital Facilities / Borrowings	74,187.96
Loans from Banks	10,565.13
Loans from Others	4,368.50
Loans from related parties	3,216.77
	3,65,243.96
Operating creditors	
Provision for Employee Benefits (Non-Current)	1,178.53
Trade Payables	26,781.01
Provision for Employee Benefits (Current)	324.91
Other current liabilities	1,519.85
	29,804.30
Net Liabilities to be transferred	3,95,048.26
Capital Reserve	
Net Liabilities to be transferred	3,95,048.26
Value of Non Convertible Debentures issued against the above	3,65,000.00
Capital Reserve (Balancing Figure)	**30,048.26**

DPPL has then merged with the Company as per the resolution plan as per pooling of interest method prescribed for common control transactions as per Ind AS 103 "Business Combinations" and the difference is recognised as Capital Reserve.

Expenses in respect of the above amalgamation is incurred by DLL, hence, no such expenses were debited to the statement of profit and loss of the Company. As part of the resolution plan, DLL has infused Rs. 61,000 lakhs towards equity share capital (Rs.4,000 lakhs) and towards payment/ settlement of CIRP costs, employees/ workmen dues, Financial and Operational creditors dues (Rs.42,700 lakhs). DLL has also invested in 14,300 Zero Percent Optionally Convertible Debentures (OCD) of Rs. 1,00,000 each fully paid. The proceeds of the above issue has been utilised towards further amounts required for repayment to financial/ operational creditors and other dues as per the resolution plan.

Expenses in respect of the above amalgamation is incurred by DLL, hence, no such expenses were debited to the statement of profit and loss of the Company.

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

50 Business Combination

As part of the resolution plan, DLL has infused Rs. 61,000 lakhs as follows:

	INR Lakhs
(a) Investment in equity share capital	4,000
(b) Funds infused for towards payment/ settlement of CIRP costs, employees/ workmen dues, Financial and Operational creditors dues	42,700
(c) Investment in 14,300 Zero Percent Optionally Convertible Debentures (OCD) of Rs. 1,00,000 each fully paid.	14,300
Total	**61,000**

The proceeds of the above issue has been utilised towards further amounts required for repayment to financial/ operational creditors and other dues as per the resolution plan.

Capital reduction as envisaged in the resolution plan amounting to Rs.8,855.62 Lakhs has been made and adjusted against the retained earnings. Further issue of Rs.4,040.82 Lakhs have been made to the successful resolution applicant, DLL (Rs.4000.01 Lakhs) and to the Financial Creditors (Rs.40.81 Lakhs) as per the terms of the approved Resolution Plan.

Details of assets and liabilities taken over and resulting capital reserve on the above business combination (on provisional basis) is given below:

a) Assets taken over and liabilities assumed (provisional basis)

Particulars	Amount
Assets taken over from DLL	
Bank Balance	1.57
Debit balance in profit and loss account	11.46
Non-Convertible Debentures	3,65,000.00
Liabilities assumed	
Long Term Borrowings (Financial Creditors)	(1,10,693.38)
Provision for Employee Benefits (Non-Current)	(1,178.54)
Trade Payables	(6,463.08)
Provision for Employee Benefits (Current)	(324.91)
Other current liabilities	(2,031.88)
Net identified assets taken over	**2,44,321.24**

b) Capital Reserve on business combination (provisional basis)

Particulars	
Consideration paid to the existing share holders	-
Less: Net identifiable assets (taken over)	2,44,321.24
Capital Reserve on business combination	**2,44,321.24**

c) Adjustments made as per the Resolution Plan in Capital Reserve (provisional basis)

Particulars	Amount
Write off of	
Capital work in progress / Intangible Assets under development	(19,049.57)
Unamortised finance cost as per Ind AS	(567.59)
Deposits, advances and receivables not recoverable	(71,131.39)
Write back of liabilities no longer required	548.68
Total adjusted against capital reserve on Business Combination	**(90,199.87)**

Notes to the Consolidated Financial Statements for the year ended March 31, 2021

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

Revision to Provisional accounting of business combinations during the year ended March 31, 2021

The Company has obtained a detailed valuation report on lifting of the general lockdown through external experts and also carried out a detailed internal assessment regarding the fair value of various assets taken over and liabilities assumed as part of the business combination.

The consequential adjustments have been made in March 2021 (i.e., within 1 year from the date of acquisition, called as "Measurement Period") as provided in Ind AS 103 for provisional accounting for business combinations.

50 Business Combination

During the measurement period, the acquirer shall retrospectively adjust the provisional amounts recognised at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognised as of that date. Accordingly, the following adjustments have been made in the fair value of assets taken over and liabilities assumed as on the acquisition date with the additional information available with the Company through external and internal assessment.

Further adjustments made to Capital Reserve as per Para 45 to 49 of Ind AS 109 during the measurement period

Particulars	Amount	Amount
Capital Reserve as per provision accounting for business combinations as at March 31, 2020		30,942.94
Less : Further adjustments made during the measurement period		
Revision in fair value of property, plant and equipment	17,708.87	
Revision in fair value of Capital work in progress	6,290.93	
Revision in fair value of Intangible assets	386.12	
Liabilities no longer required written back	(587.80)	
Pre CIRP additional payment Financial Creditors as per RP approval	250.00	
Pre CIRP Bank balances written off as per RP approval	187.97	
Pre CIRP CESTAT and VAT Deposit written off as per RP approval	195.73	
Employee advances written off	3.95	
Revision in fair value of Stores and Spares	1,295.91	
Revision in fair value of Inventories	105.55	
Others	0.02	
		25,837.25
Capital Reserve on Business Combination		**5,105.69**

During the measurement period, the Company recognised adjustments to the provisional amounts as if the accounting for the business combination had been completed at the acquisition date. Thus, the Company has revised the comparative information for prior periods presented in financial statements as needed.

Significant estimate - Contingent Consideration

There was no contingent consideration identified in the above amalgamation. Hence, no disclosures were required.

Significant Judgement - Contingent Liability

There was no contingent liability identified in the above amalgamation. Hence, no disclosures were required.

51 Discontinuing operations

The board of directors in their meeting held on November 11, 2020 approved the sale/ transfer/ dispose of its manufacturing division at Irungattukottai (IKKT) on a going concern basis. Pursuant to this, the Company has signed the binding term sheet on May 5, 2021 with the buyer for the sale of IKKT division at a consideration upto to an amount of INR 170 Crores.

Operating results of the Company's discontinuing operations (IKKT division) are summarised as follows for the year March 31, 2021.

(i) The carrying value of the total assets and liabilities of discontinued operations

	As at March 31, 2021
Liabilities	
Non Current liabilities	-
Financial Liabilities	983.36
Other Current Liabilities	25.59
Total liabilities	**1,008.95**
Assets	
Property, Plant and Equipment (PPE)	4,085.82
Intangible Assets	1,150.45
Capital Work in Progress	433.51
Intangible under development	1,054.07
Non Current Financial Assets	78.73
Current Financial Assets	1,040.66
Other current assets	3,030.53
Total Assets	**10,873.77**
Net Assets/ (Liabilities)	**9,864.82**

(ii) The revenue and expenses in respect of ordinary activities attributable to discontinuing operations

	For the year ended March 31, 2021	For the year ended March 31, 2020
Revenue		
Revenue from operations (Net)	2,133.27	2,423.89
Other Income	(33.24)	21.10
Total revenue (a)	2,100.03	2,444.99
Expenses		
Cost of materials consumed	938.63	1,402.18
Purchases of Stock in Trade	-	-
Changes in inventories of work-in-progress, stock in trade and finished goods	(485.09)	2,590.46
Employee benefits expense	751.68	988.27
Depreciation and amortization expense	756.54	799.33
Other expenses	2,266.38	2,802.58

Notes to the Consolidated Financial Statements for the year ended March 31, 2021

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

₹ in Lakhs

	For the year ended March 31, 2021	For the year ended March 31, 2020
Total expenses (b)	4,228.14	8,582.82
Loss) before exceptional item and tax (a-b) = (c)	**(2,128.11)**	**(6,137.83)**
Less : Exceptional item	-	-
Loss before tax	**(2,128.11)**	**(6,137.83)**
Tax expenses	-	-
Loss from discontinuing operations	**(2,128.11)**	**(6,137.83)**

As required by Ind AS 105 "Non-current Assets Held for Sale and Discontinued Operations", the Group re-presented the disclosures for prior periods presented in the consolidated financial statements so that the disclosures relate to all operations that have been discontinued by the end of the reporting period for the latest period presented.

52 Due to the restrictions imposed due to Covid'19, the Company could not complete comprehensive physical verification of fixed assets/ related reconciliation with the books of account. 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.

53 During the year, the Company recognised adjustments to the provisional amounts considered in the business combination accounting in last year, as if the accounting for the business combination had been completed at the acquisition date. Thus, the Company has revised the comparative information for prior period presented in financial statements as needed. Accordingly, the current year figures may not be fully comparable with that of the previous year.

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
UDIN: 21027501AAAACN5744
Place: Chennai
Date: May 22, 2021

For and on behalf of the Board of Directors of
Orchid Pharma Limited

Manish Dhanuka
Managing Director
DIN: 00238798
Place: Gurgaon
Date: May 22, 2021

Mridul Dhanuka
Whole Time Director
DIN: 00199441
Place: Gurgaon
Date: May 22, 2021

Sunil Gupta
Chief Financial Officer
Place : Gurgaon
Date: May 22, 2021

Nikita K
Company Secretary
Place: Chennai
Date: May 22, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of our financial condition and results of operations should be read in conjunction with our "Financial Information" on page 98. Unless otherwise indicated or the context otherwise requires, the financial information for Fiscals 2021, 2022 and 2023 included herein is derived from the Audited Consolidated Financial Statements included in this Preliminary Placement Document. For further information, please see "Financial Information" on page 98.

This Preliminary Placement Document may include forward-looking statements that involve risks and uncertainties, and our actual financial performance may materially vary from the conditions contemplated in such forward-looking statements as a result of various factors, including those described below and elsewhere in this Preliminary Placement Document. For further information, please see "Forward-Looking Statements" on page 15. Also read "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations -Significant Factors Affecting our Results of Operations and Financial Conditions" on pages 39 and 101, respectively, for a discussion of certain factors that may affect our business, financial condition or results of operations.

Our Company's Fiscal commences on April 1 and ends on March 31 of the immediately subsequent year, and references to a particular Fiscal are to the 12 months ended March 31 of that particular year. Unless otherwise indicated or the context otherwise requires, in this section, references to "the Company" or "our Company" are to Orchid Pharma Limited on a standalone basis, and references to, "we", "us", "our", are to Orchid Pharma India Limited on a consolidated basis.

*Unless otherwise indicated, industry and market data used in this section have been derived from the report "Global Antibiotics and Cephalosporin Market" dated June 21, 2023 (the "**F&S Report**") prepared and released by Frost & Sullivan and paid by our Company in connection with the Issue. Unless otherwise indicated, all financial, operational, industry and other related information derived from the F&S Report and included herein with respect to any particular year refers to such information for the relevant calendar year. Also see, "Presentation of Financial Information and Other Information" on page 12.*

OVERVIEW

We are an active pharmaceutical ingredients ("**API**") manufacturing Company with the widest portfolio of cephalosporin APIs along with a few veterinary products [*Source: F&S Report*]. We are set up as an EOU for manufacturing of both sterile and oral cephalosporin APIs and have a long history of commercial production**.** We sell our products under a business-to-business model in over 40 countries as of March 31, 2023, including USA, Vietnam, Germany, France, Turkey, Indonesia, Egypt, Hungary, China, Ireland, Netherlands, Portugal, Spain, Japan, South Korea, Brazil, Republic of North Macedonia etc. We stand out amongst our peers for our wide portfolio of cephalosporin products, including 34 cephalosporin DMF, with 17 unique cephalosporin assets for regulated markets and are present across all five generations of cephalosporin products [*Source: F&S Report*]. We invented NCE- Enmetazobactam, an extended spectrum beta lactamase inhibitor to be used with 4th generation cephalosporin antibiotic - Cefepime to provide a novel therapeutic option addressing the global AMR challenges [*Source: F&S Report*]. We hold the marketing rights in India and the royalty rights to worldwide sales for NCE-Enmetazobactam. Further, Phase 3 trials for NCE- Enmetazobactam are completed in the US and EU.

We supply our products in both domestic and overseas market to various pharmaceutical companies and pharmaceutical agents. For Fiscal 2023, Fiscal 2022 and Fiscal 2021, our revenue through exports and domestic sale is as follows:

(in ₹ million other than percentages)

Particulars	Fiscal 2023		Fiscal 2022		Fiscal 2021	
	Amount	% of revenue from operations	Amount	% of revenue from operations	Amount	% of revenue from operations
Export Sales	5,517.22	82.85%	4,898.83	87.55%	4,052.86	90.05%
Domestic Sales	1,141.77	17.15%	696.74	12.45%	447.75	9.95%

Particulars	Fiscal 2023		Fiscal 2022		Fiscal 2021	
	Amount	% of revenue from operations	Amount	% of revenue from operations	Amount	% of revenue from operations
Revenue from Operations	6,658.99	100%	5,595.57	100%	4,500.60	100%

In the last three Fiscals we have exported our products in five continents and have catered to over 400 customers. For the Fiscal 2023, Fiscal 2022 and Fiscal 2021 our continent wise export revenue is as follows:

(in ₹ million other than percentages)

Continents	Fiscal 2023		Fiscal 2022		Fiscal 2021	
	Amount of Export	As a % of the Export revenue	Amount of Export	As a % of the Export revenue	Amount of Export	As a % of the Export revenue
Asia (excluding, India)	2,681.56	48.60%	2,385.55	48.70%	1,566.78	38.66%
Europe	1,995.96	36.18%	1,835.19	37.46%	1,829.58	45.14%
Africa	329.64	5.97%	302.05	6.17%	219.80	5.42%
South America	298.96	5.42%	225.86	4.61%	339.68	8.38%
North America	211.10	3.83%	150.16	3.07%	97.02	2.39%
Total revenue from Exports	**5,517.22**	**100.00%**	**4,898.82**	**100.00%**	**4,052.86**	**100.00%**

We have well established relationships with our key customers and believe our customers rely on our quality manufacturing expertise and timely deliveries, to address their cost considerations, regulatory scrutiny and stringent quality requirements. We have three manufacturing facilities located at Alathur, Tamil Nadu. One of our facilities is dedicated to manufacturing API (the "**API Facility**"). The annual capacity of our API Facility under Air Act and Water Act is 972 MTPA. Our API Facility is approved by the USFDA, EMEA, WHO GMP and PMDA.

Further, our Company is also engaged in manufacturing and export of general category finished dosage formulations and anti-infective finished dosage formulations through its two formulation facilities F1 Plant and F2 Plant spread over an area of approximately 2 acres with an annual installed capacity of 60.00 million units and 56.70 million units under Air Act and Water Act, respectively.

The Chemistry and Technology Department, R&D facility of our Company located at the premise of our API Facility in Alathur, Tamil Nadu ("**R&D Facility**") is housed in the same premise as our API Facility. As of March 31, 2023, we had 59 scientific professionals working in our process development function, including 4 Ph.Ds. and 47 post-graduates. For the Fiscal 2023, Fiscal 2022 and 2021 our total expenditure towards R&D activities was ₹ 63.62 million, ₹66.26 million and ₹48.10 million or 0.96 %, 1.18% and 1.07% of our total revenue from operations, respectively. As of March 31, 2023, we have five approved ANDA filings in the United States for oral cephalosporin. We have been granted and hold 17 patents and have filed applications for four new patents, which are pending at various stages. Our R&D Facility developed NCE-Enmetazobactam (phase 3 trial completed in US and EU) an extended-spectrum beta-lactamase inhibitor to be used with 4th generation cephalosporin antibiotic to provide a novel therapeutic option addressing AMR challenges [*Source: F&S Report*].

Our wholly owned Subsidiary, Orchid Bio Pharma Limited has been approved under the production linked incentive scheme dated July 21, 2020 ("**PLI Scheme**") to manufacture 7ACA under the target segment of key fermentation based KSMs/drug intermediates for a committed capacity of 1,000 MT for a maximum total incentive of ₹ 6,000 million during the scheme tenure starting Fiscal 2024 till Fiscal 2029. 7ACA is a critical raw material for manufacturing cephalosporins and the in-house production of 7ACA under the PLI scheme will enable us to do backward integration, achieve a captive source of supply and improve the gross margins.

Our Promoter Dhanuka Laboratories Limited acquired the Company under the Corporate Insolvency Resolution Process ("**CIRP**") Accordingly, our Company became a subsidiary of DLL with effect from March 31, 2020. For further details, please see, "*Organizational Structure*" on page 176. Our Promoter and the senior management team implemented many changes in the Company including reduction of expenses, improving sales, starting development of new products with investment into R&D and infusing capital to add capacity in the sterile area. Experience of our Promoter in the pharmaceutical industry helps us in our business and operations. Our management team has demonstrated the ability to successfully implement changes post the implementation of the Resolution Plan.

Our financial performance has improved since the implementation of the Resolution Plan. The following table sets forth our key financial ratios for the period as specified below:

Other Key Financial Ratio

(in ₹ million other than percentages)

	Fiscal 2023	Fiscal 2022*	Fiscal 2021*
Revenue	6,658.98	5,595.57	4,500.60
YOY Revenue growth	19.00%	24.33%	-
EBITDA(1)	836.19	531.35	497.77
Net Debt(2)	3,087.49	2,636.47	4,370.46
Net worth(3)	6,886.92	6,474.77	6,529.64
Net debt / Networth(4)	0.45	0.41	0.67
RoCE (%)(5)	3.35%	(-3.45)%	(-4.97)%
Gross Fixed Asset Turnover Ratio(6)	0.56	0.48	0.38

Notes:

**These ratios represent non-GAAP measures; see "Presentation of Financial Information and Other Information" on page 12.*

(1)EBITDA stands for earnings before interest, taxes, depreciation and amortization EBITDA" is calculated as our profit/(loss) before exceptional items less other income plus depreciation and amortization expense and finance costs.

(2)Net Debt is equal to current and non-current borrowings less cash and cash equivalents.

(3) Net worth means the aggregate value of the paid-up share capital and Other Equity. Other Equity contains capital reserve, capital reserve on amalgamation, securities premium reserves, equity component of OCDs, general reserve, profit and loss account. It does not include items of other comprehensive income

(4)Net debt / Net worth is calculated by dividing Net debt by Net Worth.

(5)RoCE (Return on capital employed) is calculated by dividing our profit/(loss) before exceptional items less other income plus finance cost by sum of average total equity during that year and the previous year and average total non-current liabilities during that year and the previous year, and is expressed as a percentage.

(6) Gross Fixed Asset Turnover ratio" is equal to revenues from sale of products during a given period divided by the average gross property, plant and equipment during that year and the previous year.

SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITION

- *Pharmaceutical regulatory framework in our markets*

Our income is significantly dependent on the portfolio of products we can sell in different markets. Our product approvals and registrations therefore constitute an important factor for our results of operations. Our operations outside India are subject to regulations in the country of export. Pharmaceutical businesses, including ours, have obligations to regulatory authorities in and outside India such as State Directorate of Drugs Control, Tamil Nadu, USFDA, EMEA, WHO GMP and PMDA and consequently, we are required to comply with regulations and quality standards stipulated by such regulators/agencies. If we fail to comply with the applicable quality standards specified by these regulators/agencies, or if the relevant accreditation institute or agency declines to certify our products, or if we are otherwise unable to obtain such quality accreditations in the future, within time or at all, our business prospects and financial performance will be materially and adversely affected. The quality of our products is critical to the success of our business and depends on the effectiveness of our quality assurance system, which, in turn, depends on a number of factors, including the design of our facility, and the checks and balances implemented at the stage of development/manufacturing, and testing processes in line with the regulatory and customer requirement. Any significant failure or deterioration of our quality system could result in defective or substandard products, which, in turn, may result in delays in the delivery of our products and the need to replace defective or substandard products, or cancellation of customer orders. As a result, our reputation, business, results of operations and financial condition could be materially and adversely affected.

Further, we have been approved under the PLI scheme to manufacture 7ACA for a period of six years for availing a cumulative incentive of upto ₹ 6,000 million. 7ACA is a critical raw material for manufacturing cephalosporin and will therefore enable backward integration for manufacturing of cephalosporin at our manufacturing facility. For further information, please see "*Our Business*" on page 162. Our future prospects would be impacted in the event if this scheme was to be discontinued or similar schemes or incentives are not made available to pharmaceutical sectors.

- *Availability of raw materials at competitive costs and efficiency in production capabilities*

The success of our operations depends on, among other things, our ability to source raw materials at competitive prices. Our cost of raw materials consumed was ₹ 4,060.96 million, ₹ 3,406.18 million and ₹ 2,455.97 million which constituted 60.98%, 60.87% and 54.57% of our revenue from operations in Fiscals 2023, 2022 and 2021, respectively. Availability and prices of raw materials are subject to supply disruptions and price volatility caused by various factors such as commodity market fluctuations, the quality and availability of raw materials, currency fluctuations, consumer demand and changes in government policies and there are inherent uncertainties in estimating such variables, regardless of the methodologies and assumptions that we may use.

As we continue to grow our product portfolio and increase our production capacities, we believe we will benefit from increasing economies of scale. However, we would also need to procure higher volumes of raw materials, and we typically do not enter into long-term supply contracts with any of our supplies and instead place purchase orders with them from time to time. Therefore, we are required to forecast our supply and demand and any inability to correctly forecast demand and supply may have an impact on our working capital requirements. Further, any increase in raw material prices may result in corresponding increases in our production costs. However, we may not be successful in passing on such costs, fully or partly, thereby impacting our gross margins and profitability. The availability and price of raw materials is subject to a number of factors beyond our control including demand and supply, general economic and political conditions, price of crude oil, transportation and labour costs, natural disasters, competition and there are inherent uncertainties in estimating such variables, regardless of the methodologies and assumptions that we may use. Furthermore, any increase in the cost of raw materials which results in an increase in prices of our products, may reduce demand for our products and thereby affect our margins and profitability. If we are unable to purchase the raw materials from such suppliers for any reason and on commercially acceptable terms, or if we are unable to pass on the increased cost of production to our customers, our revenue levels and results of operations may be adversely impacted. If we were to experience a significant or prolonged shortage of raw materials from any of our suppliers, and we cannot procure the raw materials from other sources, we would be unable to meet our production schedules for our key products and to deliver such products to our customers in a timely manner, which would adversely affect our sales, margins and customer relations.

We are also in process of expansion of our production capacity and plan to invest in backward integration of key raw materials to become more self-reliant and less dependent on our vendors for raw materials, as such dependence on vendors may sometimes impact our ability to timely manufacture and deliver sterile APIs to our customers. We have been approved under the PLI Scheme to manufacture 7ACA for a period of six years. 7ACA is the raw material used for manufacturing Cephalosporin and will therefore enable backward integration for manufacture of Cephalosporin by us.

- *Manufacturing and R&D costs*

Our business significantly depends on our ability to manufacture our products cost efficiently and to successfully conduct R&D with respect to our products. We operate three manufacturing facilities at Alathur, Tamil Nadu. Our Company is also engaged in manufacturing and export of general category finished dosage formulations and anti-infective finished dosage formulations through its two formulation facilities F1 Planta and F2 Plant spread over an area of approximately 2 acres with an annual installed capacity of 60.00 million units and 56.70 million units under Air Act and Water Act, respectively. In order to maximize our profits, we must maintain adequate capacity utilization at our manufacturing facilities and an appropriate standard of quality in our manufacturing processes, equipment and machinery. Attaining and maintaining an adequate level of capacity utilization and quality in our manufacturing processes and facilities requires considerable planning and expense, and has an effect on our business, results of operations and financial condition. For further details on our manufacturing facilities, please see "*Our Business – Description of Our Business – Manufacturing Facilities*" on page 167.

Our Company has a dedicated in-house R&D Facility located at Alathur, Tamil Nadu. Our R&D operations are supported by a team of 59 scientific professionals, including 4 Ph.Ds. and 47 post-graduates, who are focused on the development of niche APIs, as well as product and process improvements to achieve better quality and efficacy for our existing products. We believe that our continuing R&D initiatives have strengthened our product offerings in India and our overseas markets. However, R&D is both time consuming and costly, and involves a high degree of business risk. To develop our product pipeline, we commit substantial time, funds and other resources. In addition, our research staff are critical to the success of our research and development efforts. Our investments in R&D for future products and in R&D manpower could result in higher costs without a proportionate increase in revenues. For Fiscals 2023, 2022 and 2021, we spent ₹63.62 million, ₹ 66.26 million and ₹ 48.10 million on R&D, respectively, representing 0.96%, 1.18% and 1.07% respectively, of our total revenue from operations for such period. We must adapt to rapid changes in our industry due to scientific discoveries and technological advances, including in relation to the equipment and machinery we utilize at our manufacturing facilities and R&D Facility. If our existing products become obsolete in the future, and we are unable to effectively introduce new products, our business and results of operations could be adversely affected. Any technological developments which increase efficiency or reduce costs, may positively affect our results of operations. Although we strive to keep our technology, facilities and machinery current with the latest international standards, they may become obsolete over time. The cost of implementing new technologies, upgrading our manufacturing facilities and retaining our research staff could be significant and could affect our results of operations.

- *Maintaining and enhancing relationships with key customers*

Our customer base currently comprises of domestic and international customers. Our top 10 customers account for Fiscal 2023 generated 46.21% of our total revenue for Fiscal 2023. Further the top 10 customers for Fiscal 2023 generated 49.04% and 41.77% of our total revenue for Fiscal 2022 and Fiscal 2021, respectively. We engage closely with our customers through our dedicated marketing and sales team. The demand for our products from our key customers determines our revenue from operations and profitability. Increased sales by our customers tend to increase our revenue and results of operations. The volume of sales to our customers may vary due to our customers' efforts to manage their inventory, market demand, product and supply pricing trends and customer preferences, among others, which may result in a decrease in demand for products of which we are a supplier, affecting our sales and results of operations.

- *Competition and pricing pressure*

We operate in a competitive environment and we expect to face greater competition from both existing and new competitors in India and globally. We expect to successfully compete on the basis of our wide product portfolio and our ability to fulfil our contractual obligations including the timely delivery of products manufactured by us and the price and quality of such products. We compete with different companies depending on the market and type of products, including large multinational companies as well we smaller regionally based competitors. Some of these competitors have more resources than us, have greater financial, manufacturing, R&D and other resources, while certain competitors may have lower cost of operations.

Our ability to negotiate price with our customers is impacted by international and domestic competition. We believe that our ability to successfully compete as well as offer competitive prices of our manufactured products is highly dependent on several factors including our ability to optimize our product portfolio, operate efficiently while keeping costs low to maintain margins etc. As we continue to expand our operations into new geographies, we are exposed to competition from newer players. There can be no assurance that we will be able to successfully compete with our competitors or be able to sell our products at desired margins.

- *Ability to successfully launch new products and successfully enter new markets*

We have developed a robust product range, with over 30 products which include oral and sterile APIs. Our main products include Ceftriaxone, Cefixime and Cefuroxime. USD 698 million worth of cephalosporin formulations are exposed to generic competition between 2022 and 2028 [*Source: F&S Report*], which can lead to a volume expansion and thus additional API requirement including Ceftaroline Fosamil and Ceftazidime-Avibactam, Ceftolozane/tazobactam. With the loss of patent and exclusivity, generic alternatives become available, and drug prices drops. This price drop allows for increased product availability not only in low and middle income countries but also in high income countries with high out-of-pocket pay through co-pays or lack of insurance coverage thereby increasing the total market size (quantity wise) of the product. Further, availability of generics can help address the AMR challenge. According to the Access to Medicine Foundation, shortages of essential antibiotics (because of supply or cost challenges) in poorer nations lead to patients being given less effective or no treatments, which gives bacteria and fungi opportunities to develop resistance. [*Source: F&S Report*]. We intend to enhance our manufacturing capabilities and file the necessary applications (DMF and ANDA) in the US and relevant applications in other jurisdiction to procure an exclusive period during which we can sell the generic drugs. The launch of new product will have a significant impact on our results of operations as newer products tend to have higher margins compared to products in market for longer period of time. The launch of our new products is subject to a variety of factors, some of which are beyond our control.

We supply our products in both domestic and overseas market to various pharmaceutical companies and pharmaceutical agents. We have a diversified geographical presence and exported our products to over 40 countries as on March 31, 2023 and intend to increase our geographical presence even further. While newer markets offer scope of revenue growth for the company, there can be no assurance that we will be able to successfully enter into new geographies at desired profitability levels.

- *Foreign Currency Fluctuations*

In the last three Fiscals, we have exported our products to over 40 countries covering five continents including Africa, Asia, Europe, North America and South America. Further, we source our raw materials either domestically or from China. The cost of our imported raw materials is affected by fluctuations in the rate of exchange of the currency in which we purchase these raw materials (including USD) and the Rupee. As a consequence, we are exposed to currency rate fluctuations between the Indian Rupee and the U.S. Dollar, and other local currencies in jurisdictions where our products are sold, in the event that we have sold our products under such local currency. Any fluctuation in the value of the Indian Rupee against such currencies may adversely affect our results of operations.

Since we export our products and import some of our raw materials it helps us to naturally hedge our foreign currency exposure, however a devaluation of any of the foreign currencies against the Indian Rupee may result in reduction of our margins. Any gains or losses arising on account of differences in foreign exchange rates on settlement and translation of monetary assets and liabilities are recognized in the statement of profit and loss. While we enter into hedging transactions, steps taken by us to hedge the foreign exchange fluctuation risks may not adequately hedge against any losses we incur due to such fluctuations.

SIGNIFICANT ACCOUNTING POLICIES OF OUR COMPANY:

Significant Accounting Policies

1. Corporate Information

The Consolidated Financial Statements comprise financial statements of "Orchid Pharma Limited" ("the Holding Company") and its subsidiaries and associate (collectively referred to as "the Group") for the year ended March 31, 2023.

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

According to the Resolution Plan approved by the Hon'ble National Company Law Tribunal (NCLT) has, by its order dated June 27, 2019, and the order of the Hon'ble Supreme Court vide its order dated February 28, 2020, Dhanuka Laboratories Limited (DLL), the successful Resolution Applicant, implemented the resolution plan on March 31, 2020.

DLL infused the funds as per the terms of the resolution plan through a special purpose vehicle, Dhanuka Pharmaceuticals Private Limited. The special purpose vehicle was later on merged with the Company as per the terms of the approved resolution plan. Thus, the holding company became a subsidiary of M/s Dhanuka Laboratories Limited with effect from March 31, 2020.

The Group has invested in the following subsidiary companies:

a) Orchid Europe Limited, a company formed in the United Kingdom initially to market nutraceuticals through mail order/ direct marketing in the United Kingdom and Europe. This subsidiary company has been winded up during this financial year.

b) Bexel Pharmaceuticals Inc., USA engaged in Pharmaceutical research and development.

c) Orchid Pharmaceuticals Inc., USA to provide services in USA. It has a wholly owned subsidiaries "Orgenus Pharma Inc, USA" which provides services in USA and "Orchid Pharma Inc./Karalex Pharma, USA" which sells pharmaceutical products in USA.

d) Orchid Pharmaceuticals SA (Proprietary) Limited, South Africa to register and market formulations in South Africa.

e) Diakron Pharmaceuticals Inc., USA engaged in Pharmaceutical research and development.

f) Orchid Bio- Pharma Limited, India to manufacture the KSM as a backword integration to this company

During the year, the Group has also invested in M/s Orbion Pharmaceuticals Private Limited, an associate Group.

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, as amended from time to time.

Basis of preparation and presentation

The Consolidated Financial Statements comprises of Orchid Pharma Limited and all its subsidiaries, being the entities that it controls. Control is assessed in accordance with the requirement of Ind AS 110 - Consolidated Financial Statements. The investment in associate is consolidated using equity methods as per Ind AS 28

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 Group'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, 2023 to March 31, 2023 in respect of subsidiaries/ having financial year ended December 31, 2022.

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.

i) In respect of investments in associate company, the Group has applied equity method for consolidation of its interest in the associate.

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 May 10, 2023.

2A Critical accounting estimates and management judgments

In application of the accounting policies, which are described in note 3, 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

New amendments issued but not effective

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 1, 2023, as below:

Ind AS 1 – Presentation of Financial Statements

The amendments related to shifting of disclosure of accounting policies from "significant accounting policies" to "material accounting policies" in the notes to the financial statements requiring companies to reframe their accounting policies to make them more "entity specific. This amendment aligns with the "material" concept already required under International Financial Reporting Standards (IFRS). The Company does not expect this amendment to have any significant impact in its Consolidated Financial Statements.

Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors

The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a "change in accounting estimates" has been replaced with a definition of "accounting estimates."

Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty." Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Group does not expect this amendment to have any significant impact in its Consolidated Financial Statements.

Ind AS 12 – Income Taxes

The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12. At the date of transition to Ind ASs, a first-time adopter shall recognize a deferred tax asset to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized. Similarly, a deferred tax liability is recognized for all deductible and taxable temporary differences associated with

A) Right -of-use assets and lease liabilities

B) Decommissioning, restoration and similar liabilities and the corresponding amounts are recognised as part of the cost of the related asset.

Therefore, if the Group has not yet recognised deferred tax on right-of-use assets and lease liabilities or has recognised deferred tax on net basis, the same need to recognize on gross basis based on the carrying amount of right-of- use assets and lease liabilities

The Group has evaluated the above amendments and concluded that they will have no significant impact on the Group on a go forward basis.

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 us 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 when the Group satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when the customer obtains control of that asset, 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.

Significant financing component

Generally, the Group receives short-term advances from its customers. Using the practical expedient in Ind AS 115, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised goods or services to the customer and when the customer pays for that goods or services will be one year or less.

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

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.5,000 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

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.

Drug Master Files ("DMF") and Abbreviated New Drug Applications ("ANDA") costs represent expenses incurred on development of processes and compliance with regulatory procedures of the US FDA, in filing DMF and 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, whichever 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, cost being determined based on weighted average method.

In respect of work-in-progress, intermediaries and finished goods, cost also includes the variable and fixed overhead incurred for bringing the inventory to present location and conditions.

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 marketplace (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 115 "Revenue from contract with Customers".

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 116 "Leases"

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 lifetime. 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 115 "Revenue from contract with Customers".

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.

The translation of financial statements of the foreign subsidiaries to the presentation currency is performed for assets and liabilities using the exchange rate in effect at the Balance Sheet date and for revenue, expense and cash-flow items using the average exchange rate for the respective periods. The gains or losses resulting from such translation are included in currency translation reserves under other components of equity. When a subsidiary is disposed off, in full, the relevant amount is transferred to net profit in the Consolidated Statement of Profit and Loss. However, when a change in the parent's ownership does not result in loss of control of a subsidiary, such changes are recorded through equity.

j) Borrowing Costs

Borrowing cost include interest computed using Effective Interest Rate method, amortisation of ancillary costs incurred and exchange difference 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 Group has elected not to apply the requirements of Ind AS 116 Leases to short term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term. All other Leases are recognized as follows:

a) Initial measurement

Lease liability is initially recognised and measured at an amount equal to the present value of minimum lease payments during the lease term that are not yet paid. Right-of-use asset is recognized and measured at cost, consisting of initial measurement of lease liability plus any lease payments made to the lessor at or before the commencement date less any lease incentives received, initial estimate of restoration costs and any initial direct costs incurred by the lessee.

b) Subsequent measurement

The lease liability is measured in subsequent periods using the effective interest rate method. Right-of-use asset is depreciated in accordance with requirements in Ind AS 16, Property, Plant and equipment. 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. However, Ind AS 116 provides the lessee with the option to recognise a low value asset or a short term lease (12 months of lesser) as an expense in the statement of profit and loss on a straight-line basis or any other systematic approach as adopted by the entity.

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) Non current assets held for sale and disposal groups

The Group classifies a non-current asset (or disposal group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. Immediately before the initial classification of the asset (or disposal group) as held for sale, the carrying amounts of the asset (or all the assets and liabilities in the group) shall be measured in accordance with applicable Ind ASs.

The Group measures a non-current asset (or disposal group) classified as held for sale at the lower of its carrying amount and fair value less costs to sell. The Group does not depreciate (or amortise) a non-current asset while it is classified as held for sale or while it is part of a disposal group classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale shall continue to be recognised.

t) 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.

RESULTS OF OPERATION

(In ₹ million)

Particulars	Fiscal 2023	Fiscal 2022	Fiscal 2021
Continuing operations			
Income			
Revenue from operations	6,658.98	5,595.57	4,500.60
Other income	194.31	90.03	152.12
Total Income	**6,853.29**	**5,685.60**	**4,652.72**
Expenses			
Cost of materials consumed	4,060.96	3,406.18	2,455.97
Purchase of stock-in-trade - Traded goods			-
Changes in inventories of finished goods and WIP	(214.75)	(270.58)	(170.94)
Employee benefits expense	653.50	632.77	671.08
Depreciation and amortization expense	547.87	870.25	1,089.16
Finance Cost	322.26	320.12	513.36
Other expenses	1,323.09	1,295.86	1,046.58
Total expenses	**6,692.92**	**6,254.59**	**5,605.21**
Profit / (Loss) before exceptional item and tax	**160.37**	**(568.99)**	**(952.49)**
Exceptional items	392.10		
Profit /(Loss) before tax from continuing operations	552.47	(568.99)	(952.49)
Income tax expense			
Current tax	-	-	-
Deferred tax charge /(credit)	-	-	-
Profit / (Loss) after tax from continuing operations	552.47	(568.99)	(952.49)
Discontinuing Operations	(67.75)	584.70	(212.81)
Profit/-Loss for the year from discontinued operations	(67.75)	584.70	(212.81)
Tax expense of discontinued operations	-	-	-
Profit/ -Loss from discontinued operations after tax	(67.75)	584.70	(212.81)
Profit/-Loss for the year before share of profit of Associates	484.72	15.71	(1,165.30)
Add: Share of loss of Associates	(21.54)	(35.23)	-
Profit / (Loss) for the year	463.18	(19.51)	(1,165.30)
Other Comprehensive Income			
Items that will not be reclassified to profit or loss			
Remeasurement of post employment benefit obligations	(2.33)	14.64	5.99
Gain/(Loss) on fair valuation of investments	0.54	(0.41)	0.66
Income tax (charge)/credit relating to these items	-	-	-
Other comprehensive income for the year, net of tax	(1.79)	14.23	6.65
Total comprehensive profit/-loss for the year	461.40	(5.28)	(1,158.65)
Earning per Share			
Basic earnings per share	11.35	(0.48)	(28.55)
Diluted earnings per share	11.35	(0.48)	(28.55)

Particulars	Fiscal 2023	Fiscal 2022	Fiscal 2021
Employee separation compensation			18.03

Fiscal 2023 compared to Fiscal 2022

Income

Our revenue from operations increased by 19% to ₹6,658.98 million in Fiscal 2023 from ₹5,595.57 million in Fiscal 2022. This was primarily due to an increase in revenue from sale of oral products by 18.69% to ₹4,204.03 million in Fiscal 2023 from ₹3,541.94 million in Fiscal 2022 and an increase in revenue from sale of sterile products by 22.96% to ₹ 2,311.50 million in Fiscal 2023 from ₹1,879.90 million in Fiscal 2022. Increase in revenue also arose from an increase in export sales by 12.62% to ₹5,517.22 million in Fiscal 2023 from ₹ 4,898.83 million in Fiscal 2022.

Other income

Our other income increased by 115.83% to ₹194.31 million in Fiscal 2023 from ₹90.03 million in Fiscal 2022. This increase was primarily due to ANDA sale of ₹31.73 million, rental income of land and buildings ₹20.96 million and liabilities not required written back of ₹60.83 million in Fiscal 2023.

Expenses

Our total expenses increased by 7.01 % to ₹6,692.92 million in Fiscal 2023 from ₹6,254.59 million in Fiscal 2022. This was primarily due to increase in the cost of materials consumed by ₹654.78 million and increase in other expenses by ₹27.23 million compared to the Fiscal 2022 due to growing sales. This was partially offset by decrease in depreciation charge by ₹322.38 million compared to Fiscal 2022

Cost of material consumed

Our cost of material consumed increased by 19.22% to ₹4,060.96 million in Fiscal 2023 from ₹3,406.18 million in Fiscal 2022. This was primarily due to an increase in the consumption of raw materials and packaging materials, driven by our increased manufacturing for certain molecules such as Cefixime, Cefuroxime Axetil.

Change in inventories of finished goods, stock-in-trade and work-in-progress

Our inventories of finished goods, stock-in-trade and work-in-progress increased by 17.33% to ₹1,453.97 million in Fiscal 2023 from ₹1,239.21 million in Fiscal 2022. This was primarily due to increased finished goods and work-in-progress kept in stock for expected higher sale volume.

Employee benefits expense

Our employee benefits expense increased by 3.28% to ₹653.50 million in Fiscal 2023 from ₹632.77 million in Fiscal 2022 and no significant variation. This is mainly due to annual increments given during the year.

Depreciation and amortization expense

Our depreciation expense decreased by 37.04% to ₹547.87 million in Fiscal 2023 from ₹870.25 million in Fiscal 2022. This was primarily due to the certain group of assets completing their useful life during the Fiscal 2023.

Finance expense

Our finance expense increased by 0.67% to ₹322.26 million in Fiscal 2023 from ₹320.12 million in Fiscal 2022. This was due to higher interest rates during the Fiscal 2023, utilisation of higher working capital and forex loss of ₹86.64 million during the Fiscal 2023 on foreign currency term loan which was charged to interest as per IND AS 23. However, this was offset by prepayment/lower amount of term loans during the year.

Other expenses

Our other expenses increased by 2.10% to ₹1,323.09 million in Fiscal 2023 from ₹1,295.86 million in Fiscal 2022. This was primarily due to increase in power and fuel by ₹85.23 million due to higher consumption and prices and which was partially offset by decrease in freight outward and sales commission by ₹36.48 million and ₹47.81 million respectively.

Total tax expense

We do not have any tax expenses during both the periods due to carry forwarded losses as per Income tax Act.

Profit/Loss from the continuing operations for the year

Due to the factors discussed above, our profit before discontinuing operations is ₹552.47 million including profit from exception items in Fiscal 2023 as compared to loss of ₹568.99 million in Fiscal 2022.

Profit/Loss from discontinuing operations

The loss from discontinuing operations for Fiscal 2023 is ₹67.75 million as compared to profit of ₹584.70 million in Fiscal 2022. During the Fiscal 2022 our Company had completed the sale of IKKT unit which was classified as disposal group as per Ind AS 105 "*Non Current Assets held for sale and Discontinued operations*". Further, after verification and agreement on the working capital adjustment amount with the buyer, during the Fiscal year 2023 the final working capital adjustments particularly with reference to inventory and the resultant net amount of ₹ 10.58 million has been disclosed under discontinuing operations loss. In addition to the above, one of subsidiary company of Orchid Pharma Inc. had written off certain advances which is not recoverable in nature to the extent of ₹ 57.17 million which is disclosed as loss under discontinued operations as there was no operations in overseas subsidiaries.

Other comprehensive income

Our other comprehensive expenses were ₹1.79 million in Fiscal 2023 as compared to an income of ₹14.23 million in Fiscal 2022. This was primarily due to increase in re measurement of post-employment benefit obligations.

Total comprehensive Profit for the year

Our total comprehensive profit was ₹461.39 million in Fiscal 2023 as compared to loss of ₹5.28 million in Fiscal 2022.

Fiscal 2022 compared to Fiscal 2021

Income

Revenue from operations

Our revenue from operations increased by 24.33 % to 5,595.57 million in Fiscal 2022 from ₹ 4,500.60 million in Fiscal 2021.This was primarily due to an increase in revenue from sale of finished products by 26.19% to ₹ 5,560.73 million in Fiscal 2022 from ₹ 4,381.83 million in Fiscal 2021. Increase in revenue arose primarily from an increase in export sales by 20.87% to ₹ 4,769.38 million in the Fiscal 2022 from ₹ 3,840.30 million in Fiscal 2021 and increased sale of existing products of Cefixime, Ceftizoxime, Ceftriaxone and Cefuroxime Axetil.

In addition, our revenue from sale of other material decreased by 76.24 % to ₹ 27.12 million in Fiscal 2022 from ₹114.3 million in Fiscal 2021. This was primarily due to no income from the export incentive scheme in Fiscal 2022 as the Merchandise Export from India Scheme was discontinued in December 2021.

Other income

Our other income decreased by 40.87% to ₹90.03 million in Fiscal 2022 from ₹152.26 million in Fiscal 2021. This was primarily lower due to one-time income arising from writeback of expected credit loss provision of ₹85.65 million in Fiscal 2021, which was no longer required. This is partially offset by increase in foreign exchange gain of ₹40.91 million in Fiscal 2022 as exchange rate gain on export debtors.

Expenses

Our total expenses increased by 11.58% to ₹6,254.59 million in Fiscal 2022 from ₹5,605.35 million in Fiscal 2021.

This was primarily due to increase in the cost of materials consumed by ₹950.21 million in Fiscal 2022 compared to Fiscal 2021 and was partially offset by an increase in changes in inventory of finished goods, stock-in-trade and work-in-progress by ₹ 99.65 million in Fiscal 2022 as compared to Fiscal 2021. Other expenses increased by ₹249.14 million in Fiscal 2022 compared to Fiscal 2021. This increase was partially offset by reduction in employee benefits expenses by ₹38.31 million, finance cost by ₹193.24 million and depreciation by ₹218.92 million in Fiscal 2022 compared to Fiscal 2021.

Cost of material consumed

Our cost of material consumed increased by 38.69% to ₹3,406.18 million in the Fiscal 2022 from ₹2,455.97 million in Fiscal 2021. This was primarily due to an increase in the costs of raw materials and packaging materials consumed, driven by our increased manufacturing volumes as a result of increased demand for certain molecules such as Cefixime, Cefuroxime Axetil.

Change in inventories of finished goods, stock-in-trade and work-in-progress

Changes in inventories of finished goods, stock-in-trade and work-in-progress increased by 58.29% to ₹270.58 million in Fiscal 2022 from ₹170.94 million in Fiscal 2021. This was primarily due to an increase in closing stock of finished goods by ₹101.58 million in Fiscal 2022 and increase in work-in-progress by ₹169.00 million in Fiscal 2022.

Employee benefits expense

Our employee benefits expense decreased by 5.71% to ₹632.77 million in Fiscal 2022 from ₹671.08 million in Fiscal 2021. This was due to termination of certain employments not deemed necessary by the Company. An employee separation compensation of ₹18.03 million was paid to the terminated employees in Fiscal 2021.

Depreciation and amortization expense

Our depreciation expense decreased by 20.10% to ₹870.25 million in Fiscal 2022 from ₹1,089.16 million in Fiscal 2021. This was primarily due to reduction in depreciation on plant and machinery and buildings in Fiscal 2022 by ₹248.27 million and ₹ 8.24 million respectively. The useful life of most of the fixed asset was completed in Fiscal 2021. The depreciation expense was also reduced due to impairment exercise carried out resulting in reduction of gross block by Rs. 1,763.70 million in Fiscal 2020.

Finance expense

Our finance expense decreased by 37.64% to ₹320.12 million in Fiscal 2022 from ₹513.36 million in Fiscal 2021. This was primarily due to decrease in interest on bank borrowings by ₹204.35 million during Fiscal 2022 compared to Fiscal 2021. The reason for lower interest expense was repayment of term loan partially by monetizing the non-core assets during the Fiscal 2022 and scheduled repayment of the term loans. During Fiscal 2021 Company classified few assets as "non-current assets held for sale". During Fiscal 2022 out of the non-core assets of IKKT unit, leasehold land at Vizag and Orchid tower building, Company realized an amount of ₹1,594.08 million by disposing off IKKT unit and ₹89.10 million from leasehold land at Vizag.

Other expenses

Our other expenses increased by 23.80% to ₹1,295.86 million in Fiscal 2022 from ₹1,046.72 million in Fiscal 2021. This was primarily due to increase in expenses of power and fuel by ₹134.28 million due to major increase in coal prices, consumption of stores, spares and chemicals expenses by ₹12.34 million, research and development expenses by ₹18.17 million, freight outward by ₹ 13.84 million, commission on sales by ₹74.86 million and allowance for expected credit loss by ₹23.39 million in Fiscal 2022 compared to Fiscal 2021. The increase in above expenses is partially offset by decrease in expenses of rates and taxes by ₹14.47 million and professional consultancy expenses by ₹31.51 million during the Fiscal 2022 compared to Fiscal 2021.

Exceptional items

We did not record any exceptional item in Fiscal 2022 and Fiscal 2021.

Total tax expense

Our total tax expenses during the both the periods is Nil.

Loss for the year from continuing operations

Due to the factors discussed above, our loss for the year decreased by 40.26 % to ₹568.99 million in Fiscal 2022 from ₹ 952.49 million in Fiscal 2021.

Profit/Loss from discontinuing operations

We had a profit from discontinuing operations in Fiscal 2022 of ₹584.70 million and loss in Fiscal 2021 of (₹212.81) million. The loss in Fiscal 2021 was primarily due to running of the formulation unit at Irrungankottai which was non-core asset and kept for sale during the Fiscal year 2021. The same was sold during the Fiscal 2022 for ₹159.41 million which resulted in profit in Fiscal 2022.

Other comprehensive income

Our other comprehensive income increased by 113.98% to ₹14.23 million in Fiscal 2022 from ₹6.65 million in Fiscal 2021. This was primarily due to increase in remeasurement of employment benefit obligations towards gratuity and earned leaves by ₹8.65 million during Fiscal 2022 as compared to Fiscal 2021.

Total comprehensive Loss for the year

Due to the factors discussed above, our loss for the year decreased by 99.54 % to ₹(5.28) million in Fiscal 2022 from ₹(1,158.65) million in Fiscal 2021.

Other Key Financial Ratio

(in ₹ million other than percentages)

	Fiscal 2023	Fiscal 2022*	Fiscal 2021*
Revenue	6,658.98	5,595.57	4,500.60
YOY Revenue growth	19.00%	24.33%	-
EBITDA(1)	836.19	531.35	497.77
Net Debt(2)	3,087.49	2,636.47	4,370.46
Net worth(3)	6,886.92	6,474.77	6,529.64
Net debt / Networth(4)	0.45	0.41	0.67
RoCE (%)(5)	3.35%	(-3.45)%	(-4.97)%
Gross Fixed Asset Turnover Ratio(6)	0.56	0.48	0.38

Notes:

**These ratios represent non-GAAP measures; see "Presentation of Financial Information and Other Information" on page 12.*

(1)EBITDA stands for earnings before interest, taxes, depreciation and amortization EBITDA" is calculated as our profit/(loss) before exceptional items less other income plus depreciation and amortization expense and finance costs.

(2)Net Debt is equal to current and non-current borrowings less cash and cash equivalents.

(3) Net worth means the aggregate value of the paid-up share capital and Other Equity. Other Equity contains capital reserve, capital reserve on amalgamation, securities premium reserves, equity component of OCDs, general reserve, profit and loss account. It does not include items of other comprehensive income

(4)Net debt / Net worth is calculated by dividing Net debt by Net Worth.

(5)RoCE (Return on capital employed) is calculated by dividing our profit/(loss) before exceptional items less other income plus finance cost by sum of average total equity during that year and the previous year and average total non-current liabilities during that year and the previous year, and is expressed as a percentage.

(6) Gross Fixed Asset Turnover ratio" is equal to revenues from sale of products during a given period divided by the average gross property, plant and equipment during that year and the previous year.

LIQUIDITY AND CAPITAL RESOURCES

The Company was acquired by the current Promoter under IBC process on March 31, 2020. For the same Company has taken credit facilities from bank. For prudential cash management Company has taken steps to sell the non-core assets and has prepaid part of the term loans. For working capital and expansion the company has taken credit facilities form banks by contributing its margin. Further present EBITDA is sufficient for serving the repayment of term loan and interest obligations.

CASH FLOWS

The table below summarises our cash flows from our financial information of cash flows for the years/period indicated:

(In ₹ million)

	Fiscal 2023	Fiscal 2022	Fiscal 2021
Net cash flow from operating activities	185.83	924.75	235.86
Net cash flow used in investing activities	(314.59)	1,129.36	672.05
Net cash flows from financing activities	311.66	(2,167.98)	(1,649.89)
Net increase/(decrease) in cash and cash equivalents	182.90	(113.87)	(741.98)
Cash and cash equivalents at the beginning of the year/period	43.07	156.94	898.92
Cash and cash equivalents at the end of the year/period	225.97	43.07	156.94

Operating Activities

Fiscal 2023

Our net cash flow from operating activities was ₹185.83 million in Fiscal 2023. Our operating cash profit before working capital changes was ₹979.74 million in Fiscal 2023, which was primarily adjusted by net income tax of ₹2.99 million, an increase in trade receivables of ₹ 416.54 million and increase in inventories of ₹560.82 million which was partially offset by a decrease in other assets of ₹126.83 million, and an increase in trade payables of ₹ 139.14 million.

Fiscal 2022

Our net cash flow from operating activities was ₹924.75 million in Fiscal 2022. Our operating cash profit before working capital changes was ₹348.15 million in Fiscal 2022, which was primarily adjusted by net income tax of ₹19.06 million, an increase in trade payables and provisions and other liabilities of ₹538.73 million, a decrease in trade receivables of ₹229.19 million, partially offset by decreases in inventories of ₹25.37 million and other assets of ₹116.93 million.

Fiscal 2021

Our net cash flow from operating activities was ₹235.86 million in Fiscal 2022. Our operating profit before working capital changes was ₹556.23 million in Fiscal 2021, which was primarily adjusted by net income tax of ₹49.23 million and increases in inventories of ₹334.99 million, trade receivables of ₹820.25 million and other assets of ₹32.68 million, partiallyoffset by an increase in trade payables and provisions and other liabilities of ₹144.98 million.

Investing Activities

Fiscal 2023

Net cash out flow incurred by investing activities was ₹314.59 million in Fiscal 2023. This was largely incurred towards purchase of property, plant and equipment of ₹849.13 million which is off set by generation of sale of land and buildings of ₹ 576.10 million.

Fiscal 2022

Net cash flow generated by investing activities was ₹1,129.36 million in Fiscal 2022. This was largely driven by disposal of IKKT undertaking for ₹1,594.08 million and sale of investments ₹123.83 million. The same was offset by investments in associate company of ₹455.00 million and purchase of property, plant and equipment of ₹144.04 million.

Fiscal 2021

Net cash flow generated by investing activities was ₹672.05 million in Fiscal 2021. This was primarily due to maturity in bankdeposits of ₹799.31 million. This partially offset by purchase of mutual fund investments of ₹130.79 million.

Financing Activities

Fiscal 2023

Net cash flows generated in financing activities was ₹311.67 million in Fiscal 2023. This was primarily due to proceeds from borrowings of ₹1,731.98 million, partially offset by interest amount of ₹322.25 million and repayment of long term borrowings of ₹ 1,098.06 million,

Fiscal 2022

Net cash flows used in financing activities was ₹2,167.98 million in Fiscal 2022. This was primarily due to interest paid of ₹320.12 million and repayment of long term borrowings of ₹2,047.85 million, partially offset by proceeds from borrowings of ₹199.99 million.

Fiscal 2021

Net cash flows used in financing activities was ₹1,649.89 million in Fiscal 2021. This was primarily due to interest paid of ₹399.09 million for bank interest, repayment of long-term borrowings of ₹1,250.80 million.

CONTINGENT LIABILITIES

As of March 31, 2023, the claims against the Company not acknowledged as debts as disputed by the Company relating to issues of applicability are given below, as per Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets:

(In ₹ million)

Commitments and contingent liabilities			
Particulars	**Fiscal 2023**	**Fiscal 2022**	**Fiscal 2021**
Contingent Liability			
Claims against the Group not acknowledged as debts			
- Income Tax dispute pending before High Court of Chennai*	-	-	-
- Other claims **	345.68	205.13	-
Unexpired Letter of Credit	73.86	223.64	451.16
Commitments			
Estimated amount of contracts remaining to be executed on capital account and not provided for	67.54	-	1.94

**The RP has confirmed that a public announcement was caused by the IRP regarding the initiation of corporate insolvency resolution process and submission of claims was called under section 15 on August 24, 2017. Pursuant to such public announcement, the IRP/ RP of the Corporate Debtor has received certain claims from statutory authorities which was admitted under the provisions of Insolvency and Bankruptcy Code, 2016 (IBC code) and subsequent settlement made as per the approved resolution plan. Accordingly, the Corporate Debtor/ Resolution Applicant/ SPV will have no additional exposure arising out of the claims towards the Statutory Dues which have not been admitted and/or the claims which have been rejected (partly or fully) by the RP and/or because of the re-classification in the category of creditor(s).*

***The Group has taken certain lands on lease for its operations in respect of which the lease agreement expired before the date of commencement of the Corporate Insolvency Resolution Process. As part of the right to review the existing agreements, the Group has made a detailed assessment of the market rent for the property and the market value of the property for outright purchase. Since the present rent as per erstwhile lease agreements is significantly high considering the market value of the property itself, the Group is in talks with the lessor for renewal of the lease with lower rent or for outright purchase of the property as part of the implementation of the resolution plan. However, no finality is reached on this matter as of date. Pending completion of the negotiation, the Company has disputed the portion of the lease rent, considered to be excessive than the market rate, amounting to ₹ 307.70 million up to March 31, 2023 (FY: 2021-22₹ 205.13 million) in respect of the aforesaid lease. Based on the legal opinion obtained, the management is of the opinion that no liability will arise on completion of the negotiation.*

CONTRACTUAL OBLIGATIONS AND COMMITMENT

The following table sets forth certain information relating to our contractual maturity of financial liabilities and commitments as at March 31, 2023:

(In ₹ million)

	Payment due by period

	Less than 1 year	Between 1 to 5 years	Later than 5 years	Total
Total Borrowings	1,825.08	1,488.38	-	3,313.46
Trade Payables	1,817.85	-	-	1,817.85
Other Payables	41.13	-	-	41.13
Capital and Other Commitments	67.54	-	-	67.54
Total	3,751.60	1,488.38	-	5,240.88

CAPITAL EXPENDITURE

For the Fiscal 2023, Fiscals 2022 and 2021, our capital expenditures, were ₹853.78 million, ₹27.34 million and ₹39.10 million respectively, representing 12.82% , 0.49% and 0.87% respectively, of our revenue from operations, in such periods. For further information, please see "*Financial Information*" on page 98.

RELATED PARTY TRANSACTIONS

We enter into various transactions with related parties in the ordinary course of business. These transactions principally include remuneration to executive Directors and Key Managerial Personnel. For details on our related party transactions, see "*Related Party Transactions*" on page 38.

AUDITOR'S OBSERVATIONS

Set forth below are the reservations/ qualifications/ adverse remarks/ matters of emphasis highlighted by our statutory auditors in their auditor's reports as of and for the years ended March 31, 2021, 2022 and 2023.

Fiscal (Consolidated Financial information)	**Details of reservation, qualification or adverse remarks**	**Details of impact on financial Statements and financial position of the Company, and corrective steps taken by the Company, if any**	**Corrective steps taken and/or proposed to be taken by the Company**
Fiscal 2023- Consolidated Financials	The Consolidated Financial Statements for the year ended March 31, 2023 include the financial statements for the year ended March 31, 2023, of the following subsidiary companies: (i) Orchid Europe Limited, UK (Up to September 27, 2022) (ii) Orchid Pharmaceuticals Inc., USA (iii) Bexel Pharmaceuticals Inc., USA (iv) Orchid Pharmaceuticals SA (Proprietary) Limited, South Africa (v) Diakron Pharmaceuticals, Inc. USA (vi) Orchid Bio-Pharma Limited The consolidated financial statements also include the results of M/s Orbion Pharmaceuticals Private Limited, an associate company accounted under equity method. We did not audit the financial statements of the above subsidiaries and Associate whose financial statements reflect total Assets of Rs.2253.16 Lakhs and net Assets of Rs. (-) 4331.36 Lakhs as at March 31, 2023, total revenue from operations of Rs. Nil and Rs. Nil, total comprehensive income after tax of Rs.(-) 571.70 Lakhs	NA	The subsidiaries of the Company are located in USA, and South Africa. Audit is not compulsory for companies in USA, if they are not publicly traded. The subsidiary at South Africa does not have any operations. The cost of getting financials audited is also higher in USA. Hence the management has used unaudited financials for the purpose of consolidation, however the management is appointing auditor now for audit for the year 2022.

Fiscal (Consolidated Financial information)	Details of reservation, qualification or adverse remarks	Details of impact on financial Statements and financial position of the Company, and corrective steps taken by the Company, if any	Corrective steps taken and/or proposed to be taken by the Company
	and Rs.(-) 571.70 Lakhs for the quarter and year ended March 31, 2023 respectively and net cash flows amounting to Rs.43.30 Lakhs for the year ended on that date as considered in the consolidated financial statements. We also did not audit the Group's share of net Profit / loss (after tax) of Rs. (-) 1.60 Lakhs and Rs.(-) 215.35 Lakhs of the associate for the quarter and year ended March 31, 2023 respectively, as considered in the consolidated financial statements. The financial statements of the subsidiaries and associate are unaudited and have been furnished to us by the management and our opinion on the Consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiaries and associate, is based solely on such unaudited financial statements. Accordingly, we do not express any opinion on the completeness and true and fair view of the financial statements, including adjustments, if any, required on the carrying amount of assets and liabilities of the above subsidiaries and associate and foreign currency translation reserve as at March 31,2023 included in the consolidated financial statements. This has also been qualified in the Limited Review reports of the earlier quarters and audit reports of the earlier years, audited by the predecessor auditor.		
2022 - Consolidated Financials	The Consolidated Financial Statements for the year ended March 31, 2022 include the financial statements for the year ended March 31, 2022, of the following subsidiary companies: (i) Orchid Europe Limited, UK (ii) Orchid Pharmaceuticals Inc., USA (iii) Bexel Pharmaceuticals Inc., USA (iv) Orchid Pharmaceuticals SA (Proprietary) Limited, South Africa (v) Diakron Pharmaceuticals, Inc. USA The consolidated financial results also include the results of M/s Orbion Pharmaceuticals Private Limited, an associate company accounted under equity method. We did not audit the financial statements of the above subsidiaries and associate that reflect total assets of Rs. 2.229.87 lakhs and net assets of (-) Rs.6,955.67 lakhs as at March 31, 2022, total revenue of Rs. 992.64 lakhs, total comprehensive Income (comprising of loss and other comprehensive income) of (-) Rs. 766.64 lakhs and net cash flows amounting to Rs. 291.29 lakhs for the year ended on that date, as considered in the consolidated financial statements. The financial statements of the subsidiaries and associate are unaudited and have been furnished to us by the management and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiaries and associate, is based solely on such unaudited	NA	The subsidiaries of the Company are located in USA, UK and South Africa. Audit is not compulsory for companies in USA, if they are not publicly traded. The audit for the UK subsidiary is being done during fourth quarter of the Financial year and the subsidiary at South Africa does not have any operations. The cost of getting financials audited is also higher in USA. Hence the management has used unaudited financials for the purpose of consolidation. The associate is a new company and is in the process getting its accounted audited. To meet the timelines for reporting to stock exchanges, the Company used the unaudited accounts of the associate.

Fiscal (Consolidated Financial information)	Details of reservation, qualification or adverse remarks	Details of impact on financial Statements and financial position of the Company, and corrective steps taken by the Company, if any	Corrective steps taken and/or proposed to be taken by the Company
	financial statements. Accordingly, we do not express any opinion on the completeness and true and fair view of the financial statements, including adjustments, if any, required on the carrying amount of assets and liabilities of the above subsidiaries and associate and foreign currency translation reserve as at March 31, 2022 included in the Consolidated Financial Statements. This has also been qualified in our limited review reports of the earlier quarters and audit reports of earlier years.		
2021 - Consolidated Financials	1(a) Note 51 to the consolidated financial statements which describes that due to the extension of complete/ partial lockdown across India to contain the spread of the Covid'19 virus, the company could not complete the physical verification of fixed assets and its related reconciliation with the books of account. Accordingly, we are unable to comment on the possible impact, if any, arising out of the above matters. This was qualified in our earlier year audit report also. (b) The Consolidated Financial Statements for the year ended March 31, 2021 include the financial statements for the year ended March 31, 2021, of the following subsidiary companies: (i) Orchid Europe Limited, UK (ii) Orchid Pharmaceuticals Inc., USA (iii) Bexel Pharmaceuticals Inc., USA (iv) Orchid Pharmaceuticals SA (Proprietary) Limited, South Africa (v) Diakron Pharmaceuticals, Inc. USA We did not audit the financial statements of the above subsidiaries that reflect total assets of Rs. 2,211.11 lakhs and net assets of (-) Rs.6,402.23 lakhs as at March 31, 2021, total revenue of Rs. 848.69 lakhs, total comprehensive loss (comprising of loss and other comprehensive income) of (-) Rs.580.31 lakhs and net cash flows amounting to Rs.77.70 lakhs for the year ended on that date, as considered in the consolidated financial statements. The financial statements of the subsidiaries are unaudited and have been furnished to us by the management and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiaries, is based solely on such unaudited financial statements. Accordingly, we do not express any opinion on the completeness and true and fair view of the financial statements, including adjustments, if any, required on the carrying amount of assets and liabilities of the above subsidiaries and the balance in foreign currency translation reserve as at March 31, 2021 included in the Consolidated Financial Statements. This has also been qualified in our limited review reports of the earlier quarters and audit reports of earlier years'.	NA	1(a) The management confirms that due to lock down restrictions in most part of the year the physical verification could not be conducted. Once the lock down is lifted and normalcy resumed this will be undertaken in a phased manner (b) The subsidiaries of the Company are located in USA, UK and South Africa. Audit is not compulsory for companies in USA, if they are not publicly traded. The audit for the UK subsidiary is being done during fourth quarter of the Financial year and the subsidiary at South Africa does not have any operations. The cost of getting financials audited is also higher in USA. Hence the management has used unaudited financials for the purpose of consolidation, however the management has appointed auditor now for audit for the year 2020.
2020- Consoli	1(a) The management has based on the internal evaluation and the best estimate made by it, has not recognised any impairment in the	NA	1(a) The new management has taken over the Company on the last day of the Financial year

Fiscal (Consolidated Financial information)	Details of reservation, qualification or adverse remarks	Details of impact on financial Statements and financial position of the Company, and corrective steps taken by the Company, if any	Corrective steps taken and/or proposed to be taken by the Company
dated Financials	carrying value of property, plant and equipment (PPE) and internally generated intangible assets comprising of DBF/ ANDA and recognised a partial impairment loss against PPE under development, intangibles under development and non-moving and slow-moving inventories, which were subject matters of audit qualification for the earlier quarters and years. We were informed that the above estimate could not be supported by a detailed working, technical analysis, basis for the business projections, independent evaluation of the management estimate using external experts and other supporting information due to the limitations in getting all the related data and external evidences supporting the assumptions used in the estimate due to the present limitation/ access to data and consultants due to the nationwide lockdown pursuant to the Covid'19 Pandemic. The above coupled with the other adjustments made to give effect for the resolution plan as morefully explained in the Emphasis of Matters Section of this report has resulted in recognition of capital reserve Rs. 1,84,169.63 Lakhs. The management confirms that the impairment assessment is made internally with the presently available data and will review/ reassess the present estimate on lifting of the lockdown and on resumption of business at normal levels and further adjustments, if any required, will be made on completion of a comprehensive impairment testing. In the absence of completion of such comprehensive impairment testing, we are unable to comment on the impact, if any, on the financial results, the carrying amounts of the aforesaid account balances and on the appropriateness of recognising capital reserve as aforesaid as per applicable financial reporting framework. The possible impact, if any, arising out of the above matters on the Statement is not presently determinable. 2(a) Further, due to the extension of lockdown till June 30, 2020 across India to contain the spread of the Covid'19 virus, sufficient, appropriate audit evidence relating to physical verification of fixed assets/ related reconciliation with the books of account, direct confirmation for certain bank balances could not be obtained. Accordingly, we are unable to comment on the possible impact, if any, arising out of the above matters. 3 (a)The consolidated financial results for the quarter and year ended March 31, 2020 include the financial results for the quarter and year ended March 31, 2020 of the following subsidiary companies: i. Orchid Europe Limited, UK ii. Orchid Pharmaceuticals Inc., USA iii. Bexel Pharmaceuticals Inc., USA iv. Orchid Pharmaceuticals SA (Proprietary) Limited, South Africa v. Diakron Pharmaceuticals, Inc. USA		consequent to the approval of the Resolution Plan approved by the Hon'ble NCLT, Chennai, The impairment assessment is made internally. With the presently available data and will review reassess the present estimate on lifting of the lockdown and on resumption of business at normal levels and further adjustments, if any required, will be made on completion of a comprehensive impairment testing. 2(a) The management confirms that all required documents/ information are available at various locations of the Company. The management also confirms that it would proceed to complete the pending external confirmations such as Bank confirmation, Balance confirmation etc. once the lock down is lifted and normalcy resumed. 3(a) The subsidiaries of the Company are located in USA, UK and South Africa. Audit is not compulsory for companies in USA, if they are not publicly traded. The audit for the UK subsidiary is being done during fourth quarter of the Financial year and the subsidiary at South Africa does not have any operations. The cost of getting financials audited is also higher in USA. Hence the management has used unaudited financials for the purpose of consolidation

Fiscal (Consolidated Financial information)	Details of reservation, qualification or adverse remarks	Details of impact on financial Statements and financial position of the Company, and corrective steps taken by the Company, if any	Corrective steps taken and/or proposed to be taken by the Company
	We did not audit the financial statements of the above subsidiaries that reflect total assets of Rs. Rs.991.39 lakhs and net assets of Rs. 4,175.44 lakhs as at March 31, 2020, total revenue of Rs. 259.25 lakhs, total comprehensive Income (comprising of loss and other comprehensive income) of Rs. Rs.1,876.58 lakhs and net cash flows amounting to Rs.37.50 lakhs for the year ended on that date, as considered in the consolidated financial statements. The financial statements of the subsidiaries are unaudited and have been furnished to us by the management and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiaries, is based solely on such unaudited financial statements. Accordingly, we do not express any opinion on the completeness and true and fair view of the financial statements, including adjustments, if any, required on the carrying amount of assets and liabilities of the above subsidiaries as at March 31, 2020 included in the Consolidated Financial Statements. This has also been qualified in our limited review reports of the earlier quarters and audit reports of earlier years.		
2019 Consolidated Financials	1(a) Note 1 to the consolidated financial statement regarding application by an operational creditor, initiating the insolvency provisions under the Insolvency and Bankruptcy Code, 2016 ('the Code') and the consequential appointment of the 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. 2,338.09 Lakhs, loans and advances given to various parties (net of provisions) amounting to Rs.75,751.35 Lakhs (which includes capital advances of Rs.52,206.06 and other advances of Rs.23,545.29 Lakhs), provision for impairment, if any, required for property, plant and equipment (PPE), PPE under development, goodwill, internally generated intangible assets comprising of DBF/ ANDA, other nonmonetary 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). The possible impact, if any, arising out of the above matters is not presently ascertainable. The above matters, other than CIRP related, have been outstanding for more than 3 years and have been qualified by the predecessor auditors in their audit report for earlier years. These matters have also been qualified in our earlier years' audit reports. 2(a) Confirmation of balances are not available: Or majority of the trade receivables, loans and advances given, trade payables, claims received from the employees, bank balances and bank leans as at March	NA	1(a) The Company is under CIRP and the Resolution Professional is required to invite submission of resolution plans from potential resolution applicants, which shall be put up for necessary approvals before the Committee of Creditors ("CoC") and 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". 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 2019 in the value of tangible and intangible assets." 2(a) For non-receipt of independent balance confirmation from the financial creditors Management is of the view that there will not be significant variation in respect of borrowings, bank balances and bank guarantees. 2(a) 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/RP").

Fiscal (Consolidated Financial information)	Details of reservation, qualification or adverse remarks	Details of impact on financial Statements and financial position of the Company, and corrective steps taken by the Company, if any	Corrective steps taken and/or proposed to be taken by the Company
	31, 2019. Pursuant to the CIRP, the Group stopped providing interest on bank borrowings for the current year, after the CIRP commencement date and reversed the interest already accounted in the earlier years over and above the amount approved by the RP. In the absence of the confirmation of balances, the possible adjustments, if any, required in the Consolidated Financial Statements are not presently determinable. The above matters, other than CIRP related, have been outstanding for more than 3 years and have been qualified by the predecessor auditors in their audit report for earlier years. These matters have also been qualified in our earlier years' audit reports. 3(a) The value of claims lodged by the Financial Creditors includes Foreign Currency Term Loan availed by the Group from consortium of Banks led by Axis Bank, admitted under CIRP commencement date amounting to INR is Rs.51,672.27 Lakhs and the same is carried in the Balance sheet at a value of Rs.56,044.14 Lakhs, arrived at by restating the foreign currency value of the loan to the extent admitted with the closing exchange rate as on March 31, 2019. If this loan is stated at the INR value as admitted under CIRP, there will be a net gain of Rs.3133.73 Lakhs after setting of the foreign currency monetary item transaction difference account carried under "other equity" in respect of this loan Pending completion of the CIRP process and related confirmation by Axis Bank, no adjustment is made in the financial statements in respect of the above. 4(a)The Companies net worth as on the reporting date is negative and it continue to incur losses. Considering the above and the further matters more fully explained in the Material Uncertainties Relating To Going Concern section below, we are unable to comment on the appropriateness of preparation of consolidated financial statements on a going concern basis. 5(a) We have not been provided with sufficient, appropriate audit evidence relating to physical verification of fixed assets / related reconciliation with the books of account. 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. 6. (a) We have been informed by the RP that certain information including the minutes of the meetings of the CoC, cases filed by the RP against the key management personnel, employees, 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 CoC and Hon'ble NCLT. We have not also 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.		In accordance with the Code, the IRP / RP has to receive, collate and admit the claims submitted against the Company. Such claims can be submitted to the IRP *I* 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. In respect of claims submitted by the financial creditors, the same is exceeding amount appearing in the books of accounts. The process for submission and reconciliation of claims as on the Insolvency Commencement Date remains an on-going process. 4(a) Resolution Professional and the Bid process advisor have presented the terms of the resolution plans received and found to be compliant under Sec 29A of the IBC, 2016 to the Committee of Creditors. The Committee of Creditors after considering the resolution plans received and after negotiating with the three resolution applicants has decided to declare the HI Bidder. The Resolution Professional will be submitting the resolution plan of the HI Bidder to the Adjudicating Authority if the same receives approval of the Committee of Creditors with 66% voting share. The CIRP as on March 31, 2019 is still in progress and yet to be completed. In view of the above, the financials have been prepared as a "going concern". 5(a) In the year 2017, during CIRP, the Resolution Professional conducted valuation study as per IBC to assess the Fair Value and Liquidation Values of the Assets. The values so ascertained and the reports thereof are very confidential in nature and were not shared. The observations herein above are noted and

Fiscal (Consolidated Financial information)	Details of reservation, qualification or adverse remarks	Details of impact on financial Statements and financial position of the Company, and corrective steps taken by the Company, if any	Corrective steps taken and/or proposed to be taken by the Company
	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. 7(a) The consolidated financial results for the year ended March 31, 2019 include the financial results for the year ended March 31, 2019, of the following subsidiary companies: (i) Orchid Europe Limited, UK (ii) Orchid Pharmaceuticals Inc., USA (iii) Bexel Pharmaceuticals Inc., USA (iv) Orchid Pharmaceuticals SA (Proprietary) Limited, South Africa (v) Diakron Pharmaceuticals, Inc. USA We did not audit the financial statements of the above subsidiaries that reflect total assets of Rs. 2037.26 lakhs and net assets of Rs. (9,924.68) lakhs as at March 31, 2019, total revenue of Rs. 2,224.27 lakhs, total comprehensive income (comprising of loss and other comprehensive income) of Rs. (418.46) lakhs and net cash flows amounting to Rs. (316.55) lakhs for the year ended on that date, as considered in the consolidated financial statements. The financial statements of the subsidiaries are unaudited and have been furnished to us by the management and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiaries, is based solely on such unaudited financial statements. Accordingly, we do not express any opinion on the completeness and true and fair view of the financial statements including adjustments if any, required on the carrying amount of assets and liabilities of the above subsidiaries as at March 31, 2019 included in the Consolidated Financial Statements.		the Management would take necessary steps to improve the internal financial controls by strengthening the processes relating to physical verification and reconciliation with the books of accounts. 6(a) The Resolution Professional is obliged not to share certain information which are integral part of the CIRP, in order maintain confidentiality of the process and in line with the directions of the Committee of Creditors.

Fiscal (Consolidated Financial information)	Details of matter of emphasis
2023 - Consolidated Financials	Note 41 to the financial statements relating to the fact that the grouphas taken certain lands on lease for its operations in respect of which the lease agreement expired before the date of commencement of the Corporate Insolvency Resolution Process. We were informed that as part of the right to review the existing agreements, the group has made a detailed assessment of the market rent for the property and the market value of the property for outright purchase. We were also informed that since the present rent as per erstwhile lease agreements is significantly high considering the market value of the property itself, the group is in talks with the lessor for renewal of the lease with lower rent or for outright purchase of the property as part of the implementation of the resolution plan. However, no finality is reached on this matter as of date; and Pending completion of the negotiation and the uncertainties involved, the Group disputed the portion of the lease rent, considered to be excessive than the market rate as assessed by an independent valuer, amounting to INR 3,077.00 Lakhs unto March 31, 2023 in respect of the aforesaid lease. The same has been treated as contingent liability in the Consolidated financial statements of the group. Based on legal opinion obtained, the management is of opinion that no liability will arise on completion of the negotiation.

Fiscal (Consolidated Financial information)	Details of matter of emphasis
2022 - Consolidated Financials	a)Note 40 to the Consolidated Financial Statements the group has taken certain lands on lease for its operations in respect of which the lease agreement expired before the date of commencement of the Corporate Insolvency Resolution Process. As part of the right to review the existing agreements, the Company has made a detailed assessment of the market rent for the property and the market value of the property for outright purchase. Since the present rent as per erstwhile lease agreements is significantly high considering the market value of the property itself, the Company is in talks with the lessor for renewal of the lease with lower rent or for outright purchase of the property as part of the implementation of the resolution plan. However, no finality is reached on this matter as of date; and Pending completion of the negotiation and the uncertainties involved, the Group disputed the portion of the lease rent, considered to be excessive than the market rate as assessed by an independent valuer, amounting to INR 2,051.33 Lakhs upto to the year ended March 31, 2022 in respect of the aforesaid lease. The same has been treated as contingent liabilities in the consolidated financial statements of the Group. Based on legal opinion obtained, the management is of the opinion that no liability will arise on completion of the negotiation. b) Note 2 to the financial statement relating to Estimation of the uncertainties relating to the global health pandemic from Covid-19 which describes the uncertainties and the impact of Covid-19 pandemic on the Company's operations and results as assessed by the management.
2021 - Consolidated Financials	(a) Note 40 to the Consolidated financial statement which describes that the Group has taken certain lands on lease for its operations in respect of which the lease agreement expired before the date of commencement of the Corporate Insolvency Resolution Process. As part of the right to review the existing agreements, the Group has made a detailed assessment of the market rent for the property and the market value of the property for outright purchase. Since the present rent as per erstwhile lease agreements is significantly high considering the market value of the property itself, the Group is in talks with the lessor for renewal of the lease with lower rent or for outright purchase of the property as part of the implementation of the resolution plan. However, no finality is reached on this matter as of date. Pending completion of the negotiation and the uncertainties involved, the Group disputed the portion of the lease rent, considered to be excessive than the market rate as assessed by an independent valuer, amounting to Rs.1,025.67 Lakhs for the year ended March 31, 2021 in respect of the aforesaid lease. The same has been treated as contingent liabilities in the consolidated financial statements of the Group. Based on legal opinion obtained, the management is of the opinion that no liability will arise on completion of the negotiation; and "Estimation of uncertainties relating to the global health pandemic from COVID-19" section of Note 2 to the consolidated financial statements which describes the uncertainties and the impact of Covid-19 pandemic on the Group's operations and results as assessed by the management. (b)Estimation of uncertainties relating to the global health pandemic from COVID-19 section of Note 2 to the consolidated financial statements which describes the uncertainties and the impact of Covid-19 pandemic on the Group's operations and results as assessed by the management.
2020 Consolidated Financials	We draw attention to a) Note 1: basis of preparation and presentation section of Note 2 to the Consolidated Financial statements, which describes the admission of Corporate Insolvency Resolution Process ("CIRP") application filed by an operational creditor of Orchid Pharma Limited ("the Company") by an order of the Hon'ble National Company Law Tribunal ("NCLT"), Chennai Bench with effect from October 27, 2017. The Resolution Plan filed by the Resolution Professional ("RP") has been finally approved by the Hon'ble NCLT vide its order dated February 28, 2020, based on the order of the Hon'ble Supreme Court of India rejecting the order passed by the Hon'ble National Company Law Appellate Tribunal. M/s Dhanuka Laboratories Limited, the successful resolution applicant has infused the required investments as per the approved Resolution Plan and these financial results have been prepared after giving effect to the said Resolution Plan and based on the confirmation of the settlement of financial and operating creditors as approved by the RP. Pursuant to the implementation of the said Plan, the Company became a subsidiary of Dhanuka Laboratories Limited. We were informed that the financial creditors have issued digitally signed no due certificates as at March 31, 2020 and the satisfaction of charges will be filed with the Registrar of Companies on completion of allotment of equity shares to the financial creditors as per the said Plan. In view of the implementation of the Said Plan, the Consolidated Financial Statements have been prepared and presented by the Group on a going concern basis. b) Estimation of uncertainties relating to the global health pandemic from Covid-19(Covid-19) section of Note 2 to the Consolidated Financial Statements which describes the uncertainties and the impact of Covid-19 pandemic on the Group's operations and results as assessed by the management.

Fiscal (Consolidated Financial information)	Details of matter of emphasis
2019 Consolidated Financials	**Key audit matters** Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Consolidated Financial of the current period. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In our opinion and based on the information and explanations given to us, there are no other key audit matters to be communicated in our report, other than those morefully described in the Basis for Qualified Opinion paragraph and in the Material Uncertainty Related to Going Concern section.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to various types of market risks during the normal course of business such as credit risk, interest rate risk, liquidity risk, operational risk, cash management risk, asset risk and inflation risk.

UNUSUAL OR INFREQUENT EVENTS OR TRANSACTIONS

Except as described in this Preliminary Placement Document, to our knowledge, there have been no unusual or infrequent events or transactions that have in the past or may in the future affect our business operations or future financial performance.

CHANGES IN ACCOUNTING POLICIES

There have been no changes to our significant accounting policies in Fiscal 2021, 2022 and 2023.

SIGNIFICANT ECONOMIC CHANGES THAT MATERIALLY AFFECT OR ARE LIKELY TO AFFECT INCOME FROM CONTINUING OPERATIONS

Our business has been subject, and we expect it to continue to be subject, to significant economic changes that materially affect or are likely to affect income from continuing operations identified above in "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Significant Factors Affecting our Results of Operations and Financial Conditions*" and the uncertainties described in "*Risk Factors*" on pages 39 and 101, respectively.

KNOWN TRENDS OR UNCERTAINTIES THAT HAVE HAD OR ARE EXPECTED TO HAVE A MATERIAL ADVERSE IMPACT ON SALES, REVENUE OR INCOME FROM CONTINUING OPERATIONS

Our business has been subject, and we expect it to continue to be subject, to significant economic changes arising from the trends identified above in "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Significant Factors Affecting our Results of Operations and Financial Conditions*" and the uncertainties described in "*Risk Factors*" on pages 101 and 39, respectively. To our knowledge, except as discussed in this Preliminary Placement Document, there are no known trends or uncertainties that have or had or are expected to have a material adverse impact on sales, revenue or income of our Company from continuing operations.

EXPECTED FUTURE CHANGES IN RELATIONSHIP BETWEEN COSTS AND INCOME

Other than as described in this section and the sections "*Risk Factors*" and "*Our Business*" on pages 39 and 162 respectively, to our knowledge there are no known factors that may adversely affect our business prospects, results of operations and financial condition.

NEW PRODUCTS OR BUSINESS SEGMENTS

Except as set out in this Preliminary Placement Document, we have not announced and do not expect to announce in the near future any new products or new business segments.

COMPETITIVE CONDITIONS

We operate in a competitive environment. Please see "*Our Business*", "*Industry Overview*" and "*Risk Factors*" on pages 162, 138 and 39, respectively, for further details on competitive conditions that we face across our various business segments.

SEGMENT REPORTING

Revenue and geographical segments are identified based on the stratification of the risk and returns. We operate only in one revenue segment, *i.e.* 'Pharmaceutical'.

SIGNIFICANT DEPENDENCE ON SINGLE OR FEW CUSTOMERS

Revenues from any particular client may vary between financial reporting periods depending on the nature and term of ongoing contracts with such client. Our top 10 customers account for Fiscal 2023 generated 46.21% of our total revenue for Fiscal 2023. Further the top 10 customers for Fiscal 2023 generated 49.04% and 41.77% of our total revenue for Fiscal 2022 and Fiscal 2021, respectively. For further information, please see risk factor "*Our business is dependent on the success of our relationships with our customers and sale of our products to them. Any adverse developments or inability to enter into or maintain such relationships, loss of such customers, the deterioration of their financial condition or prospects, or a reduction in their demand for our products could adversely affect our business, results of operations, financial condition and cash flows.*" on page 41.

SIGNIFICANT DEVELOPMENTS AFTER APRIL 01, 2023, THAT MAY AFFECT OUR FUTURE RESULTS OF OPERATIONS

Except as set out in this Preliminary Placement Document, to our knowledge, no circumstances have arisen since the date of the last financial statements as disclosed in this Preliminary Placement Document which materially or adversely affect or are likely to affect, our operations or profitability, or the value of our assets or our ability to pay our material liabilities within the next 12 months.

INDUSTRY OVERVIEW

*Unless otherwise indicated, the industry-related information contained in this Preliminary Placement Document is derived from the report titled "Global Antibiotics and Cephalosporin Market" dated June 21, 2023 (the "**F&S Report**") prepared and released by Frost and Sullivan and commissioned and paid for by our Company in connection with the Issue. The F&S Report is also available at our Company's website at www.orchidpharma.com. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed, and their reliability cannot be assured. Industry publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. Accordingly, investors must rely on their independent examination of, and should not place undue reliance on, or base their investment decision solely on this information. The recipient should not construe any of the contents in the F&S Report as advice relating to business, financial, legal, taxation or investment matters and are advised to consult their own business, financial, legal, taxation, and other advisors concerning the Issue.*

Disclaimer: "*Global Antiobiotics and Cephalosporin market" has been prepared for the qualified institutions placement of equity shares by Company.This study has been undertaken through extensive primary and secondary research, which involves discussing the status of the industry with leading market participants and experts, and compiling inputs from publicly available sources, including official publications and research reports. Estimates provided by Frost & Sullivan (India) Private Limited ("Frost & Sullivan") and its assumptions are based on varying levels of quantitative and qualitative analyses, including industry journals, company reports and information in the public domain.Frost & Sullivan has prepared this study in an independent and objective manner, and it has taken all reasonable care to ensure its accuracy and completeness. We believe that this study presents a true and fair view of the industry within the limitations of, among others, secondary statistics and primary research, and it does not purport to be exhaustive. The results that can be or are derived from these findings are based on certain assumptions and parameters/conditions. As such, a blanket, generic use of the derived results or the methodology is not encouraged. Forecasts, estimates, predictions, and other forward-looking statements contained in this report are inherently uncertain because of changes in factors underlying their assumptions, or events or combinations of events that cannot be reasonably foreseen. Actual results and future events could differ materially from such forecasts, estimates, predictions, or such statements.In making any decision regarding the transaction, the recipient should conduct its own investigation and analysis of all facts and information contained in the prospectus of which this report is a part and the recipient must rely on its own examination and the terms of the transaction, as and when discussed. The recipients should not construe any of the contents in this report as advice relating to business, financial, legal, taxation or investment matters and are advised to consult their own business, financial, legal, taxation, and other advisors concerning the transaction.*"

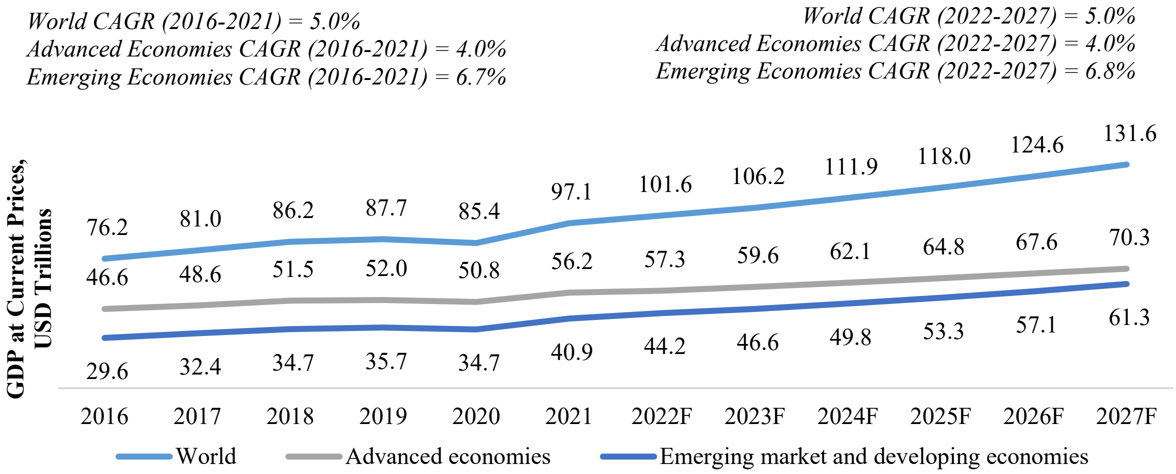
Macroeconomic Overview

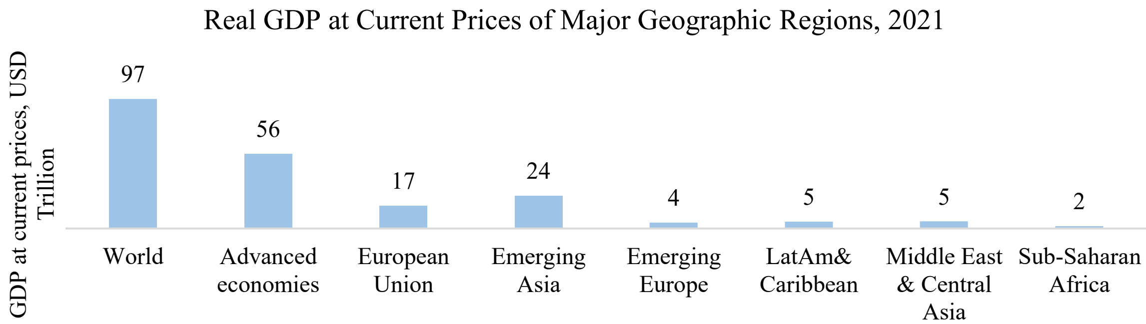
Global GDP and its Growth Rate

Signs of GDP recovery evident after COVID-19-induced setback

The global economy experienced a shock with the onset of the COVID-19 pandemic. After a deep contraction in 2020, the global economy started to recover in 2021. The baseline forecast by the International Monetary Fund (IMF) indicated growth in global GDP at current prices of 13.6% in 2021 after experiencing a decline of 2.5% in 2020 [*Source: World Economic Outlook, International Monetary Fund Estimate*]. The recovery is set to continue beyond 2022, with a projected growth rate of 5.0% between 2022 and 2027. While the growth in the short term can potentially be uneven because of geopolitical tensions, high inflationary pressures, supply-chain disruptions, withdrawal of some of the fiscal stimuli, and fear of global recession, the long-term growth prospects remain positive.

Real GDP at Current Prices: 2016-2027

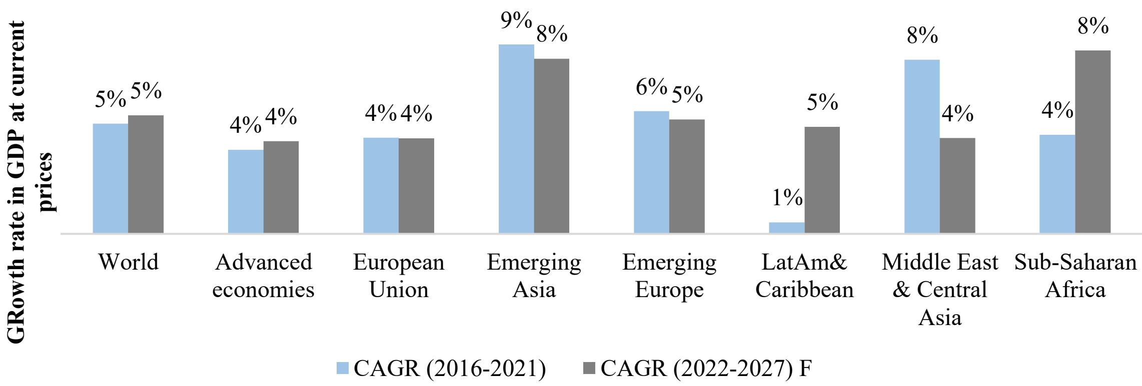




Source: World Economic Outlook- October 2022, International Monetary Fund Estimate, Frost & Sullivan

Driven by growing local demand and economic growth such as in India, China, Nigeria, Kenya, and Ethiopia, the CAGR between 2022 and 2027 is expected to be 7-8% in emerging Asia and Sub-Saharan Africa, outpacing global growth as well as forecasted CAGR of developed markets. As a result, much of the future global growth is expected to be driven by emerging economies in Asia and Africa.

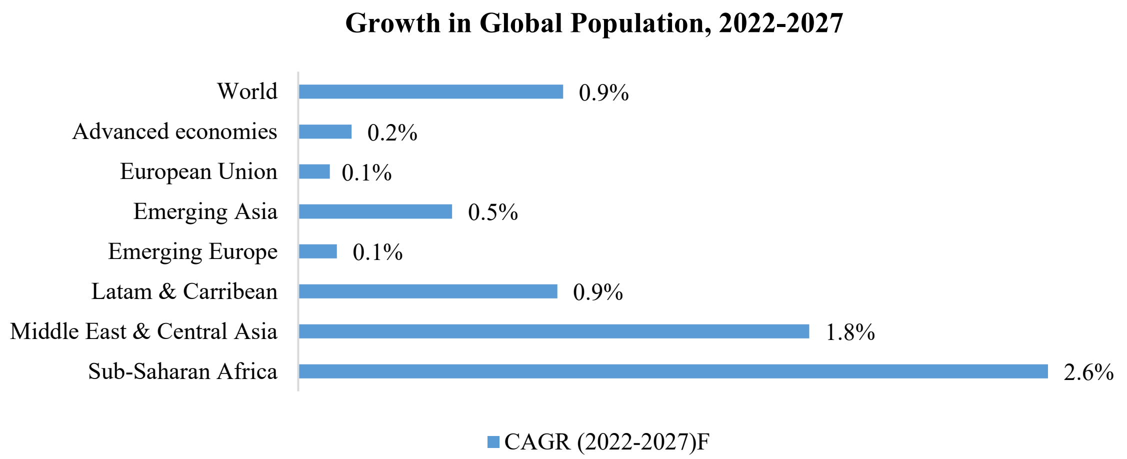
Historic and Projected GDP at Current Prices, 2016-2027



Source: World Economic Outlook- October 2022, International Monetary Fund Estimate, Frost & Sullivan

Changing Population Dynamics across Major Regions

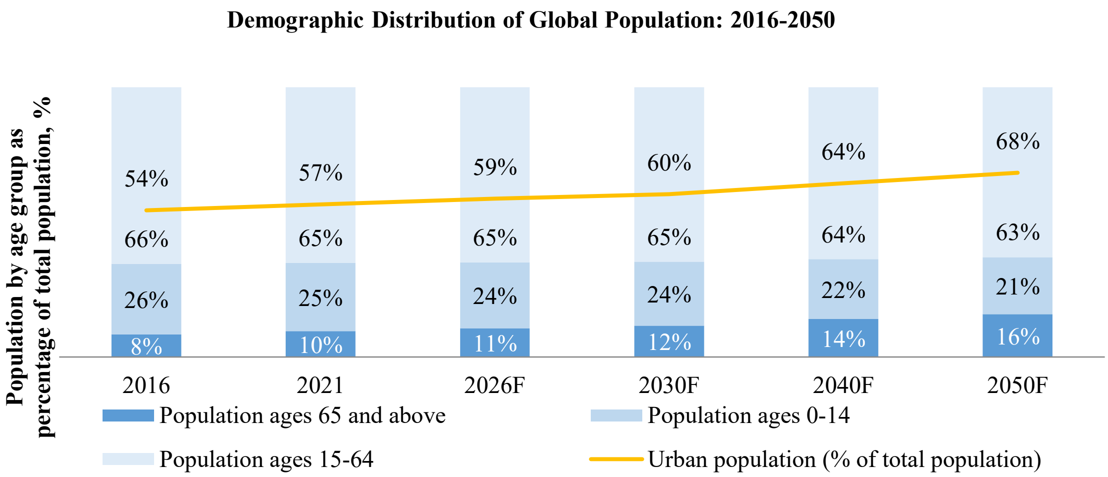
An increasing proportion of spending is going toward healthcare owing to changing population demographics, growing urbanization & aging-associated diseases, and improved access to healthcare. Populous middle-income countries account for the lion's share of the growth in world population between 2010 and 2025. And if the current trend continues, the majority of the next billion will be born in low- and middle-income countries.



Source: UNDP World Population Prospects- 2022, Frost & Sullivan

Note: 2022-2027 data is forecasted

Simultaneously, with a growing population and increasing life expectancy, there is also a growing burden of the aging population with higher healthcare needs. The aging of the population increases the prevalence of acute and chronic illnesses and drives pharmaceutical consumption. As per United Nations, the global number of people aged 65 years and above is expected to double in 30 years, increasing to 1.5 billion by 2050. This population group is witnessing a faster growth rate than younger age groups globally, resulting in 16% of the total population in 2050 as opposed to 8% in 2016.



Source: The World Bank Data, Frost & Sullivan

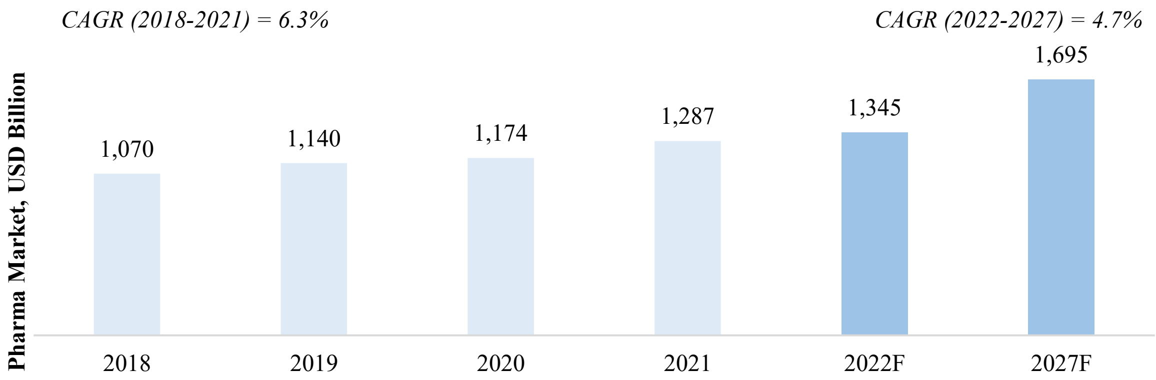
Note: 2026-2027 data is forecasted

<u>Global Pharma spending and its Growth Rate</u>

Unabated Growth in Pharmaceutical Spending across Geographies

As economies and per capita spending power grows, demand for quality healthcare increases, healthcare infrastructure & insurance mechanisms expand, and COVID-19-induced health-oriented behaviors persist, the spending on pharmaceutical products can also be expected to grow. Aside from economic and behavioral changes, the growing burden of aging populations, chronic diseases, and the discovery of new drugs & disorders will also drive the demand for medicines. In addition, to innovation and growing disease burden, exclusivity losses leading to the introduction of low-cost generics in the market, are making drugs more affordable for the larger population, and improved healthcare services with better accessibility are leading to increased treatment rates, thus cumulatively propelling the pharma market growth.

Global Pharmaceutical Spending: 2018-2027

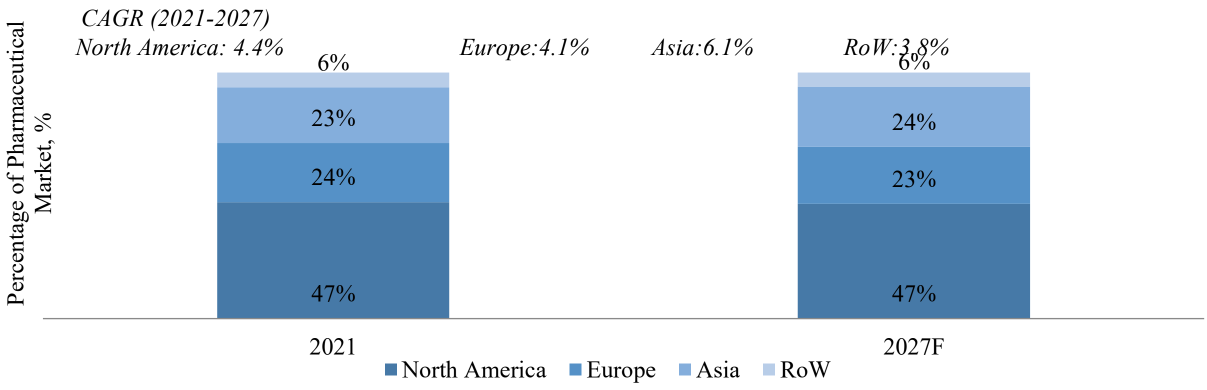


Source: Evaluate Pharma, Pharma project, Country data from government websites, Frost & Sullivan

Note: 2022-2027 data is forecasted

The overall pharmaceutical spending grew from USD 1,070 billion in 2018 to USD 1,287 billion in 2021 at a CAGR of 6.3%. During the pandemic, there were minor aberrations mainly due to supply chain disruptions and challenges in accessing healthcare facilities. However, the negative impact was offset by increased spending on COVID-19 therapeutics, keeping the market growth upward. Beyond 2021, the global pharma market is expected to grow at a CAGR of 4.7% till 2027, reaching USD 1,695 billion.

Global Pharmaceutical Market by Regions: 2021-2027



Source: Evaluate Pharma, IQVIA- Global Medicines Spend 2023, Frost & Sullivan

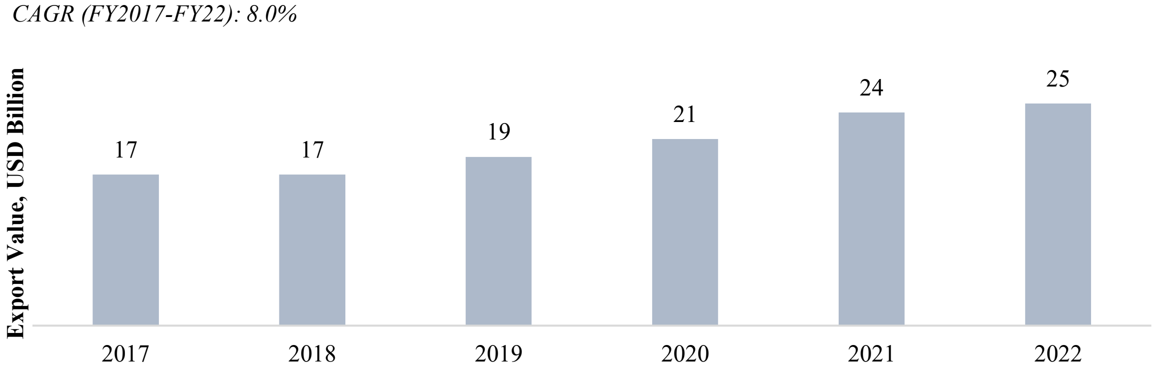
Note: Numbers rounded-off and therefore may not add up to 100%

North America dominates the global pharmaceutical market accounting for 47% of the total sales value, followed by the European region accounting for nearly 24% of the market in 2021. This dominance is largely owing to high healthcare expenditure in the US and high R&D investment in new therapies and products. Europe, too, has been a destination for R&D and the launch of new medicines and additionally benefits from broad reimbursement coverage and high treatment rates.

<u>Global Pharma demand being met by Indian Companies</u>

India is crowned as the pharmacy of the world and is a crucial supplier of generic drugs. India supplies almost 40% of the total US generic drug (formulation) demand and addresses as much as 25% of the total drug demand in the UK. India ranks third worldwide for pharmaceutical production by volume and fourteenth largest by value. India's pharmaceutical exports have increased by almost 1.5x between 2017 and 2022. Moreover, the country emerged as a key supplier during the pandemic as China-based suppliers struggled with reduced production and supply chain issues, thus cementing its position as a reliable global supplier.

Pharmaceutical Export from India: FY2017-FY2022



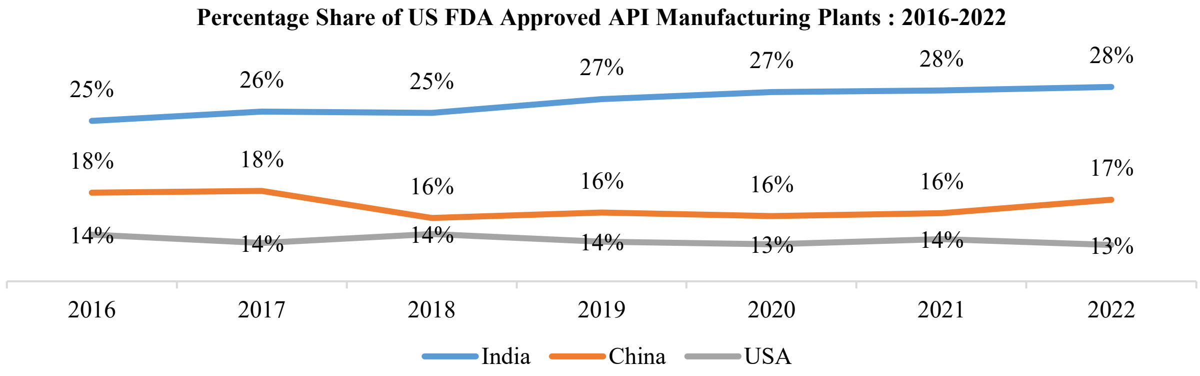
Source: IBEF, Frost & Sullivan

While India's growth trajectory in formulations is well carved out, and the segment accounts for ~73% (in FY 2022) of the pharma export share, there are opportunities to address bottlenecks in raw material (API and KSM) manufacturing and replicate the success to expand its current share of ~18% (in FY2022) in the pharma exports.

Conducive government policies such as the Production Linked Incentive (PLI) scheme are providing the necessary fillip to the API & intermediates segment to address bottlenecks in raw material manufacturing at competitive prices to revive the API & intermediates segment.

Established Pharma Manufacturing Prowess

Year after year, India has been a leader in both numbers of US DMF filings as well as operating US FDA-approved API Facilities. In 2022, India accounted for 47% of DMF filings totaling 336 DMFs from a total of 715 filed globally in the year. Likewise, in 2022, India accounted for 28% (215 facilities) of the share of US FDA-approved API plants, almost twice that of the US (103 facilities) and China (135 facilities), and 25% (346 facilities) share in the overall formulations and APIs plants combined. Moreover, the share of API plants has increased since 2016, when Indian manufacturers accounted for 25%. It contrasts with China-based manufacturers, who have witnessed a declining share during the same period. It, in part, reflects the shift of the API manufacturing base from China to India.



Source: GDUFA, Frost & Sullivan

Government Policies catalyzing India's Pharma Export potential

Production Linked Incentive Scheme to reduce dependency on imports for critical products such as fermentation-based pharmaceuticals

The Department of Pharmaceuticals (DoP) announced the first PLI scheme in July 2020 with incentives worth INR 6,940 crore to boost domestic manufacturing of identified KSMs, drug intermediates, and APIs to attract significant investments in the sector and to reduce India's import dependence in critical APIs. The total planned outlay for the PLI scheme is INR 15,000 Crore and will benefit 55 approved beneficiaries focusing on three categories covering drugs, APIs, and intermediates. Under the scheme, the government will incentivize eligible manufacturers of 41 identified products over six years.

Bulk Drug Parks to reduce Capex and make final product cost competitive

To create competitiveness for Indian companies, the government has committed to developing 3 bulk drug parks in partnership with the states. The government will fund 70%-90% of common infrastructure costs such as power & steam units, solvent recovery, distillation, common effluent treatment plants, etc. The total outlay for the program is INR 3,000 crore for the duration of 5 years, from 2020 to 2025.

Extrinsic Factors like China Plus One

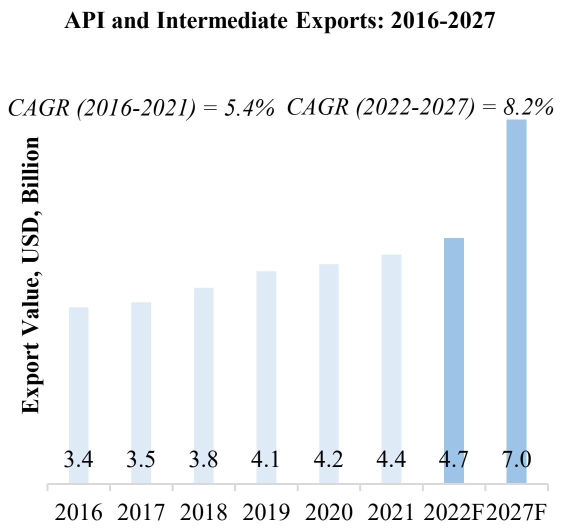
COVID-19 accelerated sentiment shift in favor of other South Asian nations, with India in a particularly advantageous position, China introduced stringent environmental norms in this decade, which led to production cuts during winters (~40% of the factories in China were shut down to curb air pollution, e.g., at the end of 2016, Lunan Pharmaceutical's 7-ADCA project with an annual output of 2,000 tons was shut down). A 3-year action plan under the Blue Skies policy was introduced in 2018 to improve the air quality, such as a 15% reduction of sulfur dioxide and nitrogen oxide by 2020 compared to 2015 levels and an 18% reduction of PM2.5 density, which lead to more plant closures and a reduction of output.

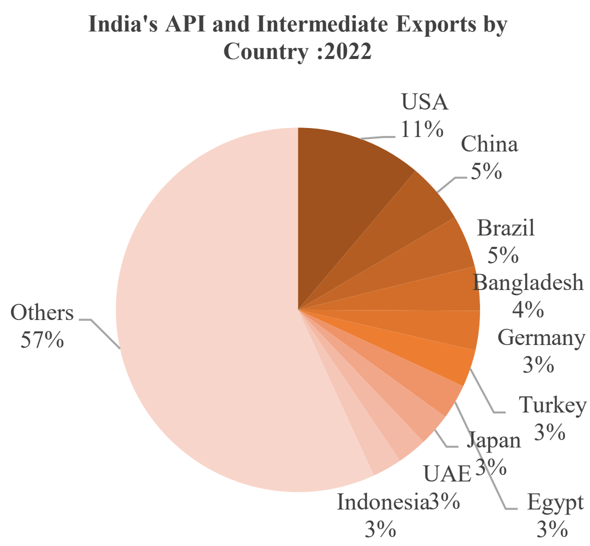
These pullbacks were followed by geopolitical changes, trade wars, and the final COVID-19 escalation, highlighting supply chain weaknesses and leading large companies/MNCs to recognize the need to de-risk their supply chain and reduce their dependence on China. Moreover, China, in recent years, has lost its cost advantage with an increase in manufacturing (per hour) labor cost of almost 1.3X between 2016 and 2020. In 2022, the monthly minimum wage in China stood at USD 371, 6 times more than in India (USD 65). These factors cumulatively gave rise to the 'China Plus One' strategy. Under the China Plus One strategy, multinational firms are partnering with countries in addition to China for their raw material and service needs.

In the immediate term, India, in particular, stands to benefit from this strategy compared to its Eastern peers (such as Vietnam, Bangladesh, and Malaysia) owing to its robust manufacturing infrastructure, large and skilled English-speaking population, an enviable pool of scientists, competitive labor prices (manufacturing cost is ~33% lower than in western markets such as the USA), and sophistication in information and communications technology (ICT).

API and intermediates Export Growth

India is one of the largest API exporters to regulated markets. In 2016, India exported USD 3.4 billion worth of API, which jumped to USD 4.7 billion in 2022. The largest export destination of the bulk drugs from India has been the US, where bulk drugs and intermediates worth USD 526 million (11% share) were exported in the calendar year 2022, followed by China (5% share), Brazil (5% share), Bangladesh (4% share), Germany (3% share), and Turkey (3% share).



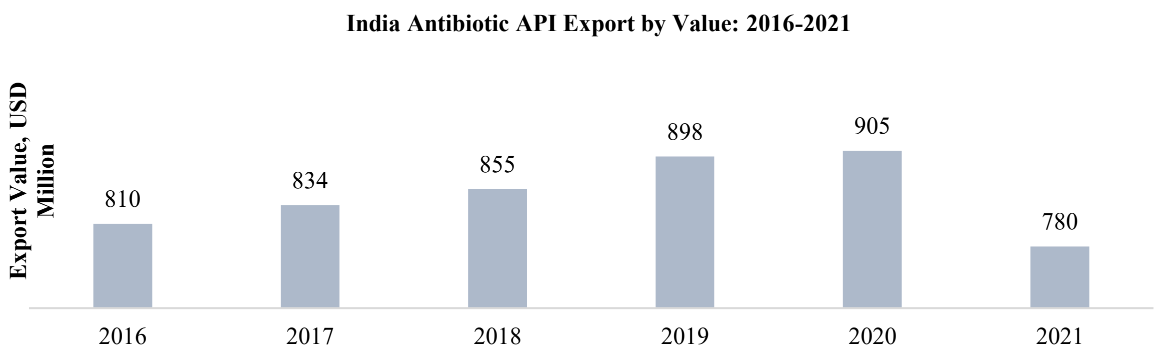


Source: Commerce.gov.in, Frost & Sullivan

There has been a 1.15x (between 2019 and 2022) increase in API exports from India since the COVID-19 pandemic. A key reason was the supply disruption from China, leading to a shortage of several APIs and intermediates. Compared to the West, the cost of manufacturing and operations is almost 40-70% lower in India, labor costs are also 60-70% lower than western peers. India has even gained advantage in labor costs compared to traditional low-cost Asian destinations with costs 20% lower than Indonesia, 50% lower than Vietnam and the Philippines. This will allow India to emerge as a key export hub for intermediates and APIs.

Antibiotic API Export

Amongst the exported APIs, antibiotic APIs account for nearly 20% of the share by value. India was the 3rd largest exporter of antibiotic API in the world in 2021 after China and Italy.



Source: ITC Trade Map, Frost & Sullivan

In 2021, India exported USD 780 million worth of Antibiotic APIs, making it the third largest exporter in the world, after China and Italy. India witnessed a drop in export value in 2021 as export bans were imposed on select antibiotic APIs to prioritize domestic demand fulfilment in the light of disrupted and unreliable imports during COVID-19.

While in the recent past, there has been a concentration of antibiotic API manufacturing in China, India is soon evolving as a preferred hub. Continuing its pre-COVID growth trajectory, propelled by government incentives, private capacity expansion, and increasing demand, India will be crucial in ensuring a continuous and long-term global supply of lifesaving antibiotic drugs.

Introduction to the Antibiotic Market

Different Classes of Antibiotics

Antibiotics are lifesaving drugs used to fight infections. Antibiotics are primarily grouped into different classes based on their chemical structure, the spectrum of activity, mechanism of action, and effectiveness against different bacteria. The key classes of antibiotics are:-

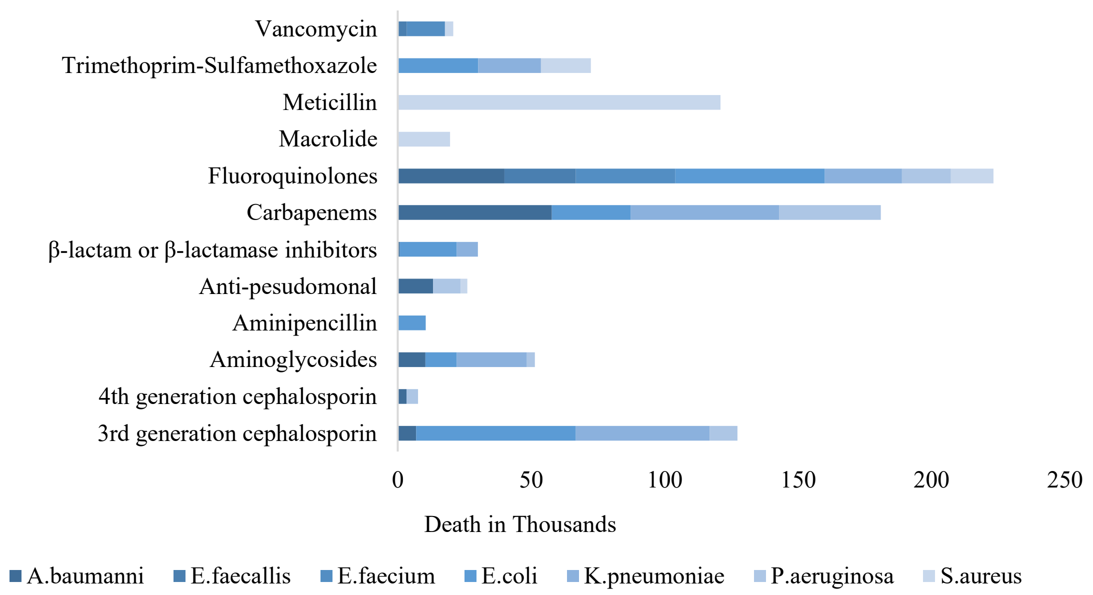
1. Beta-lactam: Beta-lactam is a class of antibiotics that contains a beta-lactam ring in its chemical structure. Key beta-lactams include penicillin, cephalosporin, carbapenems and beta-lactamase inhibitors
2. Macrolide: Macrolides are a class of drugs (comprising large macrocyclic lactone rings) used to manage and treat various bacterial infections
3. Fluoroquinolone: Fluoroquinolones are a class of antibiotics widely used in treating respiratory and urinary tract infections
4. Imidazole: Imidazole is a class of antibiotics that also showcase antifungal properties. Metronidazole and tinidazole are commonly used imidazoles having bactericidal properties.
5. Ansamycin: Ansamycin is a class of antibiotics produced by strains of several Actinomycetes. Ansamycin has proved to be a potent molecule displaying anticancer, antibacterial, and antiviral activities

Antimicrobial Resistance

AMR poses an increasing threat to tackling ever-present infectious diseases; combatting AMR requires an adequate supply of the right antibiotics, appropriate prescription practices, and rationalized use of antibiotics. With growing use of antibiotics, over a period of time, a new challenge in the form of antimicrobial resistance (AMR) has emerged. AMR is the ability of bacteria to resist the effects of antibiotics. Resistance has been observed for nearly all available antibiotics. According to the World Bank report, 700,000 people died of AMR, and 1.27 million died in 2019. This death toll could rise to 10 million deaths annually by 2050. While AMR has been observed against nearly all available antibiotics, the mortality rates are lowest for later generations of cephalosporins (and their combination with BLIs) compared to other classes of antibiotics.

As more infections become resistant to available antibiotics (antivirals and antifungals), the ability to effectively prevent and treat a growing list of diseases is being compromised. These diseases become harder and sometimes impossible to treat. The diminishing number of effective antibiotics also increases the risk of many medical procedures, including surgery, chemotherapy, and organ transplants. Combatting AMR requires development of new antibiotics, an adequate supply of the right antibiotics, appropriate prescription practices, and rationalized use of antibiotics.

Global Deaths Attributable to Bacterial AMR by Pathogen–Drug Combination, 2019

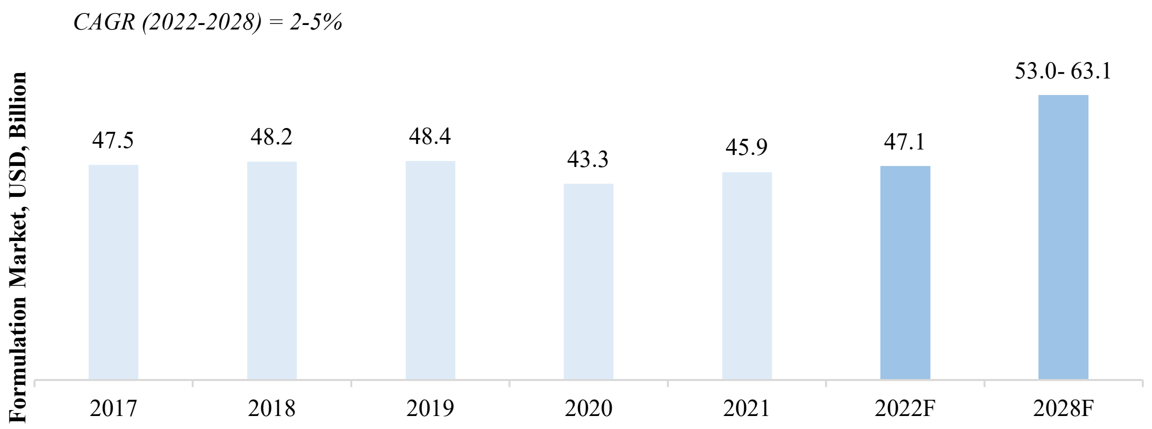


Source: Global burden of bacterial antimicrobial resistance in 2019, Frost & Sullivan

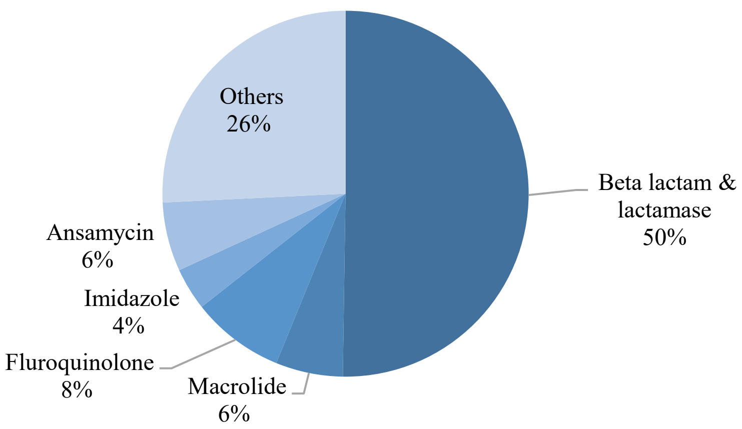
Global Antibiotic Market

Antibiotics are lifesaving drugs with continued demand from emerging and developed markets alike and the segment is expected to witness a growth of 2-5% in the next five years. The different classes of antibiotics include, beta-lactam, macrolide, fluoroquinolone, imidazole, ansamycin etc.

Global Antibiotic Drug Market: 2017-2028



Global Antibiotic Market by Drug Class:2021



Source: Evaluate Pharma; Frost & Sullivan

Note: 2022 and 2028 values are forecasted

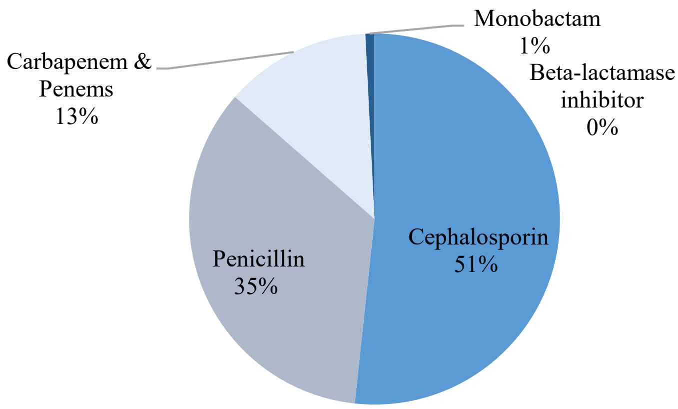
The global antibiotic market size was USD 47.5 billion in 2017. The global antibiotics market is projected to grow from USD 47.1 billion in 2022 to USD 62.8 billion in 2028 at a CAGR of 2.5% from 2022 to 2028. The rise in CAGR is attributable to the continued demand for antibiotics to pre-pandemic levels and growing demand from emerging markets with expanding healthcare access. Beta-lactam and beta-lactamase inhibitors are the most widely used antibiotic classes.

At an estimated value of over USD 23.05 billion in 2021, the global beta-lactam and beta-lactamase market was the largest antibiotic class in 2021. Moreover, it will continue to dominate the market with an expected growth rate of 3-5%.

Global Beta-lactam Market

Beta-lactams are critical lifesaving drugs used to treat bacterial and protozoan infections with dominant revenue contribution from cephalosporins of about ~50%. Beta-lactam and beta-lactamase inhibitors include penicillin and its derivatives, such as methicillin and amoxicillin, as well as other groups of antibiotics known as the cephalosporins, carbapenems, and monobactams and combinations such as penicillin/beta-lactamase inhibitors, cephalosporin/beta-lactamase inhibitors, and carbapenem/beta-lactamase inhibitors.

Global Beta Lactam Market by Drug Class:2021



Source: Evaluate Pharma; Frost & Sullivan

Note: Combination formulation revenues have been assigned to the individual drug class

Amongst the beta-lactam antibiotic drug classes, cephalosporin held a dominant share of 51%. Over 50 cephalosporin drugs have been approved over the past 5 decades, nearly half of all approved antibacterial drugs. The dominance of these drugs is attributable to the broad-spectrum activity of these drugs as well as their comparatively superior safety profile with mild adverse effects.

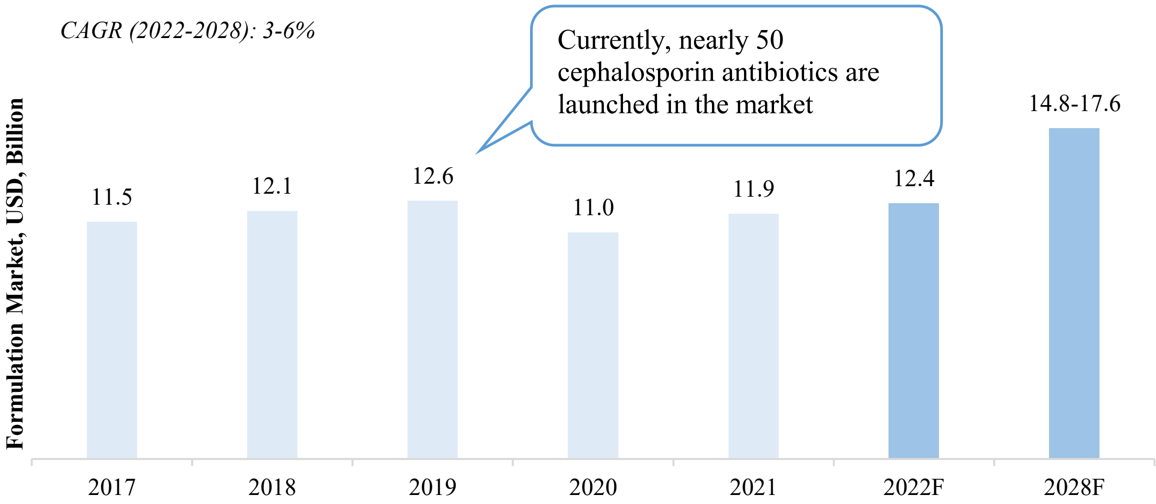
Global Cephalosporin Drug Market

Global Cephalosporin Formulation Market

Cephalosporins are broad-spectrum antibiotics largely used in hospitals; the formulations market was valued at USD 11.9 billion in 2021 and is estimated to grow at a CAGR of 4-6% till 2028. The total cephalosporin formulation market increased from USD 11.5 billion in 2017 to USD 11.9 billion in 2021. Historically, growth in the cephalosporin segment has been driven by: (i) the launch of novel beta-lactam-related drugs (such as cefiderocol or ceftobiprole); (ii) the use of new antibiotic combinations, including beta-lactamase activity inhibitors (for instance, ceftazidime/avibactam, ceftolozane/tazobactam).

While the market growth was impacted during COVID-19, resulting from a decline in clinic visits and elective procedures, the market is expected to resume its growth trajectory given the continued high infectious disease prevalence, increase in R&D activity, efforts to improve access to antibiotics, and upcoming genericization of the latest generation of cephalosporins thus making them more affordable. Resultantly, the market is forecasted to grow at a CAGR of 3-6% between 2022 and 2028.

Global Cephalosporin Drug Market: 2017-2028



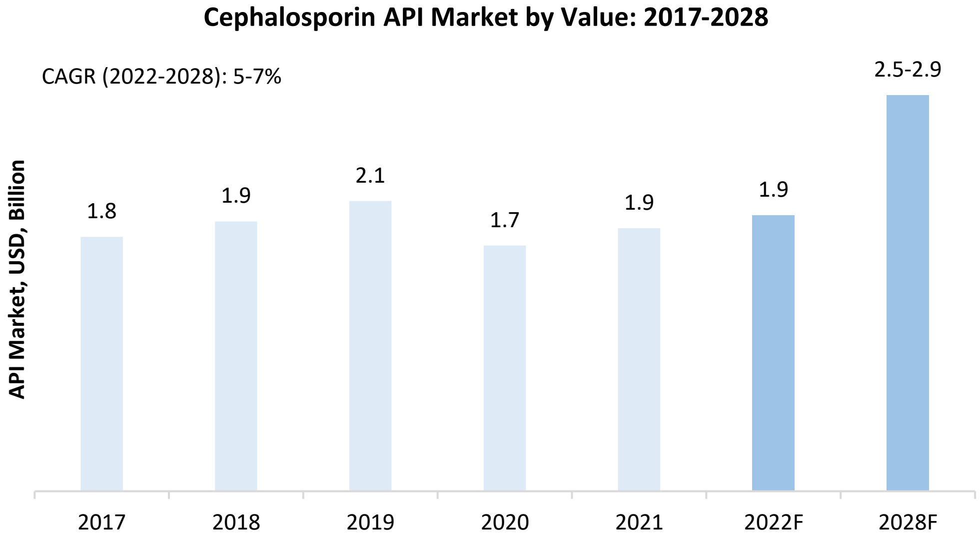
Source: Evaluate Pharma; Pharmacompass; Frost & Sullivan

Because of their broad-spectrum and strong antibacterial activities, low toxicity, and fewer allergic reactions, cephalosporins have a variety of advantages in multi-pathogen diseases and play an important role in treating severe infections in hospitals. Resultantly, injectables, largely used in hospitals, accounted for 69% of the share in 2021.

Global Cephalosporin API Market

Corresponding to the growth in cephalosporin formulations, the cephalosporin API market is also expected to grow at a CAGR of 5-7 % to reach a value of USD 2.8 billion in 2028 from USD 1.9 billion in 2021.The global cephalosporin API market was valued at USD 1.8 billion in 2017, which increased to USD 1.9 billion in 2021. There was a decline in the API market during 2020-2021 owing to the supply chain disruption from China (a key API supplier), creating a shortage of some APIs. However, the market is demonstrating signs of recovery with the resumed supplies from China and expanded capacities in India.

The market is expected to resume its growth trajectory owing to the growing demand for the latest generation of cephalosporins. It is expected to get a particular growth boost post-2024 with the genericization of some key assets, leading to volume expansion and, thus, higher API demand. The global cephalosporin antibiotics API market is estimated to be worth USD 1.9 billion in 2022. It is forecast to reach a size of USD 2.8 billion by 2028, with a CAGR of 5-7% during the forecast period.



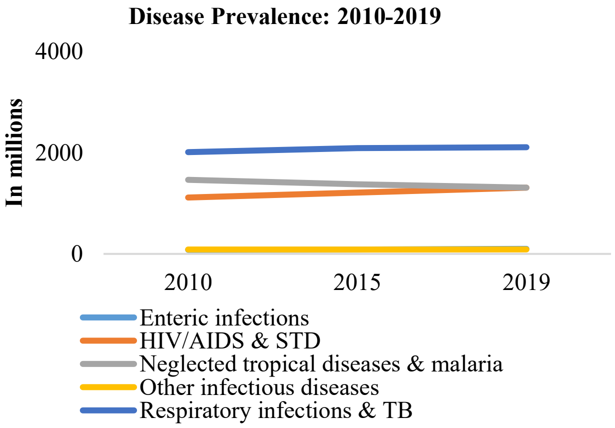
Source: Evaluate Pharma; Pharmacompass; Frost & Sullivan
Note: 2022 and 2028 values are forecasted

There is a strong global preference for cost-effective generics, particularly in emerging markets with lower affordability and greater dependence on out-of-pocket payments. Consequently, the cephalosporin market is dominated by generics. They accounted for 77% of the revenue share and nearly 88% of the volume share in 2021.

Growth drivers for the Cephalosporin API Market

High infectious disease incidence

Infectious diseases contribute to high mortality and place a heavy burden on the healthcare systems. In 2019, 13.7 million people worldwide died from infectious syndromes. While there is a growing shift of burden from communicable to non-communicable diseases, the burden of communicable diseases, infectious diseases in particular, remains high.



CAGR (2010-2019), Prevalence by Disease	
Intestinal infections	2.3%
HIV/AIDS & STD	1.8%
Neglected tropical diseases & malaria	-1.2%
Other infectious diseases	0.2%
Respiratory infections & TB	0.5%

Source: Global Burden of Disease 2019; Frost & Sullivan

New markets and indications

Existing cephalosporins are being evaluated for concomitant or secondary infections such as tuberculosis (TB) and COVID-19, which can further boost sales. Further, improved diagnosis rates and access efforts by companies and governments in emerging markets will drive consumption.

New business models for product access

New purchase models are being introduced, which can help combat AMR, encourage R&D and ensure profitability for the drug companies. For example, the UK launched a subscription model with fixed-value purchases independent of volume sales to the NHS. This model pays one flat-rate price to a company per year-a subscription for an antibiotic used by a country's health system

Renewed R&D Efforts and stimulus

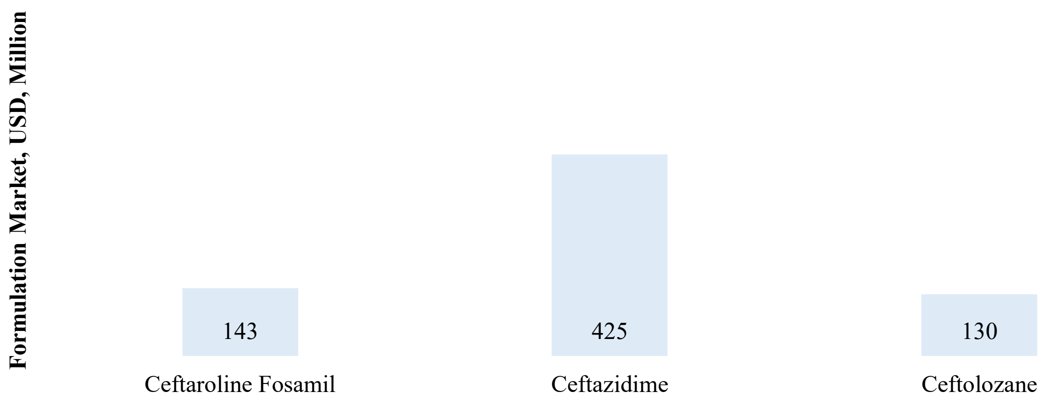
While R&D for new cephalosporins has proven to be challenging, increased funding, collaboration, and government incentives are rejuvenating R&D for new and combination cephalosporins. Numerous international and national initiatives have been implemented to financially incentivize antibiotics research and development (R&D). The current set of incentive programs is an important initial step to improving the economic feasibility of antibiotic development.

Genericization of the new generation of cephalosporins

USD 600 million worth of cephalosporin formulations are exposed to generic competition between 2022 and 2028, which can lead to a volume expansion and, thus, additional API requirements.

In the next five years, three key cephalosporins- ceftaroline fosamil, ceftazidime, and ceftolozane are expected to lose exclusivity, opening up nearly USD 600 million worth of opportunity for generics. This genericization of drugs is expected to lower the drug price, thus making them more affordable, particularly in emerging markets. It will also increase access to these newer generations of drugs.

Opportunity for Generics from Cephalosporins Losing Patent between 2022-2028



Expected generic launch year	2023F	2026F	2028F
Brand originators	*Teflaro originated by Takeda and developed by Forest Labs (Allergan/ AbbVie)*	*Avycaz originated by Novexel and developed by AbbVie, Pfizer, AstraZeneca*	*Zerbaxa originated by Astellas and developed by Merck & Co.*

Source: Evaluate Pharma, Science Journals, Adis Insight, Frost & Sullivan

Note: 2022-2028 data is forecasted

Reducing dependence on China for cephalosporin intermediates

There are two key cephalosporin intermediates-

- 7-aminocephalosporanic acid (7-ACA) is derived from chemical or enzymatic deacylation of the natural antibiotic cephalosporin C (CPC). It is used in nearly two-thirds of commercially available cephalosporins, including ceftriaxone, cefepime, cefuroxime axetil, and cefpodoxime proxetil, to name a few.
- 7-aminodeacetoxycephalosporanic acid (7-ADCA), which is dominantly obtained from Penicillin G. It is used in nearly one-third of commercial cephalosporins, including products such as cephalexin, cefadroxil, cefradine, etc.

China has largely been the lone exporter of 7ACA and Penicillin G in the global markets. Even India imports nearly 100% of its supply from China, posing supply chain and continuous availability threats. However, introducing the PLI scheme is bringing back production to India and diversifying global supply options while benefitting domestic manufacturers. The total outlay for the PLI scheme is INR 15,000 Crore and will benefit 55 approved beneficiaries focusing on three categories covering drugs, APIs, and intermediates with financial incentives of 5-20% given for 6 years.

Financial Incentives Linked with PLI Scheme		
Category	**Financial Year**	**Rate of Incentive**
Penicillin G and 7 ACA	Year 1-4 Year 5 Year 6	20% 15% 5%

Source: Investindia.gov.in, Frost & Sullivan

It will ensure a continuous and reliable supply of intermediates, APIs, and cephalosporin formulations, thus ensuring unimpeded growth in the segment.

Competitive Landscape

The supply of cephalosporin APIs, particularly to regulated markets, is relatively concentrated, with only 3 companies with more than 10 active regulated market DMFs. There are 60+ companies with active cephalosporin API DMFs for regulated markets as of H1 2022. However, 77% of the API suppliers have fewer than 5 cephalosporin products, and only 5% of the companies have more than 10 products. Of the remaining 32% of suppliers, only 60% of the companies had an active FDA site in 2022.

While the largest markets by consumption are semi-regulated, regulated market filings indicate supply in high-profit margin regulated markets. For example, the cost of API per kg in Asian markets can be 30-40% cheaper than in the USA. Company’s DMF filings in regulated markets, also, indicates a company's ability to manufacture and supply high-quality API versions.

<u>Cephalosporin API Competitive Landscape for Key Cephalosporins</u>

Amongst the key competitors, Orchid Pharma Ltd. has the widest cephalosporin API portfolio with 17 assets and 34 active regulated market DMF followed by Italy-based ACS Dobfar with 16 assets and 28 DMFs.

Cephalosporin API Competitive Landscape							
Cephalosporin APIs	**Orchid Pharma Ltd.**	**ACS Dobfar**	**Qilu Antibiotics Pharmaceutical**	**Lupin**	**Covalent Laboratories**	**Aurobindo Pharma**	**Nectar Lifesciences**
Cefaclor		✓✓✓	✓	✓✓			
Cefadroxil	✓✓	✓✓		✓		✓✓	
Cefalexin	✓✓	✓✓✓		✓✓✓		✓✓	

Cefalotin		✓✓					
Cefazolin	✓✓✓	✓✓✓	✓✓				
Cefdinir	✓✓			✓	✓	✓	✓
Cefditoren Pivoxil	✓						
Cefepime	✓✓✓	✓	✓✓✓				✓✓
Cefixime	✓✓✓		✓✓	✓	✓	✓✓	✓✓
Cefpodoxime Proxetil	✓✓		✓✓✓		✓	✓	✓✓✓
Cefminox			✓				
Cefoperazone	✓	✓	✓✓				
Cefotaxime	✓✓	✓✓	✓				✓✓
Cefotetan		✓					
Cefotiam			✓				
Cefoxitin	✓✓	✓					
Cefprozil	✓	✓	✓✓	✓	✓	✓✓	
Cefradine	✓						
Ceftaroline Fosamil		✓	✓				
Ceftazidime	✓✓	✓✓	✓✓✓				✓✓
Ceftriaxone	✓✓✓	✓✓	✓✓✓				✓✓✓
Cefuroxime	✓✓	✓✓	✓✓	✓	✓	✓	✓✓
Cefuroxime Axetil	✓✓			✓	✓✓	✓✓	✓✓

✓ Active US DMF ✓ Valid Europe ✓ Active Japan DMF

Source: Pharma Compass, Frost & Sullivan

Note: Only companies with 5 or more active DMFs have been showcased; only products with sales in 2021 have been included; Data as of September 2022

Profile of Key Cephalosporin API Companies

Orchid Pharma Ltd.

Orchid Pharma Ltd. was established in year 1992 and based in Chennai, India and serve over 40 countries with more than 25 products. Primarily operating in the API segment, the company has a portfolio of antibiotics, and veterinary products. Amongst antibiotics, the company has one of the widest ranges of cephalosporin APIs, spanning all 5 generations. The company boasts of 34 cephalosporin DMFs, including 17 unique cephalosporin assets for regulated markets. Orchid Pharma Ltd. registered a revenue growth of 24% in FY 2022. The lion's share of the revenue comes from exports, worth USD 62.5 million in FY 2022. Europe alone accounted for 46% of the revenue share, followed by Asian markets (excluding India) at 29%. The domestic Indian market contributed13% of the revenue in FY 2022.

ACS Dobfar

ACS Dobdfar was established in 1973 in Italy, and it is a fully integrated antibiotic API company with a market presence across Europe and South America through its subsidiaries InfoRLife SA, and ABL Antibióticos do Brasil. Headquartered in Tribiano (Italy), the company operates through 8 APIs and 5 FDF facilities scattered across Italy, Brazil, and Switzerland. The company focuses on regulated markets and offers intermediates, APIs, FDFs, and packaging services. The company's current portfolio (as of CY 2022) includes 19 cephalosporins APIs, with 16 alone for regulated markets. ACS Dobfar registered a strong revenue growth of 8.3% from 2017 to 2020, reaching USD 22 million from USD 11.7 million. In 2017, the finished dosage segment (sterile and oral) formed the largest share, with more than 50% of annual global sales, followed by the API segment (sterile and oral), contributing to more than 30%. Given the company's focus on regulated markets, North America and Europe accounted for more than 70% of annual sales in 2017.

Qilu Pharmaceutical

Headquartered in Jinan (China), the company's expertise lies in developing, manufacturing, and marketing APIs and FDFs across anti-infectives, antineoplastics, central nervous system (CNS), anti-emetics, cardiovascular (CVS) and genitourinary (GU) therapy areas. The company also has a sales presence across 80 countries, including regulated markets, through its 13 subsidiaries. Qilu Pharmaceutical Group was ranked among China's top 10 pharmaceutical companies by revenue in 2022. Qilu Pharmaceutical has a portfolio of nearly 20 cephalosporin APIs, with 14 approved for regulated market use. However, the company's cephalosporin API exports are primarily concentrated in Asian countries like Pakistan, Bangladesh, and Vietnam. Bucking the general trend, Qilu Pharmaceutical enjoyed revenue growth of 17.3% even during the pandemic, reaching USD 4.8 billion in 2021 from USD 3.5 billion in 2019. Vertically integrated Qilu Pharmaceutical Group was ranked among China's top 10 pharmaceutical companies by revenue in 2022.

Lupin

Lupin is one of the largest India-based generic pharmaceutical companies. Headquartered in Mumbai (India), the company has a presence in more than 100 countries around the globe with an API and FDF portfolio of more than 1,000 products spanning anti-infectives, cardiovascular, CNS, and reproductive health, to name a few. Recovering from COVID-19-induced uncertainties, Lupin's total revenue touched USD 2.1 billion in FY22, witnessing a growth of 1.3% over the previous year. In FY 22, more than two-third of the revenue came from exports. Amongst the product segments, finished formulation occupies the largest share, with APIs accounting for ~6% of the total revenue and 14% of the total manufacturing capacity in FY22. Lupin’s API segment revenues also dropped from INR 13,823 million in FY 2021 to INR 9,904 million in FY 2022.

Covalent Laboratories Private Ltd

Incorporated in 2002 and currently headquartered in Hyderabad (India), Covalent Laboratories manufactures APIs and intermediates for cephalosporins, making it the only product portfolio comprising the company's offerings. Covalent Laboratory’s revenue grew by 10.9% CAGR over FY2018-FY21, reaching USD 201 million in FY21. The company’s exports also witnessed a growth of 25.8% in FY2021, with a large share going toward semi-regulated and unregulated markets. While the company has 8 cephalosporin products in its portfolio, it derives nearly 85% of the revenue from 3 products- Cefixime (44% share of revenue), Cefuroxime Axetil (29% share of revenue), Cefpodoxime Proxetil (11% share of revenue).

Aurobindo Pharma

Founded in 1986, Aurobindo Pharma is a Hyderabad (India) based pharmaceutical company known for manufacturing generic formulations and APIs. As one of the largest generic manufacturers in the country, the company's product portfolio covers major therapeutic areas, encompassing anti-retroviral, CVS, CNS, gastroenterological, anti-allergies, antibiotics, and anti-diabetics. Aurobindo Pharma is highly export-dependent, as over 90% of its revenue comes from exporting its products to more than 150 countries. This higher export dependency also makes the company susceptible to foreign currency risk reflected in its revenue and profit. Compared to FY21, Aurobindo Pharma's FY22 revenue declined by 10%, reaching USD 3,039 million. Similarly, the company's profit witnessed an annual decline of 22% in FY22, at USD 568 million. Its formulations business contributed to ~85% of total revenues in FY22, whereas the API business contributed ~15% to the total revenues. The API business witnessed a sharp increase with revenue growth of 13.9% over the previous year. From a geographical standpoint, the US and Europe are Aurobindo's key markets accounting for 75% of the total revenue.

Nectar Lifesciences

Nectar Lifesciences is Chandigarh (India) based API and FDF company with subsidiaries across the US, the UK, and Portugal. With its wide variety of anti-infective product portfolios, the company serves more than 60 countries across the globe. Besides manufactured drugs, Nectar Lifesciences' offering comprises contract manufacturing services for cephalosporins from lab scale to pilot plant stage to commercial production. The company witnessed a decline in revenues in 2020 (USD 241 million) and 2021 (USD 249 million). To minimize the negative impact of Covid-19, Nectar Lifesciences underwent debt restructuring in 2021. Debt restructuring and the waning effect of the pandemic boosted the company's revenue and profit, which stood at USD 249 million and USD 22 million, respectively, in FY22. In the same period, the company exported (39% of the total revenue) its pharmaceutical products to sixty-four countries.

Conclusion

Key Success Factors for a Cephalosporin API Company

To succeed in the cephalosporin API market, companies need to transfer cost efficiencies to formulation partners and end-users through integration, grow capabilities to cater to the next generation of cephalosporins, and invest in continuous process improvement.

Operational differentiation:

Operational capabilities meeting high quality and environmental standards:

Continuous improvement in manufacturing technology and waste management is required to ensure regulatory compliance and win the favor of increasingly environmentally conscious end users. In addition to new processing technologies, API companies need to invest in green and sustainable manufacturing to ensure uninterrupted API supply and compliance with growing environmental regulations.

Cost competitiveness:

Backward integration for uninterrupted supply and cost synergies:

There is a need to disentangle from heavy dependency on China for KSM as well as intermediates to ensure uninterrupted supply. Moreover, in-house manufacturing of KSM/intermediate can allow for better quality control and cost savings. It can improve control, efficiency, and quality of raw materials, reducing costs to increase profitability.

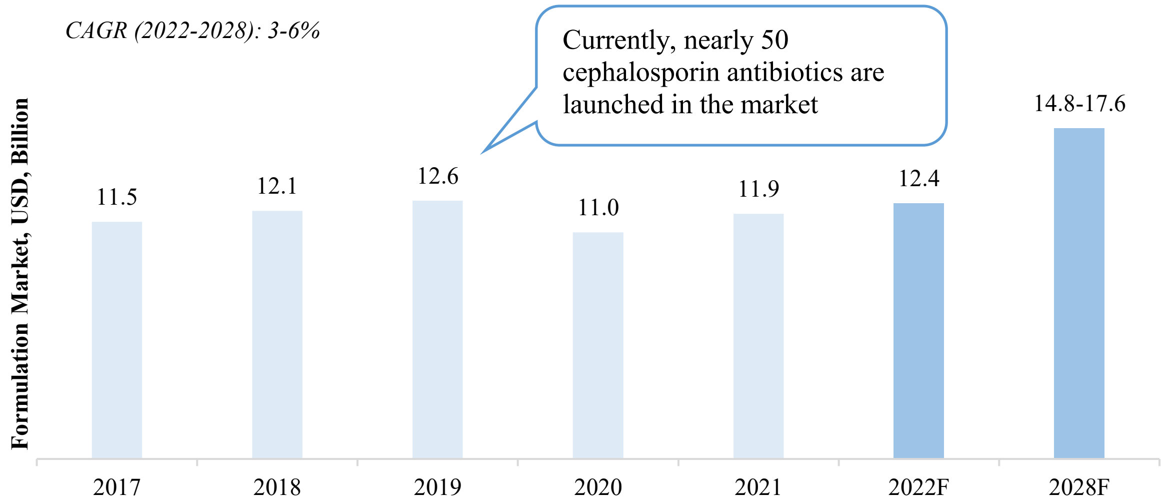
Large cephalosporin portfolio to optimize facility use:

Since cephalosporins require a separate manufacturing facility (from non-cephalosporin products), a larger portfolio of cephalosporins can allow for optimal use of the facility. As the older generation of cephalosporins fades and the new generation gains market share, companies must demonstrate agility in switching manufacturing to new products.

Access to new markets:

Commercial presence/ partnerships in emerging markets of Asia and Africa- the new pockets of growth:
Growth in terms of greater demand is expected from the emerging markets of Asia and Africa during the forecast period.

Global Cephalosporin Drug Market: 2017-2028



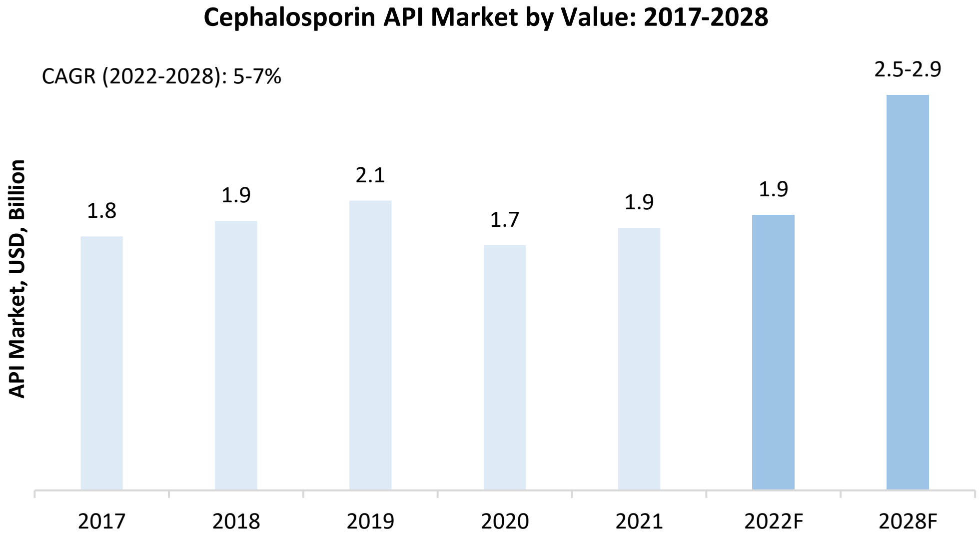
Source: Evaluate Pharma; Pharmacompass; Frost & Sullivan

Because of their broad-spectrum and strong antibacterial activities, low toxicity, and fewer allergic reactions, cephalosporins have a variety of advantages in multi-pathogen diseases and play an important role in treating severe infections in hospitals. Resultantly, injectables, largely used in hospitals, accounted for 69% of the share in 2021.

Global Cephalosporin API Market

Corresponding to the growth in cephalosporin formulations, the cephalosporin API market is also expected to grow at a CAGR of 5-7 % to reach a value of USD 2.8 billion in 2028 from USD 1.9 billion in 2021.The global cephalosporin API market was valued at USD 1.8 billion in 2017, which increased to USD 1.9 billion in 2021. There was a decline in the API market during 2020-2021 owing to the supply chain disruption from China (a key API supplier), creating a shortage of some APIs. However, the market is demonstrating signs of recovery with the resumed supplies from China and expanded capacities in India.

The market is expected to resume its growth trajectory owing to the growing demand for the latest generation of cephalosporins. It is expected to get a particular growth boost post-2024 with the genericization of some key assets, leading to volume expansion and, thus, higher API demand. The global cephalosporin antibiotics API market is estimated to be worth USD 1.9 billion in 2022. It is forecast to reach a size of USD 2.8 billion by 2028, with a CAGR of 5-7% during the forecast period.



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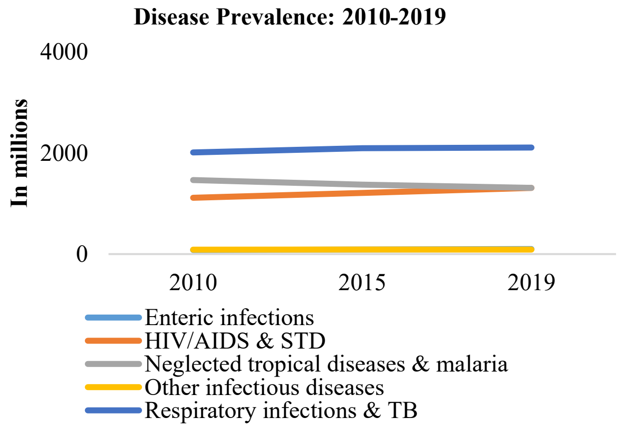
There is a strong global preference for cost-effective generics, particularly in emerging markets with lower affordability and greater dependence on out-of-pocket payments. Consequently, the cephalosporin market is dominated by generics. They accounted for 77% of the revenue share and nearly 88% of the volume share in 2021.

Growth drivers for the Cephalosporin API Market

High infectious disease incidence

Infectious diseases contribute to high mortality and place a heavy burden on the healthcare systems. In 2019, 13.7 million people worldwide died from infectious syndromes. While there is a growing shift of burden from communicable to non-communicable diseases, the burden of communicable diseases, infectious diseases in particular, remains high.



CAGR (2010-2019), Prevalence by Disease	
Intestinal infections	2.3%
HIV/AIDS & STD	1.8%
Neglected tropical diseases & malaria	-1.2%
Other infectious diseases	0.2%
Respiratory infections & TB	0.5%

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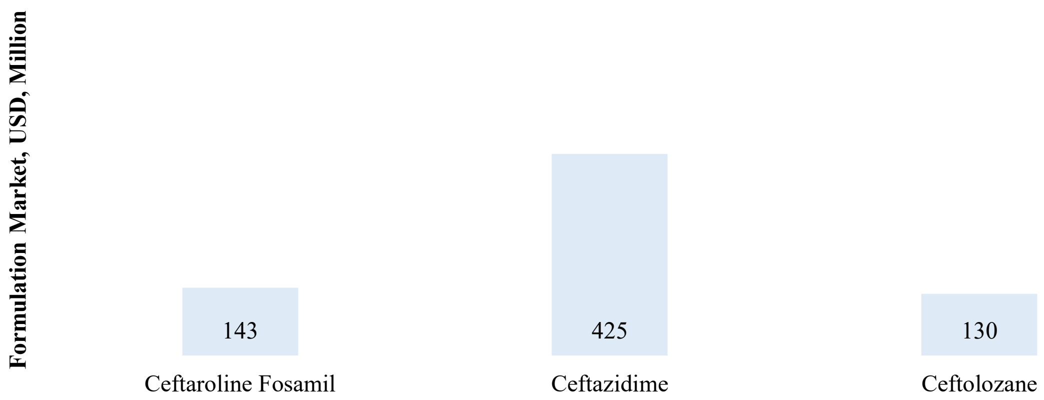

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Cefalotin		✓✓					
Cefazolin	✓✓✓	✓✓✓	✓✓				
Cefdinir	✓✓			✓	✓	✓	✓
Cefditoren Pivoxil	✓						
Cefepime	✓✓✓	✓	✓✓✓				✓✓
Cefixime	✓✓✓		✓✓	✓	✓	✓✓	✓✓
Cefpodoxime Proxetil	✓✓		✓✓✓		✓	✓	✓✓✓
Cefminox			✓				
Cefoperazone	✓	✓	✓✓				
Cefotaxime	✓✓	✓✓	✓				✓✓
Cefotetan		✓					
Cefotiam			✓				
Cefoxitin	✓✓	✓					
Cefprozil	✓	✓	✓✓	✓	✓	✓✓	
Cefradine	✓						
Ceftaroline Fosamil		✓	✓				
Ceftazidime	✓✓	✓✓	✓✓✓				✓✓
Ceftriaxone	✓✓✓	✓✓	✓✓✓				✓✓✓
Cefuroxime	✓✓	✓✓	✓✓	✓	✓	✓	✓✓
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gastroenterological, anti-allergies, antibiotics, and anti-diabetics. Aurobindo Pharma is highly export-dependent, as over 90% of its revenue comes from exporting its products to more than 150 countries. This higher export dependency also makes the company susceptible to foreign currency risk reflected in its revenue and profit. Compared to FY21, Aurobindo Pharma's FY22 revenue declined by 10%, reaching USD 3,039 million. Similarly, the company's profit witnessed an annual decline of 22% in FY22, at USD 568 million. Its formulations business contributed to ~85% of total revenues in FY22, whereas the API business contributed ~15% to the total revenues. The API business witnessed a sharp increase with revenue growth of 13.9% over the previous year. From a geographical standpoint, the US and Europe are Aurobindo's key markets accounting for 75% of the total revenue.

Nectar Lifesciences
Nectar Lifesciences is Chandigarh (India) based API and FDF company with subsidiaries across the US, the UK, and Portugal. With its wide variety of anti-infective product portfolios, the company serves more than 60 countries across the globe. Besides manufactured drugs, Nectar Lifesciences' offering comprises contract manufacturing services for cephalosporins from lab scale to pilot plant stage to commercial production. The company witnessed a decline in revenues in 2020 (USD 241 million) and 2021 (USD 249 million). To minimize the negative impact of Covid-19, Nectar Lifesciences underwent debt restructuring in 2021. Debt restructuring and the waning effect of the pandemic boosted the company's revenue and profit, which stood at USD 249 million and USD 22 million, respectively, in FY22. In the same period, the company exported (39% of the total revenue) its pharmaceutical products to sixty-four countries.

Conclusion

Key Success Factors for a Cephalosporin API Company

To succeed in the cephalosporin API market, companies need to transfer cost efficiencies to formulation partners and end-users through integration, grow capabilities to cater to the next generation of cephalosporins, and invest in continuous process improvement.

Operational differentiation:
Operational capabilities meeting high quality and environmental standards:
Continuous improvement in manufacturing technology and waste management is required to ensure regulatory compliance and win the favor of increasingly environmentally conscious end users. In addition to new processing technologies, API companies need to invest in green and sustainable manufacturing to ensure uninterrupted API supply and compliance with growing environmental regulations.

Cost competitiveness:
Backward integration for uninterrupted supply and cost synergies:
There is a need to disentangle from heavy dependency on China for KSM as well as intermediates to ensure uninterrupted supply. Moreover, in-house manufacturing of KSM/intermediate can allow for better quality control and cost savings. It can improve control, efficiency, and quality of raw materials, reducing costs to increase profitability.

Large cephalosporin portfolio to optimize facility use:
Since cephalosporins require a separate manufacturing facility (from non-cephalosporin products), a larger portfolio of cephalosporins can allow for optimal use of the facility. As the older generation of cephalosporins fades and the new generation gains market share, companies must demonstrate agility in switching manufacturing to new products.

Access to new markets:
Commercial presence/ partnerships in emerging markets of Asia and Africa- the new pockets of growth:
Growth in terms of greater demand is expected from the emerging markets of Asia and Africa during the forecast period.

OUR BUSINESS

Some of the information in this section, especially information with respect to our plans and strategies, contain certain forward-looking statements that involve numerous risks and uncertainties. You should read the section "Forward-Looking Statements" on page 15 for a discussion of the risks and uncertainties related to those statements. Our actual results may differ materially from those expressed in or implied by these forward-looking statements. Also read the sections "Risk Factors" and "Management's Discussion and Analysis of Financial Position and Results of Operations" on page 39 and 99 respectively, for a discussion of certain risks factors that may affect our business, financial condition or results of operations.

*Unless otherwise indicated, industry and market data contained in this section is derived from the industry report titled "Global Antibiotics and Cephalosporin Market" dated June 21, 2023 which is exclusively prepared for the purposes of the Issue and issued by Frost and Sullivan and is commissioned and paid for by our Company (the "**F&S Report**"). We have commissioned and paid for the F&S Report for the purposes of confirming our understanding of the industry specifically for the purpose of the Issue, as no report is publicly available which provides a comprehensive industry analysis, particularly for our Company's services, that may be similar to the F&S Report.*

Our Company's Fiscal commences on April 1 and ends on March 31 of the immediately subsequent year, and references to a particular Fiscal are to the 12 months ended March 31 of that year. Unless otherwise indicated or the context otherwise requires, the financial information included herein is based on our Audited Financial Statements included in this Preliminary Placement Document. For further information, see "Financial Information" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 98 and 99, respectively.

We have included certain non- GAAP financial measures and other performance indicators relating to our financial performance and business in this Preliminary Placement Document, each of which are supplemental measures of our performance and liquidity and are not required by, or presented in accordance with Ind AS, Indian GAAP, IFRS or U.S. GAAP. Such measures and indicators are not defined under Indian GAAP, Ind AS, IFRS or U.S. GAAP, and therefore, should not be viewed as substitutes for performance, liquidity or profitability measures under Indian GAAP, Ind AS, IFRS or U.S. GAAP. In addition, such measures and indicators, are not standardized terms, hence a direct comparison of these measures and indicators different from ours will limit their usefulness as a comparative measure. Although such measures and indicators are not a measure of performance calculated in accordance with applicable accounting standards, our Company's management believes that they are useful to an investor in evaluating us as they are widely used measures to evaluate a company's operating performance.

Overview

We are an active pharmaceutical ingredients ("**API**") manufacturing Company with the widest portfolio of cephalosporin APIs along with a few veterinary products [*Source: F&S Report*]. We are set up as an EOU for manufacturing of both sterile and oral cephalosporin APIs and have a long history of commercial production**.** We sell our products under a business-to-business model in over 40 countries as of March 31, 2023, including USA, Vietnam, Germany, France, Turkey, Indonesia, Egypt, Hungary, China, Ireland, Netherlands, Portugal, Spain, Japan, South Korea, Brazil, Republic of North Macedonia etc. We stand out amongst our peers for our wide portfolio of cephalosporin products, including 34 cephalosporin DMF, with 17 unique cephalosporin assets for regulated markets and are present across all five generations of cephalosporin products [*Source: F&S Report*]. We invented NCE- Enmetazobactam, an extended spectrum beta lactamase inhibitor to be used with 4th generation cephalosporin antibiotic - Cefepime to provide a novel therapeutic option addressing the global AMR challenges [*Source: F&S Report*]. We hold the marketing rights in India and the royalty rights to worldwide sales for NCE-Enmetazobactam. Further, Phase 3 trials for NCE- Enmetazobactam are completed in the US and EU.

We supply our products in both domestic and overseas market to various pharmaceutical companies and pharmaceutical agents. For Fiscal 2023, Fiscal 2022 and Fiscal 2021, our revenue through export and domestic sale is as follows:

‘

(in ₹ million other than percentages)

Particulars	Fiscal 2023		Fiscal 2022		Fiscal 2021	
	Amount	**% of revenue from operations**	**Amount**	**% of revenue from operations**	**Amount**	**% of revenue from operations**
Export Sales	5,517.22	82.85%	4,898.83	87.55%	4,052.86	90.05%
Domestic Sales	1,141.77	17.15%	696.74	12.45%	447.75	9.95%
Revenue from Operations	6,658.99	100%	5,595.57	100%	4,500.60	100%

In the last three Fiscals we have exported our products in five continents and have catered to over 400 customers. For the Fiscal 2023, Fiscal 2022 and Fiscal 2021 our continent wise export revenue is as follows:

(in ₹ million other than percentages)

Continents	Fiscal 2023		Fiscal 2022		Fiscal 2021	
	Amount of Export	**As a % of the Export revenue**	**Amount of Export**	**As a % of the Export revenue**	**Amount of Export**	**As a % of the Export revenue**
Asia (excluding India)	2,681.56	48.60%	2,385.55	48.70%	1,566.78	38.66%
Europe	1,995.96	36.18%	1,835.19	37.46%	1,829.58	45.14%
Africa	329.64	5.97%	302.05	6.17%	219.80	5.42%
South America	298.96	5.42%	225.86	4.61%	339.68	8.38%
North America	211.10	3.83%	150.16	3.07%	97.02	2.39%
Total revenue from Exports	**5,517.22**	**100.00%**	**4,898.82**	**100.00%**	**4,052.86**	**100.00%**

We have well established relationships with our key customers and believe our customers rely on our quality manufacturing expertise and timely deliveries, to address their cost considerations, regulatory scrutiny and stringent quality requirements. We have three manufacturing facilities located at Alathur, Tamil Nadu. One of our facilities is dedicated to manufacturing API (the “**API Facility**”). The annual capacity of our API Facility under Air Act and Water Act is 972 MTPA. Our API Facility is approved by the USFDA, EMEA, WHO GMP and PMDA.

Further, our Company is also engaged in manufacturing and export of general category finished dosage formulations and anti-infective finished dosage formulations through its two formulation facilities F1 Plant and F2 Plant spread over an area of approximately 2 acres with an annual installed capacity of 60.00 million units and 56.70 million units under Air Act and Water Act, respectively.

The Chemistry and Technology Department, R&D facility of our Company located at the premise of our API Facility in Alathur, Tamil Nadu (“**R&D Facility**”) is housed in the same premise as our API Facility. As of March 31, 2023, we had 59 scientific professionals working in our process development function, including 4 Ph.Ds. and 47 post-graduates. For the Fiscal 2023, Fiscal 2022 and Fiscal 2021 our total expenditure towards R&D activities was ₹ 63.62 million, ₹66.26 million and ₹48.10 million or 0.96 %, 1.18% and 1.07% of our total revenue from operations, respectively. As of March 31, 2023, we have five approved ANDA filings in the United States for oral cephalosporin. We have been granted and hold 17 patents and have filed applications for four new patents, which are pending at various stages. Our R&D Facility developed NCE-Enmetazobactam (phase 3 trial completed in US and EU) an extended-spectrum beta-lactamase inhibitor to be used with 4th generation cephalosporin antibiotic to provide a novel therapeutic option addressing AMR challenges [*Source: F&S Report*].

Our wholly owned Subsidiary, Orchid Bio Pharma Limited has been approved under the production linked incentive scheme dated July 21, 2020 (“**PLI Scheme**”) to manufacture 7ACA under the target segment of key fermentation based KSMs/drug intermediates for a committed capacity of 1,000 MT for a maximum total incentive of ₹ 6,000 million during the scheme tenure starting Fiscal 2024 till Fiscal 2029. 7ACA is a critical raw material for manufacturing cephalosporins and the in-house production of 7ACA under the PLI scheme will enable us to do backward integration, achieve a captive source of supply and improve the gross margins.

Our Promoter Dhanuka Laboratories Limited acquired the Company under the Corporate Insolvency Resolution Process (“**CIRP**”) Accordingly, our Company became a subsidiary of DLL with effect from March 31, 2020. For further details, please see, "*Organizational Structure*" on page 176. Our Promoter and the senior management team implemented many changes in the Company including reduction of expenses, improving sales, starting development of new products with investment into R&D and infusing capital to add capacity in the sterile area. Experience of our Promoter in the pharmaceutical industry helps us in our business and operations. Our management team has demonstrated the ability to successfully implement changes post the implementation of the Resolution Plan.

Our financial performance has improved since the implementation of the Resolution Plan. The following table sets forth our key financial ratios for the period as specified below:

Other Key Financial Ratio

(in ₹ million other than percentages)

	Fiscal 2023	Fiscal 2022*	Fiscal 2021*
Revenue	6,658.98	5,595.57	4,500.60
YOY Revenue growth	19.00%	24.33%	-
EBITDA(1)	836.19	531.35	497.77
Net Debt(2)	3,087.49	2,636.47	4,370.46
Net worth(3)	6,886.92	6,474.77	6,529.64
Net debt / Networth(4)	0.45	0.41	0.67
RoCE (%)(5)	3.35%	(-3.45)%	(-4.97)%
Gross Fixed Asset Turnover Ratio(6)	0.56	0.48	0.38

Notes:

**These ratios represent non-GAAP measures; see "Presentation of Financial Information and Other Information" on page 12.*

(1)EBITDA stands for earnings before interest, taxes, depreciation and amortization EBITDA" is calculated as our profit/(loss) before exceptional items less other income plus depreciation and amortization expense and finance costs.

(2)Net Debt is equal to current and non-current borrowings less cash and cash equivalents.

(3) Net worth means the aggregate value of the paid-up share capital and Other Equity. Other Equity contains capital reserve, capital reserve on amalgamation, securities premium reserves, equity component of OCDs, general reserve, profit and loss account. It does not include items of other comprehensive income

(4)Net debt / Net worth is calculated by dividing Net debt by Net Worth.

(5)RoCE (Return on capital employed) is calculated by dividing our profit/(loss) before exceptional items less other income plus finance cost by sum of average total equity during that year and the previous year and average total non-current liabilities during that year and the previous year, and is expressed as a percentage.

(6) Gross Fixed Asset Turnover ratio" is equal to revenues from sale of products during a given period divided by the average gross property, plant and equipment during that year and the previous year.

OUR STRENGTHS

Extensive experience in manufacturing complex APIs with high entry barriers

The sterile and oral API business we operate in is highly specialized with high entry barriers *inter alia* due to: (a) involvement of complex manufacturing process especially on sterile cephalosporin space, (b) stringent regulatory approvals required for the manufacturing facilities including adhering to the guidelines for export and the relevant country guidelines, (c) operational barriers, (d) pricing related barriers, (e) high capex, (f) skilled workforce and (g) working capital requirement [*Source: F&S Report*]. Further, the API manufacturing process has strict cGMP, environmental and legal considerations. For example, majority of global regulatory agencies require that beta-lactams be produced in dedicated and segregated facilities to prevent cross-contamination requiring additional infrastructure investment. Thus, pharmaceutical companies have stringent codes to be complied with before they enlist and approve a supplier and often times it takes two to three years before we can be enlisted as a supplier. Moreover, servicing global markets require adherence to heterogeneous protocols for facility approval and API registration [*Source: F&S Report*].

Our Company has extensive experience of manufacturing APIs and has the widest portfolio of cephalosporin APIs [*Source: F&S Report*]. With the extensive operational experience, we believe we have built expertise in product quality and production process standards, and we meet the strict quality standards. Our quality framework and assurance procedures are monitored by way of internal audits, customer audits, regulatory agency audits, as the case maybe.

We continuously aim to improve cost efficiencies and increase productivity in our operations through use of automation in manufacturing processes as well as use of software in capacity and resource planning and minimization of waste.

The global cephalosporin API market is expected to grow at a CAGR range of 5-7% to reach a value of USD 2.8

billion in 2028 from USD 1.9 billion in 2022 [*Source: F&S Report*]. Considering the high entry barriers and the resultant lean competition, and our experience in the cephalosporin API industry, we believe we are well positioned to benefit from the growth in the cephalosporin industry.

Long-standing relationships with key customers with diversified geographical presence

We have long-standing relationships with a number of pharmaceutical companies and pharmaceutical agents. In the last three Fiscals, we supplied products to over 400 pharmaceutical companies and pharmaceutical agents. Our customer base has increased from 137 in Fiscal 2021 to 216 in Fiscal 2023. We have exported our products to over 40 countries spread across five continents.

Our Company's revenue from operations increased from ₹ 4,500.60 million in Fiscal 2021 to ₹ 6,658.98 million in Fiscal 2023. For the Fiscal 2023, Fiscal 2022 and Fiscal 2021, our 10 largest customers for each respective period accounted for 46.21%, 55.67% and 58.04% of our total revenue from operations, respectively. Further, for the Fiscal 2023, Fiscal 2022 and Fiscal 2021, our 5 largest customers for each respective period accounted for 35.01%, 44.30% and 40.39% of our total revenue from operations, respectively. We believe our customers rely on our development and manufacturing expertise to address their cost considerations, regulatory scrutiny and stringent quality requirements.

Our continent wise revenue as a percentage to our total revenue is as follows:

Continents	Fiscal 2023	Fiscal 2022	Fiscal 2021
Asia (including India)	57.42%	55.08%	44.76%
Europe	29.97%	32.80%	40.65%
South America	4.49%	4.04%	7.55%
Africa	4.95%	5.40%	4.88%
North America	3.17%	2.68%	2.16%

Our top 10 export countries for Fiscal 2023 in terms of export are Vietnam, Republic of North Macedonia, Turkey, Ireland, Bangladesh, Brazil, Netherlands, Spain, Indonesia and Egypt. The export to these countries in the Fiscal 2023, Fiscal 2022 and Fiscal 2021 as a percentage of our total revenue for the respective period is as follows:

Countries	Fiscal 2023	Fiscal 2022	Fiscal 2021
Vietnam	11.37%	16.09%	7.30%
Republic of North Macedonia	10.33%	11.08%	8.42%
Turkey	6.22%	7.09%	4.27%
Ireland	4.71%	3.45%	6.22%
Spain	4.45%	2.13%	3.79%
Indonesia	4.31%	3.47%	2.14%
Brazil	3.44%	2.64%	6.42%
Bangladesh	3.10%	4.76%	4.70%
Saudi Arabia	2.94%	0.17%	4.54%
Greece	2.72%	1.26%	3.94%

Our exports have grown from ₹ 4,052.83 million in Fiscal 2021 to ₹ 4,898.83 million in Fiscal 2022 and ₹ 5,517.22 million in Fiscal 2023 with a CAGR of 16.68% from Fiscal 2021 to Fiscal 2023. Our deeper penetration in the export market is a result of our consistent track record of delivering quality products.

API Facility with in-house R&D and regulatory capabilities

Our extensive experience gives us a competitive advantage of having an in-depth knowledge about the pharmaceutical products and a better understanding of the trends in the pharmaceutical industry. Our capabilities include internal research and development expertise, a strict quality assurance system and extensive regulatory experience. Our product development is underpinned by our internal R&D Facility, which has 59 scientific professionals, including 4 Ph.Ds. and 47 post-graduates. Our R&D Facility developed NCE-Enmetazobactam (phase 3 trial completed in US and EU) an extended- spectrum beta-lactamase inhibitor to be used with 4th generation cephalosporin antibiotic to provide a novel therapeutic option addressing AMR challenges [*Source: F&S Report*]. As on March 31, 2023, we hold 17 patents and have filed applications for four new patents, which are pending at various stages.

Our product capabilities are further reinforced by our drug regulatory capabilities to facilitate registration of complex injectables across the lifecycles and markets for these products. Our regulatory team has extensive experience in the regulatory requirements of our key markets to facilitate new product registrations. Our regulatory team is constantly engaged with the regulators including the USFDA, EMEA, etc. As of March 31, 2023 we had five approved ANDA filings for oral cephalosporin in the United States. We believe that our strong R&D and regulatory capabilities help us keep abreast with the new product developments and improve product pipeline.

Further, we have an API Facility with annual installed capacity of 972 MTPA under Air Act and Water Act. Our API Facility is approved under USFDA, EMEA, WHO GMP and PMDA. We stand out amongst our peers for our widest portfolio of cephalosporin products, including 17 unique assets and 34 active regulated market DMFs. While the largest markets by consumption are semi-regulated, regulated market filings indicate supply in high-profit margin regulated markets [*Source: F&S Report*]. We believe our API Facility along with our focused R&D and regulatory capabilities have enabled us to develop a robust product range and makes us competitive.

Experienced Promoter, professional senior management and a technically qualified team

We are led by an experienced Promoter and a professional senior management team with significant expertise in the pharmaceutical industry, including production, quality control, marketing, finance and strategy. We had filed a scheme of amalgamation and arrangement of DLL (being the Promoter and holding company of our Company) with and into our Company as per the Resolution Plan, with NCLT Chennai. The Proposed Scheme of Amalgamation was rejected by NCLT vide its order dated September 9, 2022. We have currently decided to defer the Proposed Scheme of Amalgamation for business reasons. The Company may refile in future, as appropriate after taking necessary approvals.

We believe that our Promoter and our professional senior management team has contributed to the growth of our business, and their experience and industry knowledge provides us with a significant competitive advantage. Our senior management team is supported by a team of qualified personnel with relevant domain experience which provides us with a competitive advantage as we seek to expand our product portfolio. For further information on our senior management, see "*Board of Directors and Senior Management*" on page 179**.** We will continue to leverage on the experience of our Promoter and management team and their understanding of the pharmaceuticals industry. In addition, we are supported by our technically qualified employee team who possess a range of qualifications, including scientific, pharmacy, PhDs, post-graduates and graduates in science, engineers in various disciplines like civil, mechanical, chemical, electronics, electrical etc. We had 940 permanent employees, as of March 31, 2023.

STRATEGIES

Expand our product portfolio by enhancing manufacturing capabilities and R&D

We currently operate three manufacturing facilities with one facility dedicated to manufacturing APIs and the other two are formulation facilities.

We intend to increase our sterile and oral API manufacturing capabilities by enhancing the existing production capacities at our API Facility during the year 2023 and 2024 by an aggregate annual total installed capacity of approx. 1,000 MTPA. Increased manufacturing capability will enable us to expand our API drug production and product portfolio including Ceftibuten, Cefovecin, Ceftaroline, Avibactam, Enmetazobactam. As per the F&S Report, nearly USD 600 million (*This figure in indicative- genericization of products can lead to significant price drops, which may or may not be offset by volume gains*) worth of cephalosporin formulations are exposed to generic competition between 2022 and 2028, which can lead to a volume expansion and thus additional API requirement including Ceftaroline Fosamil and Ceftazidime-Avibactam, Ceftolozane/tazobactam [*Source: F&S Report*]. With the loss of patent and exclusivity, generic alternatives become available, and drug prices drops. This price drop allows for increased product availability not only in low and middle income countries but also in high income countries with high out-of-pocket pay through co-pays or lack of insurance coverage thereby increasing the total market size (quantity wise) of the product. Further, availability of generics can help address the AMR challenge. According to the Access to Medicine Foundation, shortages of essential antibiotics (because of supply or cost challenges) in poorer nations lead to patients being given less effective or no treatments, which gives bacteria and fungi opportunities to develop resistance [*Source: F&S Report*]. We intend to enhance our manufacturing capabilities and file the necessary applications (DMF and ANDA) in the US and relevant applications in other jurisdiction to procure an exclusive period during which we can sell the generic drugs.

Further, our R&D initiatives are determined by market demand and driven by technological updates. The R&D Facility of our Company supports our business by pivoting the focus on cost reduction, process improvement and development of new products. We intend to expand our R&D capabilities through prudent investments aimed at sustainable business opportunities, employing more trained professionals, investing in much more sophisticated equipment and improvement in processes to enhance productivity and achieve better yields in our products.

Set up a new facility to enable backward integration

We have been approved under the PLI scheme to manufacture 7ACA under the target segment of key fermentation based KSMs/drug intermediates for a committed capacity of 1,000 MT for a maximum total incentive of ₹ 6,000 million during the scheme tenure starting Fiscal 2024 till Fiscal 2029. The rate of incentive will be staggered over the 6 years of the scheme tenure with the annual ceiling of incentive. We intend to manufacture 7ACA at our upcoming facility in Jammu as part of our effort to control raw material input and reduce reliance on third party suppliers. The key starting material for cephalosporin is 7ACA and 7ADCA which is dominantly obtained from Penicillin G. 7ACA is nearly used in the two-thirds of the commercial cephalosporin [*Source: F&S Report*]. China has the monopoly in the global 7ACA and Penicillin G market. China has been largely the lone exporter of 7ACA and Penicillin G in the global market. India has been the major export destination for China, importing approx. 99% of 7ACA and Penicillin G [*Source: F&S Report*]. For Fiscal 2023, Fiscal 2022 and Fiscal 2021, 7ACA sourced by us from China amounted to 100% of our 7ACA requirements. Being able to manufacture 7ACA will help us with backward integration and eliminate our dependence on China. We intend to use approx. 70% - 80% of the 7ACA manufactured by us for captive consumption and sell the remaining in the open market.

The formulations market was valued at USD 11.9 billion in 2021 and is estimated to grow at a CAGR of 4-6% till 2028 with growth primarily driven from RoW markets. Corresponding to the growth in cephalosporin formulations, the cephalosporin API market is also expected to grow at a CAGR range of 5-7% to reach a value of USD 2.8 billion in 2028 from USD 1.9 billion in 2022 [*Source: F&S Report*]. With the proposed backward integration, we believe we are well poised to benefit from the growth in the cephalosporin API market.

Continue to expand our geographical footprints and increase customer acquisition

We supply our products in both domestic and overseas market to various pharmaceutical companies and agents. In the last three Fiscals, we exported our products to over 40 countries as of March 31, 2023 including USA, Vietnam, Germany, France, Turkey, Indonesia, Egypt, Hungary, China, Ireland, Netherlands, Portugal, Spain, Japan, South Korea, Brazil, Republic of North Macedonia etc. For Fiscal 2023, Fiscal 2022 and Fiscal 2021 82.85%, 87.55% and 90.28% of our revenue was derived through exports, respectively. We sell our products directly to pharmaceutical companies as well as through pharmaceutical agents in the overseas market and as on March 31, 2023, we catered to over 400 customers. Currently, the largest consumption of cephalosporin formulations and thus API is in Asia, which accounts for approx. 70% of the market by volume. However, additional growth in the next five years will come from Africa, Middle Eastern and South American markets, which are expected to grow at a CAGR of 7.0% [*Source: F&S Report*]. We intend to increase the number of geographies we cater to and achieve deeper penetration in our existing geographies, which will enable higher customer acquisition. We believe with the increased manufacturing capacity and setting-up of the new facility at Jammu, we are well poised to increase our geographical footprints and customer acquisition.

Continued focus on improving efficiency

We aim to continue to maintain our efficiency focus, including in-house integrated manufacturing capabilities across our business to deliver growth as well to achieve economies of scale. Since the implementation of the Resolution Plan, we have implemented many changes including cost reduction on non-essential expenses, improving sales by focusing on business development and starting development of new products. As of March 31, 2023, we had a total workforce of 59 which complements our business with niche capabilities, including an in-house R&D team for product development, regulatory affairs for obtaining product registrations and manufacturing of the sterile and oral. Our cross functional technical teams will continue to support the lifecycle management of our products to improve manufacturing efficiencies such as by improving time cycles, changing dilutions, debottlenecking etc. Our revenue from operations per permanent employee ratio for Fiscal 2023, Fiscal 2022 and Fiscal 2021 was ₹7.08 million, ₹5.91 million and ₹4.50 million, respectively.

CORPORATE INSOLVENCY RESOLUTION PROCESS

A CIRP was initiated against the Company on August 17, 2017. The resolution plan proposed by DLL for an infusion of an amount aggregating to ₹ 5,700 million, along with the equity infusion of ₹ 400 million into our Company was approved by the NCLT by its order dated June 25, 2019 ("**Resolution Plan**"). Accordingly, the Resolution Plan submitted by DLL, was implemented on March 31, 2020, and the Board of the Company was reconstituted by the monitoring committee in accordance with the Resolution Plan. Our Company became a subsidiary of DLL with effect from March 31, 2020. For further details, please see, "*Organizational Structure*" on page 176.

DESCRIPTION OF OUR BUSINESS

Antibiotics are life-saving drugs used to fight infections. Different classes of antibiotics include beta-lactam, macrolide, fluoroquinolone, imidazole, ansamycin etc. Cephalosporins are beta-lactam antimicrobials used to manage various infections from gram-positive and gram-negative bacteria. The five generations of cephalosporins are useful against skin infections, urinary tract infections, lower respiratory tract infections, sexually transmitted diseases, surgical prophylaxis, and other infections like meningitis [*Source: F&S Report*].

We have a wide portfolio of cephalosporin products, along with few veterinary products and are engaged in manufacturing and export of all five generations of cephalosporin products. Set forth below are our top 3 products and the revenues earned in the last three Fiscals from them:

(in ₹ million other than percentages)

Sr. No.	Product name	Revenue from Operation					
		Fiscal 2023		Fiscal 2022		Fiscal 2021	
1.	Cefixime	2,693.62	40.48%	2,108.15	37.68%	1,506.68	33.48%
2.	Cefuroxime Axetil	1,291.12	19.39%	1,227.34	21.93%	1,025.50	22.79%
3.	Ceftriaxone	576.81	8.66%	864.35	15.45%	700.53	15.57%

Our products are sold across various geographies. Set forth below is a list our products which were exported to different geographies in the last three Fiscals:

Product name		
Cephalosporin (Sterile)	**Cephalosporin (Oral)**	**Cephalosporin (Veterinary)**
Ceftriaxone Sodium	Cephalexin	Ceftiofur
Cefazolin Sodium	Cefadroxil	Cefquinome
Cefepime buffered with L-Arginine	Cefdinir	
Cefoperazone Sodium	Cefditoren Pivoxil	
Ceforanide +L-Lysine	Cefixime	
Cefotaxime Sodium	Cefpodoxime Proxetil	
Cefoxitin Sodium	Cefprozil	
Cefpirome Buffered	Cefquinome	
Ceftaroline Fosamil	Ceftibuten	
Ceftaroline Fosamil buffered with L-Arginine	Cefcapene Pivoxil Hydrochloride Hydrate	
Ceftazidime Sodium Carbonate	Cefuroxime Axetil (Amorphous)	
Ceftazidime and Avibactam Sodium	Cefuroxime Axetil (DC Grade)	
Ceftizoxime Sodium	Cephradine	
Cefuroxime Sodium		
Cephalothin Sodium Buffered		

The sale of our veterinary products, Ceftiofur and Cefquinome resulted in a revenue contribution of 5.66% and 0.35% as a percentage of our total revenue contribution for the Fiscal 2023, respectively.

Manufacturing Facilities

We have three manufacturing facilities located at Alathur, Tamil Nadu. Our API Facility is spread over an aggregate area of 64.09 acres of which up to 28 acres of the land is owned by the Company and the remaining was being utilized under a lease deed which has expired and is currently under dispute. For further details, please see risk factor, "*We are dependent on our manufacturing facilities located at Alathur, Tamil Nadu. Additionally, a part of the land on which our API Facility is located is under dispute. A slowdown or shutdown in our manufacturing operations could have an adverse effect on our business, results of operations, financial condition* *and cash flows*" on page 42. Our API Facility is approved by the USFDA, EMEA, WHO GMP and PMDA. Our API Facility has 21 different blocks.

Particulars	Total Blocks
Oral API and intermediates	10
Sterile/Injectable API	4
Solvent Recovery	7

Our installed capacity, actual production and capacity utilization of our products at the API Facility for last three Fiscals, is set out in the table below:

Facilities	Fiscal 2023			Fiscal 2022			Fiscal 2021		
	Annual Installed Capacity	Annual Actual Production#	Capacity Utilization (%)	Annual Installed Capacity	Annual Actual Production#	Capacity Utilization (%)	Annual Installed Capacity	Annual Actual Production#	Capacity Utilization (%)
Alathur API Plant (MTPA)	972.00	383.00	39.40	972.00	380.00	39.10	972.00	290.00	29.80

The Actual Production Capacity is calculated on three shift basis
(Source: Certificate from CE dated June 22, 2022*)*

Our Company is also engaged in manufacturing and export of general category finished dosage formulations and anti-infective finished dosage formulations through its two formulation facilities, F1 Plant and F2 Plant, spread over an area of approximately 2 acres with an annual installed capacity of 60.00 million units and 56.70 million units under Air Act and Water Act, respectively.

Our installed capacity, actual production and capacity utilization at the FI Plant and F2 Plant for last three Fiscals, is set out in the table below:

Facilities	Fiscal 2023			Fiscal 2022			Fiscal 2021		
	Annual Installed Capacity	Annual Actual Production#	Capacity Utilization (%)	Annual Installed Capacity	Annual Actual Production#	Capacity Utilization (%)	Annual Installed Capacity	Annual Actual Production#	Capacity Utilization (%)
F1 Plant NPNC (Millions of Nos.)	60.00	9.05	15.08	60.00	9.79	16.31	60.00	11.56	19.27
F2 Plant Cephalosporins (Millions of Nos)	56.70	2.53	4.46	56.70	1.96	3.46	56.70	2.92	5.15

The Actual Production Capacity is calculated on three shift basis
(Source: Certificate from CE dated June 22, 2023*)*

As on the date of this Preliminary Placement Document, our presence spans across all 5 generations of cephalosporin of oral and sterile antibiotic categories of more than 30 products. We are in the process of expanding our manufacturing capacity to be able to expand our product portfolio and also enable backward integration.

PLI Scheme

Our wholly owned Subsidiary, Orchid Bio Pharma Limited has been approved under the production linked incentive scheme dated July 21, 2020, to manufacture 7ACA under the target segment of key fermentation based KSMs/drug intermediates for a committed capacity of 1,000 MT and for a total incentive up to ₹ 6,000 million during the tenure of the scheme i.e., Fiscal 2024 till Fiscal 2029. We are in the process of setting up a facility at

Jammu for manufacturing 7ACA under the PLI Scheme. The scheduled date for commercial production of 7ACA is October 1, 2023. However, we may not be able to meet the scheduled date of commercial production, please refer to risk factor, "*26. We intend to utilise a portion of the Net Proceeds for funding our capital expenditure requirements. However, we are yet to place order for the plant and machinery, procure land and approvals and licenses, as required for these objects. There can be no assurance that we shall be able to successfully deploy such portion of the Net Proceeds as per our estimates, in a timely manner or at all, which may adversely affect our business, financial condition, results of operations and future prospects*" on page 53. The rate of incentive and yearly ceilings applicable to the approval, is as follows:

(in ₹ million other than percentages)

Sales of 7ACA, for the year	Fiscal 2023-24 to Fiscal 2026-27	Fiscal 2027-28	Fiscal 2028-29
Rate of incentive	20.00%	15.00%	5.00%
Annual ceiling of incentive	120	90	30
Maximum total incentive during PLI Scheme tenure	6,000		

7ACA is a critical raw material for manufacturing cephalosporins and in-house production of 7ACA under the PLI scheme will enable us to do backward integration, achieve a captive source of supply and better gross margins. For further details, please see "*Use of Proceeds*" on page 80.

Expand capacity at the API Facility: We intend to support future growth by expanding our manufacturing infrastructure by enhancing the existing production capacities at our API Facility during the year 2023 and 2024 by an aggregate annual total installed capacity of approximately 1,000 MTPA. The additional capacity will be further used for processing 7ACA into intermediate goods or downstream products. Increased manufacturing capability will enable us to expand our sterile API drug production, product portfolio including Ceftibuten, Cefovecin, Ceftaroline, Avibactam and Enmetazobactam In addition, we plan to construct another unit of crystallization block in our API Facility. For further details, please see "*Use of Proceeds*" on page 80

Utilities

Our manufacturing operations require a significant amount of power and water. Our power requirements are fulfilled through electricity connection from the state electricity board for a maximum contracted demand of 10,500 KVA, for operating our manufacturing facilities. Since power is a significant expense, Company has invested in a captive solar power plant in 2021 which commenced production in May 2022. The captive solar power plant significantly caters to the electricity requirement of the API Facility during the daytime.

Boiler steam:

We have 35 Ton/H steam generation coal boiler capacity as per requirements.

R&D Facility

We have a dedicated in-house Chemistry and Technology Department, the research & development facility located at the premise of our API facility in Alathur, Tamil Nadu, for process research and drug discovery (the "**R&D Facility**").

The objective of the R&D Facility is development of new products, process improvement. Further, the R&D team generates scientific data, new validations, experimentally supports response to queries from various regulatory agencies and supports the approval process of dossiers. The R&D Facility is focused on developing patentable non-infringing processes for the Company's operations in the regulated markets. The R&D Facility covers antibiotic segment. As of March 31, 2023, we had 59 scientific professionals working in our process development function, including 4 Ph.Ds. and 47 post-graduates. Our Company developed NCE-Enmetazobactam (phase 3 trial completed in US and EU)- an extended-spectrum beta-lactamase inhibitor to be used with 4th generation cephalosporin antibiotic to provide a novel therapeutic option addressing AMR challenges [*Source: F&S Report*].

As of March 31, 2023, we have 5 approved ANDA filings in the United States for oral cephalosporin. As on the same date, we have been granted and hold 17 patents and have filed applications for four new patents, which are pending at various stages.

The Company's R&D capabilities give it a competitive edge. Our investment in the R&D is important to our future growth. For Fiscal 2023, 2022 and 2021 our total expenditure towards R&D activities was ₹ 63.62 million, ₹66.26 million and ₹48.10 million or 0.96%, 1.18% and 1.07% of our total revenue from operations, respectively.

Quality Control and Quality Assurance

We have a close focus on quality standards and are supported by a quality assurance and quality control team of 125 employees as of March 31, 2023 (the "**QA Department**"). The QA Department's responsibility is to develop, implement and maintain the quality management systems and Good Manufacturing Practices (cGMP) throughout the Company. Quality management system and current Good Manufacturing Practice is based on the regulatory guidelines issued by Indian drug authority and other regulators majorly, US Food and Drugs administrator, European Union authorities, PMDA (Japan) etc. to ensure the pharmaceutical APIs manufactured in our Company are safe and consistent in quality standard. We have received two ISO certifications, namely ISO 14001: 2015 (Environmental Management Systems) and ISO 45001: 2018 (Occupational Health and Safety Management Systems) applicable to the manufacture of bulk drugs and intermediaries.

We believe our QA Department to be critical to our growth as the provision of quality is a key differentiator in our business and is critical to our continued success and maintenance of long-term relationships with our customers. Our QA Department along with user departments develop/formulate the documents based on the activities through practices vs procedure or vice versa as Standard Operating Procedure to follow in their departmental / functional activities. We adopt four level of documents to follow in the organization which are as follows:

- Level 1: apex manual such as quality manual /site master file to describe briefly to management and customers,
- Level 2: department manual, validation document, qualification document with respect to departmental function, product consistence and equipment functions and are in order for regular and continuous operation,
- Level 3: standard operating procedure and work instruction (BPR/SRR) to follow in their workplace as step wise guidance and instruction document, and
- Level 4: forms, formats and registers which are used for entering the data, values by the personnel while carrying out their activities.

In relation to corporate quality establishment, we have in place a corporate reporting structure developed with specific roles and responsibilities which include identifying and developing our standard operating procedures, harmonising procedures across the Company and facilities, implementing action plans committed to the regulatory findings during inspections and strengthening procedures and documentation. Further, customer audits and regulatory audits occur at a frequency which depends on the customer and the regulator. These audits provide a thorough scrutiny of our compliance with quality systems and procedures.

Raw Material Procurement

Raw materials essential to our business are procured in the ordinary course of business from numerous vendors, including domestic and international vendors. For Fiscal 2023 we sourced 43.30% of our total raw materials from domestic vendors and 56.70% of our total raw materials from international vendors. Our Company spent ₹ 4,391.51 million, ₹ 3,623.88 million and ₹ 2,524.82 million towards purchase of raw materials during Fiscals 2023, 2022 and 2021 comprising of 65.95%, 64.76% and 56.10% of our revenue from operations for such periods, respectively.

The raw material needed for our manufacturing process vary from time to time depending upon the drug being manufactured by us. Some of the key raw materials include 7-ACA, GCLE, 7-HACA, Mica-Ester and Thiost. We source materials and packaging materials for our products from vendors who provide materials of suitable quality in accordance with applicable requirements in the relevant markets.

We assess the reliability of all materials and machinery purchased to ensure that they comply with the rigorous quality and safety standards required for our products. The QA Department identifies and approves multiple vendors to source our key raw materials from before we procure any raw material from them. We evaluate our vendors and potential vendors based on a number of factors, such as (i) their formal accreditation, certifications and regulatory approvals, (ii) lead-time needed in satisfying our orders, (iii) price of their supplies, (iv) quality of their supplies and (v) results of our on-site inspections. The approval for the vendors is typically given for a period of two years and is subject to review after that. We place purchase orders with approved vendors from time to time.

In an effort to manage risks associated with supply of raw materials, we work closely with our vendors to help ensure availability and continuity of supply while maintaining quality and reliability. In most cases, our raw material sourcing is not dependent on a single source of supply, and we have access to alternate sources for our procurement of raw materials. For further details on our risk with respect to the raw materials procured by us, please see the section titled risk factor "*We are dependent on select countries and few suppliers for significant part of our raw material. Any delay, interruption or shortfall in the supply of our raw materials or an increase in our raw material costs, or other input costs, may adversely affect the pricing and supply of our products and have an adverse effect on our business, results of operations and financial condition*" on page 43.

Marketing and Selling Arrangements

Sales and distribution are key components of the value chain in our industry. The Company maintains the required warehousing capacity located at our manufacturing facilities and spread over a total area of 12,681 sq. mtrs. The Company coordinates with third party logistics providers to transport and tranship products directly from Company's manufacturing facilities to customers. Company is well staffed with relevant team members looking after various markets.

We sell our products directly to pharmaceutical companies as well as through pharmaceutical agents in the overseas market. Majority of our sales are on the basis of purchase orders.

Our Customers

Our customer base currently comprises of domestic and international customers. Our top 10 customers account for Fiscal 2023 generated 46.21% of our total revenue for Fiscal 2023. Further the top 10 customers for Fiscal 2023 generated 49.04% and 41.77% of our total revenue for Fiscal 2022 and Fiscal 2021, respectively.

Our revenue from operations for Fiscals 2023, 2022 and 2021 from domestic and international sales is as follows:

(in ₹ million other than percentages)

Particulars	Fiscal 2023		Fiscal 2022		Fiscal 2021	
	Amount	% of revenue from operations	Amount	% of revenue from operations	Amount	% of revenue from operations
Export Sales	5,517.22	82.85%	4,898.83	87.55%	4,052.86	90.05%
Domestic Sales	1,141.77	17.15%	696.74	12.45%	447.75	9.95%
Revenue from Operations	6,658.99	100%	5,595.57	100%	4,500.60	100%

We conduct our business primarily through purchase order basis where the terms of the sale are determined by mutual agreement and depend on factors such as volumes, competition and market share of the product.

Awards and Recognition

We have received the following export awards:

Year	Awards
2017-18	Secured first position in export excellence under 'EOU Unit- highest export' category, awarded by Madras Export Processing Zone ("**MEPZ**") special economic zone.
2018-19	Secured first position in export excellence award under 'highest exports above 100 million and below 500 million' category, awarded by MEPZ special economic zone.
2018-19	Secured second position in export excellence award under 'EOU Unit- highest export above 500 million' category, awarded by MEPZ special economic zone.
2018-19	Secured second position in export excellence award under 'EOU' category, awarded by MEPZ special economic zone.
2019-20	Secured second position in export excellence award under 'EOU Unit- highest export- chemicals, plastic & rubber, pharmaceutical & drugs- exports above 500 million' category, awarded by MEPZ special economic zone.

Intellectual Property

Trademarks and other proprietary rights are essential to our business. We rely on patents, trade secrets know-how and confidentiality agreements to develop, maintain and strengthen our competitive position.

Patents

As on the date of this PPD, we have been granted and hold 17 patents and have filed applications for four new patents, which are pending at various stages.

Trademarks

As on date of this PPD, we had a total of 11 trademark registrations in India. Our Company has obtained registrations in respect of the following trademarks:

S. No	APPLICATION NO.	DATE	CLASS	TRADE MARK	APPLICANT	Status	Renewal Due
1	2058215	24-11-2010	1	OrchidPharma	ORCHID CHEMICALS AND PHARMACEUTICALS LIMITED	Registered	24-11-2030
2	2058216	24-11-2010	10	OrchidPharma	ORCHID CHEMICALS AND PHARMACEUTICALS LIMITED	Registered	24-11-2030
3	2058223	24-11-2010	44	OrchidPharma	ORCHID CHEMICALS AND PHARMACEUTICALS LIMITED	Registered	24-11-2030
4	2058218	24-11-2010	35	OrchidPharma	ORCHID CHEMICALS AND PHARMACEUTICALS LIMITED	Registered	24-11-2030
5	2085459	14-01-2011	1	Orchid Chemicals & Pharmaceuticals Ltd.	ORCHID CHEMICALS AND PHARMACEUTICALS LTD	Registered	14-01-2031
6	2058224	24-11-2010	1	OrchidResearch	ORCHID CHEMICALS AND PHARMACEUTICALS LIMITED	Registered	24-11-2030
7	5158828	04-10-2021	1	OrchidPharma	ORCHID PHARMA LIMITED	Registered	04-10-2031
8	5158829	04-10-2021	5	OrchidPharma	ORCHID PHARMA LIMITED	Registered	04-10-2031
9	5158830	04-10-2021	10	OrchidPharma	ORCHID PHARMA LIMITED	Registered	04-10-2031
10	5158831	04-10-2021	35	OrchidPharma	ORCHID PHARMA LIMITED	Registered	04-10-2031
11	5158832	04-10-2021	44	OrchidPharma	ORCHID PHARMA LIMITED	Registered	04-10-2031

Information Technology

We have a dedicated centralized datacenter ("**Datacenter**") located at Alathur, Chennai for all kinds of IT support. The Datacenter is configured with private cloud infrastructure using VMWARE, the private cloud helps us in robust technological implementation with minimal cost. Our IT team comprises of a total 5 members who are responsible for managing, monitoring, installation & providing technical support to business.

Specialized and customized data integrity solution has been implemented in all GMP areas to ensure the business data is archived securely for longer period. We have multiple backup policies in place and can be categorically implemented based on the level of data criticality.

Health and Safety

We aim to comply with the applicable health and safety regulations and other requirements in our operations. We have adopted a Safety Health and Environment Policy that is aimed at complying with legislative requirements, requirements of our licenses, approvals, various certifications and ensuring the safety of our employees and the people working at our facilities or under our management in addition to enhancing customer satisfaction and continual improvement in our management systems and performance.

We have received two ISO certifications, namely ISO 14001: 2015 (Environmental Management Systems) and ISO 45001: 2018 (Occupational Health and Safety Management Systems) applicable to the manufacture of bulk drugs and intermediaries. We promote chemical safety and security by providing tools and knowledge to mitigate the risks arising from chemical accidents, injury, illness, fire, explosions and property damage in our manufacturing facilities.

Insurance

Our operations are subject to hazards inherent in manufacturing facilities such as risk of equipment failure, work accidents, fire, earthquakes, flood and other force majeure events, acts of terrorism and explosions including hazards that may cause injury and loss of life, severe damage and destruction of property and equipments and environmental damage. We may also be subject to product liability claims if the products that we manufacture are not in compliance with regulatory standards and the terms of our contractual arrangements.

We maintain insurance policies for our manufacturing facilities in India, including buildings and machinery, consequential damages such as loss of profit, separate policies coverage for risks during the shipment of products, product liability coverage such as, workmen compensation, group mediclaim policy and a group personal accident insurance policy for employees. In addition, we also maintain insurance policies covering directors' and officers' liability. We seek to maintain insurance coverage that is in accordance with industry custom, including the terms of and the scope of the coverage provided by such insurance. However, our policies are subject to standard limitations, including with respect to the maximum amount that can be claimed. For further details, see risk factor "*Our insurance policies may not be sufficient or adequate to protect us against all material hazards, which may adversely affect our business, results of operations, financial condition and cash flows.*" on page 57.

Human resources

Our work force is a critical factor in maintaining quality and safety which strengthen our competitive position and our human resource policies focus on training and retaining our employees. We train our employees on a regular basis to increase the level of operational excellence, improve productivity and maintain compliance standards on quality and safety.

We also engage contract labour for our facilities, from time to time and as of March 31, 2023, we have engaged around 340 contract labourers. As of March 31, 2023, we had 940 full time employees. We believe we have good relations with our employees.

Competition

Our Company faces competition in the sterile API market from domestic as well as from overseas players. Our competition varies by markets, geographical areas and type of products. As a result, to remain competitive in our market, our Company must continuously strive to reduce our operating costs and improve our operating efficiencies. We compete against domestic companies operating in our industry. We believe the following companies are in the same segment as us, Covalent Laboratories Private Ltd., Qilu Pharmaceutical Co Limited, Aurobindo Pharma Limited, ACS Dobfar, Lupin Limited and Nectar Lifesciences Limited.

Corporate Social Responsibility

Our Company has constituted a Corporate Social Responsibility committee dated June 19, 2023 pursuant to Section 135 (1) of the Companies Act to undertake CSR activities.

Material Properties

Our material properties are as mentioned below:

Sr. No.	Particulars	Address	Leased/Owned
1.	Registered Office	Orchid Towers, 313, Valluvar Kottam High Road Nungambakkam Chennai, Tamil Nadu 600 034	Leased
2.	API Facility at Alathur, Tamil Nadu	Plot No. 121-128, 128A-133,138-151 & 159-164, SIDCO Industrial Estate, Alathur- 603 110, Chengalpattu District, Tamil Nadu	Partially owned(1)
3.	F1 Manufacturing Facility at Alathur, Tamil Nadu	Plot No. A 10 and A-11 SIDCO Industrial Estate, Alathur-603 110, Chengalpattu District, Tamil Nadu	Owned
4.	F2 Manufacturing Facility in Alathur, Tamil Nadu	Plot No. 62&77, SIDCO Industrial Estate Alathur 603 110, Chengalpattu District, Tamil Nadu	Owned
5.	Keshwana Land	Plot SP4-4, Industrial Area, Keshwana Rajput, Kotputli, Shahpura District, Jaipur-303 108	Owned
6.	Keshwana Land	Plot SP3-5(A&C), Industrial Area, Keshwana Rajput, Kotputli, Shahpura District, Jaipur-303108	Owned
7.	Illalur Land	Survey Nos. 443,469 Illalur Village, Thiruporur Taluk, Chengalapattu District, Tamil Nadu 603 110	Owned
8.	Office space	15th Floor, Building Tower-1, DLF Corporate Greens, Sector 74A, Gurugram, Haryana- 122 004	Leased
9.	Besant Nagar, Chennai	M/s Pentavista Apartments, No 5/3, Beach Road, Kalakshetra Colony, Besant Nagar, Chennai 600 090	Owned

(1) API Facility is spread over an aggregate area of 64.09 acres of which upto 28 acres of the land is owned by the Company and the remaining was being utilized under a lease deed which has expired and is currently under dispute. For further details, please see risk factor "*We are dependent on our manufacturing facilities located at Alathur, Tamil Nadu. Additionally, a part of the land on which our API Facility is located is under dispute. A slowdown or shutdown in our manufacturing operations could have an adverse effect on our business, results of operations, financial condition and cash flows*", on page 42.

ORGANIZATIONAL STRUCTURE

Corporate History

Our Company was incorporated as "Orchid Chemicals & Pharmaceuticals Limited" on July 1, 1992 as a limited company under the Companies Act, 1956 and was granted the certificate of incorporation by the RoC on July 01, 1992. Subsequently, the name of our Company was changed to 'Orchid Pharma Limited' and a fresh certificate of incorporation consequent upon change of name was granted by the RoC on October 19, 2015. The CIN of our Company is L24222TN1992PLC022994 and our Registered Office is situated at 'Orchid Towers', 313, Valluvar Kottam High Road Nungambakkam Chennai, 600 034, Tamil Nadu, India. The Equity Shares of our Company were listed on BSE and NSE on December 06, 1993 and July 02, 1997 respectively. Pursuant to an NSE circular dated July 23, 2019, our Equity Shares were suspended from trading on NSE with effect from July 25, 2019. The trading in Equity Shares of our Company recommenced on NSE and BSE with effect from November 02, 2020, post capital reduction pursuant to the Resolution Plan.

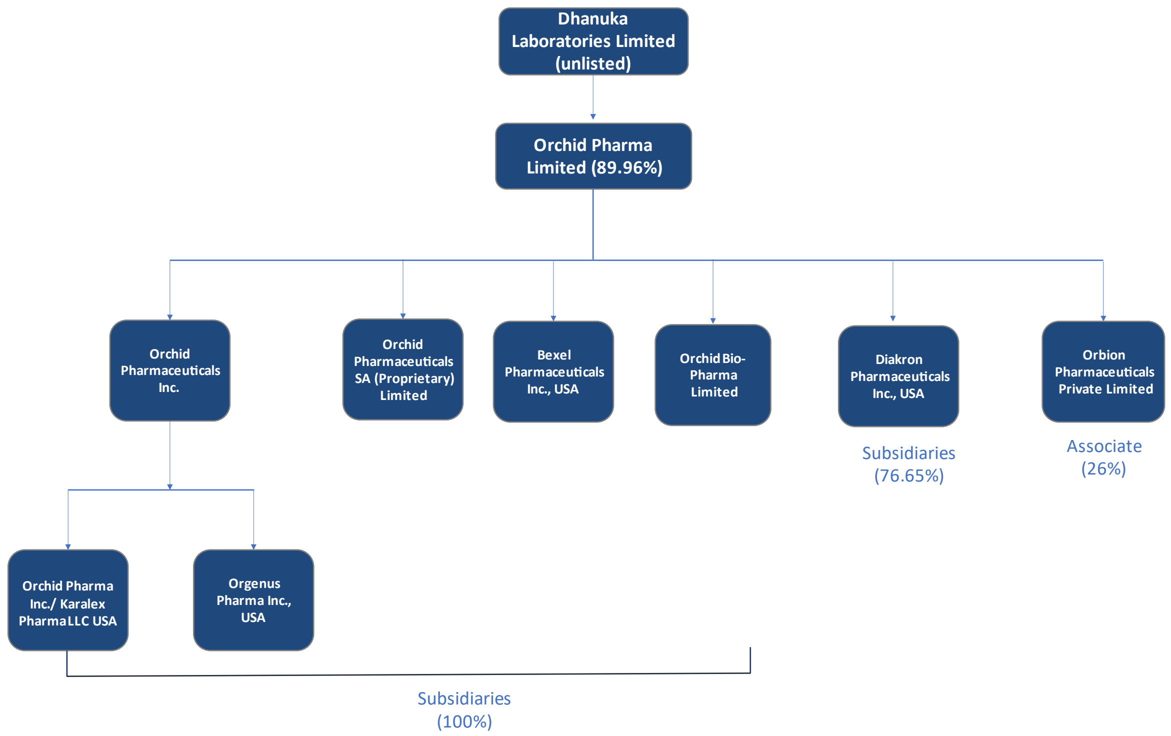
A Corporate Insolvency Resolution Process (**"CIRP"**) was initiated against the Company on August 17, 2017. Pursuant to the CIRP proceedings, a Resolution Professional (**"RP"**) was appointed transferring the power of Board of Directors to RP by a NCLT order dated October 27, 2017. The resolution plan proposed by Dhanuka Laboratories Limited (**"DLL"**) for an infusion of funds valued at ₹5,700 million, along with the equity infusion of ₹400 million into our Company, was approved by the NCLT by its order dated June 27, 2019. ("**Resolution Plan**"). Pursuant to an appeal filed by one of the unsuccessful resolution applicants, the Resolution Plan was set aside by the NCLAT by its order dated November 13, 2019 ("**NCLAT Order**"). Subsequently, an appeal was filed before the Supreme Court, challenging the NCLAT Order, and consequently, the Supreme Court by its order dated February 28, 2020 allowed the appeal and set aside the NCLAT Order.

Subsequently, a monitoring committee **("Monitoring Committee")** was constituted on June 27, 2019, to monitor the implementation of the Resolution Plan. Pursuant to implementation of the Resolution Plan, the following steps were undertaken –

a) Our Company reduced and consolidated the existing issued, subscribed and paid-up Equity Share capital from ₹889,643,270 to ₹4,081,640;
b) An outstanding debt of ₹ 4,081,640 of the Company towards secured financial creditors was converted into Equity Shares and 408,164 Equity Shares of ₹10 each were allotted to the secured financial creditors;
c) Dhanuka Pharmaceuticals Private Limited (**"DPPL"**), a special purpose vehicle controlled by DLL, was established for subsuming the equivalent outstanding debt of our Company, and a fresh allotment of 0% non-convertible, non-marketable, cumulative redeemable debentures of ₹36,500 million was made to DPPL by our Company which stood eliminated after the DPPL merged with our Company.
d) DPPL was merged into our Company on March 31, 2020, in the manner that shareholders of both the companies rank pari passu in all respects and shall have the same rights attached to the then existing Equity Shares of our Company.
e) 3,99,90,072 and 10,000 Equity Shares were issued to DLL and DPPL respectively.
f) 14,300 optionally convertible debentures with a face value of ₹100,000 at zero coupon interest with the assumption that optional convertible debentures will be converted into Equity Shares were issued to DLL.
g) Our Board of Directors and Board committees were reconstituted on March 31, 2020.

Therefore, with the approval of the Monitoring Committee, the above changes were made in the Company on the effective date i.e., March 31, 2020, in accordance with the Resolution Plan. With the implementation of the Resolution Plan, our Company's debt before the CIRP stands extinguished.

Our corporate structure chart is as follows:



Our Subsidiaries

As on the date of this Preliminary Placement Document, our Company has seven Subsidiaries, including two step down Subsidiaries –

i) Bexel Pharmaceuticals Inc., USA*
ii) Orchid Pharmaceuticals Inc.*
iii) Diakron Pharmaceuticals Inc., USA*
iv) Orchid Pharmaceuticals SA (Proprietary) Limited, South Africa *
v) Orchid Bio-Pharma Limited

As on the date of this Preliminary Placement Document, our Company has two step down Subsidiaries –

i) Orgenus Pharma Inc., USA (Subsidiary of Orchid Pharmaceuticals Inc., USA)*
ii) Orchid Pharma Inc. / Karalex Pharma LLC USA (Subsidiary of Orchid Pharmaceuticals Inc., USA)*

**Our Board vide its resolution dated May 22, 2021 has approved disinvestment/ closure up of the Subsidiary.*

Our Associates

As on the date of this Preliminary Placement Document, our Company has 1 (one) Associate company, namely M/s Orbion Pharmaceuticals Private Limited wherein our Company holds 26% of its total paid-up capital.

Proposed Scheme of Amalgamation

Our Company proposes to enter into a scheme of amalgamation and arrangement of DLL ("**Transferor Company**") with and into Orchid Pharma Limited ("**Transferee Company**") and their respective shareholders and creditors ("**Scheme**") in compliance with Sections 230 to 232 and other relevant provisions of the Companies Act, 2013 as reviewed and recommended by the Audit Committee and the Independent Directors, and was approved by the Board dated December 16, 2021. The implementation of the aforesaid Scheme, which is subject to the approval of Shareholders and other statutory authorities would inter-alia enable both the Transferor and Transferee Companies to realize benefit of greater synergies between their businesses, achieve wider product offerings and geographical footprints, consolidate operations thereby leveraging the capability of the amalgamated company, yield beneficial results and pool financial resources as well as managerial, technical, distribution and marketing resources of each other in the interest of maximising value to their Shareholders and the stakeholders and aid in achieving economies of scale.

The Company had submitted applications to the NSE and BSE towards the aforesaid Scheme and had received the 'observation letters' for no objection from NSE on March 29, 2022 and BSE on March 30, 2022. Further, a joint application on behalf of our Company and the Transferor Company was filed for the approval of the Scheme before the NCLT which was rejected on the ground that there was a mismatch between the liability amounts in the provisional balance sheet of our Company, the financial position averred in the joint application submitted to the NCLT and the chartered accountant certificate produced before the NCLT. Our Company had filed an appeal before the NCLAT dated December 05, 2022 against the impugned order of the NCLT, however the said appeal has been withdrawn by our Company and NCLAT vide its order dated January 05, 2023 dismissed the appeal as withdrawn. We have currently decided to defer this Proposed Scheme of Amalgamation for business reasons. The Company may refile in future, as appropriate after taking necessary approvals.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Board of Directors

The composition of our Board is governed by the provisions of the Companies Act, 2013, the rules prescribed thereunder, the SEBI Listing Regulations and the Articles. In accordance with the Articles, our Company shall not have less than three Directors and not more than fifteen Directors. As on the date of this Preliminary Placement Document, we have seven Directors on the Board, comprising of the Managing Director, one Whole-Time Director, one Non-Executive Director and four Independent Directors (including a woman Director). Our Board of Directors was reconstituted and our Directors were appointed pursuant to the implementation of the Resolution Plan of DLL.

Pursuant to the provisions of the Companies Act, 2013, at least two-third of the total number of Directors, excluding the Independent Directors, are liable to retire by rotation, with one-third of such number retiring at each AGM. A retiring Director is eligible for re-election. Further, pursuant to the Companies Act, 2013, the Independent Directors may be appointed for a maximum of two consecutive terms of up to five consecutive years each and thereafter have a cooling off period of three years prior to re-appointment. Any re-appointment of Independent Directors shall be on the basis of, inter alia, the performance evaluation report and approval by the shareholders of our Company, by way of a special resolution.

The following table sets forth details regarding our Board as of the date of this Preliminary Placement Document:

Sr. No.	Name, Address, Occupation, Nationality, Term, Date of Birth, and DIN	Age (in years)	Designation
1.	**Ram Gopal Agarwal** **Address**: 314A, The Camellias, Golf Links, Sector-42, Gurgaon, Haryana-HR-122 009 **Occupation**: Business **Nationality:** Indian **Term**: Appointed as a Non-Executive Director on March 31, 2020, liable to retire by rotation* **Date of birth:** July 30, 1949 **DIN**: 00627386	73	Chairman & Non-Executive Director
2.	**Manish Dhanuka** **Address**: 610A, Towers 6, The Magnolias, Golf Course, Gurugram, Haryana, India – 122 001 **Occupation**: Business **Nationality:** Indian **Term**: Appointed for a period commencing from June 29, 2020 to February 27, 2025 and not liable to retire by rotation^ **Date of birth:** September 28, 1967 **DIN**: 00238798	55	Managing Director-Executive

Sr. No.	Name, Address, Occupation, Nationality, Term, Date of Birth, and DIN	Age (in years)	Designation
3.	**Mridul Dhanuka** **Address**: 95B, E-2 Lane, Eastern Avenue, Sainik Farms, New Delhi, India – 110 062 **Occupation**: Business **Nationality:** Indian **Term**: Appointed for a period commencing from June 29, 2020 to February 27, 2025 and liable to retire by rotation** **Date of birth:** October 20, 1980 **DIN**: 00199441	42	Whole-Time Director-Executive
4.	**Tanu Singla** **Address**: D-186, Near City Center Market, Ramprastha Colony, Chander Nagar, Ghaziabad, Uttar Pradesh, India – 201 011 **Occupation**: Service **Nationality:** Indian **Term**: Appointed for a period of five consecutive years with effect from June 29, 2020, and not liable to retire by rotation.*** **Date of birth:** November 20, 1985 **DIN**: 08774132	37	Non-Executive Independent Director
5.	**Dharam Vir** **Address**: H.No.625, Sector 9, Faridabad, Haryana, India – 121 006 **Occupation**: Retired professional **Nationality:** Indian **Term**: Appointed for a period of five consecutive years with effect from June 29, 2020, and not liable to retire by rotation*** **Date of birth:** March 15, 1961 **DIN**: 08771224	62	Non-Executive Independent Director
6.	**Mudit Tandon** **Address**: 407/9, Heritage City, Mehrauli Road, Gurgaon, Haryana, India – 122 002 **Occupation**: Business **Nationality:** Indian **Term**: Appointed for a period of five consecutive years with effect from June 29, 2020, and not liable to retire by rotation*** **Date of birth:** November 30, 1982 **DIN**: 06417169	40	Non-Executive Independent Director

Sr. No.	Name, Address, Occupation, Nationality, Term, Date of Birth, and DIN	Age (in years)	Designation
7.	**Manoj Kumar Goyal** **Address**: D-64, Sector-55, Gautam Buddha Nagar, Noida, Uttar Pradesh, India – 201 301 **Occupation**: Self-employed **Nationality:** Indian **Term**: Appointed for a period of five consecutive years with effect from June 29, 2020, and not liable to retire by rotation*** **Date of birth:** May 26, 1976 **DIN**: 06361663	47	Non-Executive Independent Director

**Ram Gopal Agarwal was appointed as an additional Director (non-executive, non-independent) of the Company on March 31, 2020 and his appointment was regularized pursuant to the resolution passed by the Shareholders on December 30, 2020.*
^Manish Dhanuka was appointed as an additional Director of the Company on March 31, 2020 and he was designated as the Managing Director with effect from June 29, 2020 pursuant to the resolution passed by the Shareholders on December 30, 2020.
***Mridul Dhanuka was appointed as an additional Director of the Company on March 31, 2020 and he was designated as the Whole-Time Director with effect from June 29, 2020 pursuant to the resolution passed by the Shareholders on December 30, 2020.*
**** Tanu Singla, Dharam Vir, Mudit Tandon and Manoj Kumar Goyal were appointed as additional Directors (independent) with effect from June 29, 2020 and their appointment was regularized pursuant to the resolution passed by the Shareholders on December 30, 2020.*

Relationship with other Directors

None of the Directors are related to each othe as per the Companies Act, 2013 and SEBI ICDR Regulations.

Borrowing powers of our Board

Pursuant to the Articles of Association of our Company and the Companies Act, 2013 subject to applicable laws and pursuant to a special resolution dated August 13, 2021 passed by our Company's Shareholders, the Board has been authorised to borrow any sum or sums of money in any currency on such terms and conditions as the Board may deem fit and as may be permitted by law from time to time by way of loans, issuance of bonds, debentures or other securities whether convertible into equity/ preference shares or not, or by any other means as deemed fit by the Board and as may be permitted by law from time to time from banks, financial or other institution(s), investors, Mutual Fund(s), or any other persons for an amount not exceeding ₹ 25,500 million, notwithstanding that the monies to be borrowed, together with the monies already borrowed by the Company (apart from the temporary loans obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate for the time being, of the paid up capital of the Company, free reserves and securities premium account.

Interests of our Directors

All Directors may be deemed to be interested to the extent of fees payable to them for attending meetings of our Board or a committee thereof as well as to the extent of other remuneration and reimbursement of expenses payable to them under our Articles of Association, and to the extent of remuneration paid to them for services rendered as an officer or employee of our Company. In consideration for these services, they are paid managerial remuneration in accordance with the provisions of applicable law.

Our Directors, Ram Gopal Agarwal, Manish Dhanuka and Mridul Dhanuka, by virtue of being shareholders of our Promoter, DLL, are also interested in the 14,300 OCDs issued by our Company to DLL. For details, please see "*Capital Structure*" on page 90.

Our Directors, Ram Gopal Agarwal, Manish Dhanuka and Mridul Dhanuka, by virtue of being directors of our wholly owned Subsidiary, Orchid Bio Pharma Limited, are also interested to the extent of the loan of ₹ 84 million extended to our Company by Orchid Bio Pharma Limited.

All of the Directors may also be regarded as interested in any Equity Shares held by them or their relatives and also to the extent of any dividend payable to them and other distributions in respect of the Equity Shares held by them. All Directors or their relatives may also be regarded as interested in the Equity Shares held by, or subscribed by and allotted to, the companies, firms, HUFs, and trusts, in which they are interested as directors, members, partners, karta, trustees, etc.

Except as stated in "*Financial Information*" on page 98, and as disclosed in this section, our Directors do not have any other interest in our business.

None of the Directors, Key Managerial Personnel or Senior Management of our Company have any financial or other material interest in this Issue.

Further, our Company has neither availed of any loans from, nor extended any loans to the Directors which are currently outstanding.

No sum has been paid or agreed to be paid to our Directors or to firms or companies in which they may be members, in cash or shares or otherwise by any person either to induce him/ her to become, or to qualify him/ her as, a Director, or otherwise for services rendered by him/ her or by such firm or company, in connection with the promotion or formation of our Company.

Interest in land and property

None of our Directors are interested in any property acquired or proposed to be acquired by our Company.

Interest in promotion or formation of our Company

Except as mentioned in this section, none of our Directors have any interest in the promotion or formation of our Company other than in the ordinary course of business, as on the date of this Preliminary Placement Document.

Relationship between Directors, Key Managerial Personnel and Senior Management

There is no family relationship between any of our Directors, Key Managerial Personnel and Senior Management.

Shareholding of Directors

None of our Directors hold any employee stock options of the Company.

Apart from our Directors, Ram Gopal Agarwal, Manish Dhanuka and Mridul Dhanuka, who have shareholding in our Promoter, DLL, none of our Directors hold any Equity Shares, directly or indirectly in the Company..

Terms of appointment and remuneration of Directors

Remuneration to Managing and Whole-Time Director:

The following table sets forth the remuneration paid by our Company to the Managing Director and the Whole-Time Director of our Company during Fiscal 2023, 2022, and 2021:

(*In ₹ million)*

Name of Director	Fiscal 2024 (up to May 31, 2023)	Fiscal 2023	Fiscal 2022	Fiscal 2021
Manish Dhanuka	1.37	11.81	7.34	5.07
Mridul Dhanuka	1.37	11.81	7.34	5.22

S.No.	Name	Particulars
1.	Manish Dhanuka	(i) Period of Appointment: Appointed as the Managing Director of our Company for a period commencing from June 29, 2020 to February 27, 2025 pursuant to resolutions passed by our Board and Shareholders on June 29, 2020 and December 30, 2020 respectively. (ii) The terms of remuneration were approved pursuant to resolutions passed by our Board and Shareholders on June 29, 2020 and December 30, 2020 respectively. (iii) Remuneration: Salary of ₹ 0.5 million per month and commission at 2% of the cash profit of the Company for each Financial Year. The Board has also approved an increment of 10% of the fixed salary every year. (iv) Perquisites and allowances:

S.No.	Name	Particulars
		a. Furnished accommodation or house rent allowance (HRA) and house maintenance allowance (gas, electricity, water, repairs, security, etc.). b. One Company maintained car with reimbursement of driver's salary c. Reimbursement of medical expenses/medical insurance premium incurred for himself and his family d. Leave travel concession - For himself and his family once in a year incurred in accordance with the rules of the Company e. Personal accident insurance premium. f. Ex-gratia, bonus & incentive - In accordance with the rules and discretion of the trustees of the fund/Board of Directors g. Any other perquisite or allowance as may be agreed to by the Board of Directors and the Managing Director. (v) Other benefits: a. Company's contribution to provident fund, superannuation fund or annuity fund or any other fund as per the rules and regulations of the Company. b. Gratuity payable at a rate not exceeding half a month's salary for each completed year of service. c. Encashment of leave as per the rules of the Company
2.	Mridul Dhanuka	(i) Period of Appointment: Appointed as the Whole-Time Director of our Company for a period commencing from June 29, 2020 to February 27, 2025 pursuant to resolutions passed by our Board and Shareholders on June 29, 2020 and December 30, 2020 respectively. (vi) The terms of remuneration were approved pursuant to resolutions passed by our Board and Shareholders on June 29, 2020 and December 30, 2020 respectively. (ii) Remuneration: Salary of ₹ 0.5 million per month and commission at 2% of the cash profit of the Company for each Financial Year. The Board has also approved an increment of 10% of the fixed salary every year. (iii) Perquisites and allowances: a. Furnished accommodation or house rent allowance (HRA) and house maintenance allowance (gas, electricity, water, repairs, security, etc.). b. One Company maintained car with reimbursement of driver's salary c. Reimbursement of medical expenses/medical insurance premium incurred for himself and his family d. Leave travel concession - For himself and his family once in a year incurred in accordance with the rules of the Company e. Personal accident insurance premium. f. Ex-gratia, bonus & incentive - In accordance with the rules and discretion of the trustees of the fund/Board of Directors g. Any other perquisite or allowance as may be agreed to by the Board of Directors and the Managing Director. (iv) Other benefits: a. Company's contribution to provident fund, superannuation fund or annuity fund or any other fund as per the rules and regulations of the Company. b. Gratuity payable at a rate not exceeding half a month's salary for each completed year of service. c. Encashment of leave as per the rules of the Company

Remuneration to Non-Executive Directors:

Pursuant to the resolution passed by the Board at its meeting held on June 29, 2020, all Non-Executive Directors of the Company are entitled to a sitting fee of ₹25,000 for every Board meeting and ₹5,000 for every committee meeting they attend. The Non-Executive Directors are entitled only to sitting fee for every Board and committee meeting they attend along with reimbursement of expenses (reasonable travelling, hotel and other expenses incurred in consequence of their attendance at meetings of the Board or of any committee of the Board). Other than the sitting fee and reimbursement of expenses, as stated above, they do not have any pecuniary relationship or transactions with the Company.

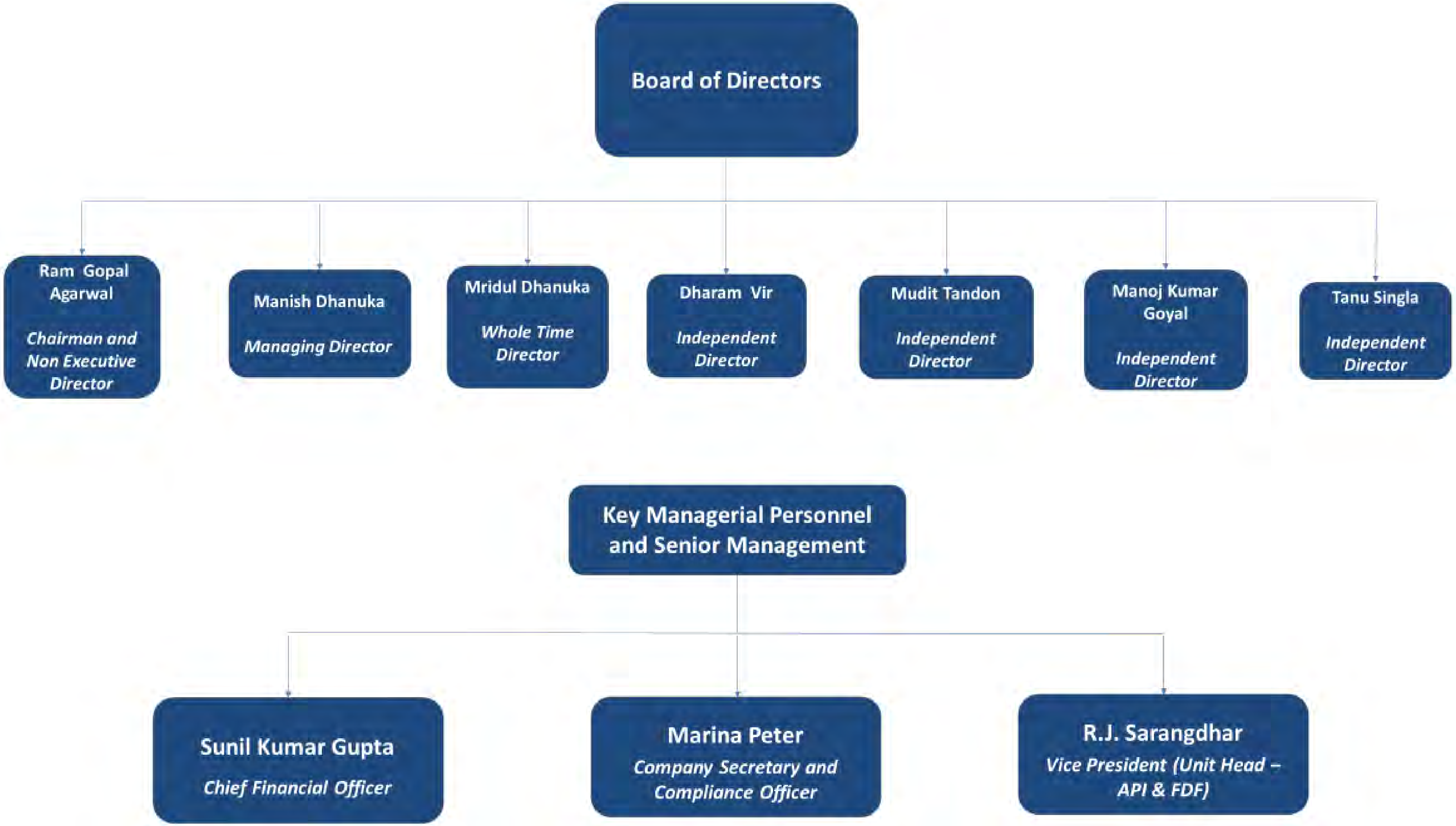
Compensation to Non-Executive Directors

The following table sets forth the compensation paid by our Company to the Non-Executive Directors of our Company during Fiscal 2023, 2022, and 2021:

(in ₹ million)

S. No.	Name of Director	Sitting Fees			
		Fiscal 2024 (up to May 31, 2023)	Fiscal 2023	Fiscal 2022	Fiscal 2021
Chairman					
1.	Ram Gopal Agarwal	Nil	0.03	0.05	0.05
Independent Directors					
1.	Tanu Singla	0.03	0.18	0.22	0.14
2.	Dharam Vir	0.03	0.17	0.12	0.11
3.	Mudit Tandon	Nil	0.11	0.14	0.11
4.	Manoj Kumar Goyal	0.04	0.19	0.23	0.14

Organisation Chart of our Company



Key Managerial Personnel

The Key Managerial Personnel are permanent employees of our Company. In addition to Manish Dhanuka and Mridul Dhanuka who are the Managing Director and Whole-Time Director of our Company, respectively, whose details are provided in "*Board of Directors and Senior Management - Board of Directors*" on page 179 above, the details of our other Key Managerial Personnel in terms of the SEBI ICDR Regulations as on the date of this Preliminary Placement Document are set forth below:

S. No.	Key Managerial Personnel	Designation
1.	Sunil Kumar Gupta	Chief Financial Officer
2.	Marina Peter	Company Secretary and Compliance Officer

Senior Management

The Senior Management are permanent employees of our Company. In addition to the Chief Financial Officer and Company Secretary and Compliance Officer of our Company, whose details are provided in "*Board of Directors and Senior Management – Key Managerial Personnel*" on page 186 above, the details of our Senior Management in terms of the SEBI ICDR Regulations as on the date of this Preliminary Placement Document are set forth below:

S. No.	Senior Management	Designation
1.	Rajendra Janardan Sarangdhar	Vice President (Unit Head – API & FDF)

Shareholding of Key Managerial Personnel and Senior Management

Except Rajendra Janardan Sarangdhar, Vice President(Unit Head – API & FDF), none of the Key Managerial Personnel and Senior Management hold Equity Shares in our Company, as on the date of this Preliminary Placement Document**.**

Shareholding of Rajendra Janardan Sarangdhar in our Company is as follows:

S No	Number of Equity Shares Held	Percentage of Shareholding in %
1.	51	Negligible

Relationship of Key Managerial Personnel and Senior Management

None of the Key Managerial Personnel and Senior Management of our Company are related to each other.

Interest of Key Managerial Personnel and Senior Management

Our Key Managerial Personnel and Senior Management do not have any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled as per their terms of appointment, reimbursement of expenses incurred by them during the ordinary course of business.

Corporate Governance

Our Company is in compliance with the requirements of the applicable regulations, including the SEBI Listing Regulations, the Companies Act, 2013, the SEBI ICDR Regulations, in respect of corporate governance, including constitution of our Board and committees thereof. The corporate governance framework is based on an effective independent Board, separation of our Board's supervisory role from the executive management team and constitution of our Board committees, as required under law.

Our Board has been constituted in compliance with the Companies Act, 2013 and the SEBI Listing Regulations. Our Board functions either as a full board or through various committees constituted to oversee specific functions. Our Company's executive management provides our Board, detailed reports on its performance periodically.

Committees of our Board of Directors

Our Board has constituted statutory committees, which function in accordance with the relevant provisions of the Companies Act, 2013 and the SEBI Listing Regulations.

The statutory committees of our Board are: (i) Audit Committee; (ii) Nomination and Remuneration Committee; (iii) Stakeholders' Relationship Committee; and (iv) Risk Management Committee. These statutory committees were reconstituted on March 31, 2020, pursuant to the implementation of the Resolution Plan of DLL.

The following table sets forth details of members of the aforesaid committees, as on the date of this Preliminary Placement Document:

S. No.	Committee	Name and Designation of Members
1.	Audit Committee	1. Manoj Kumar Goyal – *Chairperson* 2. Mridul Dhanuka – Member 3. Tanu Singla – Member
2.	Nomination and Remuneration Committee	1. Mudit Tandon – *Chairperson* 2. Manoj Kumar Goyal – Member 3. Dharam Vir – Member
3.	Stakeholders' Relationship Committee	1. Dharam Vir – *Chairperson* 2. Manoj Kumar Goyal – Member 3. Tanu Singla – Member
4.	Risk Management Committee	1. Dharam Vir – *Chairperson* 2. Manish Dhanuka – Member 3. Mridul Dhanuka – Member 4. Sunil Kumar Gupta, Chief Financial Officer – Member 5. Rajendra Janardan Sarangdhar, Vice President (Unit Head - API & FDF) – Member
5.	Corporate Social Responsibility Committee	1. Manish Dhanuka – *Chairperson* 2. Mridul Dhanuka – Member 3. Dharam Vir – Member

In addition to the above committees, our Board has also constituted a Banking, Finance and Operations Committee, Business Restructuring Committee and Capital Restructuring Committee.

Other Confirmations

Other than as mentioned above, none of the Directors, Promoter, Key Managerial Personnel or Senior Management of our Company have any financial or other material interest in the Issue and there is no effect of such interest as is different from the interest of other persons.

Neither our Company, nor the Directors or Promoter have ever been identified as Wilful Defaulters by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the RBI or Fraudulent Borrowers as defined in the SEBI ICDR Regulations.

Neither our Company, nor our Directors or Promoter have been debarred from accessing capital markets under any order or direction made by SEBI. Further, neither of the Promoter nor any of the Directors have been declared as a Fugitive Economic Offender under Section 12 of the Fugitive Economic Offenders Act, 2018.

None of our Directors, Promoter, Key Managerial Personnel or Senior Management of our Company intends to subscribe to the Issue.

No change in control in our Company will occur consequent to the Issue.

Policy on disclosures and internal procedure for prevention of insider trading

Regulation 9(1) of the SEBI Insider Trading Regulations applies to our Company and its employees and requires our Company to implement a code of internal procedures and conduct for the prevention of insider trading. Our Company has implemented a code of conduct for prevention of insider trading in accordance with the SEBI Insider Trading Regulations, as per which, the Company Secretary of our Company is the Compliance Officer for the purposes of this code.

Related Party Transactions

For details in relation to the related party transactions entered by our Company during the last three Financial Years, immediately preceding the year of circulation of this Preliminary Placement Document, please see the section entitled "*Financial Information*" on page 98.

SHAREHOLDING PATTERN OF OUR COMPANY

The shareholding pattern of our Company, as on March 31, 2023 is set forth below:

Summary statement showing the shareholding pattern of the Company

Category of Shareholder	No. of Shareholders	No. of fully paid up Equity Shares held	Total no. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR)As a % of (A+B+C2)	No. of Voting Rights	Total as a % of Total Voting right	No. of Equity Shares held in dematerialized form	Sub-categorization of shares (XV) Shareholding (No. of shares) under		
								Sub Category -I	Sub Category - II	Sub Category - III
(A) Promoter & Promoter Group	1	36,719,957	36,719,957	89.96	36,719,957	89.96	36,719,957	0	0	0
(B) Public	29,522	4,096,443	4,096,443	10.04	4,096,443	10.04	4,092,916	0	0	0
(C1) Shares underlying DRs	0	0	0	0	0	0	0	0	0	0
(C2) Shares held by Employee Trust	0	0	0	0	0	0	0	0	0	0
(C) Non Promoter-Non Public	0	0	0	0	0	0	0	0	0	0
Grand Total	**29,523**	**40,816,400**	**40,816,400**	**100**	**40,816,400**	**100**	**40,812,873**	**0**	0	0

Note: C=C1+C2, Grand Total=A+B+C

Statement showing shareholding pattern of the Promoter and Promoter Group

Category of Shareholder	Entity Type	Nos. of Shareholders	No. of fully paid up Equity Shares held	Total nos. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR)As a % of (A+B+C2)	Number of Voting Rights held in each class of securities		Number of Equity Shares held in dematerialized form
						Class eg: X	Total	
A1) Indian								
Any Other (specify)		1	36,719,957	36,719,957	89.96	36,719,957	36,719,957	36,719,957
DHANUKA LABORATORIES LIMITED	**Promoter**	1	36,719,957	36,719,957	89.96	36,719,957	36,719,957	36,719,957
Sub Total A1		1	36,719,957	36,719,957	89.96	36,719,957	36,719,957	36,719,957
A2) Foreign		0	0	0	0	0	0	0
A=A1+A2		**1**	**36,719,957**	**36,719,957**	**89.96**	**36,719,957**	**36,719,957**	**36,719,957**

Statement showing shareholding pattern of public Shareholders

Category & Name of the Shareholders	No. of Shareholder	No. of fully paid up Equity Shares held	Total no. shares held	Shareholding % calculated as per SCRR As a % of (A+B+C2)	No. of Voting Rights	Total as a % of Total Voting right	No. of Equity Shares held in dematerialized form(Not Applicable)	Sub-categorization of shares (XV)		
								Shareholding (No. of shares) under		
								Sub Category I	Sub Category II	Sub Category III
B1) Institutions (Domestic)										
Mutual Funds	2	1,000,001	1,000,001	2.45	1,000,001	2.45	1,000,001	0	0	0
Nippon Life India Trustee Ltd-Ac Nippon India Pharma Fund	1	1,000,000	1,000,000	2.45	1,000,000	2.45	1,000,000	0	0	0
Venture Capital Funds	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Alternate Investment Funds	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Banks	6	55,910	55,910	0.14	55,910	0.14	55,910	0	0	0
Insurance Companies	2	1,961	1,961	0.00	1,961	0.00	1,961	0	0	0

Category & Name of the Shareholders	No. of Shareholder	No. of fully paid up Equity Shares held	Total no. shares held	Shareholding % calculated as per SCRR As a % of (A+B+C2)	No. of Voting Rights	Total as a % of Total Voting right	No. of Equity Shares held in dematerialized form(Not Applicable)	Sub-categorization of shares (XV)		
								Shareholding (No. of shares) under		
								Sub Category I	Sub Category II	Sub Category III
Provident Funds/ Pension Funds	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Asset reconstruction companies	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Sovereign Wealth Funds	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
NBFCs registered with RBI	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Other Financial Institutions										
Any Other (Institutions (Domestic))	1	13,401	13,401	0.03	13,401	0.03	13,401	0	0	0
Sub Total B1	11	1,071,273	1,071,273	2.62	1,071,273	2.62	1,071,273	0	0	0
Foreign Portfolio Investors Category I	2	192,700	192,700	0.47	192,700	0.47	192,700	0	0	0
Foreign Portfolio Investors Category II	1	138,604	138,604	0.34	138,604	0.34	138,604	0	0	0
Overseas Depositories (holding DRs) (balancing figure)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Any Other (specify)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Sub Total B2	**3**	**331,304**	**331,304**	**0.81**	**331,304**	**0.81**	**331,304**	**0**	**0**	**0**
B3) Central Government/ State Government(s)/ President of India/Governor	0	0	0	0	0	0	0	0	0	0
Shareholding by Companies or	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

Category & Name of the Shareholders	No. of Shareholder	No. of fully paid up Equity Shares held	Total no. shares held	Shareholding % calculated as per SCRR As a % of (A+B+C2)	No. of Voting Rights	Total as a % of Total Voting right	No. of Equity Shares held in dematerialized form(Not Applicable)	Sub-categorization of shares (XV) Shareholding (No. of shares) under		
								Sub Category I	Sub Category II	Sub Category III
Bodies Corporate where Central / State Government is a promoter										
Sub Total B3	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Non-Institutions	0	0	0	0	0	0	0	0	0	0
Associate companies / Subsidiaries	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Directors and their relatives (excluding independent directors and nominee directors)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Relatives of promoters (other than "Immediate Relatives" of promoters disclosed under "Promoter and Promoter Group" category)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Trusts where any person belonging to 'Promoter and Promoter Group' category is 'trustee', 'beneficiary', or 'author of the trust'	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Investor	1	567	567	0.00	567	0.00	567	0	0	0

Category & Name of the Shareholders	No. of Shareholder	No. of fully paid up Equity Shares held	Total no. shares held	Shareholding % calculated as per SCRR As a % of (A+B+C2)	No. of Voting Rights	Total as a % of Total Voting right	No. of Equity Shares held in dematerialized form(Not Applicable)	Sub-categorization of shares (XV)		
								Shareholding (No. of shares) under		
								Sub Category I	Sub Category II	Sub Category III
Education and Protection Fund (IEPF)										
Resident Individuals holding nominal share capital up to ₹ 2 lakhs	27,746	1,202,271	1,202,271	2.95	1,202,271	2.95	1,201,982	0	0	0
Resident Individuals holding nominal share capital in excess of ₹ 2 lakhs	6	178,597	178,597	0.44	178,597	0.44	178,597	0	0	0
Non Resident Indians (NRIs)	399	21,610	21,610	0.05	21,610	0.05	21,610	0	0	0
Foreign Companies	1	68	68	0.00	68	0.00	68	0	0	0
Bodies Corporate	321	1,182,770	1,182,770	2.90	1,182,770	2.90	1,179,532	0	0	0
Any Other (specify)	1,034	107,983	107,983	0.26	107,983	0.26	107,983	0	0	0
Sub Total B4	**29,508**	**2,693,866**	**2,693,866**	**6.60**	**2,693,866**	**6.60**	**2,690,339**	**0**	**0**	**0**
B=B1+B2+B3+B4	**29,522**	**4,096,443**	**4,096,443**	**10.04**	**4,096,443**	**10.04**	**4,092,916**	**0**	**0**	**0**

Statement showing shareholding pattern of non-Promoter – non-public Shareholders

Category & Name of the Shareholders(I)	No. of Shareholder(III)	No. of fully paid up Equity Shares held(IV)	Total no. shares held(VII = IV+V+VI)	Shareholding % calculated as per SCRR As a % of (A+B+C2)(VIII)	Number of Equity Shares held in dematerialized form(XIV)(Not Applicable)
C1) Custodian/DR Holder	0	**0**	0	0	0
C2) Employee Benefit Trust	0	0	0	0	0
Total Non-Promoter-Non Public Shareholding (C)= (C)(1)+(C)(2)	0	0	0	0	0

ISSUE PROCEDURE

The following is a summary intended to present a general outline of the procedure relating to the application, payment of Application Amount, Allocation and Allotment of the Equity Shares to be issued pursuant to the Issue. The procedure followed in the Issue may differ from the one mentioned below and investors are assumed to have apprised themselves of the same from our Company or the Lead Managers. Prospective Investors are advised to inform themselves of any restrictions or limitations that may be applicable to them. Also see "Selling Restrictions" and "Transfer Restrictions" on pages 209 and 217, respectively.

Our Company, the Lead Managers and their respective directors, officers, agents, advisors, shareholders, employees, counsels, affiliates and representatives are not liable for any amendment or modification or change to applicable laws or regulations, which may occur after the date of this Preliminary Placement Document. Eligible QIBs are advised to make their independent investigations and satisfy themselves that they are eligible to apply. Eligible QIBs are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Preliminary Placement Document. Further, Eligible QIBs are required to satisfy themselves that their Bids would not result in triggering an open offer under the SEBI Takeover Regulations and shall be solely responsible for compliance with all the applicable provisions of the SEBI Takeover Regulations, the SEBI Insider Trading Regulations, and other applicable laws.

Bidders are advised to inform themselves of any restrictions or limitations that may be applicable to them and are required to consult their respective advisers in this regard. Bidders that have applied in the Issue are required to confirm and are deemed to have represented to our Company, the LMs and their respective directors, employees, counsels, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. Our Company, the LMs and their respective directors, officers, employees, counsels, agents, affiliates, and representatives accept no responsibility or liability for advising any Bidder on whether such Bidder is eligible to acquire the Equity Shares. For details, see the section titled, "Selling Restrictions" and "Transfer Restrictions" beginning on pages 209 and 217, respectively.

Qualified Institutions Placement

THE ISSUE IS MEANT ONLY FOR ELIGIBLE QIBs ON A PRIVATE PLACEMENT BASIS AND IS NOT AN OFFER TO THE PUBLIC OR TO ANY OTHER CLASS OF INVESTORS.

This Preliminary Placement Document has not been, and will not be, filed as a prospectus with the RoC and, no Equity Shares will be offered in India or overseas to the public or any members of the public or any other class of investors, other than Eligible QIBs.

The Issue is being made to Eligible QIBs in reliance upon Chapter VI of the SEBI ICDR Regulations and Section 42 and other applicable provisions of the Companies Act, 2013 and rules thereunder, through the mechanism of a Qualified Institutions Placement ("**QIP**"). Under Chapter VI of the SEBI ICDR Regulations and Section 42 of the Companies Act, 2013 read with Rule 14 of the PAS Rules, to the extent applicable, our Company, being a listed company in India may issue Equity Shares to Eligible QIBs, provided that:

- the Shareholders have adopted a special resolution approving the Issue. Such special resolution must specify (a) that the Allotment of Equity Shares is proposed to be made pursuant to the Issue and (b) the Relevant Date;

- the explanatory statement to the notice to the Shareholders for convening the general meeting must disclose, amongst others, the particulars of the issue including the date of passing the Board resolution, the kind of securities being offered, amount which the Company intends to raise by way of such securities and the material terms of raising such securities, proposed issue schedule, the purpose or objects of offer, the contribution made by the Promoter or Directors either as part of the offer or separately in furtherance of the objects, and the basis or justification for the price (including premium, if any) at which the offer or invitation is being made;

- under Regulation 172(1)(b) of the SEBI ICDR Regulations, Equity Shares of the same class of such Issuer, which are proposed to be Allotted through the qualified institutions placement or pursuant to conversion or exchange of eligible securities, are listed on a Stock Exchanges in India that have nation-wide trading terminals for a period of at least one year prior to the date of issuance of notice to its Shareholders for convening the meeting to pass the above-mentioned special resolution;

- invitation to apply in the Issue must be made through a private placement offer letter (i.e., this Preliminary Placement Document and the Placement Document) and an Application Form serially numbered and addressed specifically to the Eligible QIBs to whom the Issue is made, within 30 days of recording the name of such person in accordance with applicable law; the allotments with respect to any earlier offer or invitation made by the Company shall have been completed or the Company shall have withdrawn or abandoned such invitation or offer made, except as permitted under the Companies Act, 2013;

- in accordance with the SEBI ICDR Regulations, issuance and allotment of Equity Shares shall be made only in dematerialized form;

- our Company shall not make any subsequent qualified institutions placement until the expiry of two weeks from the date of this Issue;

- an offer to QIBs will not be subject to a limit of 200 persons. Prior to circulating the private placement offer cum application letter, the Company must prepare and record a list of Eligible QIBs to whom the offer will be made. The QIP must be made only to such Eligible QIBs whose names are recorded by the Issuer prior to the invitation to subscribe in consultation with the Lead Managers or their representatives;

- the Company acknowledges that the offering of securities by issue of public advertisements or utilisation of any media, marketing or distribution channels or agents to inform the public about the QIP is prohibited;

- the Promoter and Directors are not Fugitive Economic Offenders; and

- the Promoter or Directors are not declared as 'Fraudulent Borrower or Wilful Defaulter' by the lending banks or financial institution or consortium, in terms of RBI master circular dated July 01, 2016.

- the Promoter or members of the Promoter Group shall not make such offer if the Promoter or members of the Promoter Group has purchased or sold any Equity Shares of the Company during the twelve week period prior to the date of the opening of the offer and they shall not purchase or sell any Equity Shares of the Company during the twelve week period after the date of closure of the issue. Provided that Promoter or members of the Promoter group may, within such twelve week periods can sell Equity Shares by them through offer for sale through the stock exchange mechanism specified by the SEBI or through an open market sale, in accordance with the conditions specified by the SEBI from time to time subject to the condition that there shall be a gap of minimum two weeks between the two successive offer(s).

At least 10% of the Equity Shares issued to Eligible QIBs shall be Allotted to Mutual Funds, provided that, if this portion or any part thereof to be Allotted to Mutual Funds remains unsubscribed, it may be Allotted to other Eligible QIBs.

Bidders are not allowed to withdraw or revise downwards their Bids after the Issue Closing Date.

Additionally, there is a minimum pricing requirement under the SEBI ICDR Regulations. The Floor Price of the Equity Shares issued under this Issue shall not be less than the average of the weekly high and low of the closing prices of the Equity Shares of the same class quoted on the Stock Exchanges during the two weeks preceding the Relevant Date as calculated in accordance with Chapter VI of the SEBI ICDR Regulations. The "Relevant Date" referred to above means the date of the meeting in which the Board or the Capital Restructuring Committee decides to open the Issue and "Stock Exchange", for the purposes of determination of price, means any of the recognized stock exchanges on which the Equity Shares of the same class are listed and on which the highest trading volume in such Equity Shares has been recorded during the two weeks immediately preceding the Relevant Date. Further, in accordance with the resolution of the Shareholders pursuant to their special resolution passed at the EGM held on December 29, 2022, our Company may offer a discount of not more than 5% on the Floor Price in accordance with the SEBI ICDR Regulations.

The Equity Shares will be Allotted within 365 days from the date of the Shareholders' resolution approving the Issue, being December 29, 2022 and within 60 days from the date of receipt of Application Amount from the Successful Bidders. For details of refund of Application Amount, see "– *Pricing and Allocation – Designated Date and Allotment of Equity Shares*" on page 203.

Subscription to the Equity Shares offered pursuant to the Issue must be made by Eligible QIBs on the basis of this Preliminary Placement Document and the Placement Document which shall contain all material information required under applicable law including the information specified in Schedule VII of SEBI ICDR Regulations and the requirements prescribed under Form PAS-4. This Preliminary Placement Document and the Placement Document are private documents provided to only select Eligible QIBs through serially numbered copies and are required to be placed on the website of the concerned Stock Exchanges and of our Company with a disclaimer to the effect that it is in connection with an issue to Eligible QIBs and no offer is being made to the public or to any other category of investors. Please note that if you do not receive a serially numbered copy of the Preliminary Placement Document addressed to you, you may not rely on the Preliminary Placement Document or Placement Document uploaded on the website of the Stock Exchanges or our Company for making an application to subscribe to Equity Shares pursuant to the Issue.

This Issue was authorized and approved by our Board on December 01, 2022 and approved by our Shareholders pursuant to their special resolution passed at the EGM held on December 29 2022. This Issue is approved for raising a sum aggregating upto ₹ 5,000 million (including premium), in one or more tranches.

In terms of the Regulation 173 of the SEBI ICDR Regulations, none of the Promoter or members of the Promoter Group of our Company have purchased or sold any Equity Shares of our Company during the twelve week period prior to the date of opening of the Issue. Further, none of the Promoter or members of the Promoter Group of our Company shall purchase or sell any Equity Shares of our Company during the twelve week period after the date of closure of the Issue. Provided that Promoter or members of the Promoter group may, within such twelve week period, can sell the Equity Shares by them through offer for sale through stock exchange mechanism specified by the SEBI or through an open market sale, in accordance with the conditions specified by the SEBI from time to time subject to the condition that there shall be a gap of minimum two weeks between the two successive offer(s).

The minimum number of Allottees with respect to a QIP shall not be less than:

- two, where the Issue Size is less than or equal to ₹ 2,500 million; and
- five, where the Issue Size is greater than ₹ 2,500 million.

No single Allottee shall be Allotted more than 50% of the Issue Size.

Eligible QIBs that belong to the same group or that are under common control shall be deemed to be a single allottee. For details of what constitutes "same group" or "common control", see the section "*—Bid Process—Application Form*" on page 199.

Equity Shares being Allotted pursuant to the Issue shall not be sold for a period of one year from the date of Allotment, except on a recognized stock exchange.

The Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act, or the securities laws of any state of the United States and may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any applicable state securities laws. The Equity Shares offered in the Issue are being offered and sold only outside the United States in "offshore transactions", as defined in and in reliance on Regulation S and the applicable laws of the jurisdiction where those offers and sales are made

The Equity Shares issued pursuant to this Issue have not been and will not be registered, listed or otherwise qualified in any jurisdiction except India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Allotments made to VCFs and AIFs in the Issue are subject to the rules and regulations that are applicable to them, including in relation to lock-in requirements. VCFs and AIFs should independently consult their own counsel and advisors as to investment in and related matters concerning the Issue.

Our Company has filed a copy of this Preliminary Placement Document, and will file the Placement Document, with each of the Stock Exchanges. Our Company has received in-principle approvals from each of the Stock Exchanges under Regulation 28(1)(a) of the SEBI Listing Regulations for the listing of the Equity Shares on the BSE and NSE on June 22, 2023. We shall also make the requisite filings with the RoC within the stipulated period as required under the Companies Act and the PAS Rules, to the extent applicable.

Issue Procedure

1. On the Issue Opening Date, our Company and the Lead Managers shall circulate serially numbered copies of this Preliminary Placement Document and the serially numbered Application Form, either in

electronic or physical form, to identified Eligible QIBs and the Application Form will be specifically addressed to each such Eligible QIB. In terms of Section 42(3) of the Companies Act, 2013, our Company shall maintain records of the Eligible QIBs in the form and manner as prescribed under the PAS Rules, to whom this Preliminary Placement Document and the serially numbered Application Form have been dispatched. Our Company will make the requisite filings with the RoC within the stipulated time periods as required under the Companies Act, 2013 and the PAS Rules. The list of Eligible QIBs to whom the Preliminary Placement Document and Application Form is delivered will be determined by our Company in consultation with the LMs, at their sole discretion.

2. **Unless a serially numbered Preliminary Placement Document along with the serially numbered Application Form, which includes the details of the bank account wherein the Application Amount is to be deposited, is addressed to a particular Eligible QIB, no invitation to make an offer to subscribe shall be deemed to have been made to such Eligible QIB.** Even if such documentation were to come into the possession of any person other than the intended recipient, no offer or invitation to offer shall be deemed to have been made to such person and any application that does not comply with this requirement shall be treated as invalid.

3. Eligible QIBs may submit the Application Form, including any revisions thereof along with the Application Amount and a copy of the PAN card or PAN allotment letter, during the Issue Period to the Lead Managers. Application Form may be signed physically or digitally, if required under applicable law in the relevant jurisdiction applicable to each Eligible QIB and as permitted under such applicable law. An Eligible QIB may submit an unsigned copy of the Application Form, as long as the Application Amount is paid along with submission of the Application Form within the Issue Period. Once a duly filled Application Form is submitted by an Eligible QIB, whether signed or not, and the Application Amount has been transferred to the Escrow Account, such Application Form constitutes an irrevocable offer and cannot be withdrawn or revised downwards after the Issue Closing Date. In case Bids are being made on behalf of the Eligible QIB and the Application Form is unsigned, it shall be assumed that the person submitting the Application Form and providing necessary instructions for transfer of the Application Amount to the Escrow Account, on behalf of the Eligible QIB is authorised to do so.

4. Bidders will be required to make representation and indicate the following in the Application Form:

- Full official name of the Eligible QIB to whom Equity Shares are to be Allotted, complete address, e-mail id, PAN details and bank account details;
- Number of Equity Shares Bid for;
- Price at which they are agreeable to subscribe for the Equity Shares and the aggregate Application Amount for the number of Equity Shares Bid for;
- Equity Shares held by the Eligible QIBs in our Company prior to the Issue;
- Details of the depository account to which the Equity Shares should be credited.

Note: Eligible FPIs are required to indicate their SEBI FPI registration number in the Application Form.

5. Each Bidder shall be required to make the entire payment of the Application Amount for the Equity Shares Bid for, along with the Application Form, only through electronic transfer to the Escrow Account, opened in the name of "ORCHID PHARMA LIMITED QIP ESCROW ACCOUNT 2023" with the Escrow Agent, within the Issue Period as specified in the Application Form sent to the respective Bidders. Please note that any payment of Application Amount for the Equity Shares shall be made from the bank accounts of the relevant Bidders and our Company shall keep a record of the bank account from where such payment has been received. Application Amount payable on Equity Shares to be held by joint holders shall be paid from the bank account of the person whose name appears first in the Application Form. Pending Allotment, Application Amount received for subscription of the Equity Shares shall be kept by our Company in a separate bank account with a scheduled bank and shall be utilised only for the purposes permitted under the Companies Act, 2013. Notwithstanding the above, in the event (a) any Bidder is not Allocated Equity Shares in the Issue, (b) the number of Equity Shares Allotted to a Bidder is lower than the number of Equity Shares applied for through the Application Form and towards which Application Amount has been paid by such Bidder, (c) the Application Amount has been arrived at using

an indicative price higher than the Issue Price, or (d) any Eligible QIB lowers or withdraws their Bid after submission of the Application Form but prior to the Issue Closing Date, the excess Application Amount will be refunded to the same bank account from which it was remitted, in the form and manner set out in "*Bid Process – Refunds*" on page 204.

6. Once a duly completed Application Form is submitted by a Bidder and the Application Amount is transferred to the Escrow Account, such Application Form constitutes an irrevocable offer and the Bid cannot be withdrawn or revised downwards after the Issue Closing Date. In case of an upward revision before the Issue Closing Date, an additional amount shall be required to be deposited towards the Application Amount in the Escrow Account along with the submission of such revised Bid. The Issue Closing Date shall be notified to the Stock Exchanges and the Eligible QIBs shall be deemed to have been given notice of such date after receipt of the Application Form.

7. The Eligible QIBs acknowledge that in accordance with the requirements of the Companies Act, 2013 upon Allocation, our Company has disclosed the names of proposed Allottees and the percentage of their post Issue shareholding in the Preliminary Placement Document and consents to such disclosure, if any Equity Shares were Allocated to it.

8. The Bids made by asset management companies or custodians of Mutual Funds shall specifically state the names of the concerned schemes for which the Bids are made. In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme for which the Bid has been made. Application by various schemes or funds of a Mutual Fund will be treated as one application from the Mutual Fund. Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law.

9. Upon receipt of the duly completed Application Form and the Application Amount in the Escrow Account, after the Issue Closing Date, our Company shall, in consultation with Lead Managers determine the final terms, including the Issue Price of the Equity Shares to be issued pursuant to the Issue and Allocation. Upon such determination, the Lead Managers will send the serially numbered CAN to the Eligible QIBs who have been Allocated the Equity Shares. The dispatch of a CAN, and the Placement Document (when dispatched) to a Successful Bidder shall be deemed a valid, binding and irrevocable contract for the Successful Bidders to subscribe to the Equity Shares Allocated to such Successful Bidders at an aggregate price equivalent the product of the Issue Price and Equity Shares Allocated to such Successful Bidders. The CAN shall contain details such as the number of Equity Shares Allocated to the Successful Bidders, Issue Price and the aggregate amount received towards the Equity Shares Allocated. **Please note that the Allocation will be at the absolute discretion of our Company and will be in consultation with the Lead Managers.**

10. Upon determination of the Issue Price and the issuance of CAN and before Allotment of Equity Shares to the Successful Bidders, the Lead Managers, shall, on our behalf, send a serially numbered Placement Document, either in electronic form or through physical delivery, to each of the Successful Bidders who have been Allocated Equity Shares pursuant to dispatch of a serially numbered CAN.

11. Upon dispatch of the serially numbered Placement Document, our Company shall Allot Equity Shares as per the details in the CANs sent to the Successful Bidders. We will inform the Stock Exchanges of the details of the Allotment.

12. After passing the resolution for Allotment and prior to crediting the Equity Shares into the beneficiary account of the Successful Bidders maintained by the Depository Participant, as indicated in their respective Application Form, our Company shall apply to the Stock Exchanges for listing approvals in respect of the Equity Shares Allotted pursuant to the Issue.

13. After receipt of the listing approvals of the Stock Exchanges, our Company shall credit the Equity Shares Allotted pursuant to this Issue into the beneficiary accounts of the respective Allottees.

14. Our Company will then apply for the final trading approvals from the Stock Exchanges.

15. The Equity Shares that would have been credited to the beneficiary account with the Depository Participant of the Eligible QIBs shall be eligible for trading on the Stock Exchanges only upon the receipt of final trading and listing approvals from the Stock Exchanges.

16. As per applicable law, the Stock Exchanges will notify the final listing and trading approvals, which are ordinarily available on their websites, and our Company may communicate the receipt of the listing and trading approvals to those Eligible QIBs to whom the Equity Shares have been Allotted. Our Company and the Lead Managers shall not be responsible for any delay or non-receipt of the communication of the final trading and listing permissions from the Stock Exchanges or any loss arising from such delay or non-receipt. Investors are advised to apprise themselves of the status of the receipt of the permissions from the Stock Exchanges or our Company.

17. In the event that the number of Equity Shares Allocated to a Bidder is lower than the number of Equity Shares applied for through the Application Form and towards which Application Amount has been paid by such Bidder, or Equity Shares are not Allocated to a Bidder for any reasons, or a Bidder withdraws the Bid prior to the Issue Closing Date, any excess Application Amount paid by such Bidder will be refunded to the same bank account from which Application Amount was remitted, in the form and manner set out in the Refund Intimation which will be dispatched to such Bidder.

Qualified Institutional Buyers

Only Eligible QIBs are eligible to invest in the Equity Shares pursuant to the Issue, provided that with respect to foreign portfolio investors, only Eligible FPIs applying under Schedule II of the FEMA Rules will be considered as Eligible QIBs. FVCIs are not permitted to participate in the Issue. Currently, QIBs, who are eligible to participate in the Issue (not being excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations) and also as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations, are set forth below:

- alternate investment funds registered with SEBI;
- Eligible FPIs;
- insurance companies registered with Insurance Regulatory and Development Authority of India;
- insurance funds set up and managed by army, navy or air force of the Union of India;
- insurance funds set up and managed by the Department of Posts, India;
- multilateral and bilateral development financial institutions;
- Mutual Funds;
- pension funds with minimum corpus of ₹ 250 million;
- provident funds with minimum corpus of ₹ 250 million;
- public financial institutions;
- scheduled commercial banks;
- state industrial development corporations;
- the National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government published in the Gazette of India;
- venture capital funds registered with SEBI; and
- SI-NBFC.

Allotments made to venture capital funds and alternate investment funds, registered with SEBI, in the Issue are subject to the rules and regulations that are applicable to each of them respectively, including in relation to lock-in requirement. VCFs and AIFs should independently consult their own counsel and advisors as to investment in and related matters concerning the Issue.

Eligible FPIs are permitted to participate through the portfolio investment scheme under Schedule II of FEMA Rules in this Issue. Eligible FPIs are permitted to participate in the Issue subject to compliance with all applicable laws and such that the shareholding of the FPIs do not exceed specified limits as prescribed under applicable laws in this regard. Other eligible non-resident QIBs shall participate in the Issue under Schedule I of the FEMA Rules. FVCIs are not permitted to participate in this Issue.

In terms of the SEBI FPI Regulations, the issue of Equity Shares to a single FPI or an investor group (multiple entities registered as FPIs and directly or indirectly, having common ownership of more than 50% or common control) is not permitted to exceed 10% of the post-Issue Equity Share capital of our Company, and the total holding of all FPIs, collectively, shall be below the sectoral cap with respect to the total post- Issue paid-up Equity Share capital of our Company on a fully diluted basis. Hence, Eligible FPIs may invest in such number of Equity Shares in the Issue such that (i) the individual investment of the FPI in our Company does not exceed 10% of the post-Issue paid-up capital of our Company on a fully diluted basis, and (ii) the aggregate investment by FPIs in our Company does not exceed the sectoral cap applicable to our Company on a fully diluted basis. In case the holding of an FPI including its investor group increases to 10% or more of the total post-Issue paid-up equity capital, on a fully diluted basis, the FPI including its investor group is required to divest the excess holding within five trading days from the date of settlement of the trades resulting in the breach. In the event that such divestment of excess holding is not done within the above prescribed time, the total investment made by such FPI together with its investor group will be re-classified as FDI as per procedure specified by SEBI and the FPI and its investor group will be prohibited from making any further portfolio investment in our Company under the SEBI FPI Regulations. However, in accordance with Regulation 22(4) of the SEBI FPI Regulations, the FPIs who are: (a) appropriately regulated public retail funds; (b) public retail funds where the majority is owned by appropriately regulated public retail fund on look through basis; or (c) public retail funds and investment managers of such foreign portfolio investors are appropriately regulated, the aggregation of the investment limits of such FPIs having common control, shall not be applicable. Further, the aggregate limit of all FPIs investments, with effect from April 1, 2020, is up to the sectoral cap applicable to the sector in which the Company operates. The existing aggregate investment limit for FPIs in the Company is 100% of the paid up capital of the Company.

Two or more subscribers of ODIs having a common beneficial owner shall be considered together as a single subscriber of the ODI. In the event an investor has investments as a FPI and as a subscriber of ODIs, these investment restrictions shall apply on the aggregate of the FPI and ODI investments held in the underlying company.

Pursuant to the SEBI Circular dated April 5, 2018 (Circular No: IMD/FPIC/CIR/P/2018/61), our Company has appointed NSDL as the designated Depository to monitor the level of FPI/NRI shareholding in our Company on a daily basis and once the aggregate foreign investment of a company reaches a cut-off point, which is 3% below the overall limit a red flag shall be activated. The Depository is then required to inform the Stock Exchanges about the activation of the red flag. The Stock Exchanges are then required to issue the necessary circulars/ public notifications on their respective websites. Once a red flag is activated, the FPIs must trade cautiously, because in the event that there is a breach of the sectoral cap, the FPIs will be under an obligation to disinvest the excess holding within five trading days from the date of settlement of the trades.

Eligible FPIs are permitted to participate in the Issue subject to compliance with conditions and restrictions which may be specified by the Government from time to time.

In terms of the FEMA Rules, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included

Restriction on Allotment

Under Regulation 179(2)(b) of the SEBI ICDR Regulations, no Allotment shall be made pursuant to the Issue, either directly or indirectly, to any QIB being, or any person related to, the Promoter. QIBs which have all or any of the following rights shall be deemed to be persons related to the Promoter:

- rights under a shareholders' agreement or voting agreement entered into with the Promoter or members of the Promoter Group;
- veto rights; or
- a right to appoint any nominee director on the Board.

Provided, however, that a QIB which does not hold any Equity Shares in our Company and which has acquired the aforesaid rights in the capacity of a lender shall not be deemed to be related to the Promoter.

Our Company, the LMs and any of their respective shareholders, employees, counsels, officers, directors, representatives, agents, advisors or affiliates shall not be liable for any amendment or modification or change to applicable laws or regulations, which may occur after the date of this Preliminary Placement Document. Eligible QIBs are advised to make their independent investigations and satisfy themselves that they are eligible to apply. Eligible QIBs are advised to ensure that any single application from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Preliminary Placement Document. Eligible QIBs are required to satisfy themselves that their Bids would not eventually result in triggering an open offer under the SEBI Takeover Regulations and ensure compliance with applicable laws

A minimum of 10% of the Equity Shares offered in the Issue shall be Allotted to Mutual Funds. In case of under subscription in such portion, such portion or part thereof may be Allotted to other Eligible QIBs.

Note: *Affiliates or associates of the Lead Managers who are QIBs may participate in the Issue in compliance with applicable laws.*

Bid Process

Application Form

Eligible QIBs shall only use the serially numbered Application Forms (which are addressed to them) supplied by our Company and/or the Lead Managers in either electronic form or by physical delivery for the purpose of making a Bid (including revision of a Bid) in terms of this Preliminary Placement Document.. The Application Form may be signed physically or digitally, if required under applicable law in the relevant jurisdiction applicable to each Eligible QIB and as permitted under such applicable law. An Eligible QIB may submit an unsigned copy of the Application Form, as long as the Application Amount is paid along with submission of the Application Form within the Issue Period, and in such case, it shall be assumed that the person submitting the Application Form and providing necessary instructions for transfer of the Application Amount to the Escrow Account, on behalf of the Eligible QIB is authorised to do so. An Eligible QIB may submit an unsigned copy of the Application Form, as long as the Application Amount is paid along with submission of the Application Form within the Issue Period.

By making a Bid (including the revision thereof) for Equity Shares through Application Forms and pursuant to the terms of the Preliminary Placement Document, the Eligible QIB will be deemed to have made the following representations, warranties, acknowledgements and undertakings as well as those given or made under the sections "*Notice to Investors*", "*Representations by Investors*", "*Selling Restrictions*" and "*Transfer Restrictions*" on pages 1, 4, 209 and 217, respectively:

1. The Eligible QIB confirms that it is a QIB in terms of Regulation 2(1)(ss) of the SEBI ICDR Regulations and is not excluded under Regulation 179(2)(b) of the SEBI ICDR Regulations, has a valid and existing registration under the applicable laws in India (as applicable) and is eligible to participate in this Issue;

2. The Eligible QIB confirms that it is not a Promoter and is not a person related to the Promoter, either directly or indirectly and its Application Form does not directly or indirectly represent the Promoter or Promoter Group or persons related to the Promoter;

3. The Eligible QIB confirms that it has no rights under a shareholders' agreement or voting agreement with the Promoter or members of the Promoter Group, no veto rights or right to appoint any nominee director on the Board other than those acquired in the capacity of a lender which shall not be deemed to be a person related to the Promoter;

4. The Eligible QIB acknowledges that it has no right to withdraw or revise its Bid downwards after the Issue Closing Date;

5. The Eligible QIB confirms that if Equity Shares are Allotted through this Issue, it shall not, for a period of one year from Allotment, sell such Equity Shares otherwise than on the Stock Exchanges;

6. The Eligible QIB confirms that it is eligible to Bid and hold Equity Shares so Allotted together with any Equity Shares held by it prior to the Issue, if any. The Eligible QIB further confirms that the holding of

the Eligible QIB, does not and shall not, exceed the level permissible as per any applicable regulations applicable to the Eligible QIB;

7. The Eligible QIB confirms that its Bid would not result in triggering an open offer under the SEBI Takeover Regulations;

8. The Eligible QIB agrees that although the Application Amount is required to be paid by it along with the Application Form within the Issue Period in terms of provisions of the Companies Act, 2013 and rules made thereunder, our Company reserves the right to Allocate and Allot Equity Shares pursuant to this Issue on a discretionary basis in consultation with the Lead Managers. The Eligible QIB further acknowledges and agrees that the payment of Application Amount does not guarantee Allocation and/or Allotment of Equity Shares Bid for in full or in part;

9. The Eligible QIB acknowledges that in terms of the requirements of the Companies Act, 2013, upon Allocation, the Company will be required to disclose names as proposed Allottees and percentage to post-Issue shareholding of the proposed Allottees in the Placement Document and consents to such disclosure, if any Equity Shares are Allocated to it. However the Eligible QIB further acknowledges and agrees, disclosure of such details in relation to the proposed Allottees in the Placement Document will not guarantee Allotment to them, as Allotment in the Issue shall continue to be at the sole discretion of the Company, in consultation with the LMs;

10. The Eligible QIB confirms that the number of Equity Shares Allotted to it pursuant to the Issue, together with other Allottees that belong to the same group or are under common control, shall not exceed 50% of the Issue. For the purposes of this representation:

    a. Eligible QIBs "belonging to the same group" shall mean entities where (a) any of them controls, directly or indirectly, through its subsidiary or holding company, not less than 15% of the voting rights in the other; (b) any of them, directly or indirectly, by itself, or in combination with other persons, exercise control over the others; or (c) there is a common director, excluding nominee and independent directors, amongst an Eligible QIB, its subsidiary(ies) or holding company and any other QIB ; and

    b. 'Control' shall have the same meaning as is assigned to it by Regulation 2(1)(e) of the SEBI Takeover Regulations;

11. The Eligible QIB acknowledges that no Allotment shall be made to them if the price at which they have Bid for in the Issue is lower than the Issue Price;

12. The Eligible QIB confirms that it is purchasing the Equity Shares in an "offshore transaction" in reliance upon Regulation S, and is not our affiliate or a person acting on behalf of such an affiliate;

13. The Eligible QIB confirms that it, individually or together with its investor group, is not restricted from making further investments in our Company through the portfolio investment route, in terms of Regulation 22(3) of the SEBI FPI Regulations;

14. The Eligible QIB agrees that it will make payment of its Application Amount along with submission of the Application Form within the Issue Period. Each Eligible QIB agrees that once a duly filled Application Form is submitted by it, whether signed or not, and the Application Amount has been transferred to the Escrow Account, such Application Form constitutes an irrevocable offer and cannot be withdrawn or revised downwards after the Issue Closing Date;

15. The Eligible QIB confirms that in the event it is resident outside India, it is an Eligible FPI, having a valid and existing registration with SEBI under the applicable laws in India or a multilateral or bilateral development financial institution, and is eligible to invest in India under applicable law, including the FEMA Rules, as amended, and any notifications, circulars or clarifications issued thereunder, and has not been prohibited by SEBI or any other regulatory authority, from buying, selling, dealing in securities or otherwise accessing the capital markets and is not an FVCI;

16. The Eligible QIBs confirm that they shall not undertake any trade in the Equity Shares credited to their beneficiary accounts maintained with the Depository Participant until such time that the final listing and trading approvals for the Equity Shares Allotted in the Issue are issued by the Stock Exchanges;

ELIGIBLE QIBS MUST PROVIDE THEIR NAME, COMPLETE ADDRESS, PHONE NUMBER, EMAIL ID, BANK ACCOUNT DETAILS, BENEFICIARY ACCOUNT DETAILS, PAN, DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE APPLICATION FORM. ELIGIBLE QIBS MUST ENSURE THAT THE NAME GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THEIR BENEFICIARY ACCOUNT IS HELD.

IF SO REQUIRED BY THE LEAD MANAGERS, THE ELIGIBLE QIBS SUBMITTING A BID, ALONG WITH THE APPLICATION FORM, WILL ALSO HAVE TO SUBMIT REQUISITE DOCUMENT(S) TO THE LEAD MANAGERS TO EVIDENCE THEIR STATUS AS AN "ELIGIBLE QIB" AS DEFINED HEREINABOVE.

IF SO REQUIRED BY THE LEAD MANAGERS, ESCROW BANK OR ANY STATUTORY OR REGULATORY AUTHORITY IN THIS REGARD, INCLUDING AFTER ISSUE CLOSURE, THE ELIGIBLE QIBS SUBMITTING A BID AND/OR BEING ALLOTTED EQUITY SHARES IN THE ISSUE, WILL ALSO HAVE TO SUBMIT REQUISITE DOCUMENT(S) TO FULFILL THE APPLICABLE KNOW YOUR CUSTOMER (KYC) NORMS.

Demographic details such as address and bank account will be obtained from the Depositories as per the Depository Participant account details provided in the Application Form. However, for the purposes of refund of all or part of the Application Amount submitted by the Bidder, the bank details as mentioned in the Application Form from which the Application Amount shall be remitted for the Equity Shares applied for in the Issue, will be considered.

The submission of an Application Form and payment of the Application Amount pursuant to the Application Form by a Bidder shall be deemed a valid, binding and irrevocable offer for such Bidder to pay the entire Issue Price for the Equity Shares and becomes a binding contract on a Successful Bidder upon issuance of the CAN and the Placement Document (when dispatched) by our Company in favour of the Successful Bidder.

Submission of Application Form

All Application Forms must be duly completed with information including the number of Equity Shares applied for along with proof of payment and a copy of the PAN card or PAN allotment letter. Additionally, the Application Form will include details of the relevant Escrow Account into which the Application Amounts will have to be deposited.The Application Amount shall be deposited in the Escrow Account as is specified in the Application Form and the Application Form shall be submitted to the Lead Managers either through electronic form or through physical delivery at either of the following addresses:

Edelweiss Financial Services Limited 801 - 804, Wing A, Building No 3, Inspire BKC, G Block, Bandra Kurla Complex, Bandra East, Mumbai – 400051. **Contact Person:** Lokesh Shah **Email:** Orchid.pharma@edelweissfin.com **Phone No.:** +91 22 4009 4400	**JM Financial Limited** 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025 Maharashtra, India **Contact Person**: Prachee Dhuri **E-mail**: orchid.qip@jmfl.com **Phone No.**: +91 22 6630 3030

The Application Form may be signed physically or digitally, if required under applicable law in the relevant jurisdiction applicable to each Eligible QIB and as permitted under such applicable law. An Eligible QIB may submit an unsigned copy of the Application Form, as long as the Application Amount is paid along with submission of the Application Form within the Issue Period. Once a duly completed Application Form is submitted by a Bidder, whether signed or not, and the Application Amount is transferred to the Escrow Account, such application constitutes an irrevocable offer and the Bid cannot be withdrawn or revised downwards after the Issue Closing Date. In case of an upward revision before the Issue Closing Date, an additional amount shall be required to be deposited towards the Application Amount in the Escrow Account along with the submission of such revised Bid. In case Bids are being made on behalf of the Eligible QIB and the Application Form is unsigned, it shall be assumed that the person submitting the Application Form and providing necessary instructions for transfer of the Application Amount to the Escrow Account, on behalf of the Eligible QIB is authorised to do so. The Issue Closing

Date shall be notified to the Stock Exchanges and the Eligible QIBs shall be deemed to have been given notice of such date after receipt of the Application Form.

The Lead Managers shall not be required to provide any written acknowledgement of the receipt of the Application Form and the Application Amount.

Bidders Bidding in the Issue, shall pay the entire Application Amount along with the submission of the Application Form, within the Issue Period.

Payment of Application Amount

Our Company has opened the Escrow Account in the name and style of "**ORCHID PHARMA LIMITED QIP ESCROW ACCOUNT 2023**" with Yes Bank Limited, our Escrow Bank, in terms of the arrangement among our Company, the Lead Managers and the Escrow Bank. Bidders will be required to deposit the entire Application Amount payable for the Equity Shares applied for through the Application Form submitted by it in accordance with the applicable laws.

Payments are to be made only through electronic fund transfer.

Note: Payments through cheques or demand draft or cash shall be rejected.

If the payment is not made favouring the "**ORCHID PHARMA LIMITED QIP ESCROW ACCOUNT 2023**" within the Issue Period stipulated in the Application Form, the Application Form of the QIB is liable to be cancelled.

Pending Allotment, our Company undertakes to utilise the amount deposited in "**ORCHID PHARMA LIMITED QIP ESCROW ACCOUNT 2023**" only for the purposes of (i) adjustment against Allotment of Equity Shares in the Issue; or (ii) repayment of Application Amount if our Company is not able to Allot Equity Shares in the Issue. Notwithstanding the above, in the event a Bidder is not Allocated Equity Shares in the Issue, or the number of Equity Shares Allocated to a Bidder, is lower than the number of Equity Shares applied for through the Application Form and towards which Application Amount has been paid by such Bidder, the excess Application Amount will be refunded to the same bank account from which Application Amount was remitted, in the form and manner set out in "*Bid Process – Refunds*" on page 204.

Permanent Account Number or PAN

Each Bidder should mention its PAN allotted under the Income Tax Act, 1961 in the Application Form and enclose a copy of the PAN card or PAN allotment letter along with the Application Form. Applications without this information will be considered incomplete and are liable to be rejected. Bidders should not submit the GIR number instead of the PAN as the Application Form is liable to be rejected on this ground.

Bank Account Details

Each Bidder shall mention the details of the bank account from which the payment of Application Amount has been made along with confirmation that such payment has been made from such account.

Pricing and Allocation

There is a minimum pricing requirement under the SEBI ICDR Regulations. The Floor Price shall not be less than the average of the weekly high and low of the closing prices of the Equity Shares quoted on the stock exchange during the two weeks preceding the Relevant Date. However, a discount of not more than 5% of the Floor Price may be offered by our Company in accordance with the provisions of the SEBI ICDR Regulations.

The "Relevant Date" referred to above, for Allotment, will be the date of the meeting in which the Board or the Capital Restructuring Committee decides to open the Issue and "stock exchange" means any of the recognized stock exchanges in India on which the Equity Shares of the Company of the same class are listed and on which the highest trading volume in such Equity Shares has been recorded during the two weeks immediately preceding the Relevant Date.

Build-up of the Book

The Eligible QIBs shall submit their Bids (including any revision thereof) through the Application Forms within the Issue Period to the Lead Managers. Such Bids cannot be withdrawn or revised downwards after the Issue Closing Date. The book shall be maintained by the Lead Managers.

Price Discovery and Allocation

Our Company, in consultation with the Lead Managers, shall determine the Issue Price, which shall be at or above the Floor Price. However, our Company may offer a discount of not more than 5% on the Floor Price in terms of Regulation 176 of the SEBI ICDR Regulations as approved by our Shareholders pursuant to their special resolution passed at the EGM held on December 29, 202. After finalisation of the Issue Price, our Company shall update this Preliminary Placement Document with the Issue details and file the same with the Stock Exchanges as the Placement Document.

Method of Allocation

Our Company shall determine the Allocation in consultation with the Lead Managers on a discretionary basis and in compliance with Chapter VI of the SEBI ICDR Regulations.

Bids received from the Eligible QIBs at or above the Issue Price shall be grouped together to determine the total demand. The Allocation to all such Eligible QIBs will be made at the Issue Price. Allocation to Mutual Funds for up to a minimum of 10% of the Issue Size shall be undertaken subject to valid Bids being received at or above the Issue Price.

In case of cancellations or default by the Bidders, our Company in consultation with the Lead Managers have the right to reallocate the Equity Shares at the Issue Price among existing or new Bidders at their sole and absolute discretion subject to the applicable laws.

THE DECISION OF OUR COMPANY IN CONSULTATION WITH THE LEAD MANAGERS IN RESPECT OF ALLOCATION SHALL BE FINAL AND BINDING ON ALL BIDDERS. BIDDERS MAY NOTE THAT ALLOCATION OF EQUITY SHARES IS AT THE SOLE AND ABSOLUTE DISCRETION OF OUR COMPANY, IN CONSULTATION WITH THE LEAD MANAGERS AND ELIGIBLE QIBS MAY NOT RECEIVE ANY ALLOCATION EVEN IF THEY HAVE SUBMITTED VALID APPLICATION FORMS AND PAID THE ENTIRE APPLICATION AMOUNT AT OR ABOVE THE ISSUE PRICE WITHIN THE ISSUE PERIOD. NEITHER OUR COMPANY NOR THE LEAD MANAGERS ARE OBLIGED TO ASSIGN ANY REASON FOR ANY NON-ALLOCATION.

Confirmation of Allotment Notice or CAN

Based on receipt of the serially numbered Application Forms and Application Amount, our Company, in consultation with the Lead Managers, in their sole and absolute discretion, shall decide the Successful Bidders to whom the serially numbered CAN shall be dispatched, pursuant to which the details of the Equity Shares Allocated to them, the Issue Price and the Application Amount for the Equity Shares Allotted shall be notified to such Successful Bidders.

The Successful Bidders would also be sent a serially numbered Placement Document (which will include the names of the proposed Allottees along with the percentage of their post-Issue Shareholding in the Company) either in electronic form or by physical delivery.

The dispatch of the serially numbered CAN and the Placement Document (when dispatched), to the Eligible QIBs shall be deemed a valid, binding and irrevocable contract for the Eligible QIBs to furnish all details that may be required by the Lead Managers. Subsequently, our Board or the Capital Restucturing Committee will approve the Allotment of the Equity Shares to the Allottees.

Eligible QIBs are advised to instruct their Depository Participant to accept the Equity Shares that may be Allotted to them pursuant to the Issue.

By submitting the Application Form, an Eligible QIB would have deemed to have made the representations and warranties as specified in "*Notice to Investors*" on page 1 and further that such Eligible QIB shall not undertake any trade on the Equity Shares credited to its Depository Participant account pursuant to the Issue until such time as the final listing and trading approval is issued by Stock Exchanges.

Designated Date and Allotment of Equity Shares

Our Company will ensure that the Allotment of Equity Shares is completed by the Designated Date provided in the respective CANs. In accordance with the SEBI ICDR Regulations, the Equity Shares in the Issue will be issued and Allotment shall be made only in dematerialised form to the Allottees. Allottees will have the option to re-materialise the Equity Shares, if they so desire, as per the provisions of the Companies Act, 2013 and the Depositories Act. However, transfer of securities of listed companies in physical form is not permitted pursuant to Regulation 40 of the SEBI Listing Regulations.

Our Company, at its sole discretion, reserves the right to cancel the Issue at any time up to Allotment without assigning any reason whatsoever. Following the Allotment of Equity Shares pursuant to the Issue, we will apply for final trading and listing approvals from the Stock Exchanges. In the event of any delay in the Allotment or credit of Equity Shares, or receipt of trading or listing approvals or cancellation of the Issue, no interest or penalty would be payable by us.

Pursuant to a circular dated March 5, 2010 issued by the SEBI, Stock Exchanges are required to make available on their websites the details of those Allottees in Issue who have been Allotted more than 5% of the Equity Shares offered in the Issue, viz, the names of the Allottees, and number of Equity Shares Allotted to each of them, pre and post Issue shareholding pattern of our Company along with the Placement Document. Our Company shall make the requisite filings with the RoC within the stipulated period as required under the Companies Act, 2013 and the PAS Rules. Further, as required in terms of the PAS Rules, names of the proposed Allottees and the percentage of their post-Issue shareholding in our Company have been disclosed in the Placement Document.

The Escrow Bank shall release the monies lying to the credit of the Escrow Account to our Company upon receipt of notice from the Lead Managers and the trading and listing approvals of the Stock Exchanges for Equity Shares offered in the Issue and after filing return of Allotment under Form PAS-3 with the RoC.

In the event of any delay in the Allotment or credit of Equity Shares, or receipt of trading or listing approvals or cancellation of the Issue, no interest or penalty would be payable by us.

After finalization of the Issue Price, our Company shall update the Preliminary Placement Document with the Issue details and file the same with the Stock Exchanges as the Placement Document.

In the event that we are unable to issue and Allot the Equity Shares offered in the Issue or if the Issue is cancelled within the timelines prescribed under the applicable laws, our Company shall repay the application monies within the timelines prescribed under the applicable laws, failing which our Company shall repay that monies with interest at such rate and in such manner as prescribed under the Companies Act and SEBI ICDR Regulations. The application monies to be refunded by us shall be refunded to the same bank account from which application monies was remitted by the Bidders, as mentioned in the Application Form.

Refunds

In the event that the number of Equity Shares Allocated to a Bidder is lower than the number of Equity Shares applied for through the Application Form and towards which Application Amount has been paid by such Bidder, or the Application Amount paid by a Bidder is in excess of the amount equivalent to the product of the Equity Shares that have been Allocated to such Bidder and the Issue Price or Equity Shares are not Allocated to a Bidder for any reasons, or a Bidder withdraws the Bid prior to the Issue Closing Date, any excess Application Amount paid by such Bidder will be refunded to the same bank account from which the Application Amount was remitted, in the form and manner set out in the Refund Intimation. The Refund Amount will be transferred to the relevant Bidders within two Working Days from the issuance of the CAN.

In the event that Equity Shares have been Allocated to Successful Bidders and our Company is unable to issue and Allot the Equity Shares offered in the Issue or where our Company has Allotted the Equity Shares but final listing and trading approvals are refused by the Stock Exchanges, or on cancellation of the Issue, within 60 days from the date of receipt of the Application Amount, our Company shall repay the Application Amount within 15 days from expiry of 60 days, failing which our Company shall repay that money with interest at such rate and in such manner as prescribed under the Companies Act, 2013.

Other Instructions

Permanent Account Number or PAN

Each Bidder should mention its PAN allotted under the IT Act. A copy of PAN card is required to be submitted with the Application Form. Further, the Application Forms without this information will be considered incomplete and are liable to be rejected. It is to be specifically noted that applicants should not submit the GIR number instead of the PAN as the Application Form is liable to be rejected on this ground.

Bank account details
Each Bidder shall mention the details of the bank account from which the payment of Bid Amount has been made along with confirmation that such payment has been made from such account

Right to Reject Applications

Our Company, in consultation with the Lead Managers, may reject Bids, in part or in full, without assigning any reason whatsoever. The decision of our Company in consultation with the Lead Managers in relation to the rejection of Bids shall be final and binding. In the event the Bid is rejected by our Company, the Application Amount paid by the Bidder shall be refunded to the same bank account from which the Application Amount was remitted by such Bidder. For details see "*Bid Process – Refunds*" on page 204.

Equity Shares in dematerialized form with NSDL or CDSL

The Allotment of the Equity Shares in this Issue shall be only in dematerialised form (i.e., not in physical certificates but be fungible and be represented by the statement issued through the electronic mode).

An Eligible QIB applying for Equity Shares to be issued pursuant to the Issue must have at least one beneficiary account with a Depository Participant of either NSDL or CDSL prior to making the Bid. Equity Shares Allotted to a Successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Successful Bidder, as indicated in the Application Form.

Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. The Stock Exchanges(BSE and NSE) have electronic connectivity with NSDL and CDSL.

The trading of the Equity Shares to be issued pursuant to the Issue would be in dematerialised form only for all QIBs in the demat segment of the respective Stock Exchanges.

Our Company and the Lead Managers will not be responsible or liable for the delay in the credit of Equity Shares to be issued pursuant to the Issue due to errors in the Application Form or otherwise on the part of the Bidders.

Release of Funds to our Company

The Escrow Bank shall not release the monies lying to the credit of the "ORCHID PHARMA LIMITED QIP ESCROW ACCOUNT 2023" to our Company until receipt of notice from the Lead Managers, the trading and listing approvals of the Stock Exchanges for Equity Shares offered in the Issue and filing of return of Allotment under Form PAS-3 with the RoC

PLACEMENT AND LOCK-IN

Placement Agreement

The Lead Managers have entered into the Placement Agreement dated June 22, 2023 with our Company, pursuant to which the Lead Managers have agreed to manage the Issue and to act as placement agents in connection with the proposed Issue and procure subscription to Equity Shares on a reasonable efforts basis to be placed with the Eligible QIBs, pursuant to Chapter VI of the SEBI ICDR Regulations, Section 42 of the Companies Act, 2013 read with Rule 14 of the PAS Rules, as amended and other applicable provisions of the Companies Act, 2013 and the rules made thereunder.

The Placement Agreement contains customary representations, warranties and indemnities from our Company and the Lead Managers, and the Issue is subject to the satisfaction of certain conditions and it is subject to termination in accordance with the terms contained therein.

Applications shall be made to list the Equity Shares issued pursuant to the Issue and admit them to trading on the Stock Exchanges. No assurance can be given as to the liquidity or sustainability of the trading market for such Equity Shares, the ability of holders of the Equity Shares to sell their Equity Shares or the price at which holders of the Equity Shares will be able to sell their Equity Shares.

The Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act, or the securities laws of any state of the United States and may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any applicable state securities laws. The Equity Shares offered in the Issue are being offered and sold only outside the United States in "*offshore transactions*", as defined in and in reliance on Regulation S and the applicable laws of the jurisdiction where those offers and sales are made. For further information, see the section "*Selling Restrictions*" on page 209.

This Preliminary Placement Document has not been, and will not be, filed as a prospectus with the RoC and, no Equity Shares issued pursuant to the Issue, will be offered in India or overseas to the public or any members of the public or any other class of prospective investors, other than Eligible QIBs.

Relationship with the Lead Managers

In connection with the Issue, the Lead Managers (or their affiliates) may, for their own account, subscribe to the Equity Shares or enter into asset swaps, credit derivatives or other derivative transactions relating to the Equity Shares to be issued pursuant to the Issue at the same time as the offer and sale of the Equity Shares, or in secondary market transactions. As a result of such transactions, the Lead Managers may hold long or short positions in such Equity Shares. These transactions may comprise a substantial portion of the Issue and no specific disclosure will be made of such positions. Affiliates of the Lead Managers may purchase Equity Shares and be Allotted Equity Shares for proprietary purposes and not with a view to distribute or in connection with the issuance of P-Notes. For further details, see "*Offshore Derivative Instruments*" on page 10.

From time to time, the Lead Managers, and their respective affiliates have engaged in or may in the future engage in transactions with and perform services including but not limited to investment banking, advisory, banking, trading services for our Company, its Subsidiaries, group companies, affiliates and the Shareholders of our Company, as well as to their respective affiliates, pursuant to which fees and commissions have been paid or will be paid to the Lead Managers and their affiliates.

Lock-in

Our Company undertakes that it will not for a period of 120 days from the date of Allotment under the Issue, without the prior written consent of the Lead Managers, directly or indirectly –

(a) purchase, lend, sell, offer, issue, contract to issue, issue or offer any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, any Equity Shares or any securities convertible into or exercisable for Equity Shares (including, without limitation, securities convertible into or exercisable or exchangeable for Equity Shares which may be deemed to be beneficially owned), or file any registration statement under the U.S. Securities Act, with respect to any of the foregoing; or

(b) enter into any swap or other agreement or any transaction that transfers, in whole or in part, directly or indirectly, any of the economic consequences associated with the ownership of any of the Equity Shares or any securities convertible into or exercisable or exchangeable for Equity Shares (regardless of whether any of the transactions described in clause (a) or (b) is to be settled by the delivery of Equity Shares or such other securities, in cash or otherwise), or

(c) deposit Equity Shares with any other depositary in connection with a depositary receipt facility, or

(d) enter into any transaction (including a transaction involving derivatives) having an economic effect similar to that of an issue, offer, sale or deposit of the Equity Shares in any depository receipt facility, or

(e) publicly announce any intention to enter into any transaction falling within (a) to (d) above or enter into any transaction (including a transaction involving derivatives) having an economic effect similar to that of an issue or offer or deposit of Equity Shares in any depositary receipt facility or publicly announce any intention to enter into any transaction falling within (a) to (d) above. Provided that, the foregoing restriction shall not apply to an issuance of Equity Shares or options pursuant to any employee stock option scheme formulated by the Company.

Promoter's Lock-in

Our Promoter will not without the prior written consent of the Lead Managers, during the period commencing on the date here of and ending 120 days after the date of allotment of its Equity Shares (the "**Lock-up Period**"), directly or indirectly: (a) sell, lend, contract to sell, any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any of its Equity Shares, or any securities convertible into or exercisable or exchangeable for its Equity Shares or file any registration statement under the U.S. Securities Act of 1933, as amended, or publicly announce an intention with respect to any of the foregoing; (b) enter into any swap or other agreement that transfers, directly or indirectly, in whole or in part, any of the economic consequences of ownership of its Equity Shares or any securities convertible into or exercisable or exchangeable for its Equity Shares; (c) sell, lend, contract to sell any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any shares or interest in an entity which holds any of its Equity Shares; or (d) publicly announce any intention to enter into any transaction whether any such transaction described in (a), (b) or (c) above is to be settled by delivery of its Equity Shares, or such other securities, in cash or otherwise. Further, these provisions will not be applicable for (a) any pledge of Equity Shares to as collateral for any borrowing availed by the Company from a scheduled commercial bank; or (b) transfer of Equity Shares for attaining the minimum public shareholding requirements as mandated under Rule 19A of the SCRR read with Regulation 38 of the SEBI Listing Regulations. Any Equity Shares acquired by the Promoter during the Lock-up Period, either from the open market or inter-se transfer, shall constitute as its Equity Shares, and shall be subject to the restrictions contained herein.

SELLING RESTRICTIONS

General

The Issue is being made only to Eligible QIBs. The distribution of this Preliminary Placement Document and the offer and sale of the Equity Shares offered in the Issue is restricted by law in certain jurisdictions. This Preliminary Placement Document may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorised.

No action has been taken or will be taken that would permit the offer and sale of the Equity Shares offered in the Issue to occur in any jurisdiction other than India, or the possession, circulation or distribution of this Preliminary Placement Document or any other material relating to the Issue in any jurisdiction where action for such purpose is required (including filing of prospectus, except in India with SEBI or any other authority in connection with the Issue). Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and neither this Preliminary Placement Document nor any offering materials or advertisements in connection with the Issue and the Equity Shares may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction. The Issue will be made in compliance with the applicable SEBI ICDR Regulations, Section 42 of the Companies Act, 2013 read with Rule 14 of the PAS Rules and other applicable provisions of the Companies Act, 2013 and the rules made thereunder. Therefore, persons who may come into possession of this Preliminary Placement Document are advised to consult with their own legal advisors as to what restrictions may be applicable to them and to observe such restrictions.

Each purchaser of the Equity Shares in this Issue will be deemed to have made the representations, warranties, acknowledgments and agreements as described in this section and under "*Notice to Investors*", "*Representations by Investors*" and "*Transfer Restrictions*" on pages 1, 4, and 217, respectively.

Republic of India

This Preliminary Placement Document may not be distributed directly or indirectly in India or to residents of India and any Equity Shares may not be offered or sold directly or indirectly in India to, or for the account or benefit of, any resident of India except as permitted by applicable Indian laws and regulations, under which the Issue is strictly on a private and confidential basis and is limited to Eligible QIBs and is not an offer to the public. This Preliminary Placement Document has not been and will not be filed as a prospectus with the RoC, and will not be circulated or distributed to the public in India or any other jurisdiction, and will not constitute a public offer in India or any other jurisdiction.

Australia

This Preliminary Placement Document is not a disclosure document or a prospectus under Chapter 6D.2 of the Corporations Act 2001 (Cth) ("**Corporations Act**") and has not been lodged with the Australian Securities and Investments Commission and it does not purport to include the information required of a disclosure document under Chapter 6D.2 of the Corporations Act.

No offer will be made under this Preliminary Placement Document to investors to whom disclosure is required to be made under Chapter 6D of the Corporations Act. Each purchaser of the Equity Shares offered in the Issue in Australia shall be deemed to represent and warrant that it is either a "sophisticated investor" or a "professional investor" and that not it is not a "retail client" within the meaning of those terms in the Corporations Act.

The Equity Shares acquired in the Issue in Australia must not be offered for sale in Australia in the period of 12 months after the date of the Allotment, except in circumstances where disclosure to investors under Chapter 6D of the Corporations Act would not be required pursuant to an exemption under Section 708 of the Corporations Act or otherwise or where the offer is pursuant to a disclosure document that complies with Chapter 6D of the Corporations Act. Each purchaser of the Equity Shares offered in the Issue in Australia shall be deemed to undertake to our Company that it will not, for a period of 12 months from the date of issue of the Equity Shares, offer, transfer, assign or otherwise alienate those Equity Shares to investors in Australia except in circumstances where disclosure to investors is not required under Chapter 6D.2 of the Corporations Act or where or where the offer is pursuant to a disclosure document that complies with Chapter 6D of the Corporations Act.

Neither the Lead Managers nor any of their respective affiliates is the holder of Australian Financial Services Licence.

British Virgin Islands

The Equity Shares are not being, and may not be offered to the public or to any person in the British Virgin Islands for purchase or subscription by or on behalf of the Issuer.

Cayman Islands

No offer or invitation to subscribe for Equity Shares may be made to the public in the Cayman Islands to subscribe for any of the Equity Shares but an invitation or offer may be made to sophisticated persons (as defined in the Cayman Islands Securities Investment Business Law (the "**SIBL**"), high net worth persons (as defined in the SIBL) or otherwise in accordance with the SIBL.

People's Republic of China

This Preliminary Placement Document may not be circulated or distributed in the People's Republic of China (the "**PRC**") and the Equity Shares may not be offered or sold directly or indirectly to any resident of the PRC, or offered or sold to any person for reoffering or resale directly or indirectly to any resident of the PRC except pursuant to applicable laws and regulations of the PRC. Neither this offering circular nor any advertisement or other offering material may be distributed or published in the PRC, except under circumstances that will result in compliance with any applicable laws and regulations.

European Economic Area

In relation to each Member State of the European Economic Area (each a "**Relevant State**"), an offer to the public of any Equity Shares in the Issue may not be made in that Relevant State, except if the Equity Shares are offered to the public in that Relevant State at any time under the following exemptions under the Prospectus Regulation (EU) 2017/1129 (and any amendment thereto) (the "**Prospectus Regulation**"):

- to any legal entity that is a qualified investor, as defined in the Prospectus Regulation;
- to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation) subject to obtaining the prior consent of the Lead Managers for any such offer;
- or in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Equity Shares shall result in a requirement for the publication by the Company or the Lead Managers of a prospectus pursuant to Article 3 of the Prospectus Regulation.

For the purposes of this section, the expression an "offer of Equity Shares to the public" in relation to any Equity Shares in any Relevant State means a communication to persons in any form and by any means presenting sufficient information on the terms of the offer and the Equity Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Equity Shares.

Except for each person who is not a qualified investor and who has notified the Lead Managers of such fact in writing and has received the consent of the Lead Managers in writing to subscribe for or purchase Equity Shares in the Issue, each person in a Relevant State who acquires Equity Shares in the Issue or to whom any offer is made shall be deemed to have represented that it is a "qualified investor" as defined in the Prospectus Regulation.

In the case of any Equity Shares being offered to a financial intermediary, as that term is used in Article 5 of the Prospectus Regulation, such financial intermediary will also be deemed to have represented, acknowledged and agreed that the Equity Shares subscribed for or acquired by it in the Issue have not been subscribed for or acquired on a non-discretionary basis on behalf of, nor have they been subscribed for or acquired with a view to their offer or resale to persons in circumstances which may give rise to an offer of any Equity Shares to the public other than their offer or resale in a Relevant State to qualified investors (as so defined) or in circumstances in which the prior consent of the Lead Managers has been obtained to each such proposed offer or resale.

Our Company, the Lead Managers and their respective affiliates and others will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgements and agreements.

Hong Kong

This Preliminary Placement Document has not been reviewed or approved by any regulatory authority in Hong

Kong. In particular, this Preliminary Placement Document has not been, and will not be, registered as a "prospectus" in Hong Kong under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap 32) ("**CO**") nor has it been authorised by the Securities and Futures Commission ("**SFC**") in Hong Kong pursuant to the Securities and Futures Ordinance (Cap 571) ("**SFO**"). Recipients are advised to exercise caution in relation to the Issue. If recipients are in any doubt about any of the contents of this Preliminary Placement Document, they should obtain independent professional advice.

This Preliminary Placement Document does not constitute an offer or invitation to the public in Hong Kong to acquire any Equity Shares nor an advertisement of the Equity Shares in Hong Kong. This Preliminary Placement Document must not be issued, circulated or distributed in Hong Kong other than:

(a) to "professional investors" within the meaning of the SFO and any rules made under that ordinance ("**Professional Investors**"); or

(b) in other circumstances which do not result in this Preliminary Placement Document being a prospectus as defined in the CO nor constitute an offer to the public which requires authorization by the SFC under the SFO.

Unless permitted by the securities laws of Hong Kong, no person may issue or have in its possession for issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Equity Shares, which is directed at, or the content of which is likely to be accessed or read by, the public of Hong Kong other than with respect to the Equity Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to Professional Investors.

Any offer of the Equity Shares will be personal to the person to whom relevant offer documents are delivered, and a subscription for the Equity Shares will only be accepted from such person. No person who has received a copy of this Preliminary Placement Document may issue, circulate or distribute this Preliminary Placement Document in Hong Kong or make or give a copy of this Preliminary Placement Document to any other person. No person allotted Equity Shares may sell, or offer to sell, such Equity Shares to the public in Hong Kong within six months following the date of issue of such Equity Shares.

Japan

No securities registration statement in relation to the solicitations of the Equity Shares offered in the Issue in Japan (the "**Solicitations**") has been or will be filed pursuant to Article 4, Paragraph 1 of the Financial Instrument and Exchange Law of Japan (the "**FIEL**"). The Solicitations shall only be made (i) to Qualified Institutional Investors and (ii) to no more than 49 persons (excluding any Qualified Institutional Investors) during the six-month period prior to the contemplated date of the allotment of the Equity Shares in the Issue.

Any Qualified Institutional Investors who acquire Equity Shares in the Issue (a) may not, directly or indirectly, resell, assign, transfer, or otherwise dispose of the Equity Shares to any person in Japan or to or for the benefit of any resident of Japan, including any corporation or other entity organised under the laws of Japan, except to Qualified Institutional Investors; and (b) shall deliver a notification indicating (a) and (b) herein to any transferee of the Equity Shares.

Capitalized terms used in this sub-section and not defined in this Preliminary Placement Document have the meanings given to those terms in the FIEL.

Kuwait

This Preliminary Placement Document has not been licensed for the offering, promotion, marketing, advertisement or sale of the Equity Shares offered in the Issue in the State of Kuwait by the Capital Markets Authority or any other relevant Kuwaiti government agency. The offering, promotion, marketing, advertisement or sale of the Equity Shares offered in the Issue in the State of Kuwait on the basis of a private placement or public offering is, therefore, prohibited in accordance with Law No. 7 of 2010 and the Executive Bylaws for Law No. 7 of 2010, as amended, which govern the issue, offer, marketing and sale of securities in the State of Kuwait ("**Kuwait Securities Laws**"). Therefore, in accordance with the Kuwait Securities Laws, no private or public offering of the Equity Shares is or will be made in the State of Kuwait, no agreement relating to the sale of the Equity Shares will be concluded in the State of Kuwait and no marketing or solicitation or inducement activities are being used to offer or market the Equity Shares in the State of Kuwait.

Mauritius

In accordance with The Securities Act 2005 of Mauritius, no offer of the Equity Shares offered in the Issue may be made to the public in Mauritius without, amongst other things, the prior approval of the Mauritius Financial Services Commission. This Preliminary Placement Document has not been approved or registered by the Mauritius Financial Services Commission. Accordingly, this Preliminary Placement Document does not constitute a public offering. This Preliminary Placement Document is for the exclusive use of the person to whom it has been given by the Lead Managers and is a private concern between the sender and the recipient.

New Zealand

This Preliminary Placement Document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the "**FMA Act**"). The Equity Shares offered in the Issue may only be offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) to a person who: (a) is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act; (b) meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act; (c) is large within the meaning of clause 39 of Schedule 1 of the FMC Act; (d) is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or (e) is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

Oman

This Preliminary Placement Document does not constitute an offer to sell or the solicitation of any offer to buy non-Omani securities in the Sultanate of Oman. This Preliminary Placement Document is strictly private and confidential and is being provided to a limited number of sophisticated investors solely to enable them to decide whether or not to invest in the Equity Shares outside of the Sultanate of Oman, upon the terms and subject to the restrictions set out herein and may not be reproduced or used for any other purpose or provided to any person other than the original recipient.

This Preliminary Placement Document has not been approved by the Capital Market Authority of Oman (the "**CMA**") or any other regulatory body or authority in the Sultanate of Oman ("**Oman**"), nor has the Lead Managers or any placement agent acting on its behalf received authorisation, licensing or approval from the CMA or any other regulatory authority in Oman, to market, offer, sell, or distribute the Equity Shares in Oman.

No marketing, offering, selling or distribution of any Equity Shares has been or will be made from within Oman and no subscription for any Equity Shares may or will be consummated within Oman. Neither the Lead Managers nor any placement agent acting on its behalf is a company licensed by the CMA to provide investment advisory, brokerage, or portfolio management services in Oman, nor a bank licensed by the Central Bank of Oman to provide investment banking services in Oman. Neither the Lead Managers nor any placement agent acting on its behalf advise persons or entities resident or based in Oman as to the appropriateness of investing in or purchasing or selling securities or other financial products.

The Equity Shares offered in the Issue have not and will not be listed on any stock exchange in the Sultanate of Oman.

Nothing contained in this Preliminary Placement Document is intended to constitute Omani investment, legal, tax, accounting or other professional advice. This Preliminary Placement Document is for your information only, and nothing herein is intended to endorse or recommend a particular course of action. You should consult with an appropriate professional for specific advice on the basis of your situation.

Qatar (excluding the Qatar Financial Centre)

This Preliminary Placement Document does not, and is not intended to, constitute an invitation or an offer of Equity Shares in the State of Qatar and accordingly should not be construed as such. The Equity Shares offered in the Issue have not been, and shall not be, offered, sold or delivered at any time, directly or indirectly, in the State of Qatar. Any offering of the Equity Shares shall not constitute a public offer of securities in the State of Qatar.

By receiving this Preliminary Placement Document, the person or entity to whom it has been provided to understands, acknowledges and agrees that: (a) neither this Preliminary Placement Document nor the Equity Shares have been registered, considered, authorised or approved by the Qatar Central Bank, the Qatar Financial Markets Authority, or any other authority or agency in the State of Qatar; (b) our Company and the Lead Managers are not authorised or licensed by the Qatar Central Bank, the Qatar Financial Markets Authority or any other authority or agency in the State of Qatar, to market or sell the Equity Shares within the State of Qatar; (c) this Preliminary Placement Document may not be provided to any person other than the original recipient and is not for general circulation in the State of Qatar; and (d) no agreement relating to the sale of the Equity Shares shall be consummated within the State of Qatar.

No marketing of the Issue has been or will be made from within the State of Qatar and no subscription to the Equity Shares may or will be consummated within the State of Qatar. Any applications to invest in the Equity Shares shall be received from outside of Qatar. This Preliminary Placement Document shall not form the basis of, or be relied on in connection with, any contract in Qatar. Our Company and the Lead Managers are not, by distributing this Preliminary Placement Document, advising individuals resident in the State of Qatar as to the appropriateness of purchasing Equity Shares in the Issue. Nothing contained in this Preliminary Placement Document is intended to constitute investment, legal, tax, accounting or other professional advice in, or in respect of, the State of Qatar.

Qatar Financial Centre

This Preliminary Placement Document does not, and is not intended to, constitute an invitation or offer of Equity Shares from or within the Qatar Financial Centre ("**QFC**"), and accordingly should not be construed as such. This Preliminary Placement Document has not been reviewed or approved by or registered with the Qatar Financial Centre Authority, the Qatar Financial Centre Regulatory Authority or any other competent legal body in the QFC. This Preliminary Placement Document is strictly private and confidential, and may not be reproduced or used for any other purpose, nor provided to any person other than the recipient thereof. Our Company has not been approved or licenced by or registered with any licensing authorities within the QFC.

Singapore

This Preliminary Placement Document has not been and will not be registered as a prospectus with the Monetary Authority of Singapore ("**MAS**") under the Securities and Futures Act (Chapter 289) of Singapore ("**SFA**"). Accordingly, the Equity Shares offered in the Issue may not be offered or sold, or made the subject of an invitation for subscription or purchase nor may this Preliminary Placement Document or any other document or material in connection with the offer or sale, or invitation for subscription or purchase of the Equity Shares be circulated or distributed, whether directly or indirectly, in Singapore other than (i) to an "institutional investor" within the meaning of Section 274 of the SFA and in accordance with the conditions of an exemption invoked under Section 274, (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, or (iii) other pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Equity Shares are purchased under Section 275 of the SFA by a relevant person which is: (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Equity Shares pursuant to an offer made under Section 275 except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person defined in Section 275(2) of the SFA, or to any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights or interest in that trust are acquired at a consideration of not less than S$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets, and further for a corporation, in accordance with the conditions specified in Section 275 of the SFA; (2) where no consideration is or will be given for the transfer; or (3) where the transfer is by operation of law.

In connection with Section 309B of the SFA and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), our Company has determined, and hereby notifies all relevant persons (as defined in Section 309(A)(1) of the SFA) that the Equity Shares are 'prescribed capital markets products' (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

South Korea

No securities registration statement in relation to the Solicitations (as defined under Financial Investment Services and Capital Markets Act of the Republic of Korea ("**South Korea**") (the "**FISCMA**")) of the Equity Shares offered in the Issue in South Korea has been or will be filed pursuant to the FISCMA. The Solicitations shall only be made (i) to certain professionals as prescribed in the FISCMA and the enforcement decree promulgated thereunder ("**Professional Investors**") and (ii) to no more than 49 persons (excluding any Professional Investors) during the six-month period prior to the contemplated date of the allotment of the Equity Shares in the Issue.

Furthermore, the Equity Shares may not be offered, sold, transferred or delivered for reoffering or resale, directly or indirectly, in South Korea or to, or for the account or benefit of, any resident (as defined under the Foreign Exchange Transactions Act of South Korea and the decree, rules and regulations promulgated thereunder) thereof for a period of one year from the date of the issuance of the Equity Shares, except as otherwise permitted under applicable South Korean laws and regulations.

Switzerland

The offering of the Equity Shares offered in the Issue in Switzerland is exempt from the requirement to prepare and publish a prospectus under the Swiss Financial Services Act ("**FinSA**") because such offering in Switzerland is directed only at investors classified as "professional clients" within the meaning of the FinSA and the Equity Shares offered in the Offer will not be admitted to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. This document does not constitute a prospectus pursuant to the FinSA, and no such prospectus has been or will be prepared for or in connection with the Issue.

No key information document under article 58 of the FinSA or article 59(2) of the FinSA in respect of the Issue has been prepared and published. Accordingly, the Equity Shares offered in the Issue may not be offered to "private clients" within the meaning of the FinSA in Switzerland.

Each person in Switzerland who acquires Equity Shares in the Issue shall be deemed to have represented to our Company and the Lead Managers that it is a "professional client" within the meaning of the FinSA and that it has not opted-in to be treated as a "private client" on the basis of article 5(5) of the FinSA.

This document is not intended to constitute an advertising document within the meaning of article 68 of the FinSA and article 95 of the Swiss Federal Financial Services Ordinance.

The Equity Shares do not constitute a participation in a collective investment scheme within the meaning of the Swiss Federal Act on Collective Investment Schemes and are not licensed by the Swiss Financial Market Supervisory Authority ("**FINMA**") thereunder. Accordingly, neither the Equity Shares nor the Shareholders benefit from protection under the Swiss Federal Act on Collective Investment Schemes or supervision by FINMA.

United Arab Emirates (excluding the Dubai International Financial Centre)

No offering, marketing, promotion, advertising or distribution (collectively, "**Promotion"**) of this Preliminary Placement Document or the Equity Shares may be made in the United Arab Emirates (the "**UAE**") unless: (a) such Promotion has been approved by the UAE Securities and Commodities Authority (the "**SCA**") and is made in accordance with the laws and regulations of the UAE, including SCA Board of Directors' Chairman Decision no. (3/R.M.) of 2017 (the "**Promotion and Introduction Regulations**"), and is made by an entity duly licensed to conduct such Promotion activities in the UAE; or (b) such Promotion is conducted by way of private placement made: (i) only to Qualified Investors who are not High Net Worth Individuals (as such terms are defined in the Promotion and Introduction Regulations); or (ii) otherwise in accordance with the laws and regulations of the UAE; or (c) such Promotion is carried out by way of reverse solicitation only upon an initiative made in writing by an investor in the UAE.

The Promotion of this Preliminary Placement Document and the Equity Shares has not been and will not be approved by the SCA and, as such, this Preliminary Placement Document does not constitute an offer to the general public in the UAE to acquire any Equity Shares. Except where the Promotion of this Preliminary Placement Document and the Equity Shares is carried out by way of reverse solicitation only upon an initiative made in writing by an investor in the UAE, the Promotion of this Preliminary Placement Document and the Equity Shares in the UAE is being made only to Qualified Investors who are not High Net Worth Individuals (as such terms are defined in the Promotion and Introduction Regulations).

None of the SCA, the Central Bank of the United Arab Emirates or any other regulatory authority in the UAE has reviewed or approved the contents of this Preliminary Placement Document and nor does any such entity accept any liability for the contents of this Preliminary Placement Document.

Dubai International Financial Centre

The Equity Shares offered in the Issue are not being offered to any persons in the Dubai International Financial Centre except on that basis that an offer is: (i) an "Exempt Offer" in accordance with the Markets Rules (MKT) (the "**Markets Rules**") adopted by the Dubai Financial Services Authority (the "**DFSA**"); and (ii) made only to persons who meet the Professional Client criteria set out in Rule 2.3.3 of the DFSA Conduct of Business Module of the DFSA rulebook and are not natural Persons. This Preliminary Placement Document must not be delivered to, or relied on by, any other person. The DFSA has not approved this Preliminary Placement Document nor taken steps to verify the information set out in it, and has no responsibility for it. Capitalised terms not otherwise defined in this Preliminary Placement Document have the meaning given to those terms in the Markets Rules.

The Equity Shares may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the Equity Shares offered in the Issue should conduct their own due diligence on the Equity Shares. If you do not understand the contents of this Preliminary Placement Document, you should consult an authorised financial adviser.

United Kingdom

No Equity Shares have been offered or will be offered pursuant to the Issue to the public in the United Kingdom prior to the publication of a prospectus in relation to the Equity Shares which is to be treated as if it had been approved by the Financial Conduct Authority in accordance with the transitional provisions in Article 74 (transitional provisions) of the Prospectus (Amendment etc.) (EU Exit) Regulations 2019/1234, except that it may make an offer to the public in the United Kingdom of any Equity Shares at any time:

(a) to any legal entity which is a qualified investor as defined under Article 2 of the UK Prospectus Regulation;

(b) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the UK Prospectus Regulation), subject to obtaining the prior consent of the Lead Managers for any such offer; or

(c) in any other circumstances falling within Article 1(4) of the UK Prospectus Regulation,

provided that no such offer of the Equity Shares shall require our Company or the Lead Managers to publish a prospectus pursuant to Article 3 of the UK Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation. For the purposes of this provision, the expression an "offer to the public" in relation to the Equity Shares in the United Kingdom means the communication in any form and by any means of sufficient information on the terms of the offer and any Equity Shares to be offered so as to enable an investor to decide to purchase or subscribe for any Equity Shares and the expression "UK Prospectus Regulation" means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018.

This Preliminary Placement Document may not be distributed or circulated to any person in the United Kingdom other than to (i) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Financial Promotion Order**"); and (ii) high net worth entities falling within Article 49(2)(a) to (d) of the Financial Promotion Order (all such persons together being referred to as "relevant persons"). This Preliminary Placement Document is directed only at relevant persons. Other persons should not act on this Preliminary Placement Document or any of its contents. This Preliminary Placement Document is confidential and is being supplied to you solely for your information and may not be reproduced, redistributed or passed on to any other person or published, in whole or in part, for any other purpose.

United States

The Equity Shares offered in the Issue have not been and will not be registered under the Securities Act or the securities laws of any state of the United States and may not be offered or sold in the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. The Equity Shares offered in the Issue are being offered and sold only outside the United States in offshore transactions as defined in and in accordance with Regulation S under the Securities Act.

To help ensure compliance with Regulation S, each purchaser of Equity Shares in the Issue will be deemed to have made the representations, warranties, acknowledgements and agreements set forth in "*Transfer Restrictions*" on page 217. The Equity Shares purchased in the Issue are transferable only in accordance with the restrictions described in "*Transfer Restrictions*".

Until the expiry of 40 days after the commencement of the Issue, an offer or sale of Equity Shares offered in the Issue within the United States by a dealer (whether or not it is participating in the Issue) may violate the registration requirements of the Securities Act.

TRANSFER RESTRICTIONS

Pursuant to Chapter VI of the SEBI ICDR Regulations, any resale of Equity Shares Allotted in the Issue, except on the Stock Exchanges, is not permitted for a period of one year from the date of Allotment. Investors are advised to consult legal counsels prior to purchasing Equity Shares or making any resale, pledge or transfer of our Equity Shares. In addition to the above, Allotments made to Eligible QIBs, including VCFs and AIFs, in the Issue may be subject to lock-in requirements, if any, under the rules and regulations that are applicable to them. For more information, see "*Selling Restrictions*" on page 209.

Additional transfer restrictions applicable to the Equity Shares are listed below.

Purchaser Representations and Transfer Restrictions

Each purchaser of the Equity Shares offered in the Issue shall be deemed to have represented, warranted and acknowledged to and agreed with our Company and the Lead Managers as follows:

- It understands that the Equity Shares offered in the Issue have not been and will not be registered under the Securities Act or the securities laws of any state of the United States and are being offered and sold to it in reliance on Regulation S.
- It was outside the United States at the time the offer of the Equity Shares offered in the Issue was made to it and it was outside the United States when its buy order for the Equity Shares offered in the Issue was originated.
- It did not purchase the Equity Shares offered in the Issue as a result of any "directed selling efforts" (as defined in Regulation S).
- It is buying the Equity Shares offered in the Issue for investment purposes and not with a view to the distribution thereof. If in the future it decides to offer, resell, pledge or otherwise transfer any of the Equity Shares offered in the Issue, it agrees that it will not offer, sell, pledge or otherwise transfer the Equity Shares offered in the Issue except in transactions complying with Rule 903 or Rule 904 of Regulation S or an available exemption from registration under the Securities Act and in accordance with all applicable securities laws of the states of the United States and any other jurisdiction, including India.
- Where it is subscribing to the Equity Shares offered in the Issue as fiduciary or agent for one or more investor accounts, it has sole investment discretion with respect to each such account and it has full power to make the representations, warranties, agreements and acknowledgements herein.
- Where it is subscribing to the Equity Shares offered in the Issue for one or more managed accounts, it represents and warrants that it was authorised in writing by each such managed account to subscribe to the Equity Shares offered in the Issue for each managed account and to make (and it hereby makes) the representations, warranties, agreements and acknowledgements herein for and on behalf of each such account, reading the reference to "it" to include such accounts.
- It agrees to indemnify and hold our Company and the Lead Managers harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of these representations, warranties or agreements. It agrees that the indemnity set forth in this paragraph shall survive the resale of the Equity Shares purchased in the Issue.
- It acknowledges that our Company, the Lead Managers and their respective affiliates and others will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgements and agreements.

Our Company, our representatives and our agents will not be obligated to recognize any acquisition, transfer or resale of the Equity Shares made other than in compliance with the restrictions set forth herein.

THE SECURITIES MARKET OF INDIA

The information in this section has been extracted from documents available on the website of SEBI and the Stock Exchanges and has not been prepared or independently verified by our Company or the Lead Managers or any of their respective affiliates or advisors.

India has a long history of organized securities trading. In 1875, the first stock exchange was established in Mumbai. BSE and NSE are the significant stock exchanges in terms of the number of listed companies, market capitalisation and trading activity.

Indian Stock Exchanges

Indian stock exchanges are regulated primarily by SEBI, as well as by the Government acting through the Ministry of Finance, Capital Markets Division, under the Securities Contracts (Regulation) Act, 1956 (the "**SCRA**") and the SCRR. On October 3, 2018, SEBI, in exercise of its powers under the SCRA and the SEBI Act, notified the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 (the "**SCR (SECC) Regulations**"), which regulate *inter alia* the recognition, ownership and internal governance of stock exchanges and clearing corporations in India together with providing for minimum net worth requirements for stock exchanges. The SCRA, the SCRR and the SCR (SECC) Regulations along with various rules, bye-laws and regulations of the respective stock exchanges, regulate the recognition of stock exchanges, the qualifications for membership thereof and the manner, in which contracts are entered into, settled and enforced between members of the stock exchanges.

The SEBI Act empowers SEBI to regulate the Indian securities markets, including stock exchanges and intermediaries in the capital markets, promote and monitor self-regulatory organisations and prohibit fraudulent and unfair trade practices. Regulations concerning minimum disclosure requirements by public companies, rules and regulations concerning investor protection, insider trading, substantial acquisitions of shares and takeover of companies, buy-backs of securities, employee stock option schemes, stockbrokers, merchant bankers, underwriters, Mutual Funds, foreign portfolio investor, credit rating agencies and other capital market participants have been notified by the relevant regulatory authority.

BSE

Established in 1875, it is the oldest stock exchange in India. In 1956, it became the first stock exchange in India to obtain permanent recognition from the Government under the SCRA. Pursuant to the BSE (Corporatization and Demutualization) Scheme 2005 of SEBI, with effect from August 19, 2005, the BSE was incorporated as a company under the Companies Act, 1956. BSE was listed on NSE with effect from February 3, 2017.

NSE

The NSE was established by financial institutions and banks to provide nationwide online, satellite-linked, screen-based trading facilities with market-makers and electronic clearing and settlement for securities including government securities, debentures, public sector bonds and units. The NSE was recognised as a stock exchange under the SCRA in April 1993 and commenced operations in the wholesale debt market segment in June 1994. The capital market (equities) segment commenced operations in November 1994 and operations in the derivatives segment commenced in June 2000. NSE launched the NSE 50 Index, now known as the S&P CNX NIFTY, on April 22, 1996, and the Mid cap Index on January 1, 1996.

Listing and delisting of Securities

The listing of securities on a recognised Indian stock exchange is regulated by the applicable Indian laws including the Companies Act, 2013, the SCRA, the SCRR, the SEBI Act, the listing agreements entered into by our Company and various guidelines and regulations issued by SEBI including the SEBI ICDR Regulations and the SEBI Listing Regulations. The SCRA empowers the governing body of each recognised stock exchange to suspend trading of or withdraw admission to dealings in a listed security for breach of or non-compliance with any conditions or breach of company's obligations under the SEBI Listing Regulations or for any reason, subject to the issuer receiving prior written notice of the intent of the exchange and upon granting of a hearing in the matter. SEBI also has the power to amend the SEBI Listing Regulations and bye-laws of the stock exchanges in India, to overrule a stock exchange's governing body and withdraw recognition of a recognized stock exchange.

Further the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 govern the voluntary and compulsory delisting of equity shares from the Stock Exchanges. In addition, certain amendments to the SCRR have also been notified in relation to delisting. The SCRR requires all listed companies to maintain a minimum public shareholding of 25%, subject to certain time bound exceptions

Disclosures under the SEBI Listing Regulations

Public listed companies are required to prepare and circulate to their shareholders audited annual accounts which comply with the disclosure requirements and regulations governing their manner of presentation and which include sections relating to corporate governance, related party transactions and management's discussion and analysis as required under the SEBI Listing Regulations. In addition, a listed company is subject to continuing disclosure requirements pursuant to the terms of the SEBI Listing Regulations.

Minimum Level of Public Shareholding

According to the SCRR, all listed companies are required to maintain a minimum public shareholding of 25%, subject to certain time bound exceptions. Where the public shareholding in a listed company falls below 25% at any time, such company shall bring the public shareholding to 25% within a maximum period of 12 months. However, every public sector listed company whose public shareholding falls below 25% at any time on or after the commencement of the Securities Contracts (Regulation) (Second Amendment) Rules, 2018, shall increase its public shareholding to at least 25%, within a period of two years from the date of such fall, in the manner specified by SEBI. Consequently, a listed company may be delisted from the Stock Exchanges for not complying with the above-mentioned requirements.

Index-Based Market-Wide Circuit Breaker System

In order to restrict abnormal price volatility in any particular stock, SEBI has instructed stock exchanges to apply daily circuit breakers which do not allow transactions beyond a certain level of price volatility. The index-based market-wide circuit breaker system (equity and equity derivatives) applies at three stages of the index movement, at 10%, 15% and 20%. The Stock Exchanges, on a daily basis, translate the circuit breaker limits based on previous day's closing level of the index. These circuit breakers, when triggered, bring about a co-ordinated trading halt in all equity and equity derivative markets nationwide. The market-wide circuit breakers are triggered by movement of either the SENSEX of the BSE or the CNX NIFTY of the NSE, whichever is breached earlier.

In addition to the market-wide index-based circuit breakers, there are currently in place individual scrip-wise circuit breakers. However, no price bands are applicable on scrips on which derivative products are available or scrips included in indices on which derivative products are available.

The stock exchanges in India can also exercise the power to suspend trading during periods of market volatility. Margin requirements are imposed by stock exchanges that are required to be paid by the stockbrokers.

Internet-based Securities Trading and Services

Internet trading takes place through order routing systems, which route client orders to exchange trading systems for execution. Stock brokers interested in providing this service are required to apply for permission to the relevant stock exchange and also have to comply with certain minimum conditions stipulated by SEBI. The NSE became the first exchange to grant approval to its members for providing internet-based trading services. Internet trading is possible on both the "equities" as well as the "derivatives" segments of the NSE.

Trading Hours

Trading on both the NSE and the BSE occurs from Monday to Friday, between 9:15 a.m. and 3:30 p.m. IST (excluding the 15 minutes pre-open session from 9:00 a.m. to 9:15 a.m.). The BSE and the NSE are closed on public holidays. The recognised Stock Exchanges have been permitted to set their own trading hours (in the cash and derivatives segments) subject to the condition that (i) the trading hours are between 9.00 a.m. and 5.00 p.m.; and (ii) the stock exchange has in place a risk management system and infrastructure commensurate to the trading hours.

Trading Procedure

In order to facilitate smooth transactions, the BSE replaced its open outcry system with BSE Online Trading facility in 1995. This totally automated screen-based trading in securities was put into practice nation-wide. This has enhanced transparency in dealings and has assisted considerably in smoothening settlement cycles and improving efficiency in back-office work. In the year 2014, the BSE introduced its new generation trading platform, BOLT Plus.

NSE has introduced a fully automated trading system called National Exchange for Automated Trading ("**NEAT**"), which operates on strict time/price priority besides enabling efficient trade. NEAT has provided depth in the market by enabling large number of members all over India to trade simultaneously, narrowing the spreads.

SEBI Takeover Regulations

Disclosure and mandatory bid obligations for listed Indian companies under Indian law are governed by the SEBI Takeover Regulations, which provides for specific regulations in relation to substantial acquisition of shares and takeover. Once the equity shares of a company are listed on a stock exchange in India, the provisions of the SEBI Takeover Regulations will apply to any acquisition of the company's shares/voting rights/control. The SEBI Takeover Regulations prescribes certain thresholds or trigger points in the shareholding a person or entity has in the listed Indian company, which give rise to certain obligations on part of the acquirer. Acquisitions up to a certain threshold prescribed under the SEBI Takeover Regulations mandate specific disclosure requirements, while acquisitions crossing particular thresholds may result in the acquirer having to make an open offer of the shares of the target company. The SEBI Takeover Regulations also provides for the possibility of indirect acquisitions, imposing specific obligations on the acquirer in case of such indirect acquisition.

The SEBI Takeover Regulations also provides certain general exemptions which exempt certain acquisitions from the obligation to make an open offer. The SEBI Takeover Regulations were further amended on June 22, 2020 to exempt any acquisitions by way of preferential issue from the obligation to make an open offer. Subsequently, the SEBI Takeover Regulations were amended on August 13, 2021 exempting (a) persons, together with persons acting in concert with him, holding shares or voting rights entitling him to exercise twenty-five per cent or more of the voting rights in a target company; and (b) promoter of the target company, together with persons acting in concert with him, from making continual disclosures in relation to aggregate shareholding and voting rights in the target company. Further, the amendment has also removed certain disclosure obligations for acquirers/promoters, pertaining to acquisition or disposal of shares aggregating to 5% and any change of 2% thereafter, annual shareholding disclosure and creation/invocation/release of encumbrance registered in depository systems under the SEBI Takeover Regulations. These relaxations have been given on account of implementation of the System Driven Disclosures (SDD).

SEBI Insider Trading Regulations

The SEBI Insider Trading Regulations, *inter alia*, impose certain restrictions on the communication of information by listed companies. Under the SEBI Insider Trading Regulations, (i) no insider shall communicate, provide or allow access to any unpublished price sensitive information ("**UPSI**") relating to such companies and securities to any person including other insiders; and (ii) no person shall procure or cause the communication by any insider of UPSI relating to such companies and securities, except in furtherance of legitimate purposes, performance of duties or discharge of legal obligations. However, UPSI may be communicated, provided or allowed access to or procured, under certain circumstances specified in the SEBI Insider Trading Regulations.

The SEBI Insider Trading Regulations make it compulsory for listed companies and certain other entities that are required to handle UPSI in the course of business operations to establish an internal code of practices and procedures for fair disclosure of UPSI and to regulate, monitor and report trading by insiders. To this end, the SEBI Insider Trading Regulations provide principles of fair disclosure for purposes of code of practices and procedures for fair disclosure of UPSI and minimum standards for code of conduct to regulate, monitor and report trading by insiders. There are also initial and continuing shareholding disclosure obligations under the SEBI Insider Trading Regulations.

The SEBI Insider Trading Regulations also provides for initial and continuing disclosure obligations for promoters, members of the promoter group, key managerial personnel, directors and designated persons. Initial disclosures are required from promoters, members of the promoter group, key managerial personnel, directors as well as continual disclosures by every promoter, members of the promoter group, designated person or director in case value of trade exceed monetary threshold of 10 lakh rupees over a calendar quarter, within two days of reaching such threshold. The board of directors of all listed companies are required to formulate and publish on the company's website a code of procedure for fair disclosure of UPSI along with a code of conduct for its employees for compliances with the SEBI Insider Trading Regulations. The definition of "insider" includes any person who is in possession of or has had access to unpublished price sensitive information in relation to securities of a company or any person reasonably expected to have access to unpublished price sensitive information in relation to securities of a company and who is or was connected with the company or is deemed to have been connected with the company. On July 17, 2020, SEBI amended the SEBI (Prohibition of Insider Trading) Regulations, 2015 to prescribe that the board of directors or head(s) of listed companies shall ensure that a structured digital database containing the nature of unpublished price sensitive information, the names and details of persons who have shared the information and the names and details persons with whom information is shared shall be maintained.

Depositories

The Depositories Act provides a legal framework for the establishment of depositories to record ownership details and effect transfer in book-entry form. Further, SEBI framed regulations in relation to the formation and registration of such depositories, the registration of participants as well as the rights and obligations of the depositories, participants, companies and beneficial owners. The depository system has significantly improved the operation of the Indian securities markets.

Derivatives (Futures and Options)

Trading in derivatives is governed by the SCRA, the SCRR and the SEBI Act. The SCRA was amended in February 2000 and derivatives contracts were included within the term “securities”, as defined by the SCRA. Trading in derivatives in India takes place either on separate and independent derivatives exchanges or on a separate segment of an existing stock exchange. The derivatives exchange or derivatives segment of a stock exchange functions as a self-regulatory organisation under the supervision of SEBI.

DESCRIPTION OF THE EQUITY SHARES

The following is information relating to the Equity Shares including a brief summary of the Memorandum and Articles of Association, the Companies Act, 2013 and Bidders are urged to read the Memorandum of Association and Articles of Association carefully, and consult with their advisers, as the Memorandum of Association and Articles of Association and applicable Indian law, and not this summary, govern the rights attached to the Equity Shares.

Authorised share capital

The authorised share capital of our Company is ₹1,500,100,000 divided into 15,00,10,000 Equity Shares. Our Company has filed INC-28 dated August 04, 2020 with the RoC, pursuant to the Scheme of Amalgamation, which is still pending for their approval with respect to 10,000 Equity Shares. Our issued, subscribed and paid up share capital as on the date of this Preliminary Placement Document is ₹ 408,164,000 divided into 40,816,400 Equity Shares. For further details, see "*Capital Structure*" on page 90**.**

Bonus Shares

In addition to permitting dividends to be paid out of current or retained earnings calculated under Ind AS, the Companies Act, 2013 permits our Board of Directors, subject to the approval of our Shareholders, to distribute to our Shareholders, in the form of fully paid-up bonus shares, an amount transferred from our Company's capital reserves in accordance with the Articles of Association and the Companies Act, 2013. Capital reserve was created in the earlier years in respect of business acquired by the Company. The Company can use this reserve for issuing fully paid up Bonus shares. Further, listed companies are also required to follow the SEBI ICDR Regulations for issuance of bonus shares.

Further, as per the Companies Act, 2013, bonus shares can only be issued if the company has not defaulted in payments of statutory dues of the employees, such as, contribution to provident fund, gratuity and bonus or principal/ interest payments on fixed deposits or debt securities issued by it. Bonus shares cannot be issued in lieu of dividend.

Pre-Emptive Rights and Issue of Additional Shares

Subject to the provisions of the Companies Act, 2013, our Company may increase its share capital by issuing new shares on such terms and with such rights as it may determine. According to Section 62 of the Companies Act, 2013, such new shares shall be offered to existing shareholders in proportion to the amount paid up on those shares at that date. The offer shall be made by notice specifying the number of shares offered and the date (being not less than 15 days and not exceeding 30 days from the date of the offer) within which the offer, if not accepted, will be deemed to have been declined. After such date our Board of Directors may dispose of the shares offered in respect 154 of which no acceptance has been received which shall not be disadvantageous to our Shareholders. The offer is deemed to include a right exercisable by the person concerned to renounce the shares offered to him in favour of any other person subject to the provisions of FEMA Rules, if applicable.

Under the provisions of Section 62(1)(c) of the Companies Act, 2013, new shares may be offered to any persons whether or not those persons include existing shareholders, either for cash of for a consideration other than cash, in the event a special resolution to that effect is passed by our Shareholders in a general meeting. In addition, our Company will also be required to comply with the SEBI ICDR Regulations

According to the Articles of Association, the Company in a general meeting, may from time to time, by an ordinary resolution increase the capital by the creation of new shares, the increase to be of such aggregate amount and to be divided into shares of such respective amounts as the resolution shall prescribe. Subject to the provisions of the Companies Act, 2013 any share of the original or increased capital shall be issued upon such terms and conditions and with such rights and privileges annexed thereto, as the general meeting resolving upon the creation thereof shall direct, and if no direction be given, as the Directors shall determine and in particular, such shares may be issued with a preferential or qualified right to dividends, and in the distribution of assets of the Company in conformity with the Companies Act, 2013.

General Meetings of our Shareholders

There are two types of General Meetings of our Shareholders:

- AGM and;

- EGM.

Our Company must hold its AGM within six months after the expiry of each Financial Year provided that not more than 15 months shall elapse between one AGM and the next one, unless extended by the Registrar of Companies at its request for any special reason for a period not exceeding three months. Our Board of Directors may convene an EGM when necessary and is required to call an EGM at the request of shareholder(s) holding in the aggregate not less than one tenth of our Company's paid-up share capital (carrying a right to vote in respect of the relevant matter on the date of receipt of the requisition).

Notices, either in writing or through electronic mode, convening a meeting setting out the date, day, hour, place and agenda of the meeting must be given to members at least 21 clear days prior to the date of the proposed meeting.

A company intending to pass a resolution relating to matters such as, but not limited to, amendment in the objects clause of the memorandum of association, the issuing of shares with differential rights as to voting or dividend, a variation of the rights attached to a class of shares or debentures or other securities, buy-back of shares, giving loans or extending guarantees in excess of limits prescribed, is required pass such the resolution by means of a postal ballot only instead of transacting the business in the company's general meeting. A notice to all the shareholders shall be sent along with a draft resolution explaining the reasons therefore and requesting them to send their assent or dissent in writing on a postal ballot within a period of 30 days from the date of posting the letter. Postal ballot includes voting by electronic mode.

Voting Rights

Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 deal with the exercise of right to vote by members by electronic means. The Ministry of Corporate Affairs, has clarified that voting by show of hands would not be allowable in cases where Rule 20 is applicable. A proxy may not vote except on a poll and does not have a right to speak at meetings. A shareholder may exercise his voting rights by proxy to be given in the form prescribed. The instrument appointing a proxy is required to be lodged with our Company at least 48 hours before the time of the meeting.

Transfer and Transmission of shares

The Company shall keep a register of transfers and therein shall fairly and distinctly enter particulars of every transfer or transmission of any share. A transfer of shares in the Company shall be by an instrument of transfer in writing in the prescribed form and shall be duly stamped and delivered to the Company in accordance with the provisions of the Act.

The instrument of transfer shall be accompanied by such evidence as the Board may require to prove the title of transferor and his right to transfer the shares and every registered instrument of transfer shall remain in the custody of the company until destroyed by order of the Board. The transferor shall be deemed to be the holder of such shares until the name of the transferee shall have been entered in the register of members in respect thereof. Before the registration of transfer the certificate of the shares must be delivered to the Company. The Company shall effect transfer, transmission, sub-division or consolidation within 15 days from the date of lodgement of documents.

Notwithstanding anything contained in the Articles of Association, in the case of transfer of shares or other marketable securities, where the Company has not issued any certificates and where such shares or securities are being held in any electronic and fungible form, the provisions of the Depositories Act, 1996 shall apply.

Shares held through depositories are transferred in the form of book entries or in electronic form in accordance with the regulations laid down by SEBI. These regulations provide the regime for the functioning of the depositories and the participants and set out the manner in which the records are to be kept and maintained and the safeguards to be followed in this system. Transfers of beneficial ownership of shares held through a Depository are exempt from stamp duty. Our Company has entered into an agreement for such depository services with the NSDL and CDSL. SEBI requires that the shares for trading and settlement purposes be in book-entry form for all investors, except for transactions that are not made on a stock exchange and transactions that are not required to be reported to the stock exchange. Our Company shall keep an electronic book in which every transfer or transmission of shares will be maintained.

Our Company may, however, decline to register a transfer if not approved by RBI, wherever such approval is required in accordance with and any guidelines that may be issued by RBI.

The Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer of shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the register of members) to the prejudice of persons having or claiming equitable right, title or interest to or in the said shares, notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer and may have entered such notice referred thereto, in any book of the Company and the Company shall not be bound or required to regard or attend or give effect to any notice which may be given to it of any equitable right, title or interest or to be under any liability whatsoever for refusing or neglecting so to do though it may have been entered or referred to in some book of the Company, but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto if the Board shall so think fit.

Dividends

A company pays dividends upon a recommendation by its board of directors and approval by a majority of its shareholders at the AGM of shareholders. According to the Articles, the dividend shall be paid in proportion to the amount paid up or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date, such share shall rank for dividend accordingly. The Companies Act, 2013 provides that shares of a company of the same class must receive equal dividend treatment. These distributions and payments are required to be deposited into a separate bank account held with a scheduled bank within five days of the declaration of such dividend and paid to shareholders within 30 days of the AGM where the resolution for declaration of dividends is approved.

The Companies Act, 2013 states that any dividends that remain unpaid or unclaimed after that period is to be transferred, within seven days from the date of expiry of the 30 day period, to a special bank account opened with a scheduled bank called the dividend unpaid account. Any money that remains unclaimed for seven years from the date of the transfer is to be transferred, along with the interest accrued, by our Company to a fund, called the Investor Education and Protection Fund, created by the Government of India.

The Articles authorise our Board of Directors to declare dividends to be paid to the members according to their respective rights, but no dividends shall exceed the amount recommended by the Board, but the Company in general meeting, may declare smaller dividend. No dividend shall be declared or paid otherwise than out of profits of the Financial Year arrived at after providing for depreciation in accordance with the provisions of Section 123 of the Companies Act, 2013 or out of the profits of the Company for any previous Financial Year or years arrived at after providing for depreciation in accordance with these provisions and remaining undistributed or out of both provided that:

a) If the Company has not provided for depreciation for any previous Financial Year or years it shall, before declaring or paying a dividend for any Financial Year, provide for such depreciation out of the profits of the Financial Year or out of the profits of any other previous Financial Year or years;
b) If the Company has incurred any loss in any previous Financial Year or years the amount of the loss or an amount which is equal to the amount provided for depreciation for that year or those years whichever is less, shall be set off against the profits of the company for the year for which the dividend is proposed to be declared or paid or against the profits of the Company for any previous Financial Year or years arrived at in both cases after providing for depreciation in accordance with the provisions of Section 123 of the Companies Act, 2013 or against both.

The Board may, from time to time, pay to the members such interim dividend as in their judgment the position of the Company justifies. Where capital is paid in advance of calls, such capital may carry interest but shall not in respect thereof confer a right to dividend or participation in profits. A transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer. Unless otherwise directed any dividend may be paid by cheques or warrant or by a pay slip or receipt having the force of a cheque or warrant sent through the post to the registered address of the member or person entitled or in case of joint holders to that one of them first named in the register in respect of the joint holding.

Subject to Section 123 to 127 of the Companies Act, 2013, no unpaid dividend shall bear interest as against the Company. No unclaimed dividend shall be forfeited by the Board and the dividends unclaimed will be dealt with in accordance with the Sections 123, 124 or other provisions of the Companies Act, 2013, as may be applicable from time to time.

Acquisition by our Company of its own Equity Shares

The Company in accordance with the Articles of Association and subject to the provisions of Sections 52, 55 and 66 of the Companies Act, 2013 from time to time by Special Resolution, can reduce its capital and any capital redemption reserve account or premium account in any manner for the time being authorised by law, and in particular capital may be paid off on the footing that it may be called upon again or otherwise. According to the Articles of Association, the Company shall have the power to buy-back its own shares, whether or not there is any consequent reduction of Capital. If and to the extent permitted by law, the Company shall also have the power to re-issue the shares so bought back.

Preference Shares

Our Articles of Association provide that subject to the provision of Section 55 of the Companies Act, 2013, the Company shall have the power to issue preference shares which are, liable to be redeemed and the resolution authorizing such issue shall prescribe the manner, terms and conditions of redemption. No such shares shall be redeemed except out of the profits of the Company which would otherwise be available for dividend or out of other proceeds of fresh issue of shares made for the purpose of redemption. No such shares shall be redeemed unless they are fully paid. The premium, if any, payable on redemption must have been provided for out of the profits of the Company or the Company's share premium account before the shares are redeemed. Where any such shares are redeemed otherwise than out of the proceeds of a fresh issue, there shall out of profits, which would otherwise have been available for dividends, be transferred to a reserve fund, to be called the "Capital Redemption Reserve Account", a sum equal to the nominal amount of the shares redeemed and the provision of the Act relating to the reduction of the share capital of the Company shall except as provided in Section 55 of the Act, apply as if the capital redemption reserve account were paid-up share capital of the Company.

Winding up

Our Articles of Association provide that the liquidator on any winding-up (whether voluntary, under supervision of the Court of compulsory) may, with the sanction of Special Resolution, but subject to the rights attached to any preference share capital, divide among the contributories in specie any part of the assets of the Company and may sanction, vest any part of the assets of the Company in trustees upon such trusts for the benefit of the contributories as the liquidator, with the sanction shall think fit, subject to the provisions of the Companies Act, 2013.

TAXATION

STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS UNDER THE APPLICABLE LAWS IN INDIA

To,

The Board of Directors
Orchid Pharma Limited
'Orchid Towers'
#313, Valluvar Kottam High Road
Nungambakkam
Chennai - 600 034
Tamil Nadu, India

Dear Sirs/Madam,

Qualified institutions placement of equity shares of face value ₹ 10 each ("Equity Shares") by Orchid Pharma Limited (the "Company") under Chapter VI of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended, and Section 42 and 62 of the Companies Act, 2013, as amended, read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended (the "Issue").

1. We, Singhi & Co., Chartered Accountants (Firm Registration Number 302049E,) hereby report "), prepared by Orchid Pharma Limited (the "Company") the possible tax benefits available to the Company and to the shareholders of the Company as stated in those Annexures 1 and 2 (together, the "**Annexures")**, under:

   • the Income-tax Act, 1961 (the "Act") as amended by the Finance Act, 2020 applicable for the Financial Year 2023-24 relevant to the Assessment Year 2024-25, presently in force in India; and

   • the Central Goods and Services Tax Act, 2017 / the Integrated Goods and Services Tax Act, 2017 and applicable State Goods and Services Tax Act, 2017 ("GST Acts"), the Customs Act, 1962 ("Customs Act") and the Customs Tariff Act, 1975 ("Tariff Act"), as amended by the Finance Act 2020 applicable for the Financial Year 2020-21, Special Economic Zones Act, 2005 ("SEZ Act"), Foreign Trade Policy 2015-20 as extended till 31.03.2021 vide Notification No 57/2015-20 dated 31.03.2020 (unless otherwise specified), presently in force in India.

   The Act, the GST Acts, Customs Act, Tariff Act and SEZ Act, as defined above, are collectively referred to as the "Relevant Acts".

2. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Relevant Acts. Hence, the ability of the Company to derive the tax benefits is dependent upon their fulfilling such conditions. which, based on business imperatives the Company faces in the future, the Company or its shareholders may or may not choose to fulfil.

3. The benefits stated in the enclosed Annexures are not exhaustive and the preparation of the contents stated in the Annexures is the responsibility of the Company's management. We are informed that these Annexures are only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the Issue.

4. We do not express any opinion or provide any assurance on whether:
   - The Company and its shareholders will continue to be governed by these taxation aspects in future;
   - The conditions prescribed in the taxation laws have been/would be met; and

- The revenue authorities/courts will concur with the view expressed herein.

5. We consent to the inclusion of the above information in the Preliminary Placement Document and the Placement Document (together as the "**Placement Documents**") to be filed by the Company with the stock exchanges on which the Equity Shares of the Company are listed (the "**Stock Exchanges**"), the Securities and Exchange Board of India, and the Registrar of Companies, Tamil Nadu at Chennai and any other authority and such other documents as may be prepared in connection with the Issue

6. This report may be disclosed by the Placement Agents, if required, (i) by reason of any law, regulation or order of a court or by any governmental or competent regulatory authority, or (ii) in seeking to establish a defense in connection with, or to avoid, any actual, potential or threatened legal, arbitral or regulatory proceeding or investigation

7. This report and statement is prepared for inclusion in the Preliminary Placement Document (PPD) and the Placement Document (PD) in connection with the Issue, to be filed by the Company with the National Stock Exchange of India Limited and BSE Limited.The aforesaid information contained herein and in **Annexures** may be relied upon by the Placement Agents and legal counsel appointed pursuant to the Issue and may be submitted to the stock exchanges, SEBI, and any other regulatory or statutory authority in respect of the Issue and for the records to be maintained by the Placement Agents in connection with the Issue and We undertake to immediately inform in writing to the Placement Agents and legal counsel in case of any changes to the above until the date when the Equity Shares issued pursuant to the Issue commence trading on the Stock Exchanges. In the absence of any such communication, you may assume that there is no change in respect of the matters covered in this certificate.

8. The contents of the enclosed Statement are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company. We have relied upon the information and documents of the Company being true, correct, and complete and have not audited or tested them. Our view, under no circumstances, is to be considered as an audit opinion under any regulation or laws. No assurance is given that the revenue authorities/courts will concur with the views expressed herein.

9. This Statement is addressed to board of directors of the Company and has been issued at the specific request of the Company. The enclosed Statement is intended solely for your information and for inclusion in the preliminary placement document, placement document and any other material in connection with the Issue, and is not to be used, referred to or distributed for any other purpose without our prior written consent. Except as stated above, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing, Any subsequent amendment/ modification to provision of the applicable laws may have an impact on the views contained in the Statement.

For Singhi & Co.,
Chartered Accountants
Firm Registration Number: 302049E

Sudesh Choraria
(Partner)
(Membership Number: 204936

Date: June 22, 2023
UDIN: 23204936BGYISO7938

ANNEXURE I

ANNEXURE TO THE STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS UNDER THE APPLICABLE DIRECT TAX LAWS IN INDIA

Taxation aspects relating to eligible securities

A. Key taxation aspects applicable to the Company

Corporate rate of tax

The tax rate structure has been divided into 2 regimes for corporate taxpayers — while the old regime remains as it is, wherein corporate income is taxed at 30%; the new regime provides for a lower tax rate of 22% as discussed in the later paras.

The surcharge on Income tax is 7%, if the total income exceeds Rs.1 crore and, 12% if the total income exceeds Rs.10 crores under the old tax regime. The said surcharge is levied at 10% if the Company has opted for the new tax regime. Health & Education cess (H&EC) is 4% on tax and surcharge, both under the old and new tax regime.

Minimum Alternate Tax ("MAT") is imposed at 15% (plus the surcharge and H&EC) on the adjusted book profits of Companies whose tax liability is less than 15% of their book profits. Corporate taxpayers who have opted for the new tax regime with reduced tax rate have been exempted from provisions of MAT.

Dividend Income is taxable

Any income by way of dividends referred to in Section 115-O (3) of the Act (i.e. dividends declared, distributed or paid by domestic companies on or after April 1, 2020) received on the investment made by Investor/ Shareholders in the Company is taxable in the hands of Investors/ Shareholders and the Company is not required to pay dividend distribution tax on the same. However, such dividend payments by the Company would be subject to withholding tax provisions as per the Act.

Domestic Companies to pay tax on Dividends received

Domestic Companies to pay tax on Dividends received Domestic Companies, LLPs, Trusts, etc. to pay tax on dividends received under Income from other sources as per the tax rate applicable to such entities

- However, if the recipient domestic company distributes dividend to another person on or before 1 month prior to the due date of furnishing the return of income, then such original recipient will get deduction to the extent of dividend so distributed as per section 80M of the Act
- Only interest expense is allowed as a deduction up to 20% of the dividend income

B. Taxation aspects relating to eligible securities applicable to Shareholders

1. Resident Shareholders

Dividend Income

Under section 10(34) of the Act, income by way of dividends (whether interim or final) referred to in Section 115-O of the Act received on shares of any Indian Company is taxable in the hands of shareholders. Such dividend is also to be included while computing the MAT liability where the recipient of the dividend is a company, subject to MAT applicability.

Characterization of Income

The characterization of gains/losses, arising from sale of shares, as capital gains or business income would depend on the nature of holding (whether for investment or carrying on trading in shares) in the hands of the shareholder and various other factors including clarifications / instructions issued by the Central Government in this regard. The tax incidence on such gains would accordingly be different.

Capital assets

Capital assets may be categorized into short term capital assets or long term capital assets based on the period of holding. Capital assets being securities (other than a unit) listed in a recognised stock exchange in India or unit of Unit Trust of India or unit of an equityoriented fund or a zero coupon bond held by an assessee for a period of more than 12 months are considered as long term capital assets. Consequently, capital gains arising on sale of these assets held for more than 12 months are considered as long term capital gains ("LTCG"). Capital gains arising on sale of these assets held for 12 months or less are considered as short term capital gains ("STCG")

Taxation of Long term capital gains on listed equity shares chargeable to Securities Transaction Tax ("STT")

Under section 10(38) of the Act, LTCG up to 31 March 2018 arising to a shareholder on transfer of equity shares would be exempt from tax where the sale transaction has been entered into on a recognised stock exchange of India and is chargeable to STT.

The Finance Act, 2018 has terminated the exemption granted under section 10(38) of the Act to LTCG arising on transfer of listed equity shares or units of equity oriented mutual funds or units of business trusts by introduction of section 112A in the Act and provided that long-term capital gains arising from transfer of long term capital asset referred to in section 112A of the Act will be liable to tax at the rate of 10% on such income exceeding Rs. 1 lakh.

As per section 112A of the Act, the concessional rate of 10% (plus applicable surcharge and health and education cess) shall be available only if STT has been paid on both acquisition and transfer in case of equity shares and STT has been paid on transfer in case of units of equity-oriented mutual funds or units of business trust. As per section 112A(4) of the Act, the Central Government by notification in the official gazette shall specify the modes of acquisition of equity shares which shall be exempt from the condition of payment of STT. The CBDT came out with the final notification, dated 01 October 2018, identical to draft notification, barring few additions. The final notification has specified that the requirement to pay STT will not apply to (1) share acquisitions undertaken prior to October 1, 2004, (2) share acquisitions undertaken on or after October 1, 2004, subject to certain exceptions.

LTCG arising from transfer of capital assets on which STT is not paid and other than those covered by section 112A , will be taxable at 20% after indexation, or 10% before indexation (whichever is lower)

For individuals, Hindu Undivided Family (HUF), AOP and BOI, the rate of surcharge is capped at 15%.

Taxation of short term capital gains on listed equity shares chargeable to STT

As per section 111A of the Act, STCG arising on transfer of equity share or units of an equity oriented fund or units of a business trust would be taxable at a rate of 15% (plus applicable surcharge and health and education cess) where such transaction of sale is entered on a recognised stock exchange in India and is chargeable to STT. Further, as per second proviso to section 111A of the Act, the requirement of a transfer being chargeable to STT is not applicable to:

a. transactions undertaken on a recognized stock exchange located in International Financial Services Centre; and
b. the consideration for such transactions is payable in foreign currency.

STCG arising from transfer of capital assets, other than those covered by section 111A of the Act, would be subject to tax as calculated under the normal provisions of the Act.

STCG arising from transfer of capital assets, other than those covered by section 111A of the Act and on which STT is not paid at the time of transfer, would be subject to tax as calculated under the normal provisions of the Act.

No deduction under Chapter VIA of the Act shall be allowed from such STCG.

For individuals, HUF, AOP and BOI, the rate of surcharge is capped at 15%.

Setting off of capital losses

As per section 70 of the Act, Short Term Capital Loss computed for the given year is allowed to be set off against STCG as well as LTCG computed for the said year. The balance loss, which is not set off, is allowed to be carried forward for subsequent eight assessment years for being set off against subsequent years' STCG as well as LTCG, in terms of section 74 of the Act.

As per section 70 of the Act, Long Term Capital Loss ("LTCL") computed for a given year is allowed to be set off only against the LTCG. The balance loss, which is not set off, is allowed to be carried forward for subsequent eight assessment years for being set off only against subsequent years' LTCG, in terms of section 74 of the Act.

Other set off provisions

AS per section 72 of the Act, business loss (other than loss on speculation business), if any, for an assessment year can be carried forward and set off against business profits for eight subsequent years.

General provisions of the Act.

In terms of section 36(1)(xv) of the Act, the STT paid by the shareholder in respect of the taxable securities transactions entered in the course of his business of transactions/trading in shares would be eligible for deduction from the amount of income chargeable under the head "Profit and gains of business or profession" if income arising from taxable securities transaction is included in such income. However, no deduction will be allowed in computing the income chargeable to tax as capital gains of such amount paid on account of STT.

No tax is deductible at source from income by way of capital gains arising to a resident shareholder under the provisions of the Act.

Taxability of property received without adequate consideration

Under section 56(2)(x) of the Act and subject to exceptions provided therein, if any person receives from any person, any property, including, inter alia, shares of a company, without consideration or for inadequate consideration, the following shall be treated as 'Income from other sources' in the hands of the recipient:

a. where the shares are received without consideration, aggregate Fair Market Value ("FMV") exceeds Rs.50,000/-, the whole FMV;
b. where the shares are received for a consideration less than FMV but exceeding Rs. 50,000/-, the aggregate FMV in excess of the consideration paid.

Rule 11UA of the Income-tax Rules, 1962 ("the Rules") provides for the method for determination of the FMV of various properties.

2. Non-resident shareholders

Provisions in the Act related to Non-residents

Capital asset deemed to accrue or arise in India

Explanation 5 to section 9(1)(i) of the Act provides that capital asset being a share of a company held outside India shall be deemed to be situated in India if it derives its value, directly or indirectly, substantially from the assets located in India. Explanation 6 to section 9(1)(i) of the Act provides that the asset referred to in Explanation 5 would include tangible as well as intangible asset and the valuation of the assets would be carried out in accordance with the method provided under Explanation 6. Explanation 7 to section 9(1)(i) of the Act provides certain situations which would not trigger the provisions of Explanation 5 read with Explanation 6.

Apart from the Explanation 7 which provides the exclusions, the second proviso to the Explanation 5 to section 9(1)(4) of the Act provides that these provisions shall not apply to an asset or capital asset, which is held by a non-resident by way of investment, directly or indirectly, in Category-I or Category-II foreign portfolio investor under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014, made under the Securities and Exchange Board of India Act, 1992. Further these provisions shall also not apply to an asset or capital asset, which is held by a non-resident by way of investment, directly or indirectly, in Category-I foreign portfolio investor under the Securities and Exchange Board of India (Foreign Portfolio

Investors) Regulations, 2019, made under the Securities and Exchange Board of India Act, 1992.

The cases other than the above exclusions may fall within the ambit of the provisions of Explanation 5 and 6 to section 9(1)(i) subject to the provisions of the Act and the DTAA, whichever is beneficial to the non-resident. This benefit, however, would be further subject to the provisions of General Anti-Avoidance Rules. i.e. Chapter X-A of the Act.

Dividend Income is taxable

Any income by way of dividends referred to in Section 115-O(3) of the Act (i.e. dividends declared, distributed or paid by domestic companies on or after April 1, 2020) received on the investment made by Investor/ Shareholders in the Company is taxable in the hands of Investors/ Shareholders and the Company is not required to pay dividend distribution tax on the same. However, such dividend payments by the Company would be subject to withholding tax provisions as per the Act.

Characterization of Income

The characterization of gains/losses, arising from sale of shares, as Capital Gains or Business Income would depend on the nature of holding (whether for investment or carrying on trading in shares) in the hands of the shareholder and various other factors. The tax incidence on such gains would accordingly be different.

Capital asset

Capital assets may be categorized into short term capital assets or long term capital assets based on the period of holding. Capital assets being securities (other than a unit) listed in a recognised Stock Exchange in India or unit of Unit Trust of India or unit of an equity oriented fund or a zero coupon bond held by the assessee for a period of more than 12 months are considered as long term capital assets. Consequently, capital gains arising on sale of these assets held for more than 12 months are considered as LTCG. Capital gains arising on sale of these assets held for 12 months or less are considered as STCG.

Taxation of Long Term Capital Gains on listed equity shares chargeable to STT

Under the first proviso to section 48 of the Act, in case of a non-resident shareholder, in computing the capital gains arising under section 112 of the Act from transfer of shares of a company acquired in convertible foreign exchange (as per exchange control regulations) (in cases not covered by section 115E of the Act, discussed hereunder), protection is provided from fluctuations in the value of rupee in terms of foreign currency in which the original investment was made. Cost indexation benefits will not be available in such a case. The capital gains/loss in such a case is computed by converting the cost of acquisition, sales consideration and expenditure incurred wholly and exclusively in connection with such transfer into the same foreign currency which was utilised in the purchase of the shares. The capital gains so computed shall be reconverted into Indian currency.

Under section 10(38) of the Act, LTCG up to 31 March 2018 arising to a shareholder, being a nonresident, on sale of equity shares would be exempt from tax where the sale transaction has been entered into on a recognised stock exchange of India and is chargeable to STT. However, Finance Act, 2018 has terminated the exemption granted under section 10(38) of the Act to LTCG arising on transfer of listed shares or units of equity oriented mutual funds or units of business trusts by introduction of section 112A in the Act and provided that long-term capital gains arising from transfer of long term capital asset referred to in section 112A of the Act will be liable to tax at the rate of 10% on such income exceeding Rs. 1 lakh.

As per section 112A of the Act, the concessional rate of 10% (plus applicable surcharge and health and education cess) shall be available only if STT has been paid on both acquisition and transfer in case of equity shares and STT has been paid on transfer in case of units of equity-oriented mutual funds or units of business trust. As per section 112A(4) of the Act, the Central Government by notification in the official gazette shall specify the modes of acquisition of equity shares which shall be exempt from the condition of payment of STT. In furtherance to the same, the CBDT has come out with the final notification, dated 01 October 2018, identical to draft notification, barring few additions. The final notification has specified that the requirement to pay STT will not apply to (1) share acquisitions undertaken prior to October 1, 2004, (2) share acquisitions undertaken on or after October 1, 2004, subject to certain exceptions.

LTCG arising from transfer of capital assets on which STT is not paid and other than those covered by section 112A, will be taxable at 20% after indexation, or 10% before indexation (whichever is lower)

As per section 48 of the Act, the benefit of indexation and foreign currency fluctuations would not be available. No deduction under Chapter VIA of the Act shall be allowed from such capital gains.

For individuals, HUF, AOP and BOI, the rate of surcharge is capped at 15%.

Taxation of short term capital gains on listed equity shares chargeable to STT

As per section 111A of the Act, STCG arising on transfer of equity share or units of an equity oriented fund or units of a business trust would be taxable at a rate of 15% (plus applicable surcharge and health and education cess) where such transaction of sale is entered on a recognised stock exchange in India and is chargeable to STT. Further, as per second proviso to section 111A of the Act, the requirement of a transfer being chargeable to STT is not applicable to:

a. transactions undertaken on a recognized stock exchange located in International Financial Services Centre; and

b. the consideration for such transactions is payable in foreign currency.

STCG arising from transfer of capital assets, other than those covered by section 111A of the Act, would be subject to tax as calculated under the normal provisions of the Act.

STCG arising from transfer of capital assets, other than those covered by section 111A of the Act and on which STT is not paid at the time of transfer, would be subject to tax as calculated under the normal provisions of the Act.

No deduction under Chapter VIA of the Act shall be allowed from such STCG.

For individuals, HUF, AOP and BOI, the rate of surcharge is capped at 15%.

Setting-off of capital losses

As per section 70 of the Act, Short Term Capital Loss computed for the given year is allowed to be set off against STCG as well as LTCG computed for the said year. The balance loss, which is not set off, is allowed to be carried forward for subsequent eight assessment years for being set off against subsequent years' STCG as well as LTCG, in terms of section 74 of the Act.

As per section 70 of the Act, LTCL computed for a given year is allowed to be set off only against the LTCG. The balance loss, which is not set off, is allowed to be carried forward for subsequent eight assessment years for being set off only against subsequent years' LTCG, in terms of section 74 of the Act.

Other provisions

In terms of section 36(1)(xv) of the Act, the STT paid by the shareholder in respect of the taxable securities transactions entered into in the course of his business of transactions/ trading in shares would be eligible for deduction from the amount of income chargeable under the head "Profit and gains of business or profession" if income arising from taxable securities transaction is included in such income.

However, no deduction will be allowed in computing the income chargeable to tax as capital gains, such amount paid on account of STT.

Taxability of property received without adequate consideration

Under section 56(2)(x) of the Act and subject to exception provided therein, if any person receives from any person, any property, including, inter alia, shares of a company, on or after 1 April 2017, without consideration or for inadequate consideration, the following shall be treated as 'Income from other sources' in the hands of the recipient:

a. where the shares are received without consideration and the aggregate Fair Market Value ("FMV") of such shares exceeds Rs.50,000/-, the whole of the aggregate FMV;
b. where the shares are received for a consideration less than the aggregate FMV of such shares by any

amount exceeding Rs. 50,000/-, the aggregate FMV in excess of the consideration paid.

Rule 11UA of the Rules provides for the method for determination of the FMV of various properties.

Rate beneficial to non-residents

In respect of non-residents, the tax rates and consequent taxation mentioned above will be further subject to any benefits available under the Double Taxation Avoidance Agreement (the "DTAA") between India and the country of residence of the non-resident/ NRI. As per section 90(2) of the Act, provisions of the Act would prevail over the provisions of the DTAA to the extent they are more beneficial to the non-resident/ NRI.

As per section 90(4) of the Act, an assessee being a non-resident, shall not be entitled to claim relief under section 90(2) of the Act, unless a certificate of his being a resident in any country outside India, is obtained by him from the government of that country or any specified territory. As per section 90(5) of the Act, the non-resident shall be required to provide such other information, as mentioned in Form 10F.

As per the provisions of section 195 of the Act, any income by way of capital gains payable to non-residents (other than LTCG exempt u/s 10(38)) may be subject to withholding of tax at the rate under the domestic tax laws or under the DTAA, whichever is beneficial to the assessee unless a lower withholding tax certificate is obtained from the tax authorities. However, the non- resident investor will have to furnish a certificate of his being a resident in a country outside India, to get the benefit of the applicable DTAA and the document as notified under the provision of section 90(5) of Act.

Provisions in the Act specific to Non-Resident Indians (NRI)

NRI has the option to be governed by the provisions of Chapter XII-A of the Income-tax Act, 1961 which reads as
under:

Special provision for computation of total income of non-residents.

As per section 115D(1), no deduction in respect of any expenditure or allowance shall be allowed under any provision of this Act in computing the investment income of a non-resident Indian.

Where in the case of an assessee, being a non-resident Indian—

(a) the gross total income consists only of investment income or income by way of long-term capital gains or both, no
deduction shall be allowed to the assessee under Chapter VI-A and nothing contained in the provisions of the second proviso to section 48 shall apply to income chargeable under the head "Capital gains";

(b) the gross total income includes any income referred to in clause (a), the gross total income shall be reduced by the
amount of such income and the deductions under Chapter VI-A shall be allowed as if the gross total income as so reduced were the gross total income of the assessee.

In accordance with section 115-I, where a Non-Resident Indian opts not to be governed by the provisions of Chapter XII-A for any assessment year, his total income for that assessment year (including income arising from investment in the company) will be computed and tax will be charged according to the other provisions of the Income-tax Act, 1961.

Return of Income not to be filed in certain cases

In accordance with section 115G, it is not necessary for a Non-Resident Indian to file a return of income under section 139(1), if his total income consists only of investment income earned on shares of the company acquired out of convertible foreign exchange or income by way of long-term capital gains earned on transfer of shares of the company acquired out of convertible foreign exchange or both, and the tax deductible has been deducted at source from such income under the provisions of Chapter XVII-B of the Income-tax Act, 1961.

3. Provisions in the Act specific to Foreign Institutional Investors (FID / Foreign Portfolio Investors (FPD as defined under SEBI (Foreign Portfolio Investors) Regulations, 2014.

Capital assets

Capital assets may be categorized into short term capital assets or long term capital assets based on the period of holding.

As per section 2(14) of the Act, any security held by a FII which has invested in such securities in accordance with the regulations made under Securities & Exchange Board of India Act, 1992 would be treated as a capital asset only so that any income arising from transfer of such security by a FPI would be treated in the nature of capital gains.

Tax on income of Foreign Institutional Investors and specified funds from securities or capital gains arising from their transfer
Under section 115AD(1)(ii) of the Act, income by way of STCG arising to the FII on transfer of shares shall be chargeable at a rate of 30% (plus applicable surcharge and health and education cess), where such transactions are not subjected to STT, and at the rate of 15% (plus applicable surcharge and health and education cess) if such transaction of sale is entered on a recognised stock exchange in India and is chargeable to STT.

Under section 115AD(1)(iii) of the Act income by way of LTCG arising to an FII from the transfer of shares held in the company will be taxable at the rate of 10% (plus applicable surcharge and health and education cess). The benefits of indexation of cost and of foreign currency fluctuations are not available to FIIs.

The Finance Act, 2018 has amended the provisions of section 115AD of the Act to withdraw the exemption of section
10(38) of the Act and provided that long-term capital gains arising from transfer of long term capital asset referred to in section 112A of the Act will be liable to tax at the rate of 10% on such income exceeding Rs. 1 lakh.

As per section 90(4) of the Act, non-resident shall not be entitled to claim relief under section 90(2) of the Act, unless a certificate of their being a resident in any country outside India, is obtained by them from the government of that country or any specified territory. As per section 90(5) of the Act, the non-residents shall be required to provide such other information as mentioned in Electronic Form 10F.

No tax deduction at source on capital gains

As per section 196D(2) of the Act, no tax is to be deducted from any income, by way of capital gains arising from the
transfer of securities referred to in section 115AD, payable to a FII.

Amendments in the Act

Under the current provisions, Chapter X-A of the Act dealing with the provisions of General Anti Avoidance Rules (GAAR) has been effective from April 1, 2017 (i.e. from FY 2017-18).

Notes:
1. Eligible securities refer to issue of equity shares.

2. The above Statement sets out the provisions of Taxation laws in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of shares.

3. This statement is intended only to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her investment in the shares of the Company.

4. In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the Double Taxation Avoidance Agreement, if any, between India

and the country/specified territory (outside India) in which the non-resident has fiscal domicile and in view of the individual nature of tax consequence, each investor is advised to consult his/ her own tax adviser with respect to specific tax consequences of his/ her participation in the scheme.

5. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes.

For Orchid Pharma Limited

Manish Dhanuka
Managing Director

Place: Gurgaon
Date: June 22, 2023

ANNEXURE II

ANNEXURE TO THE STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS UNDER THE APPLICABLE INDIRECT TAX LAWS IN INDIA

Benefits available to Orchid Pharma Limited and the Shareholders of the Company under the Central Goods and Services Tax Act, 2017, Integrated Goods and Services Tax Act, 2017, respective State Goods and Services Tax Act, 2017, Goods and Services Tax (Compensation to States) Act, 2017, Custom Act, 1962, customs Tariff Act, 1975 as amended, including the relevant rules, notifications and circulars issued there under, the Foreign Trade (Development and Regulation) Act, 1992 (read with Foreign Trade Policy 2015-20) are as under (collectively referred to as "Indirect Tax Regulations").

1. SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY

The Company is engaged in manufacturing and sale of Active Pharmaceutical Ingredient (API) Intermediates which attracts GST at the prescribed rates.

Further, the Company is also engaged in Export of goods and special tax benefit which the Company is availing in this regard, is exporting these goods without payment of tax under a Letter of Undertaking ('LUT') and obtains refund of unutilized input tax credit.

Apart from the above, none of any special Indirect tax benefits are available to the Company under the Indirect Tax Regulations in India.

2. Special Tax Benefits available to the Shareholders of the Company

The shareholders of the Company are not required to discharge any GST on transaction in securities of the Company. Securities are excluded from the definition of Goods as defined u/s 2(52) of the Central Goods and Services Tax Act, 2017 as well from the definition of Services as defined u/s 2(102) of the Central Goods and Services Tax Act, 2017.

Apart from above, the shareholders of the Company are not eligible to special tax benefits under the provisions of the Customs Tariff Act, 1975 and/or Central Goods Services Tax Act, 2017, Integrated Goods and Services Tax Act, 2017, respective Union Territory Goods and Services Tax Act, 2017 respective State Goods and Services Tax Act, 2017, Goods and Services Tax (Compensation to States) Act, 2017 including the relevant rules, notifications and circulars issued there under as well as the Foreign Trade (Development and Regulation) Act, 1992 (read with Foreign Trade Policy 2015-20).

♦ NOTE:

1. These special tax benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Indirect Tax Regulations. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on the business imperatives, the Company or its shareholders may or may not choose to fulfil.

2. The special tax benefits discussed in the Statement are not exhaustive and is only intended to provide general information to the investors and hence, is neither designed nor intended to be a substitute for a professional tax advice. In view of the individual nature of the tax consequences aid the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

3. The Statement has been prepared on the basis that the shares of the Company are listed on a recognized stock exchange in India and the Company will be issuing shares.

4. The Statement is prepared on the basis of information available with the Management of the Company and there is no assurance that:

    i. The Company or its shareholders will continue to obtain these benefits in future;

ii. The conditions prescribed for availing the benefits have been/ would be met with; and

iii. The revenue authorities/courts will concur with the view expressed herein.

5. The above views are basis the existing provisions of law and its interpretation, which are subject to change from time to time.

For
Orchid Pharma Limited

Manish Dhanuka
Managing Director

Place: Gurgaon
Date: June 22, 2023

LEGAL PROCEEDINGS

Our Company is, from time to time, involved in various litigation proceedings, which are primarily in the nature of criminal cases, regulatory/ statutory proceedings, and tax proceedings before various authorities.

Except as disclosed in this section, there are no outstanding legal proceedings which have been considered material in accordance with our Company's 'Policy on Determination of Materiality' framed in accordance with Regulation 30 of the SEBI Listing Regulations and adopted by our Board.

Notwithstanding such materiality policy approved by the Board, solely for the purpose of the Issue in accordance with the resolution passed by our Board on June 22, 2023 the following outstanding legal proceedings involving our Company, Promoter, Directors and Subsidiaries have been disclosed in this section of the Preliminary Placement Document: (i) any outstanding action initiated by regulatory and statutory authorities (such as SEBI, Stock Exchanges or such similar authorities); (ii) any outstanding civil litigation, where the amount involved is ₹5 million or above ***("Materiality Threshold")****; (iii) any outstanding criminal litigation; (iv) a consolidated disclosure of all outstanding tax proceedings (direct and indirect) of our Company, its Promoter and its Subsidiaries and (v) any other litigation which may be considered material by our Company for the purposes of disclosure in this section of this Preliminary Placement Document, solely for the purpose of this Issue. Further, except as disclosed in this section, there are no (i) inquiries, inspections or investigations initiated or conducted (for which notices have been issued) under the Companies Act, 2013 or the Companies Act, 1956, in the last three years preceding the year of this Preliminary Placement Document involving our Company and our Subsidiaries, and any prosecutions filed (whether pending or not), fines imposed, compounding of offences in the last three years immediately preceding the year of this Preliminary Placement Document involving our Company and our Subsidiaries; (ii) any material fraud committed against our Company in the last three years; (iii) any significant and material order passed by the regulators, courts and tribunals impacting the going concern status of our Company or its future operations; (iv) any default by our Company including therein the amount involved, duration of default and present status, in repayment of: (a) statutory dues; (b) debentures and interest thereon; (c) deposits and interest thereon; or (d) loan from any bank or financial institution and interest thereon; (v) any default in annual filing of our Company under the Companies Act, 2013 or the Companies Act, 1956; and (vi) any litigation or legal actions, pending or taken, by any ministry or department of the government or a statutory authority against the Promoter of our Company during the last three years immediately preceding the year of this Preliminary Placement Document, and any direction issued by such ministry or department or statutory authority upon conclusion of such litigation or legal action, if any ("****Legal Proceedings****")*.

Pursuant to the Resolution Plan, all inquiries, investigations, notices, causes of action, suits, claims, disputes, litigation, arbitration or other judicial, regulatory or administrative proceedings against our Company or the affairs of our Company, pending or threatened, present or future and the proceedings, in relation to any period on or before March 31, 2020 or arising out of or in connection with or in relation to or consequent to the acquisition of control or management by DLL over our Company, shall be settled at Nil value as against any amount, determined to be paid by our Company and accordingly, all such proceedings, inquiries, investigations, etc. shall stand disposed off and all liabilities or obligations in relation thereto, (whether admitted/verified or not, due or contingent, asserted or unasserted, crystallised or uncrystallised, known, unknown, disputed or undisputed, present or future, whether or not set out in the balance sheet or profit & loss account of our Company or the list of unsecured financial creditors dues), shall be written off in full against a Nil value. By virtue of the order of the NCLT dated June 27, 2019 approving the Resolution Plan and further upheld by the Supreme Court by its order dated February 28, 2020, all new inquiries, investigations, notices, suits, claims, disputes, litigation, arbitration or other judicial, regulatory, or administrative proceedings in relation to any period on or before March 31, 2020 or arising out of or in connection with or in relation to or consequent to the acquisition of control or management by DLL over our Company pursuant to the Resolution Plan shall be settled at Nil value as against any amount, determined to be paid by our Company and accordingly, shall not be initiated or admitted against our Company, its future Directors, Shareholders, employees and officers. Consequently, there are certain outstanding Legal Proceedings pending in relation to the period before March 31, 2020 including wherein an appeal has been filed or proceeding have been initiated post March 31, 2020 that have not been disclosed in this chapter.

Further, it is clarified that for the purposes of the above, pre-litigation notices received by our Company, our Promoter, Directors or Subsidiaries as the case may be, have not been considered as litigation until such time that the above-mentioned entities or individuals are not impleaded as a defendant in litigation proceedings before any judicial forum.

Litigation involving our Company

Litigation against our Company

Civil Litigation

Post CIRP, an application dated June 3, 2022, was filed by DBS Bank Limited (previously Lakshmi Vilas Bank) ("**DBS**") before the NCLT, Chennai under the Insolvency and Bankruptcy Code, 2016, against our Company and our Promoter, alleging that our Company has been in possession of 36.09 acres of land and building located at Patibulum Village, Chengelpet Taluk, Kancheepuram District, Tamil Nadu ("**Scheduled Premises**") without paying any lease rentals to DBS. A part of our API Facility constituting approximately 20 acres is located on the Scheduled Premises. DBS sought for an immediate handover of the possession of the Scheduled Premises along with payment of outstanding lease rentals amounting to ₹442.4 million for the period of April 1, 2020 to March 31, 2022, payment of lease rental of ₹10.49 million per month from April 1, 2022 till the handing over of the possession of the Scheduled Premises to DBS and payment of interest at the rate of 10% on the outstanding lease rentals from April 1, 2022 till the date of payment of the outstanding lease rentals to DBS. A common reply to the Application was filed by our Company and our Promoter on September 27, 2022. The matter is currently pending before the NCLT.

Criminal Litigation

As on date of this Preliminary Placement Document, there are no criminal litigations against our Company.

Actions Taken by Regulatory and Statutory Authorities

1. A summon dated June 13, 2022 was issued by the Directorate of Enforcement, Chennai – II Zonal Office (**"ED"**) to the Managing Director of Orchid Chemical and Pharmaceutical Limited under Section 50 of Prevention of Money Laundering Act, 2002 ("**PMLA**") to produce certain documents relating to *inter alia* unsecured loans provided by the Managing Director of our Company, and entities including company/LLP/firms/trusts/HUFs etc., in which he is or has been a director, shareholder, partner or trustee or associated with in any fiduciary capacity to any person or entity, and appear before the ED on June 27, 2022. Our Company has filed a supplementary reply to the summon on July 9, 2022. The matter is currently pending.

2. The Stock Exchanges vide their letter and email dated April 20, 2023, (a) intimated our Company about initiating a freezing action against the Promoter and Promoter Group of our Company for non-compliance of MPS requirements under Regulation 38 of the SEBI Listing Regulations; (b) barred our Promoter, Promoter Group and Directors from holding any new position as director in any other listed entity till the date of compliance with requirements of the Regulation 38 of the SEBI Listing Regulations; (c) notified our Company that they may consider compulsory delisting in accordance with the provisions of the SCRA, the SCRR and the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 as amended. Further, the NSE and BSE vide their letter and email dated May 25, 2023 imposed a fine of ₹ 5,000 per day on our Company till the date of compliance with the SEBI Listing Regulations; and informed our Company that the Stock Exchanges would initiate action of freezing the entire shareholding of the Promoter and Promoter Group in case of non-compliance with Regulation 38 of the SEBI Listing Regulations and non-payment of the fine levied. We have replied to the letters of NSE and BSE vide our letter dated May 31, 2023 intimating the Stock Exchanges about the relaxation sought by the Company on the MPS requirements from SEBI vide an application dated March 30, 2023 under Rule 19(7) of the SCRR read with Regulation 102 of the SEBI Listing Regulations. As on the date of this Preliminary Placement Document, we have not received any revert from the SEBI on our relaxation application. The matter is currently pending.

Litigation by our Company

Civil Litigation

As of the date of this Preliminary Placement Document, there are no civil litigations filed by our Company.

Criminal Litigation

Our Company has filed two criminal complaints against Vipin Kumar, ("**Accused**") under Sections 190, 200 and 357 of the Code of Criminal Procedure, 1973 read with Sections 138 and 142 of the Negotiable Instruments Act, 1881 before the Metropolitan Magistrate Court at Allikulam, Chennai, for dishonour of two cheques amounting to ₹12.98 million each and alleged that the Accused had intentionally stopped the payment to our Company despite promising that the account has sufficient funds and the amount shall be paid upon presentation of the cheques. The matter is currently pending before the court.

Litigation involving our Promoter

Litigation against our Promoter

Civil Litigation

As of the date of this Preliminary Placement Document, except as disclosed under '*Litigation involving our Company – Litigation Against our Company – Civil Litigation*' on page 238, there are no civil litigations against our Promoter.

Criminal Litigation

As of the date of this Preliminary Placement Document, there are no criminal litigations against our Promoter.

Actions Taken by Regulatory and Statutory Authorities

As of the date of this Preliminary Placement Document, except as disclosed under '*Litigation involving our Company – Litigation Against our Company – Actions Taken by Regulatory and Statutory Authorities*' on page 238, there are no outstanding actions by regulatory and statutory authorities against our Promoter.

Litigation by our Promoter

Civil Litigation

As of the date of this Preliminary Placement Document, there are no civil litigations filed by our Promoter.

Criminal Litigation

As of the date of this Preliminary Placement Document, there are no criminal litigations filed by our Promoter.

Litigation involving our Directors

Litigation against our Directors

Civil Litigation

As of the date of this Preliminary Placement Document, there are no civil litigations against our Directors.

Criminal Litigation

As of the date of this Preliminary Placement Document, there are no criminal litigations against our Directors.

Actions Taken by Regulatory and Statutory Authorities

As of the date of this Preliminary Placement Document, except as disclosed under '*Litigation involving our Company – Litigation Against our Company – Actions Taken by Regulatory and Statutory Authorities*' on page 238, there are no outstanding actions by regulatory and statutory authorities against our Directors.

Litigation by our Directors

Civil Litigation

As of the date of this Preliminary Placement Document, there are no civil litigations filed by our Directors.

Criminal Litigation

As of the date of this Preliminary Placement Document, there are no criminal litigations filed by our Directors.

Litigation involving our Subsidiaries

Litigation against our Subsidiaries

As of the date of this Preliminary Placement Document, there are no civil litigations against our Subsidiaries.

Criminal Litigation

As of the date of this Preliminary Placement Document, there are no criminal litigations against our Subsidiaries.

Outstanding actions by regulatory and statutory authorities

As of the date of this Preliminary Placement Document, there are no outstanding actions by regulatory and statutory authorities against our Subsidiaries.

Litigation by our Subsidiaries

Civil Litigation

As of the date of this Preliminary Placement Document, there are no civil litigations filed by our Subsidiaries.

Criminal Litigation

As of the date of this Preliminary Placement Document, there are no criminal litigations filed by our Subsidiaries.

Litigations or legal action pending or taken against the Promoter taken by any Ministry, Department of the Government or any statutory authority in the last three years

As on the date of this Preliminary Placement Document, except as disclosed under '*Litigation involving our Company – Litigation Against our Promoter – Actions Taken by Regulatory and Statutory Authorities*' on page 239, there are no litigations or legal action pending or taken against the Promoter taken by any Ministry, Department of the Government or any statutory authority in the last three years.

Prosecutions filed against, fines imposed on, or compounding of offences by our Company and its Subsidiaries under the Companies Act, 2013 or the Companies Act, 1956, in the last three years

There have been no prosecutions filed (whether pending or not), fines imposed, compounding of offences under the Companies Act, 2013 or the Companies Act, 1956 in the last three years immediately preceding the year of this Preliminary Placement Document for our Company and its Subsidiaries.

Inquiries, inspections or investigations initiated or conducted under the Companies Act, 2013 or the Companies Act, 1956, against our Company and its Subsidiaries in the last three years

Except as disclosed under *'Litigation involving our Company – Litigation Against our Company – Actions Taken by Regulatory and Statutory Authorities'* on page 238, there have been no inquiries, inspections or investigations initiated or conducted under the Companies Act, 2013 or the Companies Act, 1956 in the last three years preceding the year of this Preliminary Placement Document involving our Company and its Subsidiaries.

Acts of material frauds committed against our Company in the last three years, if any, and if so, the action taken by our Company

There have been no material frauds committed against our Company in the last three years preceding the date of this Preliminary Placement Document.

Defaults in repayment of (i) statutory dues; (ii) debentures and interest thereon; (iii) deposits and interest thereon; (iv) loan from any bank or financial institution and interest thereon

As on the date of this Preliminary Placement Document, our Company has no outstanding defaults in relation to repayment of statutory dues, dues payable to holders of any debentures and interest thereon, or in respect of deposits and interest thereon, or in repayment of loans obtained from any bank or financial institution and interest thereon.

Details of significant and material orders passed by the Regulators, Courts and Tribunals impacting the going concern status of our Company and its future operations

As on the date of this Preliminary Placement Document, there are no significant and material orders passed by the regulators, courts and tribunals impacting the going concern status of our Company and its future operations.

Details of default in annual filings under the Companies Act, 2013 or rules made thereunder

As on the date of this Preliminary Placement Document, our Company has not made any default in annual filings of our Company under the Companies Act, 2013 and the rules made thereunder.

Reservations, qualifications, or adverse remarks of auditors in the last five Fiscals immediately preceding the year of issue of this Preliminary Placement Document and their impact on the financial statements and financial position of our Company and the corrective steps taken and proposed to be taken by our Company for each of the said reservations or qualifications or adverse remarks

Except as disclosed in "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on page 99 of this Preliminary Placement Document, there are no reservations, qualifications, or adverse remarks of the Statutory Auditors in their report on audited financial statements for last five Fiscals preceding the date of this Preliminary Placement Document.

Tax Claims

Except as disclosed below, there are no claims related to direct and indirect taxes, involving our Company, Subsidiaries and Promoter.

Nature of case	Number of cases	Amount involved (in ₹ millions)*(1)
Company		
Direct Tax	2	0.03
Indirect Tax	23	581.19
Subsidiaries		
Direct Tax	Nil	Nil
Indirect Tax	Nil	Nil
Promoter		
Direct Tax	7	49.67
Indirect Tax	Nil	Nil

**to the extent quantifiable*

Notes:

1. The above amount excludes accrued interest up to the date and associated penalties

OUR STATUTORY AUDITORS

In terms of the provisions of Section 139 of the Companies Act, 2013, M/s Singhi & Co., Chartered Accountants, were appointed as our Company's Statutory Auditors pursuant to a resolution adopted by our Shareholders at the AGM held on July 15, 2022 for a period of five years, from Fiscal 2023 to 2027. The Audited Consolidated Financial Statements have been prepared in accordance with the Companies Act, 2013. The financial statement for Fiscal 2023 have been audited by M/s Singhi & Co., Chartered Accountants, and the financial statements for Fiscal 2022 and 2021 were audited by our previous statutory auditors, M/s. CNGSN & Associates LLP who were appointed for a period of five years from Fiscal 2017 to Fiscal 2022.

The peer review certificate of our current Statutory Auditor, M/s Singhi & Co., Chartered Accountants is valid till August 31, 2025.

GENERAL INFORMATION

- Our Company was incorporated as 'Orchid Chemicals & Pharmaceuticals Limited' on July 1, 1992 at Chennai, as a limited company under the Companies Act, 1956, and was granted a certificate of incorporation by the RoC. Subsequently, the name of our Company was changed to 'Orchid Pharma Limited' and a fresh certificate of incorporation consequent upon change of name was granted by the RoC on October 19, 2015.

- The CIN of the Company is L24222TN1992PLC022994. The website of our Company is www.orchidpharma.com.

- Our Company received the certificate of commencement of business, issued by the RoC, on October 15, 1992.

- The Registered Office of our Company is at Orchid Towers, 313, Valluvar Kottam High Road Nungambakkam Chennai, 600034, Tamil Nadu, India.

- The Equity Shares are listed on BSE and NSE since December 06, 1993 and July 02, 1997 respectively. Pursuant to an NSE circular dated July 23, 2019, our Equity Shares were suspended from trading on NSE with effect from July 25, 2019. The trading in Equity Shares of our Company was recommenced on NSE with effect from November 02, 2020, post capital reduction pursuant to the Resolution Plan.

- The Issue was authorised and approved by our Board pursuant to a resolution dated December 01, 2022, and by the Shareholders of our Company pursuant to a special resolution dated December 29, 2022.

- Our Company has received in-principle approvals under Regulation 28(1) of the SEBI Listing Regulations to list the Equity Shares to be issued pursuant to the Issue, on BSE and NSE, on June 22, 2023.

- Copies of our MoA and AoA will be available for inspection between 10:00 am to 5:00 pm on any weekday (except Saturdays and public holidays) during the Issue Period at our Registered Office.

- Our Company has obtained all consents, approvals and authorisations required in connection with the Issue.

- There has been no material change in the financial or trading position of our Company since, March 31, 2023, the date of the Audited Consolidated Financial Statements prepared in accordance with applicable accounting standards included in this Preliminary Placement Document, except as disclosed herein.

- Except as disclosed in this Preliminary Placement Document, there are no litigation or arbitration proceedings against or affecting us, or our assets or revenues, nor are we aware of any pending or threatened litigation or arbitration proceedings, which are or might be material in the context of this Issue. For further details, see "*Legal Proceedings"* on page 238.

- The Floor Price is ₹425.19 per Equity Share, calculated in accordance with the provisions of Chapter VI of the SEBI ICDR Regulations, as certified by the Statutory Auditors. Our Company may offer a discount of not more than 5% of the Floor Price in terms of Regulation 176(1) of the SEBI ICDR Regulations and in accordance with the approval of the Shareholders through the resolution passed at the EGM held on December 29, 2022.

- Our Company and the Lead Managers accept no responsibility for statements made otherwise than in this Preliminary Placement Document and anyone placing reliance on any other source of information, including our website, would be doing so at his or her own risk.

- Marina Peter is the Company Secretary and Compliance Officer of our Company. Her details are as follows:
  Marina Peter
  313 – Valluvar Kottam High Road
  Nungambakkam Chennai – 600034
  Tel: +91 04428211000
  E-mail: cs@orchidpharma.com

PROPOSED ALLOTTEES

In compliance with the requirements of Chapter VI of the SEBI ICDR Regulations, Allotments of Equity Shares pursuant to this Issue shall be made by our Company, in consultation with the LMs, to Eligible QIBs only, on a discretionary basis.

The names of the proposed Allottees and the percentage of post-Issue capital that may be held by them is set forth below. These details of the proposed Allottees, assuming that the Equity Shares are Allotted to them pursuant to the Issue, will be included in the Placement Document to be sent to such proposed Allottees

S. No.	Name of the proposed Allottees#	Percentage of the post-Issue share capital held (%)*$
1.	[•]	[•]
2.	[•]	[•]
3.	[•]	[•]
4.	[•]	[•]
5.	[•]	[•]

 # The details of the proposed Allottees have been intentionally left blank and will be filled in before filing the Placement Document with the Stock Exchanges and issuing the Placement Document to such proposed Allottees.
$The post-Issue shareholding pattern (in percentage terms) of the proposed Allottees will be disclosed on the basis of their respective PAN, except in case of Mutual Funds, Insurance Companies, and FPIs (investing through different sub accounts having common PAN across such sub accounts) wherein their respective DP ID and Client ID has been considered
**Based on the beneficiary position as on [●]*

DECLARATION

Our Company certifies that all relevant provisions of Chapter VI read with Schedule VII of the SEBI ICDR Regulations have been complied with and no statement made in this Preliminary Placement Document is contrary to the provisions of Chapter VI and Schedule VII of the SEBI ICDR Regulations and that all approvals and permissions required to carry on the Company's business have been obtained, are currently valid and have been complied with. Our Company further certifies that all the statements in this Preliminary Placement Document are true and correct.

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS

Manish Dhanuka
Managing Director
DIN: 00238798

Date: June 22, 2023
Place: Gurgaon

DECLARATION

We, the Board of the Company, certify that:

(i) the Company has complied with the provisions of the Companies Act, 2013 and the rules made thereunder;

(ii) the compliance with the Companies Act, 2013 and the rules thereunder does not imply that payment of dividend or interest or repayment of preference shares or debentures, if applicable, is guaranteed by the Central Government; and

(iii) the monies received under the Issue shall be used only for the purposes and objects indicated in this Preliminary Placement Document (which includes disclosures prescribed under Form PAS-4).

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS

Manish Dhanuka
Managing Director
DIN:00238798

I am authorized by the Capital Restructuring Committee, a committee of the Board of the Company, vide resolution dated December 1, 2022 to sign this form and declare that all the requirements of Companies Act, 2013 and the rules made thereunder in respect of the subject matter of this form and matters incidental thereto have been complied with. Whatever is stated in this form and in the attachments thereto is true, correct and complete and no information material to the subject matter of this form has been suppressed or concealed and is as per the original records maintained by the Promoter subscribing to the Memorandum of Association and the Articles of Association.

It is further declared and verified that all the required attachments have been completely, correctly and legibly attached to this form.

Signed:

Marina Peter
Company Secretary and Compliance Officer

Date: June 22, 2023
Place: Gurgaon

ORCHID PHARMA LIMITED

Registered Office:

'Orchid Towers', 313, Valluvar Kottam High Road
Nungambakkam Chennai, 600034, Tamil Nadu, India

Tel: +91 044 28211000
Email: corporate@orchidpharma.com | **Website**: www.orchidpharma.com
CIN: L24222TN1992PLC022994

Contact Person:
Marina Peter
Designation: Company Secretary and Compliance Officer
Tel: +91 04428211000
E-mail: cs@orchidpharma.com
Address: Orchid Towers,
313, Valluvar Kottam High Road
Nungambakkam Chennai, 600034,
Tamil Nadu, India

LEAD MANAGERS

Edelweiss Financial Services Limited
801 - 804, Wing A, Building No 3,
Inspire BKC, G Block,
Bandra Kurla Complex,
Bandra East,
Mumbai – 400051.

JM Financial Limited
7th Floor, Cnergy
Appasaheb Marathe Marg, Prabhadevi
Mumbai 400 025
Maharashtra, India

STATUTORY AUDITORS OF OUR COMPANY

M/s Singhi & Co., Chartered Accountants

Address: Unit 11-D, 11th Floor, Ega Trade Centre, 809, Poonamallee High Road, Kilpauk, Chennai – 600 010.
Telephone: 044 42918459
Email: chennai@singhico.com

LEGAL COUNSEL TO OUR COMPANY

As to Indian law

Luthra and Luthra Law Offices
1st and 9th floor, Ashoka Estate,
24 Barakhamba Road,
New Delhi, 110 001
India

LEGAL COUNSEL TO THE LEAD MANAGERS

As to Indian law

IndusLaw
#101, 1st Floor, Embassy Classic,
#11 Vittal Mallya Road,
Bengaluru - 560 001
Karnataka, India

Special International Legal Counsel

Duane Morris & Selvam LLP
16 Collyer Quay #17-00
Singapore 049318

APPLICATION FORM

ORCHID PHARMA LIMITED	APPLICATION FORM Name of the Bidder Form. No.
(Incorporated in the Republic of India under the provisions of the Companies Act, 1956) **Registered Office**: Orchid Towers, 313,Valluvar Kottam High Road Nungambakkam Chennai, 600034, India; **CIN**: L24222TN1992PLC022994; **LEI:** 33580076KIKCYSLZVF05; **ISIN**: INE191A01027; **Website**: www.orchidpharma.com; **Tel**: +91 044 28211000; **Email**: corporate@orchidpharma.com	**Date:** June 22, 2023

QUALIFIED INSTITUTIONS PLACEMENT OF UP TO [●] EQUITY SHARES OF FACE VALUE ₹10 EACH (THE "EQUITY SHARES") FOR CASH, AT A PRICE OF ₹[●] PER EQUITY SHARE (THE "ISSUE PRICE"), INCLUDING A PREMIUM OF ₹[●] PER EQUITY SHARE AGGREGATING UP TO ₹[●] MILLION IN RELIANCE UPON SECTION 42 OF THE COMPANIES ACT, 2013, AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013, AS AMENDED (THE "COMPANIES ACT"), READ WITH RULE 14 OF THE COMPANIES (PROSPECTUS AND ALLOTMENT OF SECURITIES) RULES, 2014, AS AMENDED (THE "PAS RULES") AND CHAPTER VI OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED (THE "SEBI ICDR REGULATIONS") BY ORCHID PHARMA LIMITED (THE "COMPANY" OR THE "ISSUER" AND SUCH ISSUE, THE "ISSUE"), FOR THE PURPOSE OF OF ACHIEVING MINIMUM PUBLIC SHAREHOLDING IN TERMS OF THE SECURITIES CONTRACTS (REGULATION) RULES, 1957, AS AMENDED ("SCRR"). THE APPLICABLE FLOOR PRICE OF THE EQUITY SHARES IS ₹ 425.19 PER EQUITY SHARE AND OUR COMPANY MAY OFFER A DISCOUNT OF NOT MORE THAN 5 % ON THE FLOOR PRICE, AS APPROVED BY ITS SHAREHOLDERS.

Only Qualified Institutional Buyers ("QIBs") as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations and which are not: (a) excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations; or (b) restricted from participating in the Issue under SEBI ICDR Regulations and other applicable laws, including foreign exchange related laws; and (c) hold a valid and existing registration under the applicable laws in India (as applicable), are eligible to submit this Application Form. In addition to the above, with respect to the Issue, Eligible QIBs shall consist of (i) QIBs which are resident in India; and (ii) Eligible FPIs participating through Schedule II of the Foreign Exchange Management (Non-debt Instruments) Rules, 2019, as amended (the "FEMA Rules") or a multilateral or bilateral development financial institution eligible to invest in India under applicable law. Further, foreign venture capital investors, as defined under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000, are not permitted to participate in the Issue. The Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act"), or the securities laws of any state of the United States and may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any applicable state securities laws. You should note and observe the solicitation and distribution restrictions contained in the section entitled "*Selling Restrictions*" and of the Preliminary Placement Document dated June 22, 2023 (the "PPD")

ELIGIBLE NON-RESIDENT QIBS CAN PARTICIPATE IN THE ISSUE IN COMPLIANCE WITH FEMA RULES. ELIGIBLE FPIS ARE PERMITTED TO PARTICIPATE THROUGH THE PORTFOLIO INVESTMENT SCHEME UNDER THE SCHEDULE II OF FEMA RULES, IN THIS ISSUE, SUBJECT TO COMPLIANCE WITH ALL APPLICABLE LAWS AND SUCH THAT THE SHAREHOLDING OF ELIGIBLE FPIS DO NOT EXCEED SPECIFIED LIMITS AS PRESCRIBED UNDER APPLICABLE LAWS IN THIS REGARD. ALLOTMENTS MADE TO AIFs AND VCFs IN THE ISSUE SHALL REMAIN SUBJECT TO THE RULES AND REGULATIONS APPLICABLE TO EACH OF THEM RESPECTIVELY. PURSUANT TO THE FDI POLICY READ ALONG WITH THE PRESS NOTE NO. 3 (2020 SERIES), DATED APRIL 17, 2020, ISSUED BY THE DEPARTMENT FOR PROMOTION OF INDUSTRY AND INTERNAL TRADE, GOVERNMENT OF INDIA AND RULE 6 OF THE FEMA RULES, INVESTMENTS BY AN ENTITY OF A COUNTRY WHICH SHARES LAND BORDER WITH INDIA OR WHERE THE BENEFICIAL OWNER OF SUCH INVESTMENT IS SITUATED IN OR IS A CITIZEN OF SUCH COUNTRY, MAY ONLY BE MADE THROUGH THE GOVERNMENT APPROVAL ROUTE AND SHALL HAVE TO BE IN CONFORMITY WITH THE APPLICABLE PROVISIONS OF THE FEMA RULES. FVCIS ARE NOT PERMITTED TO PARTICIPATE IN THE ISSUE. THE BIDDER CONFIRMS THAT NO GOVERNMENT APPROVAL IS REQUIRED UNDER THE FEMA RULES, AS MANDATED UNDER THE COMPANIES ACT, 2013 AND THE PAS RULES.

To,
The Board of Directors
Orchid Pharma Limited
'Orchid Towers', 313, Valluvar Kottam High Road
Nungambakkam Chennai, 600034,
Tamil Nadu, India

Dear Sirs,

On the basis of the serially numbered PPD of the Company and subject to the terms and conditions contained therein, and in this Application Form, we hereby submit our Application Form for the Allotment of the Equity Shares in the Issue, on the terms and price indicated below. We confirm that we are an Eligible QIB in terms of Regulation 2(1)(ss) of the SEBI ICDR Regulations and are not: (a) excluded from making an application in the Issue pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations; and (b) restricted from participating in the Issue under SEBI ICDR Regulations and other applicable laws and that we are not a promoter of the Company (as defined in the SEBI ICDR Regulations), or any person related to the promoter of the Company, directly or indirectly and this Application Form does not directly or indirectly represent the promoter or promoter group or persons related to the promoter.

STATUS (Please ✓)	
FI Banks & Financial Institutions	FPI Foreign Portfolio Investor*
MF Mutual Funds	NIF National Investment Fund
AIF Alternative Investment Funds**	SI-NBFC Systematically Important Non-Banking Financial Company
VCF Venture Capital Funds	OTH Others ________________ (Please Specify)
IC Insurance Companies	
IF Insurance Funds	

**Foreign portfolio investors as defined under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019 excluding individuals, corporate offices and family offices who are not allowed to apply in the Issue.*
***Sponsor and Manager should be Indian owned and controlled.*

Further, we confirm that we do not have any right under a shareholders' agreement or voting agreement entered into with promoter or persons related to promoter of the Company, veto rights or right to appoint any nominee director on the board of directors of the Company. We confirm that we are either a QIB which is resident in India, or an Eligible FPI, participating through Schedule II of the FEMA Rules or a multilateral or bilateral development financial institution eligible to invest in India under applicable law. We confirm that we are neither an AIF or VCF whose sponsor and manager is not Indian owned and controlled in terms of the FEMA Rules. We confirm that we are not a FVCI. We confirm that the bid size / aggregate number of the Equity Shares applied for by us, and which may be

Allocated to us thereon will not exceed the relevant regulatory or approved limits and further confirm that our Bid does not result in triggering an open offer under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended (the "**Takeover Regulations**"). We further understand and agree that (i) our names, address, contact details, PAN and bank account details will be recorded by the Company as required in terms of the PAS Rules; (ii) in the event that any Equity Shares are Allocated to us in the Issue, our names (as proposed Allottees) and the percentage of our to be post-Issue shareholding in the Company will be disclosed in the Placement Document pursuant to the requirements under Form PAS-4 of the PAS Rules; and (iii) in the event that Equity Shares are Allotted to us in the Issue, the Company will place our name in the register of members of the Company as a holder of such Equity Shares that may be Allotted to us and in the Form PAS-3 filed by the Company with the Registrar of Companies, Chennai, Tamil Nadu (the "**RoC**") as required in terms of the PAS Rules. Further, we are aware and agree that if we, together with any other QIBs belonging to the same group or under common control, are Allotted more than 5% of the Equity Shares in the Issue, the Company will disclose our name, along with the names of such other Allottees and the number of Equity Shares Allotted to us and to such other Allottees, on the websites of National Stock Exchange of India Limited and BSE Limited (together referred to as the "**Stock Exchanges**"), and we consent to such disclosure. In addition, we confirm that we are eligible to invest in Equity Shares under the SEBI ICDR Regulations, circulars of the Reserve Bank of India and other applicable laws. We specifically confirm that our Bid for the Allotment of the Equity Shares is not in violation to the amendment made to Rule 6(a) of the FEMA Rules, by the Central Government on April 22, 2020.

We confirm, that we have a valid and existing registration under applicable laws and regulations of India, and undertake to acquire, hold, manage or dispose of any Equity Shares that are Allotted to us in accordance with Chapter VI of the SEBI ICDR Regulations and undertake to comply with the SEBI ICDR Regulations, and all other applicable laws, including any reporting obligations and the terms and conditions mentioned in the PPD and this Application Form. We confirm that, in relation to our application, each foreign portfolio investor ("**FPI**") as defined under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019, as amended (other than individuals, corporate bodies and family offices), and including persons who have been registered under these regulations (such FPIs, "**Eligible FPIs**"), have submitted separate Application Forms, and asset management companies or custodians of mutual funds have specified the details of each scheme for which the application is being made along with the price and number of Equity Shares Bid for under each such scheme. We undertake that we will sign all such documents, provide such documents and do all such acts, if any, necessary on our part to enable us to be registered as the holder(s) of the Equity Shares that may be Allotted to us. We confirm that the signatory is authorized to apply on behalf of the and the Bidder has all the relevant approvals. We note that the Board of Directors of the Company, or any duly authorized committee thereof, is entitled, in consultation with Edelweiss Financial Services Limited and JM Financial Limited (together, the "**LMs**"), in their absolute discretion, to accept or reject this Application Form without assigning any reason thereof. We hereby accept the Equity Shares that may be Allocated to us pursuant to the Conformation to Allocation Note ("**CAN**") and request you to credit the same to our beneficiary account as per the details given below, subject to receipt of Application Form and Application Amount towards the Equity Shares that may be allocated to us. The amount payable by us as Application Amount for the Equity Shares applied for has been/will be remitted to the designated bank account set out in this Application Form through electronic mode, along with this Application Form within the Issue Closing Date and such Application Amount has been/will be transferred from a bank account maintained in our name. We acknowledge and agree that we shall not make any payment in cash or cheque. We are aware that (i) Allocation and Allotment in the Issue shall be at the sole discretion of the Company in consultation with the LMs; and (ii) in the event that Equity Shares that we have applied for are not Allotted to us in full or at all, and/or the Application Amount is in excess of the amount equivalent to the product of the Equity Shares that will be Allocated to us and the Issue Price, or the Company is unable to issue and Allot the Equity Shares offered in the Issue or if there is a cancellation of the Issue, the Application Amount or a portion thereof, as applicable, will be refunded to the same bank account from which the Application Amount has been paid by us. Further, we agree to comply with the rules and regulations that are applicable to us, including in relation to the lock-in requirements. In this regard, we authorize the Company to issue instructions to the depositories for such lock-in requirements, as may be applicable to us.

By signing and submitting this Application Form, we hereby confirm and agree that the representations, agreements and warranties as provided in the "*Notice to Investors*", "*Representations by Investors*", "*Issue Procedure*", "*Selling Restrictions*" and "*Transfer Restrictions*" sections of the PPD are true and correct and acknowledge and agree that these representations, agreements and warranties are given by us for the benefit of the Company and the LMs, each of which is entitled to rely on and is relying on these representations and warranties in consummating the Issue.

By signing and submitting this Application Form, we hereby represent, warrant, acknowledge and agree as follows: (1) we have been provided a serially numbered copy of the PPD along with the Application Form, have read it in its entirety including in particular, the section titled "*Risk Factors*" therein and we have relied only on the information contained in the PPD and not on any other information obtained by us either from the Company, the LMs or from any other source, including publicly available information; (2) we will abide by the PPD and the Placement Document, this Application Form, the CAN and the terms, conditions and agreements contained therein; (3) that if Equity Shares are Allotted to us pursuant to the Issue, we shall not sell such Equity Shares otherwise than on a recognised stock exchange in India for a period of one year from the date of Allotment and in compliance with the restrictions included in the sections titled "*Transfer Restrictions*" and "*Selling Restrictions*" in the PPD; (4) we will not have the right to withdraw our Bid or revise our Bid downwards after the Issue Closing Date; (5) we will not trade in the Equity Shares credited to our beneficiary account maintained with the Depository Participant until such time that the final listing and trading approvals for the Equity Shares are issued by the Stock Exchanges; (6) Equity Shares shall be Allocated and Allotted at the discretion of the Company in consultation with the LMs and the submission of this Application Form and payment of the corresponding Application Amount by us does not guarantee any Allocation or Allotment of Equity Shares to us in full or in part; (7) in terms of the requirements of the Companies Act upon Allocation, the Company will be required to disclose names and percentage of our post-Issue shareholding of the proposed Allottees in the Placement Document; however, disclosure of such details in relation to us in the Placement Document will not guarantee Allotment to us, as Allotment in the Issue shall continue to be at the sole discretion of the Company, in consultation with the LMs; (8) the number of Equity Shares Allotted to us pursuant to the Issue, together with other Allottees that belong to the same group or are under common control, shall not exceed 50% of the Issue. For the purposes of this representation: The expression 'belong to the same group' shall derive meaning from Regulation 180(2) of the SEBI ICDR Regulations i.e. entities where (i) any of them controls, directly or indirectly, through its subsidiary or holding company, not less than 15% of the voting rights in the other; (ii) any of them, directly or indirectly, by itself, or in combination with other persons, exercise control over the others; or (iii) there is a common director, excluding nominee and independent directors, amongst the Eligible QIBs, its subsidiary or holding company and any other QIB; and 'control' shall have the same meaning as is assigned to it under Regulation 2(1)(e) of the Takeover Regulations; (9) We agree to accept the Equity Shares applied for, or such lesser number of Equity Shares as may be Allocated to us, subject to the provisions of the Memorandum of Association and Articles of Association of the Company, the applicable laws and regulations, the terms of the PPD and the Placement Document, this Application Form, the CAN upon its issuance and the terms, conditions and agreements mentioned therein and request you to credit the same to our beneficiary account with the Depository Participant as per the details given below.

We acknowledge that the Equity Shares have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. By submitting this Application Form and checking the applicable box above, we hereby represent that we are purchasing the Equity Shares in an "offshore transaction" as defined in, and in reliance on, Regulation S and in reliance on the applicable laws of the jurisdiction where those offers and sales are made.

By signing and submitting this Application Form, we further represent, warrant and agree that we have such knowledge and experience in financial and business matters that we are capable of evaluating the merits and risks of the prospective investment in the Equity Shares and we understand the risks involved in making an investment in the Equity Shares. No action has been taken by us or any of our affiliates or representatives to permit a public offering of the Equity Shares in any jurisdiction. We satisfy any and all relevant suitability standards for investors in Equity Shares, have the ability to bear the economic risk of our investment in the Equity Shares, have adequate means of providing for our current and contingent needs, have no need for liquidity with respect to our investment in Equity Shares and are able to sustain a complete loss of our investment in the Equity Shares. We acknowledge that once a duly filled Application Form is submitted by an Eligible QIB, whether signed or not, and the Application Amount has been transferred to the Escrow Account, such Application Form constitutes an irrevocable offer and cannot be withdrawn or revised downwards after the Issue Closing Date. In case Bids are being made on behalf of the Eligible QIB and this Application Form is unsigned, we confirm that we are authorized to submit this Application Form and provide necessary instructions for transfer of the Application Amount to the Escrow Account, on behalf of the Eligible QIB.

We confirm that we are eligible to invest and hold the Equity Shares of the Company in accordance with press note no. 3 (2020 Series), dated April 17, 2020, issued by the Department for Promotion of Industry and Internal Trade, Government of India, wherein if the beneficial owner of the Equity Shares is situated in or is a citizen of a country which shares land border with India, foreign direct investments can only be made through the Government approval route, as prescribed in the FEMA Rules.

BIDDER DETAILS (In Block Letters)	
NAME OF BIDDER*	
NATIONALITY	
REGISTERED ADDRESS	
CITY AND CODE	
COUNTRY	
PHONE NO.	
EMAIL	
FOR ELIGIBLE FPIs**	SEBI FPI REGISTRATION NO. ____________________
FOR AIFs***	SEBI AIF REGISTRATION NO. ____________________
FOR MFs	SEBI MF REGISTRATION NO. ____________________
FOR VCFs***	SEBI VCF REGISTRATION NO. ____________________
FOR SI-NBFC	RBI REGISTRATION DETAILS. ____________________
FOR INSURANCE COMPANIES	IRDAI REGISTRATION DETAILS. . ____________________

**Name should exactly match with the name in which the beneficiary account is held. Application Amount payable on Equity Shares applied for by joint holders shall be paid from the bank account of the person whose name appears first in the application. Mutual Fund bidders are requested to provide details of the bids made by each scheme of the Mutual Fund. Each FPI is required to fill a separate Application Form. Further, any discrepancy in the name as mentioned in this Application Form with the depository records would render the application invalid and liable to be rejected at the sole discretion of the Issuer and the LMs.*

*** In case you are an FPI holding a valid certificate of registration and eligible to invest in the Issue, please mention your SEBI FPI Registration Number.*

**** Allotments made to AIFs and VCFs in the Issue are subject to the rules and regulations that are applicable to each of them respectively, including in relation to lock-in requirement. AIFs and VCFs should independently consult their own counsel and advisors as to investment in and related matters concerning the Issue.*

We are aware that the number of Equity Shares in the Company held by us, together with the number of Equity Shares, if any, Allocated to us in the Issue will be aggregated to disclose the percentage of our post-Issue shareholding in the Company in the Placement Document in line with the requirements under PAS-4 of the PAS Rules. For such information, the LMs have relied on the information provided by the Registrar for obtaining details of our shareholding and we consent and authorize such disclosure in the Placement Document.

DEPOSITORY ACCOUNT DETAILS									
Depository Name	National Securities Depository Limited								Central Depository Services (India) Limited
Depository Participant Name									
DP – ID	I	N							
Beneficiary Account Number									(16-digit beneficiary A/c. No. to be mentioned above)

The demographic details like address, bank account details etc., will be obtained from the Depositories as per the beneficiary account given above. However, for the purposes of refund, if any, only the bank details as mentioned below, from which the Application Amount shall be remitted for the Equity Shares applied for in the Issue, will be considered.

PAYMENT DETAILS
REMITTANCE BY WAY OF ELECTRONIC FUND TRANSFER
By 3:30 p.m. (IST), [day] [date]

ESCROW BANK ACCOUNT DETAILS FOR PAYMENT OF APPLICATION AMOUNT THROUGH ELECTRONIC FUND TRANSFER			
Name of the Account	**ORCHID PHARMA LIMITED QIP ESCROW ACCOUNT 2023**	**Account Type**	**Escrow Account**
Name of Bank	**Yes Bank Limited**	**Address of the Branch of the Bank**	**Ground Floor & First Floor, E-18, South Extension -2, New Delhi-110048**
Account No.	**001681000000228**	**IFSC**	**YESB0000016**
Phone No.	**+911146029027**	**E-mail**	**rohit.oberoi1@yesbank.in**
LEI Number	**335800X6WKDDXJUSFZ86**		

Kindly make your payment only by way of electronic fund transfers, towards the Escrow Account**.** Payment of the entire Application Amount should be made along with the Application Form on or before the closure of the Issue Period i.e. within the Issue Closing Date. All payments must be made in favor of "ORCHID PHARMA LIMITED QIP ESCROW ACCOUNT 2023". Payment of the entire Application Amount should be made along with this Application Form on or before the closure of the Issue Period i.e. prior to or on the Issue Closing Date. The payment for subscription to the Equity Shares to be Allotted in the Issue shall be made only from the bank account of the person subscribing to the Equity Shares and in case of joint holders, from the bank account of the person whose name appears first in the Application Form. You are responsible for the accuracy of the bank details mentioned below. You are aware that the successful processing of refunds if, any, shall be dependent on the accuracy of the bank details provided by you. The Company and the LMs shall not be liable in any manner for refunds that are not processed due to incorrect bank details.

RUPEE BANK ACCOUNT DETAILS (FOR REMITTANCE)			
Bank Account Number		IFSC Code	
Bank Name		Bank Branch Address	

NO. OF EQUITY SHARES APPLIED FOR		**PRICE PER EQUITY SHARE (RUPEES)**		**TOTAL CNSIDERATION AMOUNT**	
(In Figures)	(In Words)	(In Figures)	(In Words)	(In Figures)	(In Words)

DETAILS OF CONTACT PERSON	
Name:	
Address:	
Tel. No:	
Email:	____

OTHER DETAILS	
PAN*	
Signature of Authorized Signatory	
Date of Application	

ENCLOSURES ATTACHED

Attested / certified true copy of the following:

- ☐ Copy of the PAN Card or PAN Allotment Letter
- ☐ FIRC
- ☐ Copy of the SEBI registration certificate as a Mutual Fund
- ☐ Copy of the SEBI registration certificate as an Eligible FPI
- ☐ Copy of the SEBI registration certificate as an AIF
- ☐ Copy of the SEBI registration certificate as a VCF
- ☐ Certified copy of the certificate of registration issued by the RBI, a certified copy of its last audited financial statements on a standalone basis and a net worth certificate from its statutory auditor(s), must be attached, in case of SI-NBFC/ Banks/public financial institutions
- ☐ Copy of the IRDAI registration certificate
- ☐ Certified true copy of power of attorney
- ☐ Others, please specify________________

**Please note that the Bidder should not submit the GIR number or any other identification number instead of the PAN, unless the Bidder is exempted from requirement of obtaining a PAN under the Income-tax Act, 1961 as the application is liable to be rejected on this ground.*

*** A physical copy of the Application Form and relevant documents as required to be provided along with the Application Form shall be submitted as soon as practical.*

Note 1: Capitalized terms used but not defined herein shall have the same meaning as ascribed to them in the PPD and Placement Document.

Note 2: The Application Form is liable to be rejected if any information provided is incomplete or inadequate, at the discretion of the Company, in consultation with the LMs.

The Application Form, the PPD and the Placement Document sent to you, either in physical form or in electronic form or both, are specific to you and you may not distribute or forward the same and are subject to the disclaimers and restrictions contained or accompanying these documents.

The format of the Application Form included herein above is indicative and for illustrative purposes only and no Bids in this Issue can be made through the sample Application Form. The Company, in consultation with the Lead Managers shall identify Eligible QIBs and circulate serially numbered copies of this PPD and the Application Form, specifically addressed to such Eligible QIBs. Any application to be made in the Issue shall be made only upon receipt of the serially numbered copies of this PPD and the Application Form and not in the basis of the indicative format above.