

## Forward-looking statements

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

## CONTENTS

### Statutory Reports

Management Discussion & Analysis	01
Directors' Report	06
Report on Corporate Governance	19

### Financial Statements

#### Standalone

Auditors' Report	35
Balance Sheet	40
Statement of Profit and Loss	41
Notes	42
Cash Flow Statement	61

#### Consolidated

Auditors' Report	64
Balance Sheet	66
Statement of Profit and Loss	67
Notes	68
Cash Flow Statement	85
Statement pursuant to Section 212	87

Key financial parameters	88
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# Management discussion and analysis

## Economic overview

**Global:** Global growth in 2014 was a modest 3.4% against 3% in 2013, primarily due to a pickup in growth in advanced economies. Developing countries, which were the engine of global growth following the financial crisis, faced a difficult economic environment. As a result, growth in emerging and developing economies slowed as well. Despite the slowdown, emerging market and developing economies accounted for three-fourths of global growth in 2014.

Headline inflation has declined in advanced economies, reflecting the decline in oil prices, lesser prices for other commodities and a weakening of demand in a number of countries already experiencing below-target inflation, such as the euro area and Japan.

With regard to the emerging markets, lower prices for oil and other commodities contributed to reductions in inflation through 2014, with the notable exception of countries suffering sizable exchange rate depreciations, such as Russia.

Overall, global growth is projected to reach 3.5% in 2015 and 3.8% in 2016.

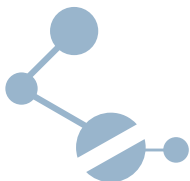
**India:** The full-year GDP growth for the fiscal year ending March 2015 settled at 7.3%, up from 6.9% in 2013-14, a tad lower than an official estimate of 7.4% (figures calculated as per the new series of national accounts with base year of 2011-12). This growth was

due to the improvement in the performance of both services and manufacturing sectors. The Gross Value Added (GVA), a new concept introduced by Central Statistical Office (CSO) to measure economic activity, rose by 7.2% in 2014-15 compared to 6.6% in the previous fiscal. The economy remained relatively unshackled of factors generally associated with an economic slowdown.

Average Wholesale Price Index (WPI) inflation declined in 2014-15 to 3.4% (April-December) vis-à-vis 8.9% in 2013-14, owing to a sharp decline in fuel prices. Food price inflation moderated to 4.8% during April-December 2014 as compared to 9.4% in 2013-14. Average retail inflation, measured by Consumer Price Index (CPI), moderated to 6.3% in 2014-15 (April-December) from 9.5% in 2013-14. The country's Current Account Deficit (CAD) narrowed sharply to 1.3% of GDP in 2014-15 primarily on account of a lower trade gap.

One of the heartening features has been the emergence of India as a large economy with a promising outlook, amidst the mood of pessimism and uncertainties that continue to persist in a number of advanced and emerging economies.

The Reserve Bank of India has projected India's GDP growth for 2015-16 at 7.6%. The International Monetary Fund has forecast India's growth to strengthen from 7.2% in 2014 to 7.5% in both 2015 and 2016.



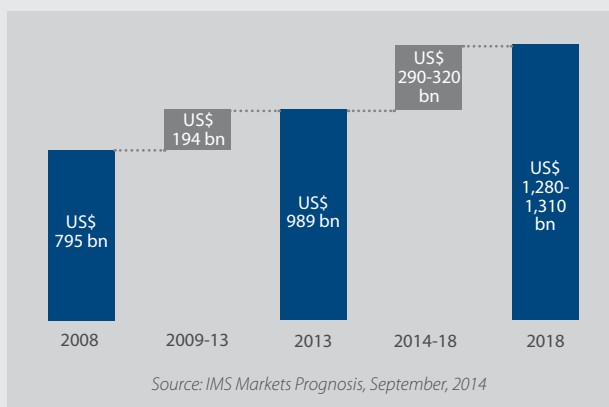
## The pharmaceutical space

### Global: Overview, Trends and Prospects

Global spending on medicines is forecast to reach nearly \$1.3 trillion by 2018, an increase of about 30% over the 2013 level. This level of growth—a compound annual growth rate of 4-7% on a constant currency basis—will be slightly higher than the 5.2% recorded over the past five years, as the introduction of new specialty medicines and increased accessibility for patients coincides with lower impacts from patent expiries in developed markets.

Most countries could experience increased pharmaceutical spending per capita by 2018. Higher spending is expected on specialty medicines over the next five years, particularly in developed markets - about 40% of total global growth will come from these medicines.

Among the major markets, the United States remains the largest, representing over one-third of the global total, and is expected to grow at a compound annual growth rate of 5-8% through 2018.



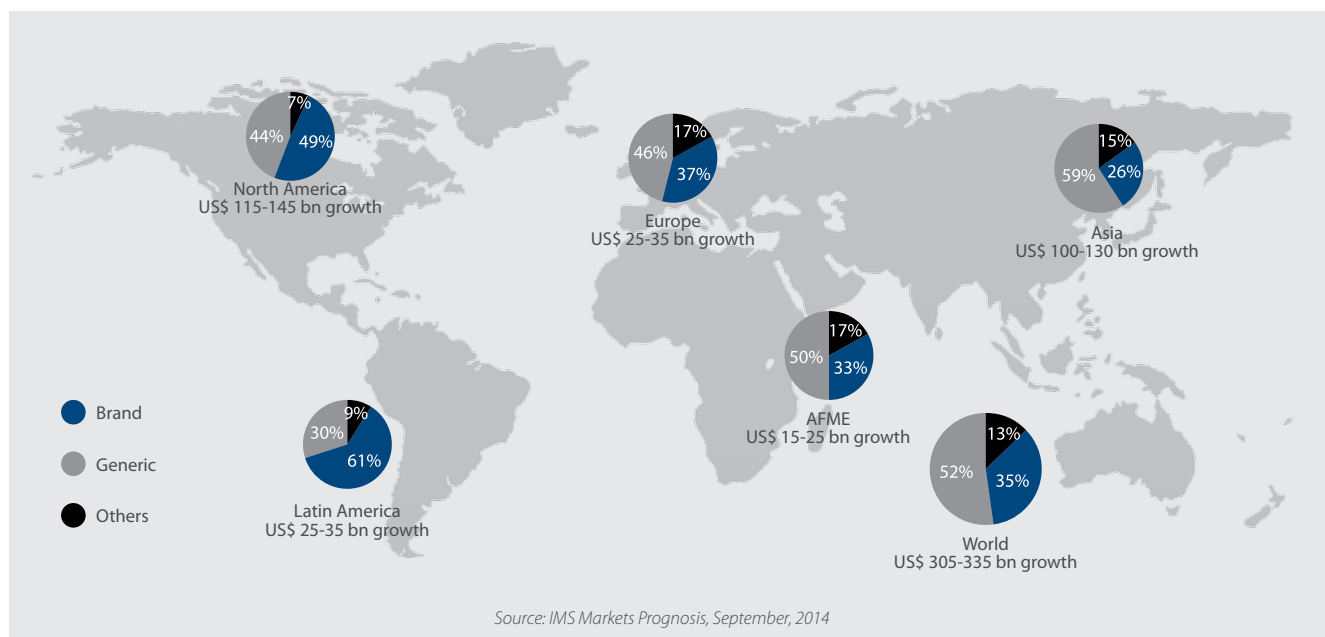
Growth will be driven by population growth, an aging population, and improved access in pharmerging markets.

Strengthening of the global economy, fewer patent expiries in developed markets, new medicines and growth in pharmerging markets will contribute to a CAGR of 4-7% through 2018.

The global population aged 65 and over will grow faster than any other age segment, and will account for almost 30% of overall population growth in the next five years.

Of developed markets, the U.S. will see the largest per capita spending increase from 2013 to 2018.

Global spending on medicines is expected to shift towards generics as developed economies are increasingly implementing strategies for optimising healthcare expenditure. Generic medicines account for over 50% of the global prescriptions – in the US generic usage in volume terms is estimated at 86%.



## India: overview, trends and prospects

The Indian pharmaceuticals market is the third largest in terms of volume and thirteenth largest in terms of value, as per a pharmaceuticals sector analysis report by equity master. The market is dominated majorly by branded generics which constitute nearly 70-80% of the market.

The domestic formulations market, valued at approximately ₹88,000 crore has grown steadily at a CAGR of 10% over the past five years. The strong growth has been driven by a confluence of factors, including – a) rising household income levels leading to higher expenditure on healthcare, b) increasing prevalence of lifestyle related diseases, c) improving healthcare infrastructure/delivery systems and d) rising penetration in smaller towns and rural areas. As a result, majority of the growth in Indian market has been driven by expansion in volumes and new product introductions as against price increases.

Going ahead, the prospects for the domestic pharmaceutical sector appear promising.

- The Indian pharmaceutical sector is expected to clock total sales of US\$ 27 billion by 2016, according to a recent report by Deloitte titled '2014 Global Life Sciences Outlook' from sales which stood at US\$ 22.6 billion in 2012 and about US\$ 23.6 billion in 2013.
- The Indian pharmaceutical industry is on a good growth path and is likely to be in the top 10 global markets in terms of value by 2020, according to the PwC – CII report titled "India Pharma Inc: Gearing

up for the next level of growth".

## The Company

Orchid Chemicals & Pharmaceuticals Ltd. is a leading pharmaceutical company headquartered in Chennai, India and involved in the development, manufacture and marketing of diverse bulk actives, formulations and nutraceuticals with exports spanning across more than 40 countries. Orchid's world-class manufacturing infrastructure includes US FDA compliant API and dosage form facilities at Chennai in India.

Orchid has a dedicated, state-of-art and GLP compliant R&D infrastructure for API research, drug discovery and pharmaceutical research at Chennai, India.

Orchid has ISO 9001:2000, ISO 14001 and OHSAS 18001 certifications.

Orchid is listed on the National Stock Exchange (NSE) and the Bombay Stock Exchange (BSE) in India.

## Business highlights

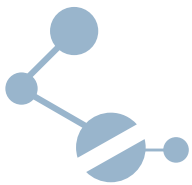
- Received approval from the US FDA for the Abbreviated New Drug Application (ANDA) for Rivastigmine Capsules in 1.5 mg, 3 mg, 4.5 mg, 6 mg and Felodipine Extended - Release Tablets in 2.5 mg, 5 mg, 10 mg and Eszopiclone Tablets ANDA
- Received approval from the US FDA for the Abbreviated New Drug Application (ANDA) for Gemifloxacin Mesylate Tablets (320 mg) with 180 days of generic drug exclusivity



## Corporate Debt Restructuring Scheme (CDR)

The Corporate Debt Restructuring Empowered Group (CDREG) has approved the CDR package for the Company in March 2014. The approved CDR Package inter-alia provided for the restructuring of debts outstanding as at the cut-off date on the following lines:

- The cut-off date for restructuring fixed at 31/03/2013.
- Reschedulement of repayment of all Term Loans over a period of 32 quarters commencing from the Quarter ending on June 30, 2015.
- Reduction of interest rates on all rupee borrowings (including Working Capital facilities) to 11% p.a.
- Carving out of the irregular portion of working capital facilities as Working Capital Term Loan repayable in 32 Quarterly instalments commencing from Quarter ending June 30, 2015.



- e) Funding of interest on all Term Loans for two years (i.e.) from April 2013 to March 2015
- f) Funding of interest on Working Capital Facilities for one year (i.e.) from April 2013 to March 2014.
- g) Funded Interest Term Loan to be repaid through 32 Quarterly instalments commencing from Quarter ending June 30, 2015.

The approved CDR Package also provided for the transfer of Penem and Penicillin API manufacturing facility at Aurangabad and the R&D facility at Shozhanganllur, Chennai to Hospira Healthcare (India) Private Ltd. for a total consideration of US\$217.50 million.

The Business Transfer was completed in July 2014 and the proceeds of the Business Transfer were utilised for (i) Repayment of part of Borrowings and (ii) for Provision of Working Capital for the Company

as approved in the CDR Package. The package also provided for the infusion of Promoter's Contribution which was brought in by the Promoters in July 2014 and deposited in the Trust & Retention Account maintained at SBI for implementation of the approved CDR Package. Against the infusion of Promoter's Contribution, 1,48,09,801 equity shares of ₹10 each have been allotted to the Promoters @ ₹49.79/- per equity share on preferential basis based on the approval from the Shareholders and Stock Exchanges.

The implementation of CDR has facilitated availability of working capital for operations and enabled the company to stabilize operations with the support of lenders. The Management is confident of gearing up the performance in the years to come.

## Financial overview

### Profitability

- During the 18 months period ending on March 31, 2015, the Company has earned a cash profit of about ₹84 Crore as against a cash loss of about ₹300 Crore during the corresponding previous period.
- The EBITDA for the 18 months period ending on March 31, 2015 stood at ₹362.23 Crore (21% of the Operating revenues) as against ₹169.62 Crore (9% of the Operating revenues) during the corresponding previous period.
- With extraordinary income of ₹270.62 crore (net of deferred tax impact of ₹145.26 crore), net loss for the 18 months period ending on March 31, 2015 came down to ₹191.04 crore (after tax) as compared to a net loss of ₹530.22 crore (after tax) for the corresponding previous period.
- EPS for the 18 months period ending on March 31, 2015 stood at a negative ₹26.11 as compared to a negative ₹75.26 for the corresponding previous period.

### Components of Revenue & Expenditure

- For the 18 month period ended March 2015, the Company's net revenue declined by 8.6% to ₹1,779 crore from ₹1,946 crore during the corresponding previous period. The Company had revenues from Alathur, Irunkattukottai and Aurangabad facilities until July 03, 2014 and from Alathur and Irunkattukottai facilities for the rest of the period during the 18 months period ended on March 2015, as the Aurangabad API facility was transferred to Hospira Healthcare on July 04, 2014. The Operating revenues from Alathur and Irunkattukottai during the 18 months period ending March 2015 was ₹1047 crore as against ₹1007 Crore during the corresponding previous period.

- Material cost for the 18 month period ended March 2015 was ₹781.33 Crore (45% of the Operating revenues) as compared to ₹958.27 Crore (50% of the Operating revenue) during the corresponding previous period.
- The other operating cost, including employee cost for the 18 month period ended March 2015 was ₹635 crore as against ₹818 Crore during the corresponding previous period. The reduction was on account of Business Transfer completed in July 2014.
- The effective interest cost for the 18 month period ended March 2015 was ₹495.03 crore (Net of interest reversal of ₹41.98 crore included in exceptional items) as compared to ₹520.38 crore during the corresponding previous period.
- The Depreciation & Amortisation for the 18 months ending March 2015 was ₹321.37 crore including amortisation of Intangible assets under development.
- Exceptional items for the 18 months period ending on March 31, 2015 amounted to ₹157.26 crore as against a net gain of ₹51.11 crore during the corresponding previous period, which included Profit on sale of land and investments amounting to ₹107.27 crore.

### Balance Sheet

- The Equity and Reserves as at March 31, 2015 stood at ₹439.40 Crore as compared to ₹488.17 Crore as at September 30, 2013. During the 18 months ending March 2015, the Promoters have brought in a sum of ₹73.80 Crore as Promoters' Contribution for implementation of CDR Package.
- The total borrowings as at March 31, 2015 stood at ₹3,165 Crore as compared to ₹3,414 Crore as at September 30, 2013.



## Human resources and industrial relations

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

During the period under review, Orchid maintained a cordial

industrial relationship environment at all manufacturing units of the Company.

As at March 31, 2015, Orchid had approximately 1800 permanent employees including corporate, managerial, sales and manufacturing staff, who continue to strive for successfully meeting various stakeholders' expectations as well as creating wealth for the investors.

## Risks and their management

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

### Foreign exchange risk

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

### Interest rate risk

Though at the beginning of the year, we were exposed to differential interest rates, risks associated with interest rate fluctuation have been substantially mitigated with implementation of the CDR Package wherein the interest rate on all restructured Rupee loans/facilities has been fixed at 11% p.a.

### Credit risk

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

## Internal audit and control

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

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

## Cautionary statement

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

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



# Directors' Report

*Dear Members,*

Your Company has extended its Financial Year 2013-14 i.e. October 01, 2013 to September 30, 2014 by a period of six months i.e., up to March 31, 2015 and accordingly has prepared its Financial Statements for a period of 18 months i.e. from October 01, 2013 to March 31, 2015 i.e. financial year 2013-2015. Your Directors take pleasure in presenting the report on business and operations of your Company for the Financial Year 2013-15 along with the audited statement of accounts for the same period ended March 31, 2015.

The Ministry of Corporate Affairs has, vide General Circular 08/2014 No. 1/19/2013-CL-V dt. 4th April 2014, clarified that the financial statements (and documents required to be attached thereto), auditors report and board's report in respect of financial years that commenced earlier than 1st April 2014 shall be governed by the relevant provisions/schedules/rules of the Companies Act, 1956. In view of the same, the aforementioned statements have been prepared in line with the applicable provisions of the Companies Act, 1956.

## Performance

The highlights of the financial results for the year 2013 – 2015 are given below:

(₹ crores)

Particulars	18 months ended 31.03.15	18 months ended 30.09.13
Sales & Operating Income	1,736.19	1,906.58
Other Income	42.37	39.77
Total Expenditure	1,416.33	1,776.74
Gross profit	362.23	169.61
Interest & Finance Charges	537.00	520.38
Gross Profit after Interest but before Depreciation and Taxation	(174.77)	(350.77)
Depreciation	321.37	243.86
Profit / (Loss) before Tax, exceptional and extraordinary items	(496.14)	(594.63)
Exceptional Item	157.26	51.11
Profit / (Loss) Before Tax and Extraordinary item	(653.41)	(543.52)
Extraordinary items	(270.62)	-
Profit Before Tax	(382.79)	(543.52)
Provision for Taxation		
- Current & Deferred Tax	(191.75)	(13.29)
Profit / (Loss) after Tax	(191.04)	(530.23)



During the financial year 2013-15, your Company achieved a turnover and operating income of ₹1,736.19 crores (₹1,906.58 crores in 2012-13). The gross profit before interest, depreciation and taxes stood at ₹362.23 crores (₹169.61 crores in 2012-13). After providing for interest expense of ₹537.00 crores (₹520.38 crores previous fiscal), depreciation of ₹321.37 crores (₹243.86 crores previous fiscal), Exceptional item ₹157.26 crores (₹51.11 crores previous fiscal) and Extraordinary item ₹270.62 crores (Nil in previous fiscal), the Loss before tax of the Company was ₹382.79 crores (₹543.52 crores (Loss) previous fiscal). The net loss after tax stood at ₹191.04 crores (₹530.23 crores (Loss) in the previous fiscal).

## Business Overview

Your Company had made a reference to the Corporate Debt Restructuring (CDR) Cell constituted by Reserve Bank of India for Restructuring of its financial debt. The CDR Cell considered, admitted and approved the debt restructuring proposal given by the Company. The letter of approval was given on March 10, 2014. The Business Transfer Agreement (BTA) with Hospira for the transfer of Aurangabad Penems and Penicillin Plant and R&D facility at Shozhanganallur was completed on July 4, 2014. For the purpose of implementation of the approved package and also to comply with the post-implementation the CDR Lenders appointed State Bank of India as the Monitoring Institution (MI). To facilitate implementation of the approved package and terms, monitoring the performance of the Company as per the restructured package on a continuous basis, a Monitoring Committee (MC), comprising representatives of five member Banks has been constituted. These initiatives enabled your Company to come out of working capital constraints and resulted in improved performance.

Your Company is in the process of launching new products in NPNC segment in the next financial year for the US, EU and other Markets on expiry of patent cover, which will have a positive impact on the Company's revenue and profitability streams.

## Future Prospects

With the restructuring of its debt and implementation of the revival package approved by the CDR Cell, your Company believes that it will gradually be able to revive its operations towards profitability. Your Company has been extremely fortunate to have the full support of its Lenders, Employees, Vendors and Customers during the financial stressed period and all efforts are being made to garner continuously full support to revive the operations of the Company. Although, huge efforts are required towards regaining the confidence of various Stakeholders, your Company is hopeful and confident of accomplishing the same over a period of time.

## Regulatory Filings and Approvals

In the generic formulations domain, Orchid's cumulative Abbreviated New Drug Application (ANDA) filings for the US market

stood at 46. This includes 8 Para IV FTF (First-To-File) filings. The break-up of the total ANDA filings is 13 in Cephalosporins segment and 33 in NPNC space.

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

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

## Dividend

Due to losses incurred by the Company during the financial year 2013-15, your Directors express their inability to recommend any dividend to the equity shareholders.

## Intellectual Property Rights

During the year, Orchid continued to accelerate the IPR work on a number of products. The total number of patent applications filed by Orchid in various national and international patent offices so far was 889 (including Process, Formulation, NCE, NDDS, Biotech and Generics). As of March 31, 2015, 108 patent applications have been published while 97 patents have been granted cumulatively.

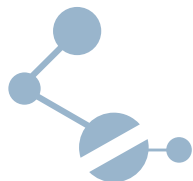
## Issue of Equity Shares

To Comply with the requirements of Corporate Debt Restructuring Programme, your Company pursuant to the approval granted by the members through Postal ballot on August 26, 2014, had got in-principle approval from NSE, BSE & MSE to allot 1,85,12,251 (One Crores Eighty Five Lakhs Twelve Thousand Two Hundred Fifty One Only) equity shares of ₹10/- each at a premium of ₹39.79 per share to the Promoter Group Company M/s Orchid Healthcare Private Ltd. Out of the above, your Company allotted 1,48,09,801 shares during December 2014. The remaining 37,02,450 shares would be allotted during 2015-16.

## Delisting of Company's Equity Shares from the Madras Stock Exchange Limited

In terms of the Exit Order issued by Securities Exchange Board of India (SEBI) through its circular No. WTM/RKA /MRD/47/2015 dated May 14, 2015 to Madras Stock Exchange Limited (MSE), all the Company's listed in the MSE stands delisted from the date of the above said Exit Order.

Consequent to the above your Company's shares stand delisted from MSE. Presently your Company's shares are listed in National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) in India.



## Employees Stock Option Plan

The details of options granted to employees under the ORCHID ESOP 2010, ORCHID ESOP – DIRECTORS 2011, Orchid ESOP – Senior Management 2011 schemes and the status of such options as on March 31, 2015 are given in Annexure IV to this Report.

Your Company formulated the following schemes:-

- **Orchid - ESOP 2010 Scheme** - grant of 10,00,000 options to the employees of the Company including whole-time Director(s) of the Company but excluding the Promoter Directors. The said scheme was approved by the shareholders at the Annual General Meeting held on July 21, 2010. Your Company granted 9,01,000 options during the year 2010-11. Pursuant to exercise of options by the employees, 10,000 equity shares of ₹10/- each were issued during the year 2012-13 and as at March 31, 2015, the outstanding options yet to be exercised under the said scheme is Nil.
- **Orchid ESOP – Directors 2011 Scheme** – grant of 5,00,000 options to the directors of the Company including whole-time directors but excluding promoter director. Your Company granted 3,00,000 options during the year 2011-12 and as at March 31, 2015, the outstanding options in force under the said scheme is 80,000.
- **Orchid ESOP – Senior Management 2011 Scheme** - grant of 10,00,000 options to the employees in the grade of Senior Manager and above out of which 7,50,000 options are earmarked to the employees of Orchid and 2,50,000 options to the employees of various subsidiary companies of Orchid, either in India or abroad. Your Company granted 42,700 options during the year 2011-12 and as at March 31, 2015, the outstanding options in force under the said scheme are 32,025.

## Associate

### Allecrea Therapeutics GmbH, Germany

With a view to enter into drug discovery in the areas of obesity, CNS and other therapeutic areas in response to potential MNC interest, Orchid decided to invest in Allecrea Therapeutics GmbH (Allecrea) and presently holds 18.27% stake in the Company. Allecrea is a drug development company based in Germany focused on clinically differentiated products and shall develop unique products for novel treatments to combat multi drug resistant bacterial infections.

## Subsidiaries

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

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

### Orchid Pharmaceuticals Inc., USA

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

States, under which all the operational business subsidiaries have been structured. The Company currently has two operating Subsidiaries, namely Orgenus Pharma Inc., and Orchid Pharma Inc., in the US.

Orgenus Pharma Inc. is the entity that provides all business development and operational services for the parent Company including the initiation of marketing alliances with partner companies, filing of your Company's Drug Master Files (DMFs) and Abbreviated New Drug Applications (ANDAs) as the Importer of record for your Company with the FDA. It continues to represent your Company for all matters relating to the review and approval of such filings by the FDA, and handling of logistics and product importation into the US as the Importer of Record for the US Customs.

Orchid Pharma Inc., is the commercial entity that started directly marketing and selling your Company's products in the US generics market place. Orchid Pharma Inc. has established a strong corporate image for your Company in the US and will be launching all future (unpartnered) generics products under the Orchid label.

### Diakron Pharmaceuticals Inc., USA

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

### Orchid Europe Limited, United Kingdom

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

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

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

### Orchid Pharma Singapore Private Ltd, Singapore

Your Company incorporated Orchid Pharma Singapore Private Limited a wholly owned subsidiary in Singapore to deal in pharmaceuticals products. During the year 2013-15, your Company closed this subsidiary due to non-commencement of business.

## Central Government Approval

The Ministry of Corporate Affairs, Government of India vide its circular dated February 8, 2011 has provided general exemption to companies

from attaching the balance sheets of their subsidiary companies as required under Section 212(8) of the Companies Act 1956.

The exemption is available provided the companies publish the audited consolidated financial statements in the Annual Report. The consolidated financial statements duly audited are presented along with the accounts of your Company. The statement as required under Section 212 is given as part of the consolidated accounts in this report. The annual accounts of subsidiary companies are kept at the Company's registered office and also at the respective registered office of the subsidiaries for inspection and shall be made available to the members seeking such information.

### Fixed Deposit

The Company has not accepted any fixed deposits and as such, no amount of principal or interest was outstanding as of the balance sheet date.

### Directors' Responsibility Statement

In accordance with the provisions of Section 217 (2AA) of the Companies Act, 1956, your Directors confirm:

- That in the preparation of the annual accounts for 2013-15 the applicable accounting standards were followed along with proper explanation relating to material departures, if any.
- That the Directors selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year, comprising 18 months, i.e. on March 31, 2015 and of the profit or loss of the Company for that period 2013-15.
- That the Directors took proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- That the Directors prepared the annual accounts for 2013-15 on a going concern basis.

### Corporate Social Responsibility (CSR)

During the year, the Company constituted the Corporate Social Responsibility Committee as required under Section 135 of the Companies Act 2013. The Composition of the Committee comprises Shri K N Venkatasubramanian, Shri S Krishnan, and Shri Nagaraj Garla as members. The said committee has been entrusted with responsibility of formulating and recommending to the Board, a Corporate Social Responsibility Policy. The Board has approved the policy in its meeting held on November 13, 2014 and the same is available on the website

of the Company and the web link for the same is <http://www.orchidpharma.com/downloads/CSR-POLICY.pdf>.

Your Company is undertaking its CSR activity through "Orchid Trust" which qualifies as CSR activity under Schedule VII of the Companies Act 2013. Orchid Trust has undertaken various initiatives and programmes in the following areas such as Education, Health, Youth development, Women Empowerment, Community assets creation (Infrastructure Development), Environment & Renewable Energy.

Various programmes undertaken by Orchid Trust are briefly mentioned here:

Education Development Programmes which includes Orchid Tuition centre, Supplementary Teachers in Schools, Special Coaching for 10th and 12th Standard students.

Health Programmes which includes Transport facilities in case of emergency, Sponsorship to government health programmes, Eye camp.

Women Empowerment Programmes which includes formation of Self Help Group (SHGs), Training on Tailoring, Women counselling center.

Youth development Programmes which includes providing training in various occupation to make them employed and Sponsorship for Sports in the Village panchayats.

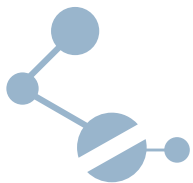
Environmental & Renewable energy Programmes which includes Planting tree saplings and Implementation of bio-gas plant instead of LPG.

### Nomination & Remuneration policy

During the year, the Company formulated a Nomination and Remuneration Policy in Compliance with Section 178 of the Companies Act, 2013 and Clause 49 of the Listing Agreement. This Policy lays down standards with respect to the appointment, remuneration and evaluation of Senior Management Personnel, Directors and Key Managerial Personnel of the Company. The Policy is available on the website of the Company and the web link for the same is <http://www.orchidpharma.com/downloads/Nomination-Remuneration-policy.pdf>.

### Familiarisation Programme for Independent Directors

The Clause 49 of the Listing Agreement with the Stock Exchange stipulates that the Company shall familiarise the independent directors of the Company about their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, etc through various programmes. The detailed familiarisation programme for Independent Directors is available on the website of the Company and the web link for the same is <http://www.orchidpharma.com>.



com/downloads/Familiarisation-Programme-for-Independent Directors .pdf.

### **Vigil Mechanism (Whistle Blower Policy)**

The Company is committed to adhere to the highest standards of ethical, moral and legal conduct of business operations. To maintain these standards, the Company encourages its employees who have their concerns about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct to come forward and express these concerns without fear of punishment or unfair treatment through Vigil Mechanism (Whistle Blower Policy) which provides a channel to the Employees and Directors to report to the Management. The mechanism provides for adequate safeguards against victimisation of employees and Directors.

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

### **Related Party Transaction Policy**

The Company has framed a Related Party Transaction Policy in compliance with Section 177 of the Companies Act 2013 and Clause 49 of the Listing Agreement in order to ensure proper reporting and approval of transactions with related parties. The Policy is available on the website of the Company and the web link for the same is <http://www.orchidpharma.com/downloads/RELATED-PARTY-TRANSACTION-POLICY.pdf>.

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

The Company has in place an Anti Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013.

Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

The Company has not received any complaint on sexual harassment during the financial period ended March 31, 2015.

### **Environment**

Environment management is the prime concern in your Company. Orchid has employed a state of the art technology zero liquid trade effluent treatment plant system and world class treatment facilities for its liquid and gaseous pollutants generated from the production processes. The zero discharge of liquid trade effluent treatment plant comprises Membrane Bio Reactor, Nano Filtration, Reverse Osmosis, Solvent Stripping Column, Thermal Evaporation

& Crystallisation plant to treat the entire trade effluent and recycle back into the utility process. Waste Air Treatment is done through installation of process scrubbers, vent gas condensation, Reverse Jet Ventury Filter, Electro Static Precipitator.

### **Safety Excellence Journey**

Orchid's commitment to Safety, Health and Environment aspects is being sustained with the active participation from various line management functions. Safety performance of the various locations are periodically monitored and reviewed by the Central Safety Committee and Site Safety Committees. Risk assessment and Risk minimisation have taken priority in the last fiscal year. All line managers have carried out Safety Observation Audits (SOAs) to identify the hazards in their respective areas and have helped control the risk through conversation.

The Company recognises the need for effective safety communication in culture building. This is ensured through periodic Safety Talks, Safety Posters and interactive discussions. Orchid also believes that continuous learning is a crucial element in Safety Management. Accordingly, various training programs have been conducted to reinforce safe behavior and also to enhance the necessary skills to perform the job safely.

The Company also does not want to miss any learning opportunity that an incident may offer. Hence, Incident Investigation also is an important area of focus. All incidents are investigated and Corrective and Preventive Action (CAPA) have been taken.

### **Conservation of Energy**

Your Company has always been striving hard in the field of energy conservation. Several measures to conserve energy and to reduce associated costs were taken during the fiscal under review as well. The particulars in respect to conservation of energy as required under Section 217 (1) (e) of the Companies Act, 1956, are given in Annexure I to this report.

### **Technology Absorption**

The particulars in respect of R&D/Technology absorption as required under Section 217 (1) (e) of the Companies Act, 1956, are given in Annexure II to this report.

### **Foreign Exchange Earnings and Outgo**

The particulars in respect of Foreign Exchange Earnings and Outgo as required under Section 217 (1) (e) of the Companies Act, 1956, are given in Annexure III to this report.

### **Particulars of Employees**

Information as per Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 forms part of

this Report. However, as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Report and Accounts are being sent to all members of the Company excluding the aforesaid information. Any member interested in obtaining a copy of the particulars may write to the Secretary at the Registered Office of the Company.

## Corporate Governance

The Company follows the code of Corporate Governance issued by the stock exchanges for listed companies. As a Listed Company, necessary measures are taken to comply with the Listing Agreements with the Stock Exchanges. A report on Corporate Governance, along with a certificate of compliance from the Auditors, given in Annexure V, forms a part of this Report.

## Green Initiative

To augment the green initiative of the Ministry of Corporate Affairs and to reduce carbon foot print, your Company proposes to send various communication including the Annual Reports in electronic form, to the members who have opted for the same. This would help in reducing the number of physical copies to be printed, thereby contributing to a greener environment. The full text of the current year's (2013-15) annual report is available in an easily navigable format at [www.orchidpharma.com](http://www.orchidpharma.com). As a member of the Company, you are entitled to receive all such communication in physical form, upon request.

## Directors

### Appointment of Directors

Shri K N Venkatasubramanian was appointed as Additional Director on the Board on March 31, 2014. Pursuant to the appointment, Shri K N Venkatasubramanian holds office up to the forthcoming Annual General Meeting. A notice has been received from a member as per Section 160 of the Companies Act, 2013 along with the prescribed fee. Shri K N Venkatasubramanian has filed with the Company his declaration of Independence to act as Independent Director for a term of five years if appointed, in terms of Section 149, 150, 152 of the Companies Act 2013. A resolution seeking his appointment as Independent Director is being placed before the members for approval.

Shri R. Kannan was appointed as Additional Director on the Board on May 28, 2015. Pursuant to the appointment Shri R. Kannan holds office up to the forthcoming Annual General Meeting. A notice has been received from a member as per Section 160 of the Companies Act, 2013 along with the prescribed fee. Shri R. Kannan has filed with the Company his declaration of Independence to act as Independent Director for a term of five years if appointed, in terms of Section 149, 150, 152 of the Companies Act 2013. A resolution seeking his appointment as Independent Director is being placed before the members for approval.

Smt Soundara Kumar was appointed as Nominee director of State Bank of India on the board on March 30, 2015. Sri Nagaraj Garla was appointed as Nominee director of IDBI Bank Ltd on the Board on November 13, 2014. Pursuant to their appointment and in line with the provisions of the Companies Act, 2013 both the directors hold office up to the forthcoming Annual General Meeting. Notice has been received from members as per Section 160 of the Companies Act, 2013 along with the prescribed fee relating to appointment of the directors. Both Mr. Nagaraj Garla and Smt Soundara Kumar have filed the consent with the Company to act as Director, if appointed as required under Section 152(5) of the Companies Act 2013. A resolution seeking the appointment of Smt Soundara Kumar and Sri Nagaraj Garla as Directors liable to retire by rotation is being placed before the members for approval.

### Vacation of Office

Shri S Yuvaraj was appointed as an additional director by the Board on August 14, 2013 and as a director at the last Annual General Meeting held on March 19, 2014. He now vacates the office pursuant to Section 167(1)(b) of the Companies Act 2013, as he could not attend any of the meetings of the Board of Directors held during the period from April 01, 2014 to March 31, 2015. i.e for a period of 12 months.

### Retirement of Directors by rotation

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

### Change in Terms & Remuneration of Managing Director

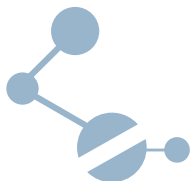
Given the financial position of the Company, the Board approved a revision in terms & the remuneration of Shri K Raghavendra Rao for a period of 2 years effective from April 01, 2015, in accordance with the various provisions of Companies Act, 2013. However his appointment as a Managing Director already approved by the shareholders &, valid till June 30, 2017 shall be liable to retirement by rotation.

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

## Auditors

The Statutory Auditors, M/s SNB Associates, Chartered Accountants retire at the forthcoming Annual General Meeting, and being eligible, offer themselves for re-appointment for a period of two (2) years from the conclusion of this Annual General Meeting till the conclusion of 24th Annual General Meeting. M/s. SNB Associates, Chartered Accountants have furnished certificate under Section 139(1) of the Companies Act, 2013 of their eligibility for the appointment.





## Auditor's Report

The Auditors' in their report have made certain observations relating to recovery of advances paid to suppliers, non provision of diminution in value of investments in foreign R&D subsidiaries, receivables from one of the marketing subsidiary and confirmation from Banks for certain loans and Bank accounts under "Qualified Opinion" in their report to the members.

The Company has already implemented the approved CDR package and is gearing its operations. Upon scaling up the operations and volume of business, the Company would be able to take delivery of materials/capital goods and complete the projects. With regard to the diminution in value of investments, the Company is confident that the value of Intellectual Property of the molecules held by the foreign subsidiaries will be more than the investment. In view of the inventory level of the marketing subsidiary and based on the demand and the prevailing prices for the products in those markets, the Company is confident that the subsidiary will be in a position to settle the outstanding payments in a phased manner. The Company was not able to obtain bank statements for two of the loan accounts due to the legal proceedings initiated by them for recovery which are still pending.

The Auditors in their report have further made observations relating to excess remuneration paid to Managing Director and Whole Time Director under "Emphasis of Matter" in their report to the members. The Company has made applications to the Central Government for approval of the excess remuneration paid to the Managing Director and the Whole Time Director for the years 2011-12 & 2012-13 and the approval is awaited. For the Year 2013-15, the Company would be making an application for approval of the Central Government for the excess remuneration paid to the Managing Director.

## Cost Audit

The Central Government has prescribed that an audit of the cost accounts maintained by the Company in respect of bulk drugs and formulations be conducted under Section 148 of the Companies Act, 2013. Consequently, your Company has appointed Shri V Kalyanaraman, B.Sc., FCMA, as Cost Auditor for 2014-2015 and

2015-2016, with the consent of the Central Government, for the audit of cost accounts maintained by the Company in respect of both bulk drugs and formulations.

For the year ended September 30, 2013, the due date of filing the cost audit report was March 31, 2014 and the cost audit report was filed on February 21, 2014.

In accordance with the provisions of the Companies Act, 2013 remuneration of the Cost Auditor requires the approval of Shareholders and accordingly approval is being sought for the payment of remuneration for FY 2013-15 & FY 2015-16.

## Acknowledgements

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

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

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

Your Directors are also thankful for the support received from all other stakeholders, including doctors, medical professionals, consultants, advisors, distributors and business partners.

**For and on behalf of the Board**

Place: Chennai  
Date: May 28, 2015

**K Raghavendra Rao**  
*Managing Director*

## Addendum to Directors' Report

The Board at its meeting held on August 13, 2015 considered the Letter received from the Registrar of Companies dated August 10, 2015 confirming the availability of the name "Orchid Pharma Limited" and approved the proposal for changing the name of the Company. Accordingly, a resolution seeking approval of the shareholders for the change of name is being placed as part of the notice of the Annual General Meeting.

**For and on behalf of the Board**

Place: Chennai  
Date: August 13, 2015

**K Raghavendra Rao**  
*Managing Director*

## Annexure to the Directors' Report

INFORMATION UNDER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF DIRECTORS' REPORT FOR THE 18 (EIGHTEEN) MONTHS ENDED 31st MARCH, 2015.

### Annexure I – CONSERVATION OF ENERGY

#### a) Energy conservation measures taken

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

- Resource optimisation in process was done with the help of PD Lab resulting in the energy savings.
- Installation of pressure power pump in trap condensate tank place instead of electrical pump.
- Provision of +10 chiller for UPS and inprocess lab room instead of -10.
- Provision of interlocks between EC fan and pump in compressors in utility.
- Line heating of CPP was switched off by providing a circulation line between CPP and FO service tank, eliminating the usage of heater.
- Comfort zone cooling source was converted from -10 to +10.
- Utilisation of AoD pump for feeding the doser.
- Equipment utilisation time was reduced by relocating the off controls near the operating area.

#### b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy.

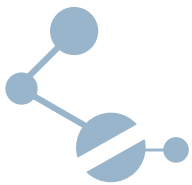
Some of the proposals that are considered / being implemented for saving energy are:

- Implementation of BPPS (Boiler Peak Performance System) in coal boiler (OXYGEN TRIMMING)
- Implementation of CCT (Clean Coal Technology) in boiler with carboniser (COAL ADDITIVE)
- Utilising the geothermal energy for chiller in +10 system
- Conversion of tube lights and CFL lamps to LED lamps

#### c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods.

- Due to the various energy conservation activities implemented, mentioned in (a) above, there was a reduction in power consumption by around 1987 UPD and 1.71 TPD, leading to a saving of around ₹46.60 Lakhs annually with an investment of ₹3.82 Lakhs.





- Further, the energy conservation measures proposed to be taken up by the Company as mentioned in (b) above are expected to bring in savings of around ₹194 Lakhs annually with an investment of ₹250 Lakhs.

#### d) Total Energy Consumption and energy consumption per unit of production:

		Eighteen months ended March 31, 2015	Eighteen months ended September 30, 2013
<b>A</b>	<b>POWER AND FUEL CONSUMPTION</b>		
	<b>1 Electricity</b>		
	a) Purchased		
	Unit	10,32,37,056	11,41,40,533
	Total Amount (₹ Lakhs)	6,665.27	7,174.31
	Rate per Unit (₹)	6.46	6.29
	b) Own generation		
	i) Through Diesel Generator		
	Units	11,54,029	38,37,392
	Units per litre of diesel oil	3.77	3.37
	Cost per unit (₹)	14.31	12.03
	ii) Through Furnace Oil Generator		
	Units	16,50,037	20,49,288
	Units per litre of fuel oil	3.86	3.84
	Cost per unit (₹)	12.73	11.37
	<b>2 Coal</b>		
	Quantity (Tonnes)	31,972.26	35,783.52
	Total Cost (₹ Lakhs)	1,530.95	1,592.18
	Average Rate per tonne (₹)	4,788.36	4,449.49
	<b>3 Furnace Oil</b>		
	Quantity ( K litres )	3,767.46	6,210.93
	Total Cost (₹ Lakhs)	1,492.78	2,570.95
	Average rate (₹Per K litres)	39,622.94	41,394.04
	<b>4 Others / Internal Generation</b>		
	I) Windmills *		
	Quantity (in units)	15,58,411	2,06,81,582
	Cost Per Unit (₹)	4.30	4.30
	II) Gas based *		
	Quantity (in units)	6,34,38,950	4,64,21,286
	Cost Per Unit (₹)	5.33	5.08
<b>B</b>	<b>CONSUMPTION PER UNIT OF PRODUCTION</b>		
	Products with details:		
	(i) <b>Bulk Drugs - Oral &amp; Sterile ( in MT)</b>	528.24	584.17
	Electricity (₹ Lakhs per MT)	11.72	11.74
	Furnace Oil (₹ Lakhs per MT)	0.40	0.40
	Coal (₹ Lakhs per MT)	2.90	2.73
	Others	NIL	NIL

\* Units generated are wheeled to our manufacturing facilities

#### (ii) Formulations

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

## Annexure II – TECHNOLOGY ABSORPTION

### I. Research and Development

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

Identified Active Pharmaceutical Ingredients (APIs) from the category of Non-β-Lactams have been taken up for process R&D to develop manufacturing technology for marketing as API and/or drug product. The focus of development was to meet the quality for regulated markets and subsequent supply to rest of the world (RoW). In the case of few APIs, R&D has completed the lab development of API manufacturing process and analytical profile. In order to support the formulation R&D team for developing the corresponding drug product, R&D process was scaled up, and few kilogram materials were supplied. Finalising the IP strategy and IP review of the process were completed to ensure the smooth approval of the dossiers.

For CMC (Chemistry, Manufacturing and Control) process related to the API of the proprietary NCE (New Chemical Entity) molecule, namely BLX1002, the manufacturing process was stabilised to get ready for initiating the manufacturing in a GMP facility for subsequent supply for conducting Phase 2 studies for a specific indication, through approved Contract Research Organisation.

Drug Discovery Research unit (DDR) has focused its research on anti-infective and anti-diabetes therapeutic categories. In anti-infective category, fully focused collaborative research with a discovery partner was carried out. Proprietary research was taken up by specific discovery teams in the areas of anti-diabetes and enzyme inhibitors. For one of the proprietary molecules, DDR has progressed to carry out Phase 2 clinical study.

Biotechnology division has been working on the development of biocatalytic technology for the synthesis of cephalosporin APIs. Lab scale studies for the enzymatic synthesis of Cephalexin and Cefadroxyl and a proprietary enzymatic technology for the synthesis of 7-ACA/HACA intermediates have been completed. As Orchid is the only patent applicant for this technology and as these intermediates are shared by several cephalosporin APIs, the technology can provide long term strategic edge for the Company.

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

R&D efforts have resulted in getting accreditation of its quality from regulatory agencies/official monographs, which in turn would help realise the commercial potential of its APIs. It would help enter new markets and facilitate higher reach. Cost reduction exercise will ensure maintaining competitiveness of the APIs and drug products, and increase the volumes and values. R&D efforts

on including new KSM vendors, and upgrading specifications and new test procedures will help expand the value and volume of the business owing to better availability of KSMs, and reduced cost of manufacturing.

#### 3. Future plan of action

DDR would progress in conducting the clinical trial on the promising NCEs, and focus its discovery research on the areas of high/unmet clinical need worldwide. Potential molecules will be taken for animal proof-of-concept evaluation, and subsequent out-licensing. The ongoing collaborative anti-infective project will be taken to next stage of drug discovery to identify promising candidate for preclinical development, which would lead to second milestone payment from the partner. In addition, proprietary research will focus on another class of molecules to promote antibiotic treatment against resistant pathogens.

In the category of generics, new molecules going off-patent in next few years will be identified for R&D development with appropriate IP filing strategy. For the commercialised and filed APIs, cost reduction for potential areas will be taken up. In addition, research and development efforts will be taken up to promote these APIs/drug products to new markets. Backward integration of advanced intermediates through Process R&D will be taken up for specific products to reduce the cost of APIs.

#### 4. Expenditure on R&D

The R&D outlay was as follows

(₹ Lakhs)

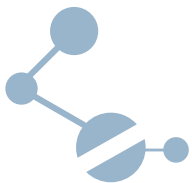
	Eighteen months ended March 31, 2015	Eighteen months ended September 30, 2013
a) Capital	-	104.10
b) Recurring	5,995.18	8,416.32
c) Total	5,995.18	8,520.42
d) Total R&D expenditure as a percentage of the total turnover	3.48%	4.38%

### II Technology absorption, adaptation and innovation

#### I. Research and Development

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

R&D center has provided scientific support for manufacturing Active Pharmaceutical Ingredients (API), for extending cost



effective processes to regulated markets, and filing with new markets. Orchid's R&D center has generated appropriate data and scientific justifications to work with regulatory and standard setting organisations to get accreditation for Orchid's products. It has provided continuous scientific support to its manufacturing location in terms of investigating the events, and ensuring smooth commercial manufacturing. It also worked towards including new Key Starting Material (KSM) vendors through generation of appropriate data and scientific rationale in order to increase the cost effectiveness of the APIs. Continuous focus has been given to green chemistry approach to make the manufacturing processes more safe, operation-friendly and environmentally benign.

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

R&D efforts have resulted in getting accreditation of its quality from regulatory agencies/official monographs, which in turn would help realise the commercial potential of its APIs. It would help enter new markets and facilitate higher reach. Cost reduction

exercise will ensure maintaining competitiveness of the APIs and drug products, and increase the volumes and values. R&D efforts on including new KSM vendors, and upgrading specifications and new test procedures will help expand the value and volume of the business owing to better availability of KSMs, and reduced cost of manufacturing.

## 3. Imported technology (imported during the last 5 years reckoned from the beginning of the financial year):

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

# Annexure III – FOREIGN EXCHANGE EARNINGS & OUTGO

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

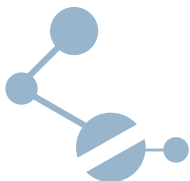
The Company is focusing to increase the sale and distribution of its cephalosporin and the non-penicillin non cephalosporin APIs and generics in regulated markets including United States, Canada, Europe, Japan and Australia, as applicable.

	Eighteen months ended March 31, 2015	Eighteen months ended September 30, 2013
<b>1. Earnings in foreign exchange during the year</b>		
F.O.B value of exports	77,768.09	73,775.70
Export of services (net of TDS)	-	1,357.47
<b>2. C.I.F. value of imports (on cash basis)</b>		
Raw materials	39,823.00	41,577.35
Capital goods	274.22	512.05
Spare parts, components and consumables	2,541.99	1,971.59
<b>3. Expenditure in foreign currency during the year (on cash basis)</b>		
Travelling expenses	15.16	49.74
Interest and bank charges	7,193.11	7,132.91
Professional / Consultancy fees	2,162.26	2,436.32
Others	4,575.28	2,807.27
<b>4. Dividend remittances in foreign currency during the year</b>		
Net dividend	-	0.45
<b>5. Total foreign exchange used (2+3+4)</b>	<b>56,585.02</b>	<b>56,487.68</b>

## Annexure IV to the Directors' Report

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

S. No	DESCRIPTION	ORCHID ESOP - 2010 SCHEME	ORCHID ESOP - DIRECTORS 2011 SCHEME	ORCHID ESOP - SENIOR MANAGEMENT 2011 SCHEME
a.	No. of shares available under ORCHID ESOP	10,00,000	5,00,000	10,00,000
b.	Options granted during the year (Net of Lapses)	Nil	Nil	Nil
c.	Pricing formula	The closing prices for the Company's Equity shares quoted on the Bombay stock Exchange and / or National Stock Exchange preceding the date of granting options		₹10/-
d.	Options vested during FY 2013-15	Nil	40,000	21,350
e.	Options exercised during FY 2013-15	Nil	Nil	Nil
f.	Total no. of shares arising out of Exercise of options	Nil	Nil	Nil
g.	Options lapsed during FY 2013-15	5,09,500	20,000	10,675
h.	Variation of terms of Options	Due to the fall in the share price the compensation committee revised the price of the options from ₹329.55 to ₹166.15 as per the closing price of Orchid at NSE on October 31, 2011.		Nil
i.	Money realised by exercise of options	Nil	Nil	Nil
j.	Total no. of options in force as on March 31, 2015	Nil	80,000	32,025
k.	Grant details to			
	i) Members of Senior Managerial personnel/ Director during the year	Nil	Nil	Nil
	ii) Any other employees receives a grant in any one year of option amounting to 5% or more of option granted during the year.	Nil	Nil	Nil
	iii) Identified employees who were granted option during the year equal to or exceeding 1% of issued Capital of the Company at the time of the grant.	Nil	Nil	Nil
l.	Diluted EPS as per Accounting Standard 20	₹ (26.11)		



S. No	DESCRIPTION	ORCHID ESOP - 2010 SCHEME	ORCHID ESOP - DIRECTORS 2011 SCHEME	ORCHID ESOP - SENIOR MANAGEMENT 2011 SCHEME
m.	i) Method of calculation of employee compensation cost	Not Applicable		
	ii) Difference between the employee compensation cost so computed at(i) above and the employee compensation cost that shall have been recognised if it had used the fair value of the options	Nil		
	iii) The impact of this difference on profits and on EPS of the Company on the current year profits (Amortised Amount)	Profit (Loss) after Tax		₹(19104.00) Lakhs
		Add:Employee cost of intrinsic value over fair value		Nil
		Adjusted PAT (loss)		₹(19104.00) Lakhs
		Adjusted EPS		₹(26.11)
n.	Weighted average exercise price and fair value of stock options granted:			
	Stock options granted on	Weighted average Exercise price (₹)	Weighted average fair value (₹)	Closing Market price at NSE on the preceding day of the date of grant (₹)
	October 28, 2010 (Employees)	166.15	NA	166.15
	November 01, 2011 (Directors)	166.15	NA	166.15
	November 01, 2011 ( Senior Management)	10.00	NA	166.15
o.	Description of the method and significant assumptions used during the year to estimate the fair value of the options, including the following weighted average information	Since there was no exercise of options by any employees during the year, assumptions for estimating the fair value of options exercised does not arise.		
p.	The main assumptions used in The Black and Scholes Option Pricing Model model during the year were as follows	Not applicable		
	i) Risk free interest rate			
	ii) Expected Life of Options			
	iii) Expected Volatility			
	iv) Dividend yield ( average based on option price)			

## Annexure V to the Directors' Report

# Corporate Governance Report

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

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

### 2. Board of Directors

#### • Composition of Board

The Chairman of the Board of Directors is a Non-Executive, Independent Director. During the Year the Board had optimum combination of Executive and Non-Executive Directors. None of the directors are related to each other. There were changes in the Composition of Board during the period which are provided below

The composition of Board and the details of the Directors with regard to directorships in other Companies and Committee positions during 18 (Eighteen) months ended March 31, 2015 are as follows:

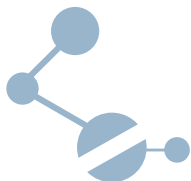
S. No.	Name(s) of the Director(s)	Category	Number of Directorships held in other companies <sup>@</sup>	Number of Board Committee positions in other companies held as *	
				Member	Chairman
1	Shri K N Venkatasubramanian	Non-Executive, Independent	5	3	2
2	Shri K Raghavendra Rao	Promoter & Executive Director	1	None	None
3	Shri S Krishnan	Non-Executive, Non-Independent	1	None	None
4	Shri Sundaram Yuvaraj <sup>^</sup>	Non-Executive, Independent	2	1	None
5	Shri K Biju George <sup>+</sup>	Non-Executive, Non-Independent (Nominee of IDBI Bank Ltd)	None	None	None
6	Shri T A Ganesh <sup>+</sup>	Non-Executive, Non-Independent (Nominee of IDBI Bank Ltd)	None	None	None
7	Shri Nagaraj Garla <sup>+</sup>	Non-Executive, Non-Independent (Nominee of IDBI Bank Ltd)	1	None	None
8	Smt Soundara Kumar	Non-Executive, Independent (Nominee of SBI)	6	4	1

<sup>@</sup> Excludes foreign companies, private limited companies, Section 25 Companies and alternate directorships.

<sup>\*</sup> Includes only membership/Chairmanship in Audit and Stakeholder's Grievance Committee across all public limited companies.

<sup>+</sup> Industrial Development Bank of India Limited (IDBI) withdrew the nomination of Shri Biju George and appointed Shri T A Ganesh, as its nominee on the board with effect from March 21, 2014 and again withdrew the nomination of Shri T A Ganesh and appointed Shri Nagaraj Garla as its nominee on the board with effect from November 13, 2014.

<sup>^</sup> Vacated office under Section 167 of the Companies Act, 2013, with effect from May 28, 2015



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

The Board meets at least once in a quarter to review the quarterly financial results and operations of your Company. It also meets as and when necessary to address specific issues relating to the business of your Company. During the 18 (Eighteen) months ended March 31, 2015, the Board met 11 (Eleven) times on November 29, 2013, January 30, 2014, February 11, 2014, March 14, 2014, March 31, 2014, May 12, 2014, July 14, 2014, August 14, 2014, November 13, 2014, February 13, 2015 and March 30, 2015. The attendance records of all the Directors are as under:

Name(s) of the Director(s)	Number of Board Meetings Attended	Last AGM Attendance
Shri K N Venkatasubramanian	7	@
Shri K Raghavendra Rao	11	Present
Shri S Krishnan	11	Present
Shri Sundaram Yuvaraj	2	Not Present
Shri K Biju George	4	Not Present
Shri T A Ganesh / Shri Nagaraj Garla	7*	@
Smt Soundara Kumar	1	@

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

\* At the request of IDBI, Shri T A Ganesh attended the meeting held on February 13, 2015 on behalf of Shri Nagaraj Garla

#### • Code of Conduct

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

### 3. Audit Committee

In accordance with the provisions of Section 177 of the Companies Act, 2013 and clause 49 of the Listing Agreement, the Company has constituted an Audit Committee consisting of three directors with Independent Directors forming a majority. All the members of the committee are financially literate with ability to read and understand the financial statements.

The terms of reference of the Audit Committee include:

#### a. Review of :

- Financial statements before submission to the Board.

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

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

The Audit Committee met 6 (Six) times during 18 (Eighteen) months ended March 31, 2015, on November 29, 2013, February 11, 2014, May 12, 2014, August 14, 2014, November 13, 2014 and February 13, 2015.

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

Name(s) of the Director(s)	Category	Number of Meetings Attended
Shri K N Venkatasubramanian <sup>1</sup>	Non-Executive, Independent	4
Shri S Krishnan	Non-Executive, Non-Independent	6
Shri K Biju George / Shri T A Ganesh / Shri Nagaraj Garla	Non-Executive, Non-Independent (Nominee of IDBI Bank Ltd)	6*
Shri Sundaram Yuvaraj	Non-Executive, Independent	2

1. Appointed as member of the Committee with effect from May 12, 2014.

\* At the request of IDBI, Shri T A Ganesh attended the meeting held on February 13, 2015 on behalf of Shri Nagaraj Garla.

The Company Secretary is the Secretary of the Audit Committee.

### 4. Nomination and Remuneration Committee (Formerly known as Remuneration Committee)

The Company had a Remuneration Committee; however as per the new Companies Act, 2013, the Committee has been renamed as "Nomination and Remuneration Committee". Nomination and Remuneration Committee determines and recommends the remuneration payable to the Executive Directors/Whole Time



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

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

The Nomination and Remuneration Committee met 2 (two) times on May 12, 2014 and March 30, 2015 during 18 (Eighteen) months ended March 31, 2015.

The composition of the Committee and the attendance of each

member of the Committee at the meetings are given below:

Name(s) of the Director(s)	Category	Number of Meetings Attended
Shri K N Venkatasubramanian*	Non-Executive, Independent	2
Shri S Krishnan	Non-Executive, Non-Independent	2
Shri Sundaram Yuvaraj	Non-Executive, Independent	Nil
Shri K Biju George / Shri T A Ganesh/ Shri Nagaraj Garla*	Non-Executive, Non-Independent (Nominee of IDBI Bank Ltd)	2

\* Appointed as member of the Committee with effect from May 12, 2014.

Details of remuneration paid to Directors for the year 2013-15 are given below:

Name(s) of the Director(s)	Remuneration paid during the year 2013-15 (₹ in Lakhs)				No. of Stock Options
	Salary	Commission/ bonus	Sitting fees	Total	
Shri K Raghavendra Rao	225.23	-	-	225.23	-
Shri K N Venkatasubramanian	-	-	2.20	2.20	-
Shri S Krishnan	-	-	4.20	4.20	-
Shri K Biju George	-	-	1.00	1.00*	-
Shri T A Ganesh	-	-	1.20	1.20*	-
Shri Nagaraj Garla	-	-	1.00	1.00*	-
Shri Sundaram Yuvaraj	-	-	0.80	0.80	-
Smt Soundara Kumar	-	-	0.20	0.20	-

\* Sitting fees of ₹3.20 Lakhs paid directly to IDBI Limited.

The shares held by directors as on March 31, 2015 are given below:

Name(s) of the Director(s)	Number of Shares
Shri K Raghavendra Rao	69,25,173
Shri K N Venkatasubramanian	1,000
Shri S Krishnan	9,200
Shri Sundaram Yuvaraj	Nil
Shri Nagaraj Garla	Nil
Smt Soundara Kumar	Nil

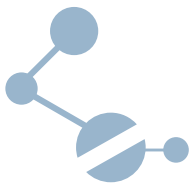
## 5. Compensation Committee

Pursuant to the SEBI (Employee Stock Option Scheme and Employee

Stock Purchase Scheme) Guidelines 1999, a Compensation Committee was constituted in the year 1999. The purpose of this committee is to grant options to employee. The Committee comprises of Shri K Raghavendra Rao and Shri Nagaraj Garla. The committee has not met during the year 2013-15.

## 6. Allotment Committee

The committee considers allotment of equity shares whenever the need arises. The Committee comprises of Shri K Raghavendra Rao and Shri S Krishnan. The Committee has met on December 22, 2014 during 18 (Eighteen) months ended March 31, 2015, to discuss and consider the allotment of 1,48,09,801 equity shares under



CDR Scheme to the Promoter Group Company, Orchid Healthcare Private Limited.

## 7. Stakeholders Relationship Committee ( Formerly known as Investor Grievance Committee)

The Company had constituted a Investors Grievance Committee; however as per the new Companies Act, 2013, the Committee has been renamed as "Stakeholders Relationship Committee". The Stakeholders Relationship Committee of Directors looks into the redressal of complaints of investors such as share transfers or credit of shares, non-receipt of dividend/notices/annual reports, etc. The Stakeholders Relationship Committee met 6 (Six) times during 18 (Eighteen) months ended March 31, 2015, on November 29, 2013, February 11, 2014, May 12, 2014, August 14, 2014, November 13, 2014 and February 13, 2015 to consider the transfers in the physical segment.

Name(s) of the Director(s)	Category	Number of meetings Attended
Shri K Raghavendra Rao	Promoter & Executive Director	6
Shri S Krishnan	Non-Executive, Non-Independent	6

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

The following table shows the nature of complaints received from shareholders during 2012 - 2013 and 2013 - 2015, all of which have been responded within one month.

S. No	Nature of complaints	Received and Resolved	
		2013 - 2015	2012-2013
1.	Non-receipt of share certificates sent for transfer/ bonus shares	2	2
2.	Non-receipt of dividend warrants	4	43
3.	Complaints from SEBI, Stock exchanges and Government departments	1	4
TOTAL		7	49

## 8. Corporate Social Responsibility Committee

As per Section 135 of the Companies Act, 2013, a CSR committee has been formed by the Company. The Committee met on November 13, 2014, during 18 (Eighteen) months ended March 31, 2015. A complete report on various initiatives and programmes undertaken by your Company in CSR areas are provided in the Director's Report.

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

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

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

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

Year	AGM / EGM	Location	Special resolutions passed	Date	Time
2013	AGM	Sathguru Gnanananda Hall, Narada Gana Sabha, 314, TTK Road, Alwarpet Chennai-600018.	NIL	March 19, 2014	10.30 AM
2012	AGM	Sathguru Gnanananda Hall, Narada Gana Sabha, 314, TTK Road, Alwarpet, Chennai-600018.	a) Re-appointment of Chairman & Managing Director	September 20, 2012	10.30 AM
2011	AGM	The Music Academy Old No. 306, New No.168 TTK Road, Chennai – 600 014	a) Orchid-ESOP Senior Management 2011 Scheme. b) Orchid-ESOP Director 2011 Scheme. c) Alteration of Articles of Association of the Company.	July 29, 2011	10.00 AM

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

### Postal Ballot

The Company has conducted a postal ballot during the 18 (Eighteen) months ended March 31, 2015 pursuant to Section 110 of the Companies Act, 2013. The Postal Ballot was conducted by Shri S Dhanapal, Practicing Company Secretary who was appointed by the Board of Directors as the Scrutiniser.

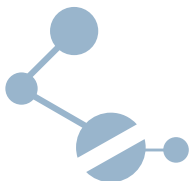
**Postal Ballot Notice dated July 14, 2014 contained the following resolutions:**

#### Resolution No. 1 - To amend Main Objects of the Memorandum of Association

	No. of Shares			No. of Members		
	E-voting (Electronic)	Physical Ballot Forms	Total	E-voting (Electronic)	Physical Ballot Forms	Total
Total votes cast	10519914	25830064	36349978	269	853	1122
Less: Invalid votes	0	14940	14940	0	39	39
Net Valid votes cast	10519914	25815124	36335038	269	814	1083
Votes cast in favour	10502062	25810506	36312568	243	784	1027
Votes Cast against	17852	4618	22470	26	30	56

% of total votes cast in favour of the resolution: 99.94%

% of total votes cast against the resolution: 0.06%



#### Resolution No. 2 - Deletion of the other objects clause of the Memorandum of Association

	No. of Shares			No. of Members		
	E-voting (Electronic)	Physical Ballot Forms	Total	E-voting (Electronic)	Physical Ballot Forms	Total
Total votes cast	10519568	25830815	36350383	266	853	1119
Less: Invalid votes	0	27329	27329	0	72	72
Net Valid votes cast	10519568	25803486	36323054	266	781	1047
Votes cast in favour	10502053	25797952	36300005	240	743	983
Votes Cast against	17515	5534	23049	26	38	64

% of total votes cast in favour of the resolution: 99.94%

% of total votes cast against the resolution: 0.06 %

#### Resolution No. 3 – Amendment of the liability clause of Memorandum of Association

	No. of Shares			No. of Members		
	E-voting (Electronic)	Physical Ballot Forms	Total	E-voting (Electronic)	Physical Ballot Forms	Total
Total votes cast	10510613	25830837	36341450	264	853	1117
Less: Invalid votes	0	27385	27385	0	74	74
Net Valid votes cast	10510613	25803452	36314065	264	779	1043
Votes cast in favour	10499438	25797782	36297220	236	741	977
Votes Cast against	11175	5670	16845	28	38	66

% of total votes cast in favour of the resolution: 99.95 %

% of total votes cast against the resolution: 0.05%

#### Resolution No. 4 – Amendment of Incidental or Ancillary Objects clause of the Memorandum of Association

	No. of Shares			No. of Members		
	E-voting (Electronic)	Physical Ballot Forms	Total	E-voting (Electronic)	Physical Ballot Forms	Total
Total votes cast	10517979	25830795	36348774	264	853	1117
Less: Invalid votes	0	27372	27372	0	74	74
Net Valid votes cast	10517979	25803423	36321402	264	779	1043
Votes cast in favour	10499248	25797895	36297143	237	740	977
Votes Cast against	18731	5528	24259	27	39	66

% of total votes cast in favour of the resolution: 99.93%

% of total votes cast against the resolution: 0.07%

#### Resolution No. 5 – Adoption of New set of Articles

	No. of Shares			No. of Members		
	E-voting (Electronic)	Physical Ballot Forms	Total	E-voting (Electronic)	Physical Ballot Forms	Total
Total votes cast	10519584	25830900	36350484	265	853	1118
Less: Invalid votes	0	27503	27503	0	75	75
Net Valid votes cast	10519584	25803397	36322981	265	778	1043
Votes cast in favour	10498307	25797418	36295725	241	738	979
Votes Cast against	21277	5979	27256	24	40	64

% of total votes cast in favour of the resolution: 99.92%

% of total votes cast against the resolution: 0.08%

#### Resolution No. 6 – Borrowing Powers of the Company

	No. of Shares			No. of Members		
	E-voting (Electronic)	Physical Ballot Forms	Total	E-voting (Electronic)	Physical Ballot Forms	Total
Total votes cast	10520099	25829905	36350004	266	853	1119
Less: Invalid votes	0	27453	27453	0	74	74
Net Valid votes cast	10520099	25802452	36322551	266	779	1045
Votes cast in favour	10496584	25794683	36291267	229	731	960
Votes Cast against	23515	7769	31284	37	48	85

% of total votes cast in favour of the resolution: 99.91%

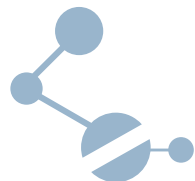
% of total votes cast against the resolution: 0.09%

#### Resolution No. 7 – Mortgaging/Charging of the Properties of the Company

	No. of Shares			No. of Members		
	E-voting (Electronic)	Physical Ballot Forms	Total	E-voting (Electronic)	Physical Ballot Forms	Total
Total votes cast	10520099	25830160	36350259	266	853	1119
Less: Invalid votes	0	27503	27503	0	75	75
Net Valid votes cast	10520099	25802657	36322756	266	778	1044
Votes cast in favour	10490583	25792532	36283115	220	712	932
Votes Cast against	29516	10125	39641	46	66	112

% of total votes cast in favour of the resolution: 99.89%

% of total votes cast against the resolution: 0.11%



## Resolution No. 8 – Issue of Shares on Preferential basis to promoters

	No. of Shares			No. of Members		
	E-voting (Electronic)	Physical Ballot Forms	Total	E-voting (Electronic)	Physical Ballot Forms	Total
Total votes cast	10870551	25836702	36707253	272	853	1125
Less: Invalid votes	0	27376	27376	0	75	75
Net Valid votes cast	10870551	25809326	36679877	272	778	1050
Votes cast in favour	10492650	25795503	36288153	228	712	940
Votes Cast against	377901	13823	391724	44	66	110

% of total votes cast in favour of the resolution: 98.93%

% of total votes cast against the resolution: 1.07%

## 10. Disclosures

- No transaction of material nature conflicting with the Company's interest was entered into by the Company with related parties i.e. Company's subsidiaries, Directors or management or their relatives.
- Transactions with the related parties are disclosed in Note No. 32 to the financial statements in the Annual Report.
- There were no instances of non-compliance by the Company on matter related to capital markets during the preceding three years. There were no penalties, strictures imposed by SEBI / Stock Exchanges or any other statutory authorities against the Company.
- The Company has framed the whistle blower policy. No employee has been denied access to approach the Audit Committee to report any serious concerns.
- No differential treatment from the Accounting Standards was followed in preparation of the financial statements of the Company.

- The Company has complied with all mandatory requirements of Clause 49 of the Listing Agreement.

## 11. Means of Communication

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

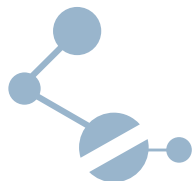
## 12. Management Discussion & Analysis (MD&A) Report

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

### 13. General Shareholders Information

1	Registered Office	'Orchid Towers', 313, Valluvar Kottam High Road, Nungambakkam, Chennai - 600 034, Tamil Nadu, India.
2	Date, time and venue of 22nd Annual General Meeting (AGM)	Tuesday, September 15, 2015, 10.30 A M at Kamaraj Memorial Hall, TNCC Charitable Trust, New No. 492, Annasalai, Teynampet West, Chennai - 600 006.
3	Dates of book closure	September 11, 2015 to September 15, 2015 (both days inclusive)
4	Financial Calendar	
	Financial reporting for	
	Quarter ending June 30, 2015	Second week of August 2015
	Quarter ending September 30, 2015	Second week of November 2015
	Quarter ending December 31, 2015	Second week of February 2016
	Quarter ending March 31, 2016	Last week of May 2016
5	The equity shares of ₹10/- each are listed at	<p><b>National Stock Exchange of India Limited</b>  "Exchange Plaza", Plot No. C/1, G Block  Bandra-Kurla Complex, Bandra (East),  Mumbai - 400 051, Maharashtra, India  Tel : 91-22-26598100, Fax : 91-22-26598120</p> <p><b>Bombay Stock Exchange Limited</b>  Phiroze Jeejeebhoy Towers, Dalal Street  Mumbai - 400 001, Maharashtra, India  Tel : 91-22-22721233, Fax : 91-22-22721919</p>
6	Global Depository Receipts Global Depository Receipts (GDRs) are listed at	<p><b>Luxembourg Stock Exchange</b>  Bourse de Luxembourg  BP 165, L-2011 Luxembourg  Tel : +352 47 79 361; Telefax: +352 47 32 98</p> <p><b>London Stock Exchange</b>  Registered Office: 10, Paternoster Square, London EC4M 7LS</p>
7	Listing Fees	Listing Fees have been paid for all the above Stock Exchanges for the year 2014-2015 and 2015-2016



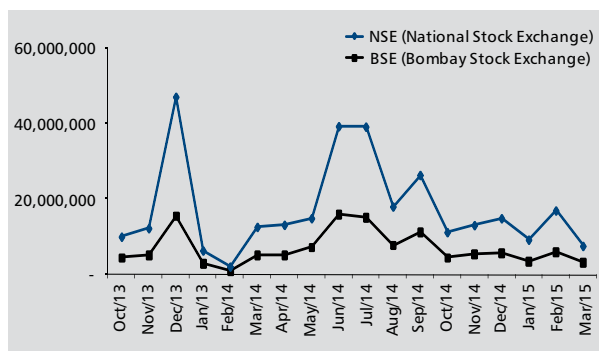


## Stock Market data

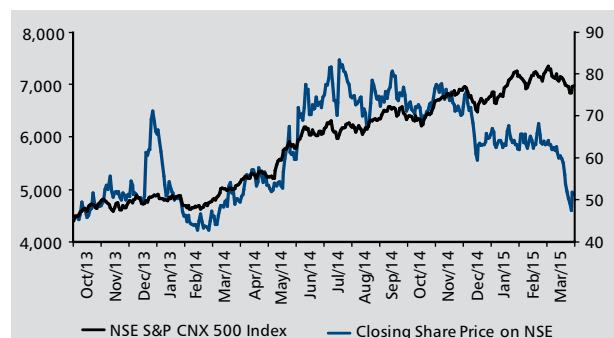
a) Monthly high and low quotations along with the volume of shares traded at NSE and BSE for 2013-2015 are:

Month	NSE			NSE S&P CNX 500 INDEX (Avg)	BSE			BSE 500 INDEX (Avg)
	High (₹)	Low (₹)	Volume of Shares (Nos)		High (₹)	Low (₹)	Volume of Shares (Nos)	
Oct-13	54.00	45.15	9,929,548	4,645	53.95	44.75	4,441,615	7,410.49
Nov-13	57.70	48.85	12,176,059	4,720	57.80	49.05	5,084,838	7,527.47
Dec-13	73.20	43.30	47,101,187	4,835	73.15	49.00	15,522,749	7,700.99
Jan-14	69.35	44.15	6,253,430	4,829	69.30	44.60	2,859,534	7,693.86
Feb-14	48.95	42.20	1,978,478	4,720	48.00	42.25	863,453	7,515.59
Mar-14	57.90	44.00	12,528,049	5,036	57.80	44.30	5,119,047	7,999.46
Apr-14	59.50	51.05	13,082,907	5,292	59.40	51.20	5,033,618	8,402.56
May-14	70.60	51.75	14,839,492	5,610	70.65	52.10	7,209,889	8,902.12
Jun-14	81.75	60.00	39,286,180	6,083	81.60	60.10	16,016,303	9,650.29
Jul-14	85.45	68.60	39,167,530	6,188	85.35	68.85	15,214,110	9,817.13
Aug-14	81.95	66.30	17,943,791	6,243	82.00	66.20	7,697,441	9,906.53
Sep-14	84.60	70.05	26,327,006	6,492	84.65	70.15	11,267,362	10,301.43
Oct-14	78.70	68.30	11,134,543	6,403	78.70	68.25	4,413,037	10,153.68
Nov-14	79.65	69.60	13,000,454	6,796	79.70	69.65	5,335,523	10,766.48
Dec-14	78.80	56.15	14,813,179	6,748	78.80	56.90	5,679,166	10,689.00
Jan-15	70.70	62.00	9,137,947	6,953	70.65	61.50	3,356,263	11,003.08
Feb-15	71.45	61.80	16,883,958	7,127	71.40	61.95	5,929,754	11,278.96
Mar-15	65.40	47.50	7,469,823	7,098	65.40	47.55	3,105,923	11,244.86
<b>Total</b>			<b>313,053,561</b>				<b>124,149,625</b>	

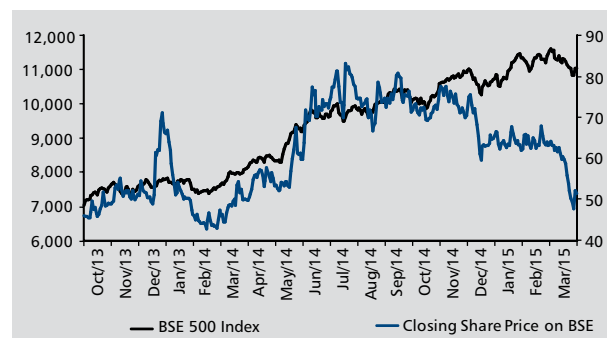
b) Graphical representation of Volume of Shares traded of Orchid during October 2013 - March 2015



c) Comparison of broad based indices with share price of Orchid



d) Comparison - BSE Index vs Share Price of Orchid

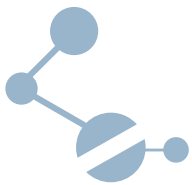


## Stock Exchange Security Code and other related information

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

## Equity History of the Company Since Incorporation of the Company upto March 31, 2015

Date	Particulars	Number of Shares	
		Issued	Cumulative
13-Jul-92	Subscribers to Memorandum	70	70
26-Nov-92	Issued to Promoters on Private Placement basis	249,930	250,000
27-Feb-93	Issued on Private Placement basis	1,451,800	1,701,800
4-Nov-93	Issued on Private Placement basis	1,798,200	3,500,000
8-Nov-93	Public Issue	2,500,000	6,000,000
18-Jul-94	Issued on Private Placement basis	1,200,000	7,200,000
1-Nov-94	Issued to Foreign Institutional Investors on Private Placement basis	250,000	7,450,000
3-Nov-94	Issued on Private Placement basis	1,223,000	8,673,000
21-Apr-95	Rights Issue (1:1)	8,673,000	17,346,000
9-Dec-99	Issued to Foreign Companies on Private Placement basis	10,653,192	27,999,192
21-Nov-02	Allotment pursuant to conversion of FCCBs	4,382,727	32,381,919
1-Mar-05	Allotment pursuant to conversion of warrants	1,750,000	34,131,919
27-Apr-05	Allotment pursuant to exercise of ESOS	11,800	34,143,719
2-Aug-05	Allotment pursuant to exercise of ESOS	59,485	34,203,204
2-Aug-05	Allotment pursuant to conversion of warrants	180,000	34,383,204
31-Aug-05	Allotment pursuant to exercise of ESOS	300,676	34,683,880
31-Aug-05	Allotment pursuant to conversion of warrants	70,000	34,753,880
21-Sep-05	Bonus Issue (1:2)	17,376,940	52,130,820
13-Oct-05	Allotment pursuant to conversion of warrants	105,000	52,235,820
2-Nov-05	Allotment pursuant to conversion of GDRs	9,250,000	61,485,820
23-Dec-05	Allotment pursuant to exercise of ESOS	19,649	61,505,469
1-Mar-06	Allotment pursuant to conversion of FCCBs	184,330	61,689,799
7-Mar-06	Allotment pursuant to conversion of FCCBs	460,827	62,150,626
20-Mar-06	Allotment pursuant to conversion of FCCBs	1,751,146	63,901,772
20-Mar-06	Allotment pursuant to conversion of warrants	50,000	63,951,772
31-Mar-06	Allotment pursuant to conversion of FCCBs	652,531	64,604,303
31-Mar-06	Allotment pursuant to conversion of FCCBs	13,879	64,618,182
18-Apr-06	Allotment pursuant to conversion of FCCBs	414,744	65,032,926
28-Apr-06	Allotment pursuant to conversion of FCCBs	737,325	65,770,251
28-Apr-06	Allotment pursuant to exercise of ESOS	3,475	65,773,726
31-May-06	Allotment pursuant to conversion of warrants	35,000	65,808,726
31-May-06	Allotment pursuant to exercise of ESOS	3,015	65,811,741
19-Oct-06	Allotment pursuant to exercise of ESOS	4,000	65,815,741



Date	Particulars	Number of Shares	
		Issued	Cumulative
19-Jan-07	Allotment pursuant to exercise of ESOS	550	65,816,291
3-May-07	Allotment pursuant to exercise of ESOS	6,085	65,822,376
17-Jul-07	Allotment pursuant to exercise of ESOS	5,650	65,828,026
18-Oct-07	Allotment pursuant to exercise of ESOS	6,000	65,834,026
20-Dec-07	Allotment pursuant to exercise of ESOS	3,000	65,837,026
17-Jan-08	Allotment pursuant to exercise of ESOS	13,750	65,850,776
26-Apr-08	Allotment pursuant to exercise of ESOS	9,425	65,860,201
29-May-08	Allotment pursuant to exercise of ESOS	16,375	65,876,576
13-Aug-08	Allotment pursuant to conversion of warrants	381,000	66,257,576
13-Aug-08	Allotment pursuant to exercise of ESOS	4,000	66,261,576
29-Aug-08	Allotment pursuant to conversion of warrants	4,179,000	70,440,576
29-Aug-08	Allotment pursuant to exercise of ESOS	1,500	70,442,076
17-May-12	Allotment pursuant to exercise of ESOS	10,000	70,452,076
22-Dec-14	Allotment pursuant to Preferential Allotment to Promoters	14,809,801	85,261,877
	<b>Total</b>	<b>85,261,877</b>	

### Distribution of Shareholding as on

No of equity shares held	March 31, 2015			September 30, 2013		
	No of shares	No of Shareholders	% of Shareholders	No of shares	No of Shareholders	% of Shareholders
1-500	9,259,606	73,724	88.86	9,151,645	78,828	90.81
501-1000	4,115,575	5,103	6.15	3,474,303	4,391	5.06
1001-2000	3,348,179	2,219	2.67	2,926,129	1,936	2.23
2001-3000	1,689,820	661	0.80	1,546,686	603	0.69
3001-4000	1,133,362	314	0.38	946,077	264	0.30
4001-5000	1,195,046	253	0.30	888,549	190	0.22
5001-10000	2,710,235	373	0.45	2,329,488	321	0.37
10001 & above	61,810,054	320	0.39	49,189,199	274	0.32
<b>Total</b>	<b>85,261,877</b>	<b>82,967</b>	<b>100.00</b>	<b>70,452,076</b>	<b>86,807</b>	<b>100.00</b>

### Dematerialisation of Shares

The shares of the Company are in compulsory demat segment and are available for trading in both the depository systems, namely, National Securities Depository Limited and Central Depository Services (India) Limited. Shares dematerialised upto March 31, 2015 are:

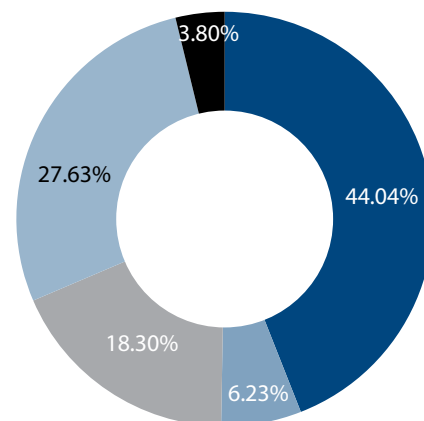
No. of Shares	% of Shares	No. of Shareholders	% of Shareholders
84,957,966	99.65	81,041	99.65

### Reconciliation of Share capital audit

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

#### a) Shareholding Pattern as on March 31, 2015

Category		No of Shares Held	Percentage of Shareholding
<b>A</b>	<b>Promoter Holding</b>		
1	Promoters / Promoter Group		
	a) Indian	37,550,582	44.04
	b) Foreign	Nil	Nil
	<b>Sub-Total (1)</b>	<b>37,550,582</b>	<b>44.04</b>
<b>B</b>	<b>Non-Promoter Holding</b>		
2	Institutional Investors		
	a) Mutual Funds	6,085	0.01
	b) Banks, Financial Institutions, Insurance Companies (Central / State Govt. Institutions / Non-government Institutions)	3,486,686	4.09
	c) Foreign Institutional Investors (FIIs)	1,007,849	1.18
	<b>Sub-Total (2)</b>	<b>4,500,620</b>	<b>5.28</b>
3	Other Investors		
	a) Private Corporate Bodies	15,602,426	18.30
	b) Indian Public (Resident Individuals)	23,559,757	27.63
	c) Non Resident Indians / Overseas Corporate Bodies	806,804	0.95
	d) Foreign Companies	3,241,688	3.80
	<b>Sub Total (3)</b>	<b>43,210,675</b>	<b>50.68</b>
	<b>Grand Total (1+2+3)</b>	<b>85,261,877</b>	<b>100.00</b>



- Promoter Holding
- Institutional Investors
- Private Corporate Bodies
- Resident Individuals
- Foreign Companies

#### Global Depository receipts (GDRs)

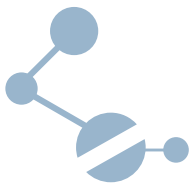
The number of GDRs outstanding as on March 31, 2015 are 32,26,688 out of the total number of 8,52,61,877 equity shares of the Company. Each GDR is represented by an underlying equity share .

#### Share Transfer System

M/s Integrated Enterprises (India) Limited are the Registrar and Share Transfer Agents for servicing activities relating to both physical and electronic segments. The Stakeholders Relationship committee met 6 times during the year 2013 - 2015. Securities lodged for transfer with the Registrar are processed within 15 days from the date of lodgement. The Board has delegated the power to approve the share transfer activities to few employees of the Company.

#### Unclaimed Dividends

Pursuant to Section 205A of the Companies Act, 1956, the unclaimed dividend amounting to ₹8,57,808/- pertaining to the financial year 2005-06 was transferred to the Investor Education and Protection Fund (IEPF) in July, 2013 and the unclaimed dividend amounting to ₹8,43,111/- pertaining to the financial year 2006-07 was transferred to the Investor Education and Protection Fund (IEPF) in September 2014.



Unclaimed dividend for the financial year 2007-2008 is due for transfer to IEPF in November 2015. The dividends for the years from 2008-2009 onwards, which remain unclaimed for seven years will be transferred to IEPF established by the Central Government under Section 125 of the Companies Act, 2013 as and when they become due. Shareholders who have not encashed their dividends for these periods are requested to write to the Company.

## Equity Shares in the Suspense Account

As per Clause 5A(II) of the Listing Agreement, the Company reports the following details in respect of equity shares lying in the suspense account which were issued pursuant to the Public Issue/Bonus Issue/Rights Issue of the Company and unclaimed as on March 31, 2015:

Sl No	Particulars	No of Shares Holders	No of Equity Shares
1	Aggregate Number of shareholders and the outstanding shares in the suspense account lying as on October 1, 2013	207	12390
2	Number of shareholders who approached the Company for transfer of shares from suspense account during the year	2	304
3	Number of shareholders to whom shares were transferred from the suspense account during the year	2	304
4	Aggregate Number of shareholders and the outstanding shares in the suspense account lying as on March 31, 2015	205	12086

The voting rights on the shares outstanding in the suspense account as on March 31, 2015 shall remain frozen till the rightful owner of such shares claims the shares. As per Clause 5A(II) of the Listing Agreement, three reminders were issued for shares issued in physical form, which remain unclaimed. The Company has transferred these shares into one folio in the name of "Unclaimed Suspense Account" and dematerialised the same with one of the Depository participant.

## ECS Mandate

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

## Plant Locations

### a) Active Pharmaceutical Ingredient Facilities

#### Alathur Works

Plot Nos.85-87, 98-100, 126-131, 138-151 and 159-164

SIDCO Industrial Estate, Alathur Kancheepuram Dist, Pin 603 110, Tamil Nadu, India

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

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

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

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

## Research and Development Centre

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

## Investor Contacts

- |  |  |
|--|--|
| a) Investor Correspondence / Compliance Officer<br>Shri L Chandrasekar<br>Company Secretary<br>Phone : (044) - 28211000; Fax : (044) - 28275960<br>E-mail : corporate@orchidpharma.com | b) Registrar and Share Transfer Agent<br>Integrated Enterprises (India) Limited<br>2nd Floor, Kences Towers, No.1 Ramakrishna Street, North Usman Road<br>T.Nagar, Chennai - 600 017, Tamil Nadu, India<br>Tel : 91-44-28140801 - 03, Fax : 91-44-28142479<br>E-mail : corpserv@iepindia.com<br>Website : www.iepindia.com |
|--|--|

## 14. CEO/CFO Certification

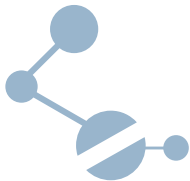
In terms of Clause 49 of the Listing Agreement the Managing Director and the Chief Financial Officer give annual certification on financial reporting and internal controls to the Board. The Managing Director and the CFO also give quarterly certification on financial results while placing the financial results before the Board in terms of Clause 41 of the Listing Agreement. Accordingly the Managing Director and CFO have certified to the Board inter alia the accuracy of financial statements and adequacy of internal controls for the financial reporting purpose for the 18 (Eighteen) months ended March 31, 2015.

### Code of Conduct Certification (Under Clause 49 of the Listing Agreement)

In accordance with Clause 49 sub-clause II(E) of the Listing Agreement with the Stock Exchanges, I hereby confirm that, all the Directors and the Senior Management personnel of the Company have affirmed compliance to their respective Codes of Conduct, as applicable to them for 18 (Eighteen) months ended March 31, 2015.

Place: Chennai  
Date : May 28, 2015

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



## CERTIFICATE ON CORPORATE GOVERNANCE

To  
The Members of  
Orchid Chemicals & Pharmaceuticals Ltd

We have examined the compliance of the conditions of corporate governance by ORCHID CHEMICALS & PHARMACEUTICALS LIMITED, Chennai for the 18 months period ended on March 31, 2015, as stipulated in Clause 49 of the Listing Agreement entered into by the Company with the stock exchanges.

The compliance of the conditions of corporate governance is the responsibility of the management. Our examination was limited to a review of the procedure and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of corporate Governance. It is neither an audit nor an expression of opinion on the financial statement of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has generally complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement except as reported by the Company in its quarterly compliance reports submitted to the stock exchanges for the quarter ended 31.12.2014.

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

**For S Dhanapal & Associates**

**N Ramanathan**

*Partner*

C.P. No. 11084

Membership No. FCS 6665

Place: Chennai

Date: May 28, 2015



# Independent Auditors' Report

To the Members of

**M/s. Orchid Chemicals and Pharmaceuticals Limited**

## Report on Standalone Financial Statements

1. We have audited the accompanying financial statements of Orchid Chemicals and Pharmaceuticals Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2015, and the Statement of Profit and Loss and Cash Flow Statement for the 18 months then ended, and a summary of significant accounting policies and other explanatory information.

## Management's Responsibility for the Financial Statements

2. Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

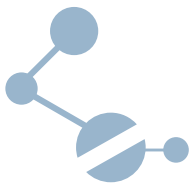
3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's

judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Basis for Qualified Opinion

- I. The Company has given advances amounting to ₹679.50 Crores to various parties and are outstanding as on March 31, 2015. The Company has not received any materials/ capital goods against these advances. As per information and explanation given, the Company is not able to take delivery of materials due to financial constraints. We are not able to express any opinion on the recoverability of these amounts.**
- II. The Company has investments of ₹123.07 Crores and loans of ₹32.37 Crores in two subsidiaries carrying on research and development activities. These subsidiaries have not been spending any money on the research during the current period as no financial support is given by the parent Company and the parent Company has not allocated any funds for the future development. No information is also available with the Company regarding the value of molecules available with the Subsidiary. In view of the above, it is necessary to impair the value of this investment.**



**III. The Company has an exposure of ₹36.11 Crores towards receivables from one of its marketing subsidiary whose net worth is negative. Provision has not been made for same.**

**IV. Bank loans amounting to ₹81.26 Crores are subject to confirmation and bank balances amounting to ₹ 1.76 Crores are subject to confirmation.**

### Qualified Opinion

6. 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 paragraph, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2015;
- b) in the case of the Profit and Loss Statement, of the loss for the 18 months ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the 18 months ended on that date.

### Emphasis of Matter

The Company has paid remuneration to the Managing Director and the Whole time Director in excess of minimum remuneration prescribed under schedule XIII of the Companies Act, 1956 amounting in total to ₹979.13 Lakhs for the financial years 2011-2012 to 2014-2015 and the same is subject to the approval of the general meeting and Central Government.

Our opinion is not qualified in respect of this matter.

### Report on Other Legal and Regulatory Requirements

- 7. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
- 8. As required by section 227(3) of the Act, we report that:
  - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

- b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
- c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) Except for the effects of the matter described in the Basis for Qualified Opinion paragraph, in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the accounting standards referred to in sub-section (3C) of section 211 of the Act;
- e) On the basis of written representations received from the directors as on March 31, 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

### Other Matters

The Ministry of Corporate Affairs had on April 01, 2014, vide its General Circular No 07/2014, Dissemination of Information with regards to the Provisions of the Companies Act, 2013 as Notified Till date vis a vis Corresponding Provisions of the Companies Act, 1956, identified such sections of the Companies Act, 1956 that would cease/ continue to have effect from April 01, 2014.

Accordingly, in terms of the aforesaid Circular, our reporting in respect of section 227(3) of the Companies Act, 1956 and clauses (iii),(v)(a) and (b), (vi), (viii), (xiv), (xviii) of the Companies (Auditor's Report) Order, 2003 (dealing with sections 49, 58A, 58AA, 209(1)(d) and 301 of the Companies Act, 1956) is only for the period beginning from October 1, 2013 till March 31, 2014 since as per the aforementioned MCA Circular these sections have ceased to have effect from April 01, 2014.

**For SNB ASSOCIATES**

*Chartered Accountants*

Firm Registration No. 015682N

**T. K. Shanmugam**

*Partner*

Place: Chennai

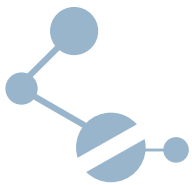
Date: May 28, 2015

Membership No. 016195

## Annexure to the Independent Auditor's Report

(referred to in paragraph 7 under 'report on Other Legal and Regulatory Requirements' section of our report of even date)

- i) In respect of its fixed assets:
  - (a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
  - (b) As explained to us, fixed assets have been physically verified by the management at reasonable intervals; no material discrepancies were noticed on such verification.
  - (c) The Company has disposed one of the undertakings during the period (Refer Note 45 to the financial statements). The disposal has not affected the going concern.
  - (d) The process relating to identifying scrap assets must be strengthened.
- ii) In respect of inventory:
  - (a) As explained to us, the inventories other than materials lying with third parties (which have been substantially confirmed) were physically verified during the year by the management at reasonable intervals.
  - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management were reasonable and adequate in relation to the size of the Company and the nature of its business.
  - (c) In our opinion and according to the information and explanations to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- iii) The Company has taken an unsecured interest free advance of ₹65.72 crore from one of the parties referred to in Section 301 of the Companies Act, 1956 and the terms and condition are not prejudicial to the interest of the Company.
- iv) In our opinion and according to the information and explanations given to us, internal control systems relating to receipt of goods, purchase of inventories/ capital goods and payments need to be strengthened to commensurate with the size and nature of its business.
- v)
  - a) In our opinion and according to the information and explanations provided by the management, the contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.
  - b) The transactions made in pursuance of such contracts or arrangements have been at prices which are reasonable having regard to the prevailing market prices / Joint Venture agreements at the relevant time.
- vi) In our opinion and according to information and explanations given to us, the Company has not accepted any deposits from the public to which the directives issued by the Reserve Bank of India and the provision of section 58A and 58AA or any other relevant provision of the Act and the rules framed there under are applicable.
- vii) In our opinion the Company's internal audit system has to be strengthened to commensurate with the size of the Company and the nature of its business. The coverage carried out by the independent Chartered Accountant firm approved by the Company need to be enlarged to make it commensurate with the size of the Company.
- viii) We have reviewed the cost records maintained by the Company as prescribed by the Central Government under Section 209(1) (d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine



whether they are accurate or complete.

ix) According to information and explanations given to us and according to the books and records as produced and examined by us, in our opinion:

(a) the Company has not been, during the period covered by the accounts, regular in depositing undisputed statutory dues including Provident fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax,

Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, cess and other material statutory dues as applicable with the appropriate authorities. There has been continuous delay in payment of the dues.

(b) As at March 31, 2015, the following are the particulars of dues on account of Income tax, Sales tax, Wealth tax, Service tax, Customs duty and Excise duty that have not been deposited on account of disputes.

Name of the Statute	Nature of dues	Period for which amount relates	Amount in Lakhs	Forum where the dispute is pending
Central Excise Act, 1944	Excise Duty	2004-2013	217.48	CESTAT
		2008-2014	5.70	Commissioner (Appeals)
		2004-2009	567.70	Commissioner
		2007-2014	144.81	Addl Commissioner
		2005-2007	20.93	Joint Commissioner
		2009-2014	74.60	Deputy Commissioner
		2007-2014	13.41	Asst. Commissioner
Finance Act 1994	Service Tax	2005-2011	77.50	CESTAT
		2008-2011	7.76	Asst. Commissioner

x) The Company has accumulated loss of more than 50% of the net worth at the end of the financial period. The Company has not incurred cash loss during the period but has incurred cash loss during the immediately preceding financial period.

xi) In view of the CDR package implemented as mentioned in Note No.46, continuous defaults made in payment of interest and principal prior to CDR package has not been reported.

xii) According to the information and explanations given to us, the Company has not granted loans and advances on the basis

of security by way of pledge of shares, debentures and other securities.

xiii) In our opinion and according to the information and explanation given to us, the nature of activities of the Company does not attract any special statute applicable to chit fund and nidhi/mutual benefit fund/societies.

xiv) In our opinion and according to the information and explanations given to us, the Company is not a dealer or trader in securities. The Company has not dealt/ traded any shares,

securities, debentures and other investments during the period ended March 31, 2015.

- xv) According to the information and explanations given to us, the Company has not given any guarantees for loan taken by others from a bank or financial institution.
- xvi) According to the information and explanations given to us and on the examination of cash flow statement, generally the term loans have been applied for the purposes for which they were obtained.
- xvii) According to the Cash Flow Statement and other records examined by us and the information and explanations given to us on overall basis, the funds raised on short term basis, have not been used for long term purposes.
- xviii) According to the information and explanations given to us, the Company has made preferential allotment of shares to parties covered in the register maintained under Section 301 of the Companies Act, 1956 and these shares have been issued at a price as per SEBI guidelines and hence not prejudicial to interest of the Company.

xix) According to the information and explanations given to us, during the period covered by our audit report, the Company has not issued any debentures

xx) According to the information and explanations given to us, the Company has not made any public issue during the year and accordingly paragraph 4(xx) of the said Order relating to end use of money raised is not applicable.

xxi) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no significant fraud on the Company has been noticed or reported during the period.

**For SNB ASSOCIATES**

*Chartered Accountants*

Firm Registration No. 015682N

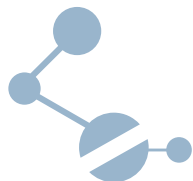
**T. K. Shanmugam**

*Partner*

Membership No. 016195

Place: Chennai

Date: May 28, 2015



## Balance Sheet As at March 31, 2015

₹ in Lakhs

PARTICULARS	Note	As at 31.03.15	As at 30.09.13
<b>I EQUITY AND LIABILITIES</b>			
<b>1 SHAREHOLDERS' FUNDS</b>			
a Share capital	4	8,526.19	7,045.21
b Reserves and Surplus	5	35,413.65	41,771.33
		<b>43,939.84</b>	<b>48,816.54</b>
<b>2 NON-CURRENT LIABILITIES</b>			
a Long term borrowings	6	249,395.37	90,178.12
b Deferred tax liabilities (Net)	33	11,139.30	15,788.78
c Long term provisions	7	417.94	523.98
		260,952.61	106,490.88
<b>3 CURRENT LIABILITIES</b>			
a Short term borrowings	8	64,664.16	152,489.48
b Trade payables	9	29,584.99	56,166.86
c Other current liabilities	10	11,237.36	105,240.29
d Short term provisions	11	5,223.10	3,117.18
		<b>110,709.61</b>	<b>317,013.81</b>
<b>TOTAL</b>		<b>415,602.06</b>	<b>472,321.23</b>
<b>II ASSETS</b>			
<b>1 NON CURRENT ASSETS</b>			
a Fixed Assets	12		
Tangible assets		166,396.81	244,416.53
Intangible assets		3,313.24	3,864.51
Capital work in progress		26,650.47	33,220.70
Intangible assets under development		1,500.93	2,820.92
b Non current investments	13	12,464.72	12,417.62
c Long term loans and advances	14	58,013.50	51,101.69
d Other non-current assets	15	12,583.68	9,310.44
		<b>280,923.35</b>	<b>357,152.41</b>
<b>2 CURRENT ASSETS</b>			
a Inventories	16	24,227.83	50,008.01
b Trade receivables	17	29,016.36	18,369.69
c Cash and Bank Balances	18	38,956.65	2,239.52
d Short term loans and advances	19	31,977.87	44,551.60
e Other Current Assets	20	10,500.00	-
		<b>134,678.71</b>	<b>115,168.82</b>
<b>TOTAL</b>		<b>415,602.06</b>	<b>472,321.23</b>

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

On behalf of the Board

**T.K. Shanmugam**  
Partner  
M.No: 016195

**S Krishnan**  
Director

**K Raghavendra Rao**  
Managing Director

Place : Chennai  
Date : May 28, 2015

**L. Chandrasekar**  
Executive VP - Finance & Secretary

## Profit & Loss Statement For the eighteen months period ended March 31, 2015

₹ in Lakhs

PARTICULARS		Note	18 Months Ended	
			31.03.15	30.09.13
I	Revenue from operations	21	173,619.46	190,658.45
II	Other income	22	4,237.47	3,976.94
	<b>Total Revenue</b>		<b>177,856.93</b>	<b>194,635.39</b>
III	Expenses			
	Cost of materials consumed		82,654.71	82,246.39
	Purchases of stock in trade		1,709.56	5,099.37
	Changes in inventories of finished goods, work-in-progress and Stock-in-Trade		(6,231.19)	8,481.03
	Employee benefits expense	23	18,579.19	23,705.13
	Finance costs	24	53,700.87	52,038.06
	Depreciation and amortisation expenses		32,137.24	24,386.87
	Other expenses	25	44,921.22	58,141.83
	<b>Total Expenses</b>		<b>227,471.60</b>	<b>254,098.68</b>
IV	Profit / (Loss) before exceptional and extraordinary items and tax		(49,614.67)	(59,463.29)
V	Exceptional items	26	15,726.30	(5,111.08)
VI	Profit / (Loss) before extraordinary items and tax		(65,340.97)	(54,352.21)
VII	Extraordinary items (Net of Taxes)	34	(27,061.78)	-
VIII	Profit / (Loss) before tax		(38,279.19)	(54,352.21)
IX	Tax expense			
	Current tax		-	-
	Deferred tax		(19,175.17)	(1,329.56)
X	Net Profit / (Loss) for the period		(19,104.02)	(53,022.65)
XI	Earnings per share (EPS) before extra-ordinary item			
	Basic		(63.10)	(75.26)
	Diluted		(63.10)	(75.26)
XII	Earnings per share (EPS) after extra-ordinary item			
	Basic		(26.11)	(75.26)
	Diluted		(26.11)	(75.26)

As per our report of even date

For **SNB Associates**

Chartered Accountants

Firm Registration No. 015682N

On behalf of the Board

**T.K. Shanmugam**

Partner

M.No: 016195

**S Krishnan**

Director

**K Raghavendra Rao**

Managing Director

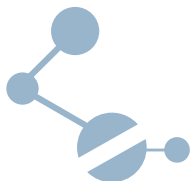
Place : Chennai

Date : May 28, 2015

**L. Chandrasekar**

Executive VP - Finance & Secretary





# Notes to the Accounts As at March 31, 2015

## 1 | Significant Accounting Policies

### a) Accounting Convention

The Financial Statements are prepared under historical cost convention. The presentation of the accounts is based on the Revised Schedule VI of Companies Act, 1956. Revenues are recognised and expenses are accounted on their accrual with necessary provisions for all known liabilities and losses.

### b) Fixed Assets

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

#### (iv) INTERNALLY GENERATED INTANGIBLE ASSETS - DMF & ANDA

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

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

- (v) Assets are depreciated on straight line basis at the rates specified in Schedule XIV of the Companies Act, 1956 except in respect of the following assets, where the useful lives reckoned in computing the depreciation for the year are different from those derived from the rates specified in Schedule XIV of the Companies Act, 1956. The revised useful life of the assets have been determined by the Management based on technical assessment.

Asset Categories	Useful life
Reactors, Pipes, Pipe fittings, Valves, Motors, Pumps, Nitrogen Plant, Gear Boxes, Cables and Centrifuges Evaporator (Indigenous), Jet aeration system (indigenous), Ventilation & Exhaust system, HCL column, ETP (indigenous), scrubber, incenarator (indigenous) & Instrumentation items.	9 years

Depreciation is provided at rate arrived based on useful life or schedule XIV rates whichever is higher.

- (vi) Leasehold assets cost is amortised over the period of the Lease.
- (vii) Depreciation on assets added/disposed off during the year is provided on pro-rata basis from the month of addition or up to the month preceeding the month of disposal, as applicable.
- (viii) Impairment of assets:

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

## Notes to the Accounts As at March 31, 2015

### c) Borrowing Costs

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

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

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

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

### e) Investments

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

### f) Inventories

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

@ After adjustment of unrealised profits on inter division transfer.

### g) Revenue Recognition

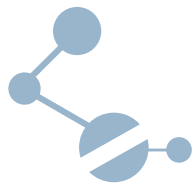
Sales are recognised on despatch of goods from the factory/ warehouse and price differentials are accounted for at the end of each quarter as per the terms of marketing arrangement. Sales are net of returns, discounts and inter-division transfers. Service income is recognised as per contractual terms. In respect of composite contracts involving development and other activities, income is recognised on the basis of contractual terms after considering the quantum of work completed. Benefit on account of entitlement to import duty free materials under the "Duty Entitlement Pass Book Scheme" is recognised in the year of export.

### h) Retirement Benefits

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

### i) Translation of Foreign Currency items

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



## Notes to the Accounts As at March 31, 2015

The Company has exercised the option provided under the amendment to the Companies (Accounting Standards) Amendment Rules, 2006 dated March 31, 2009 (AS 11). The Ministry of Company Affairs vide notification dated 29th December 2011 has extended the amortisation of gains or losses arising on reporting of Foreign Currency Monetary items over the balance period of such long term asset / liability. Accordingly Exchange loss on Long term foreign currency loans have been amortised over the balance period of such loans. Adoption of this option has resulted in (a) amount remaining unamortised in the financial statements as on March 31, 2015 is ₹10,804.32 Lakhs (previous year (₹17,657.84 Lakhs)) (b) loss for the period is higher by ₹6,853.52 Lakhs (Previous year - loss lower by ₹12,833.71 Lakhs).

### j. Subsidy on Fixed Assets

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

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

## 4 | Share Capital

₹ in Lakhs

	As at 31.03.15	As at 30.09.13
<b>AUTHORISED:</b>		
<b>Equity shares</b>		
15,00,00,000 (Previous year 15,00,00,000) Equity Shares of ₹10/- each	15,000.00	15,000.00
<b>ISSUED, SUBSCRIBED AND PAID-UP</b>		
8,52,61,877 (Previous year - 7,04,52,076) equity Shares of ₹10/- each fully paid.	8,526.19	7,045.21
Of the above 1,73,76,940 Equity shares of ₹10/- each were allotted as fully paid bonus shares by capitalisation of reserves.		
The reconciliation of the number of shares outstanding as at March 31, 2015 and September 30, 2013 is set out below:		
Number of shares at the beginning	70,452,076	70,442,076
Add: Allotments during the period	14,809,801	10,000
Number of shares at the end	85,261,877	70,452,076
Share Allotments during the preceeding five years		
	<b>No. of shares</b>	<b>No. of shares</b>
2012-13	10,000	10,000
2011-12	Nil	Nil
2010-11	Nil	Nil
2009-10	Nil	Nil
2008-09	31,300	31,300

## Notes to the Accounts As at March 31, 2015

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

Name of the Shareholder	As at 31.03.15		As at 30.09.13	
	No of shares	% held	No of shares	% held
K Raghavendra Rao	6,925,173	8.12%	6,925,173	9.83%
R Vijayalakshmi	6,771,155	7.94%	6,771,155	9.61%
Orchid Healthcare Pvt. Ltd.	18,456,125	21.65%	3,646,324	5.18%
Serum Institute of India	5,701,524	6.69%	5,701,524	8.09%

### a) Orchid ESOP 2010 Scheme

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

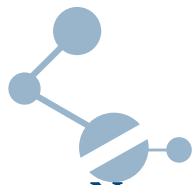
Considering the fall in the price of the shares of the Company and in the interest of the employees, the Compensation Committee of the Board of Directors at its meeting held on November 1, 2011 considered repricing of 8,64,500 options in force on the said date from ₹329.55 to ₹166.15 as per the closing share price of Orchid at National Stock Exchange on October 31, 2011. Pursuant to exercise of options by the employees, 10,000 equity shares of ₹10/- each were issued during the year 2012-13 and as at March 31, 2015, the outstanding options yet to be exercised under the said scheme is Nil

### b) Orchid ESOP – Directors 2011 Scheme

In terms of the resolution passed by the Company at the AGM held on July 29, 2011 the shareholders approved a scheme formulated as "ORCHID ESOP – DIRECTORS 2011 SCHEME" for allotting 5,00,000 options to Directors of the Company. Accordingly 3,00,000 options were granted to the Directors of the Company including the Whole Time Director but excluding the Promoter Director, by the Compensation Committee of the Board of Directors at a meeting held on November 1, 2011. Each option is convertible into one equity share of ₹10/- each at a price of ₹166.15 per share, being the closing share price of Orchid in the National Stock Exchange on October 31, 2011, the day prior to the date of the meeting. Out of the total options granted, 2,20,000 options have already lapsed and 80,000 options are in force as at March 31, 2015 under ORCHID ESOP - DIRECTORS 2011 Scheme.

### c) Orchid ESOP – Senior Management 2011 Scheme

In terms of the resolution passed by the Company at the AGM held on July 29, 2011 the shareholders approved a scheme formulated as "ORCHID ESOP – SENIOR MANAGEMENT 2011 SCHEME" for allotting 10,00,000 options to senior employees of the Company out of which 7,50,000 options will be granted to the employees of the Company and 2,50,000 options will be granted to the employees of its subsidiary companies. Accordingly 42,700 options were granted to the Employees of the Company by the Compensation Committee of the Board of Directors at a meeting held on November 01, 2011. Each option is convertible into one equity share of ₹10/- each at a price of ₹10/- each (i.e. At Par). 32,025 options are in force as at March 31, 2015 under ORCHID ESOP – SENIOR MANAGEMENT 2011 Scheme.



## Notes to the Accounts As at March 31, 2015

### 5 | Reserves & Surplus

₹ in Lakhs

	As at 31.03.15		As at 30.09.13	
Capital Reserve		894.68		894.68
Securities Premium Account	39,081.84		39,066.22	
Add: Premium on issue of Shares	5,892.82	44,974.66	15.62	39,081.84
Capital Reserve on Amalgamation		9,004.21		9,004.21
General Reserve		57,533.71		57,533.71
Foreign currency Monetary item Translation difference Account		(10,804.32)		(17,657.84)
Surplus in Profit & Loss Account	(47,085.27)		5,912.06	
Add: Surplus / (Deficit) in Profit & Loss account	(19,104.02)		(53,022.65)	
Excess provision of dividend & tax of earlier year written back	-		25.32	
Balance available for appropriation		(66,189.29)		(47,085.27)
		<b>35,413.65</b>		<b>41,771.33</b>

### 6 | Long Term borrowings

<b>Secured</b>				
Rupee Term loans	186,905.88		89,028.13	
Foreign currency Term loan	71,539.35		99,888.19	
Less:- Current maturities transferred to Current liabilities	(9,049.86)	249,395.37	(98,738.20)	90,178.12
		<b>249,395.37</b>		<b>90,178.12</b>

	Repayment terms	Balance No of instalments due	Rate of interest	Amt due @
Rupee Term Loan	Quarterly	32	11%	182,191.80
Foreign Currency Term Loan	Quarterly	32	LIBOR + 3 to 4.6%	70,646.67

@ amount due includes for all installments in the respective category

As per the terms of the CDR package, all Indian rupee loan from bank carries interest @11% p.a. These loans are repayable in 32 quarterly installments from 01/04/2015. These loans are secured by Pari Passu charge by way of joint mortgage on immovable and movable assets situated at Factory premises at SIDCO Industrial Area, Alathur, and SIPCOT Industrial Park, Irungattukottai and current assets, subject to prior charges created/ to be created on current assets in favour of bankers and financial institutions for securing working capital borrowings. All term loans are additionally secured by personal guarantee of Shri K.Raghavendra Rao, Managing Director of the Company.

Terms of repayment of loan- All Foreign Currency term loan carries interest @ LIBOR plus 3 to 4.6%. The loan is repayable in 32 quarterly installments commencing from 01/04/2015. These loans are secured by Pari Passu charge by way of joint mortgage on immovable and movable assets situated at Factory premises at SIDCO Industrial Area, Alathur and SIPCOT Industrial Park, Irungattukottai and current assets, subject to prior charges created/ to be created on current assets in favour of bankers and financial institutions for securing working capital borrowings. The term loans are additionally secured by personal guarantee of Shri K.Raghavendra Rao, Managing Director of the Company.

The terms of the foreign currency term loan availed in Feb 2012 includes covenants pertaining to financial parameters such as limit on aggregate debt outstanding, debt service coverage ratio, ratio of net borrowings to EBDITA, Fixed assets coverage ratio, ratio of net borrowings to tangible network etc., tested on the consolidated financial statements of the Company.

## Notes to the Accounts As at March 31, 2015

### 7 | Long Term provisions

₹ in Lakhs

	As at 31.03.15	As at 30.09.13
Provision for employee benefits- Leave encashment	417.94	523.98
	<b>417.94</b>	<b>523.98</b>

### 8 | Short Term Borrowings

<b>a) Secured</b>		
Other loans and advances		
- Working Capital Facilities / Borrowings	49,092.45	143,489.53
Packing Credit and Cash Credit from Banks are secured by first charge on all current assets namely, Stocks of Raw materials, Semi-finished & Finished Goods, Stores and Spares not relating to Plant & Machinery (Consumable Stores and Spares), Bills Receivable, Book Debts & all other movable property both present and future excluding such movables as may be permitted by the Banks/ financial institutions from time to time and by second charge on immovable properties after charges created/ to be created on immovable assets in favour of Financial Institutions/Banks for securing Term Loans. The borrowings from banks are additionally secured by personal guarantee of Shri K. Raghavendra Rao, Managing Director of the Company.		
<b>b) Unsecured</b>		
- from Banks	6,499.95	6,499.95
- from Others	2,500.00	2,500.00
<b>c) Unsecured advance from Related Parties</b>	6,571.76	-
	<b>64,664.16</b>	<b>152,489.48</b>

### 9 | Trade payables

Supplies	15,651.33	17,845.39
Expenses	13,933.66	38,321.47
	<b>29,584.99</b>	<b>56,166.86</b>

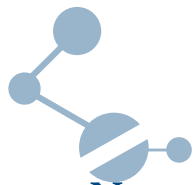
### 10 | Other current liabilities

Current maturities of Term loans (Refer Note no.6)	7,006.11	77,746.14
Interest accrued on borrowings	2,043.75	20,992.06
Advance received from Customer	1,150.79	5,128.84
Unpaid dividends	68.45	77.25
Share Application money refundable	5.42	5.42
Security Deposits received from Agents	433.00	439.00
Statutory liabilities	529.84	851.58
	<b>11,237.36</b>	<b>105,240.29</b>

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

### 11 | Short term provisions

Provision for employee benefits- Gratuity & Leave encashment	1,218.00	1,425.09
Rebates/Discounts	4,005.10	1,300.00
Others:-		
- Tax on Proposed Dividend	-	392.09
	<b>5,223.10</b>	<b>3,117.18</b>



## Notes to the Accounts As at March 31, 2015

### 12 Fixed Assets

₹ in Lakhs

S. No	Asset Description	Gross Block (at Cost)				Depreciation			Written Down Value		
		As at 01-10-2013	Additions during the year	Deletions during the year	As at 31-03-2015	Up to 30-09-2013	For 18 Months	On Deletions	As at 31-03-2015	As at 31-03-2015	As at 30-09-2013
1	Freehold Land & Site Development@	3,111.25	44.03	546.76	2,608.52	-	-	-	-	2,608.52	3,111.25
2	Leasehold Land	331.55	-	270.78	60.77	43.26	2.66	38.59	7.33	53.44	288.29
3	Buildings	38,880.22	0.54	16,421.82	22,458.94	7,629.76	1,482.98	3,583.23	5,529.51	16,929.43	31,250.46
4	Plant & Machinery	296,352.80	3,340.19	56,301.43	243,391.56	95,736.47	27,835.83	22,620.55	100,951.75	142,439.81	200,616.33
5	Factory Equipment	730.72	1.23	186.61	545.34	373.08	71.04	44.84	399.28	146.06	357.64
6	Laboratory Equipment	11,501.99	42.01	5,773.26	5,770.74	4,190.29	619.14	2,276.35	2,533.08	3,237.66	7,311.70
7	Office Equipment	866.04	119.90	21.89	964.05	469.22	136.02	11.92	593.32	370.73	396.82
8	Furniture & Fittings	1,895.05	-	335.29	1,559.76	996.15	137.37	135.90	997.62	562.14	898.90
9	Vehicles	424.83	-	199.26	225.57	239.69	51.49	114.63	176.55	49.02	185.14
10	<b>Intangible Assets (Disclosure as per AS 26)</b>										-
	Acquired Brands & Trademarks *	2,778.16	-	-	2,778.16	2,778.16	-	-	2,778.16	-	-
	Internally Generated DMF and ANDA **	6,485.06	-	120.47	6,364.59	3,298.26	279.12	-	3,577.38	2,787.21	3,186.80
	Computer Software	2,613.15	-	370.89	2,242.26	1,935.44	78.15	297.36	1,716.23	526.03	677.71
	<b>TOTAL</b>	<b>365,970.82</b>	<b>3,547.90</b>	<b>80,548.46</b>	<b>288,970.26</b>	<b>117,689.78</b>	<b>30,693.80</b>	<b>29,123.37</b>	<b>119,260.21</b>	<b>169,710.05</b>	<b>248,281.04</b>
	<b>Previous Year's Figures</b>	<b>291,867.78</b>	<b>82,790.98</b>	<b>8,687.94</b>	<b>365,970.82</b>	<b>98,733.84</b>	<b>24,386.87</b>	<b>5,430.93</b>	<b>117,689.78</b>	<b>248,281.04</b>	<b>193,133.94</b>

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

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

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

	Mar 31, 2015	Sep 30, 2013
Freehold Land	59.09	59.09

### 13 Non-Current Investments

₹ in Lakhs

	As at 31.03.15	As at 30.09.13
<b>Quoted investments</b>		
<b>Others- Non-trade</b>		
Bank of India -		
18,600 fully paid up Equity shares of ₹10/- each	8.37	8.37
Aggregate market value of quoted investments	36.43	29.38
<b>Unquoted investments</b>		
<b>Subsidiary Companies</b>		
<b>Traded</b>		
Orchid Europe Limited, UK	6.42	6.42
10000 Common stock of GBP 1 each fully paid up		
Orchid Pharmaceuticals Inc., USA	85.07	85.07

## Notes to the Accounts As at March 31, 2015

### 13 | Non-Current Investments

₹ in Lakhs

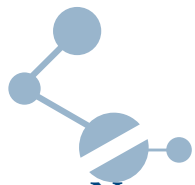
	As at 31.03.15	As at 30.09.13
200,000 Common stock of US\$ 1 each fully paid up		
Bexel Pharmaceutical Inc.**	8,883.24	8,883.24
9,999,990 Series A & 48,93,750 Series B Convertible Preferred Stock par value USD 0.001 per share and 9,001,090 Common stock of par value USD 0.001 per share		
11,000,000 Common stock of Par value of USD 0.125 per share	599.09	599.09
Each Series A & B Preferred stock is convertible into One Common stock, at any time, at the option of the Company and will have voting rights equal to one common stock and has the same value as common stock.		
Orchid Pharmaceuticals SA(Proprietary)Limited.South Africa	17.69	17.69
303,639 Ordinary shares each Rand 1 fully paid up		
Diakron Pharmaceuticals, Inc. USA	2,825.01	2,777.50
7,140,378 Series A Preferred stock & 322,986 Common stock par value of 0.83595 USD per share		
Orchid Pharma Singapore Pte. Ltd.	-	0.41
1000 Common Stock with par value of S \$ 1 each.		
Others		
Sai Regency Power Corporation Pvt.Ltd. - Traded	45.00	45.00
450,000 fully paid up equity shares of ₹10 each		
Madras Stock Exchange- Non Traded	23.99	23.99
911,430 fully paid up equity shares of ₹10/- each		
MSE Financial services Ltd	3.83	3.83
31,936 fully paid up equity shares of ₹10/- each		
<b>Associate Companies</b>		
Allecrea Therapeutics GmbH	13.63	13.63
16094 fully paid up equity shares of Euro 1 each		
<b>Total</b>	<b>12,502.97</b>	<b>12,455.87</b>
Aggregate provision for diminution in value of investments	(46.62)	(46.62)
Aggregate value of Un-quoted investments	<b>12,456.35</b>	<b>12,409.25</b>
<b>Grand Total of Investments</b>	<b>12,464.72</b>	<b>12,417.62</b>

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

### 14 | Long term loans and advances

<b>Unsecured, considered good</b>		
Capital advances	54,707.42	47,664.23
Prepaid Financial charges	2,234.04	2,513.43
Deposits with Government Agencies	736.17	576.76
Other Deposits	335.87	347.27
<b>Unsecured, considered Doubtful</b>		
Loans & Advances to related parties	-	-
Others	202.66	205.33
Less: provision for doubtful	(202.66)	(205.33)
	<b>58,013.50</b>	<b>51,101.69</b>





## Notes to the Accounts As at March 31, 2015

### 15 | Other Non current assets

₹ in Lakhs

	As at 31.03.15	As at 30.09.13
<b>Secured, considered good</b>		
Ear-marked balance transferred from Other Bank balances	178.08	290.58
<b>Unsecured, considered good</b>		
Advance Payment of Tax	12,405.60	9,019.86
	<b>12,583.68</b>	<b>9,310.44</b>

### 16 | Inventories

Raw materials	6,806.23	8,705.08
Intermediates & WIP	8,854.85	28,568.85
Finished Goods	4,013.54	6,685.20
Traded Goods	1,085.18	1,109.80
Stores and Spare parts	1,834.56	2,979.31
Chemicals and Consumables	981.92	1,050.46
Packing Materials	651.55	909.31
	<b>24,227.83</b>	<b>50,008.01</b>

### 17 | Trade Receivables

<b>Outstanding for a period exceeding six months from the date they are due for payment</b>		
Un Secured, considered good	10,135.18	11,500.45
<b>Other receivables</b>		
Secured, considered good	350.38	114.36
Un Secured, considered good	18,530.80	6,754.88
	<b>29,016.36</b>	<b>18,369.69</b>

### 18 | Cash & Bank Balances

₹ in Lakhs

	As at 31.03.15	As at 30.09.13
<b>Cash and Cash Equivalents</b>		
Cash on hand	8.71	16.94
Balances with Banks		
In current accounts	4,359.72	2,222.58
Others- Term Deposits	34,588.22	-
Other Bank balances		
Ear-marked balances		
Margin Money deposit	109.63	109.63
Unpaid Dividend	68.45	77.25
Others- Term Deposits	-	103.70
Less:- Ear-marked balance transferred to non- current assets	(178.08)	-
	<b>38,956.65</b>	<b>2,239.52</b>

## Notes to the Accounts As at March 31, 2015

### 19 | Short term loans and advances

₹ in Lakhs

	As at 31.03.15	As at 30.09.13
<b>Un Secured, considered good</b>		
Loans & Advances to related parties (Refer Note no.32)	4,700.74	5,389.17
Advances to Suppliers	34,746.92	34,927.30
Prepaid expenses	51.53	1,384.32
Balances with Statutory agencies	2,399.21	2,763.97
Rent advances	62.26	62.26
Employees advances	17.21	24.58
<b>Doubtful</b>		
Loans & Advances to related parties	99.25	99.25
	42,077.12	44,650.85
Less: Provision for doubtful	(10,099.25)	(99.25)
	<b>31,977.87</b>	<b>44,551.60</b>

### 20 | Other Current Assets

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

### 21 | Revenue from operations

Sale of products	172,210.79	185,266.51
Other operating revenues		
Sale of other materials	651.21	858.64
Others	1,701.09	5,708.42
Less: Excise duty	(943.63)	(1,175.12)
	<b>173,619.46</b>	<b>190,658.45</b>

### 22 | Other income

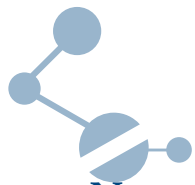
Dividend income	1.38	1.31
Profit on sale of assets	3.54	13.31
Net gain on foreign currency translation and transaction	2,400.42	3,962.32
Other non-operating income	1,832.13	–
	<b>4,237.47</b>	<b>3,976.94</b>

### 23 | Employee benefits expense

Salaries & Wages	16,246.18	19,130.29
Contribution to provident and other funds	966.57	3,006.25
Staff Welfare expenses	1,366.44	1,568.59
	<b>18,579.19</b>	<b>23,705.13</b>

### 24 | Finance costs

Interest expenses	48,499.70	49,879.69
Other borrowing costs	5,201.17	2,158.37
	<b>53,700.87</b>	<b>52,038.06</b>



## Notes to the Accounts As at March 31, 2015

### 25 | Other expenses

₹ in Lakhs

	As at 31.03.15	As at 30.09.13
Power and Fuel	10,218.96	12,171.52
Conversion Charges	3,883.88	6,165.34
Consumption of Stores, Spares & Chemicals	4,579.42	3,995.37
Rent	43.71	35.10
Repairs to buildings	238.45	243.34
Repairs to Machinery	392.16	332.91
Factory maintenance	3,066.77	3,103.94
Insurance	2,118.79	2,518.27
Rates & Taxes	783.44	408.12
Postage, Telephone & Telex	113.00	167.85
Printing & Stationery	193.90	264.00
Vehicle Maintenance	63.92	94.24
Research & Development Expenses (Refer Note no. 40)	5,995.18	8,416.32
Advertisement	6.56	5.55
Recruitment expenses	31.40	38.54
Auditors' Remuneration		
Auditor	85.88	100.88
Taxation	14.63	14.63
for other services	20.00	25.21
for reimbursement of expenses	3.54	3.81
Cost Audit fee	25.00	22.50
Travelling and Conveyance	619.92	2,346.71
Directors' Remuneration & perquisites	225.23	859.86
Directors' travelling		
Inland	28.33	41.47
Overseas	26.93	78.49
Directors' sitting fees	11.60	10.60
Loss on sale of fixed asset/writtenoff	19.70	991.08
Freight outward	1,022.73	974.70
Commission on Sales	815.52	1,325.10
Business Promotion and Selling Expenses	309.24	2,527.66
Lease Rentals	1,435.02	308.52
Consultancy & Professional Fees	3,035.93	2,004.02
Provision for Diminution in value of Investments	0.41	122.49
Provision for Rebates & Discounts	2,705.10	-
Miscellaneous expenses	2,786.97	8,423.69
	<b>44,921.22</b>	<b>58,141.83</b>

### 26 | Exceptional Items

Exchange rate loss on Foreign Currency Term Loans	6,372.71	5,615.77
Interest Provision reversed on interest rate reduction	(4,197.70)	-
Provision for Contingencies	10,000.00	-
CDR Expenses	551.29	-
One time Management Fee	3,000.00	-
Profit on sale of Investments	-	(5,333.76)
Profit on sale of Land	-	(5,393.09)
	<b>15,726.30</b>	<b>(5,111.08)</b>

## Notes to the Accounts As at March 31, 2015

₹ in Lakhs

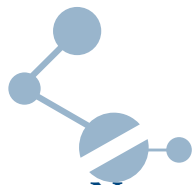
	As at 31.03.15	As at 30.09.13
<b>27.</b> Estimated amounts of contracts remaining to be executed on capital account (net of advances) and not provided for.	3,524.24	5,050.70
<b>28.</b> a. Other monies for which company is contingently liable :		
- Bills Discounted	-	7,872.62
- Unexpired Letters of Credit	8,859.65	3,702.47
- Bank Guarantees outstanding	14.20	112.17
- Corporate Guarantee in respect of a Subsidiary company	-	1,878.30
- Claims against the Company not acknowledged as debts		
Excise demands under dispute pending before Excise authorities	1,044.63	942.17
Service Tax dispute pending before High Court of Chennai	85.26	143.38
Income tax dispute pending before High Court of Chennai	-	4,054.98
Self Generation Tax under dispute with State Electricity Board	698.90	-
b. Provision and contingencies in accordance with AS 29 :		
Opening Balance	1,300.00	1,300.00
Additions/(deletions) during the year	12,705.00	-
Closing Balance	<b>14,005.00</b>	<b>1,300.00</b>

	18 months ended	
	31.03.15	30.09.2013
<b>29.</b> a. Other Interest and Finance Charges is after crediting interest receipts	1,506.65	97.81
TDS on interest receipts	146.51	8.37
b. Amount of interest capitalised	-	3,745.47
<b>30.</b> Amounts Due to Micro, Small and Medium Enterprises		
The Identification of Micro, Small and Medium Enterprises Suppliers as defined under "The Micro, Small and Medium Enterprises Development Act 2006" is based on the Information available with the management. As certified by the Management, the amounts overdue as on March 31, 2015 to Micro, Small and Medium Enterprises on account of principal amount together with interest, aggregate to ₹Nil (Previous year ₹10.30 Lakhs).		

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

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

		As at 31.03.15		As at 30.09.13	
	Currency	Foreign Currency	₹ Lakhs	Foreign Currency	₹ Lakhs
i) Receivables Outstanding	USD	32,493,191	20,308.24	26,115,371	16,350.83
	EUR	1,634,560	1,098.26	1,501,080	1,271.41
	GBP	-	-	7,244	7.34
ii) Payables Outstanding	USD	16,869,095	10,544.87	11,743,476	7,352.59
	EUR	401,917	270.13	319,093	270.27
	GBP	200,650	185.62	48,718	49.36
	Others	97,057,246	163.44	97,393,549	181.67



## Notes to the Accounts As at March 31, 2015

	Currency	As at 31.03.15		As at 30.09.13	
		Foreign Currency	₹ Lakhs	Foreign Currency	₹ Lakhs
iii) Advance Paid	GBP	73,423	67.92	146,115	148.03
	USD	25,890,238	16,183.99	36,519,041	22,864.57
	EUR	20,227,647	13,595.00	20,372,542	17,255.30
	Others	408,030	14.53	231,254	57.18
iv) Loans availed	USD	114,453,798	71,539.35	159,438,522	99,824.46

### 32. a) Related Party Transactions

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

₹ in Lakhs

Nature of Transaction		Subsidiary	Associate / Joint Ventures	Key Management Personnel	Relatives of Key Management Personnel/ Companies in which they exercise significant influence.
Finance - Equity Contribution	Orchid Singapore	-			
		(0.41)			
	Allecrea	-	-		
		-	(13.63)		
Equity Infusion	Orchid Healthcare (P) Ltd.				7,373.80
					(-)
Unsecured Advance received	Orchid Healthcare (P) Ltd.	-	-	-	6,571.76
					(-)
Share application money pending allotment	Diakron	-	-	-	-
		(47.51)	-	-	-
Sale of goods	Karalex	2,512.22		-	-
		(2,125.64)		-	-
	Allecrea	-	-		
			(20.46)		
Sale of Intellectual Property	Allecrea	-	-		
			(542.85)		
Reimbursement received against Legal cost	Allecrea	-	-		
			(54.78)		
Availment of services/ rent/ reimbursement	Orgenus	177.72	-	-	-
		(205.83)	-	-	-
	Orchid Pharma Inc.	726.29			
		(-)			
	Orchid Europe	350.58			
		(283.18)			
	Bexel	29.55	-	-	-
		(339.89)	-	-	-
- Remuneration		-	-	225.23	-
		-	-	(859.86)	-
Amounts due at the end of the year - Debit		4,798.61	-	-	-
		(6,090.48)	-	-	-
Amounts due at the end of the year - Credit		-	-	-	6,571.76
		-	(4.08)	-	(-)

(Figures in brackets are for previous year)

## Notes to the Accounts As at March 31, 2015

Names of the related parties and description of relationship.

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

During the year the Company has closed one of its wholly owned subsidiary Orchid Singapore Pte. Ltd.

All whole time directors have been considered as Key Management Personnel as they are involved in planning, directing and controlling the activities of the reporting enterprise.

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

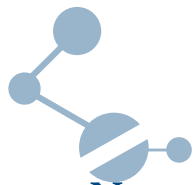
₹ in Lakhs

		Balance as on 31.03.15	Maximum amount outstanding during the year
Subsidiary -			
Orchid Europe Limited, UK	Dr	8.10	8.10
Orchid Pharmaceuticals Inc., USA	Dr	5,935.23	5,935.23
Bexel Pharmaceuticals Inc, USA	Dr	3,234.58	3,234.58
Diakron Pharmaceuticals Inc., USA	Dr	3.13	3.13
Orgenus Pharma Inc., USA	Cr	62.51	62.51

	As at 31.03.15	As at 30.09.13
<b>33.</b> Provision for Deferred tax for the year (₹19,175.17/- Lakhs) (Previous year ₹1329.56/- Lakhs)		
Deferred Tax liability represents the following		
Timing Difference on account of Depreciation	11,139.30	20,202.93
Timing Difference on account of Financial charges	-	1,044.25
Timing Difference on account of Losses	-	(5,458.39)

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

The Deferred Tax balance at the end of the period is after giving effect to the Deferred Tax adjusted against Extra-Ordinary Items amounting to ₹14,525.69 Lakhs.



## Notes to the Accounts As at March 31, 2015

**34.** Extra-Ordinary Item are net of Taxes of ₹14,525.69 Lakhs and represents profit on sale of undertaking (Refer note 45).

### **35. Segmental Reporting**

The Company considers the business as one interrelated and integrated business of "Pharmaceutical products" and hence no separate segmental reporting is provided.

### **36. Disclosure on Lease Rentals as per AS 19 :**

A	The total of future minimum lease payments under non-cancellable operating leases for each of the following periods;	
	Not later than 1 year	1,108.75
	Later than 1 year and not later than 5 years	172.67
	later than 5 years	-
B	The total of future minimum sublease payments expected to be received under non-cancellable subleases at the balance sheet date	Nil
C	Lease payments recognised in the statement of profit and loss for the period.	1,435.02
D	Sub lease payment received (or Receivable) recognised in the statement of profit and loss for the period	Nil
E	A general description of the lessee's significant leasing arrangements including, but not limited to the following ;	
	(1) The basis on which contingent rent payments are Determined - The future rent payments are determined as per the lease agreement executed.	
	(2) The existence and terms of renewal or purchase options and escalations clauses	
	- The current lease is for a block of 3 years, subject to renewal at the end of every year.	
	- The lease rentals are subject to escalation at the end of every year.	
	(3) Restriction imposed by lease arrangements, such as those concerning dividend Additional Debt and further leasing :	
	There are no restrictions under the lease agreement.	

### **37. ADDITIONAL INFORMATION PURSUANT TO THE PROVISIONS OF PARAGRAPH 3, 4C & 4D OF PART II OF SCHEDULE VI OF THE COMPANIES ACT, 1956.**

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

	18 months ended 31.03.15		18 months ended 30.09.13	
	Percentage	Amount ₹ Lakhs	Percentage	Amount ₹ Lakhs
<b>Raw Materials &amp; Packing Material</b>				
Imported	53.72%	41,976.32	53.18%	43,737.24
Indigenous	46.28%	36,156.75	46.82%	38,509.15
	100.00%	78,133.07	100.00%	82,246.39
<b>Stores ,Spare Parts &amp; Consumables</b>				
Imported	14.07%	644.34	14.81%	591.91
Indigenous	85.93%	3,935.07	85.19%	3,403.46
	100.00%	4,579.41	100.00%	3,995.37

## Notes to the Accounts As at March 31, 2015

₹ in Lakhs

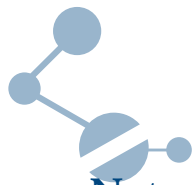
	2013-15	2012-13
B) Earnings In Foreign Exchange during the year		
F.O.B. Value of Exports	77,768.09	73,775.70
Export of Services including royalty /knowhow (net of withholding tax)	-	1,357.47
C) C.I.F Value of Imports		
Raw Materials & Packing Materials	39,823.00	41,577.35
Capital Goods	274.22	512.05
Spare Parts, Components , Consumables	2,541.99	1,971.59
D) Expenditure in Foreign Currency (on cash basis)		
Travelling Expenses	15.16	49.74
Interest & Bank Charges	7,218.30	7,132.91
Professional/Consultancy Fees	2,162.26	2,436.32
Others	4,575.28	2,807.27
E) Dividend Remittances in Foreign Currency during the year		
Year to which dividend relates		2011-12 Final
No of Non Resident Share Holders		1
No of Shares held by Non Resident Share Holders		15,000
Gross Dividend (₹ Lakhs)*	N.A.	0.45
Net Dividend (₹ Lakhs)*	N.A.	0.45

\* represents only shares in respect of which dividend is remitted in foreign currency by the Company

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

		18 months ended	
		31.03.15	30.09.13
Profit After Tax before extra ordinary item	₹ Lakhs	(46,165.78)	(53,022.65)
Profit After Tax after extra ordinary item	₹ Lakhs	(19,104.00)	(53,022.65)
No of Shares Outstanding	Nos.	85,261,877	70,452,076
Weighted Average Number of shares	Nos.	73,159,535	70,452,076
Earnings per Share - Basic before extra ordinary item	₹	(63.10)	(75.26)
Earnings per Share - Basic after extra ordinary item	₹	(26.11)	(75.26)
Total No of Equity shares to compute diluted EPS	Nos.	73,159,535	71,104,276
Earnings per Share - Diluted before extraordinary item	₹	(63.10)	(75.26)
Earnings per Share - Diluted after extraordinary item	₹	(26.11)	(75.26)





## Notes to the Accounts As at March 31, 2015

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

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

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

### 40. Expenditure on Research and Development

₹ in Lakhs

	18 months ended	
	As at 31.03.15	As at 30.09.13
Capital expenditure	-	104.10
Revenue expenditure charged to the Profit & Loss account (excluding depreciation)	5,995.18	8,416.32
	<b>5,995.18</b>	<b>8,520.42</b>
Revenue Research and Development Expenses include :		
Power and Fuel	411.98	675.43
Consumption of Stores, Spares & Chemicals	319.81	540.43
Salaries,Wages and Bonus	3,126.45	4,183.07
Contribution to Provident & other funds	260.96	456.21
Staff Welfare	160.87	302.78
Excise duty	419.86	-
Rates & Taxes	27.50	27.81
Insurance	25.68	48.38
Postage, Telephone & Telex	10.06	22.61
Printing & Stationery	12.59	19.17
Vehicle Maintenance	7.34	14.29
Recruitment expenses	1.49	3.18
Traveling and Conveyance	18.92	36.61
Loss on Sale of Asset	14.17	10.80
Filing & Registration Expenses	180.03	249.75
Testing Charges	117.40	113.94
Consultancy & Professional Fees	723.64	1,341.75
Others	156.43	370.11
	<b>5,995.18</b>	<b>8,416.32</b>

## Notes to the Accounts As at March 31, 2015

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

#### A Defined Contribution Plan

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

#### B Defined Benefit Plan

₹ in Lakhs

	As at 31.03.15	As at 30.09.13	As at 31.03.15	As at 30.09.13
	Gratuity (Funded)		Leave Encashment (Unfunded)	
1) Reconciliation of opening and closing balances of Defined Benefit obligation				
Defined Benefit Obligation at the beginning of the year	1,147.50	1,052.53	534.40	873.19
Current Service Cost	229.03	264.16	27.52	88.52
Interest Cost	151.29	117.24	80.22	93.29
Actuarial (gain)/ loss	(356.43)	59.57	(94.66)	(520.60)
Benefits paid	(151.22)	(346.00)	(127.46)	-
Defined Benefit Obligation at the year end	1,020.17	1,147.50	420.02	534.40
2) Reconciliation of opening and closing balances of fair value of plan assets				
Fair Value of plan assets at the beginning of the year	505.80	698.17		
Adjustment to last valuation assets	(48.65)	1.03		
Expected return on plan assets	81.79	101.13		
Actuarial gain / (loss)	(86.93)	41.97		
Employer contribution	548.49	9.50		
Benefits paid	(151.22)	(346.00)		
Fair value of plan assets at year end	849.28	505.80		
Actual return on plan assets	(5.15)	143.10		
3) Reconciliation of fair value of assets and obligations				
Fair value of plan assets	849.28	505.80	-	-
Present value of obligation	1,020.17	1,147.50	420.02	534.40
Amount recognised in Balance Sheet	170.91	641.70	420.02	534.40
4) Expense recognised during the year				
Current Service Cost	229.03	264.16	27.52	88.52
Interest Cost	151.29	117.24	80.22	93.29
Expected return on plan assets	(81.79)	(101.13)	-	-
Actuarial (gain) / loss	(269.50)	17.60	(94.66)	(520.60)
Net Cost	29.03	297.87	13.08	(338.79)
5) Investment Details	% Invested			
Funds Managed by Insurer	100%	100%		
6) Actuarial assumptions				
Discount rate ( per annum)	8.00%	8.00%	8.00%	8.00%
Expected rate of return on plan assets (per annum)	10.00%	10.00%		
Rate of escalation in salary (per annum)	5.00%	10.00%	5.00%	10.00%

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



## Notes to the Accounts As at March 31, 2015

- 42.** The Government of India, Ministry of Corporate Affairs has issued a notification under Sec 211(4) of Companies Act, 1956 dated 08th February 2011 exempting the disclosure of the quantitative details in compliance of Paras 3(i)(a), 3(ii)(a), 3(ii)(b), and 3(ii)(d) of Part II of Schedule VI of the Companies Act, 1956.
- 43.** The Company has paid managerial remuneration to its Managing Director, and Whole time director amounting to ₹225.23 Lakhs. The said remuneration in respect of the Managing Director, and Whole time director exceeds the limit prescribed under Schedule XIII by ₹45.23 Lakhs (Previous year ₹737.59 Lakhs). The said excess is subject to the approval of the members in General Meeting and from the Central Government.
- 44.** The financial year of the Company has been extended by 6 months vide order of the Registrar of Companies dated 25/09/2014. Consequent to the extension of financial year by six months, the profit/Loss reported above was for a period of 18 months ending on 31.03.15.
- 45.** In July 2014 the Company has completed the Business Transfer Agreement (BTA) with Hospira Healthcare India Private Limited for the sale and transfer of Orchid's Penicillin and Penem API business and the API facility located in Aurangabad (Maharashtra) together with an associated Process R&D infrastructure located in Chennai.
- 46.** The Company has implemented the Corporate Debt Restructuring package as approved by the CDR Empowered Group (CDR EG) in July 2014. The restructuring package approved by CDR EG provided for reschedulement of the repayment of the principal amount borrowed over a period of 8 years commencing from 01/04/2015 with two years of repayment holiday, reduction in interest rate of all borrowings, carving out a portion of working capital facilities as Working Capital Term Loan, Funding of interest on restructured Termloans (two years) and working capital facilities (one year) commencing from 01/04/2013. Consequent to the reduction in interest rates, a sum of ₹4197.70 Lakhs, being the excess provision of interest made in the financials has been reversed on implementation of CDR package.
- 47.** In view of the CDR package implemented as mentioned in Note No: 46, the repayment obligations of the Company have been revised and the repayments would commence from 01/04/2015 only.
- 48.** Previous year's figures have been re-grouped wherever necessary to conform to current year's classification.

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

On behalf of the Board

**T.K. Shanmugam**  
*Partner*  
M.No: 016195

**S Krishnan**  
*Director*

**K Raghavendra Rao**  
*Managing Director*

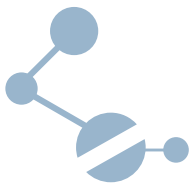
Place : Chennai  
Date : May 28, 2015

**L. Chandrasekar**  
*Executive VP - Finance & Secretary*

## Cash Flow Statement For the eighteen months period ended March 31, 2015

₹ in Lakhs

PARTICULARS	For the 18 months ended	
	31.03.15	30.09.13
<b>A. Cash Flow from Operating Activities</b>		
<b>Net Profit / (Loss) before taxation</b>	<b>(23,753.48)</b>	<b>(54,352.21)</b>
Adjustment for :		
Depreciation	32,137.24	24,386.87
Dividend Income	(1.38)	(1.31)
Provision for doubtful debts/advances written back	10,000.00	-
Provision for Rebates & Discounts	2,705.10	
Loss/(Profit) on sale of Investments	-	(5,333.76)
Provision for diminution in value of investments	0.41	122.49
Loss / (profit) on sale of Fixed Assets	16.16	(4,415.33)
Loss / (profit) on sale of Fixed Assets (Sale of Undertaking)	-	
Expenses on Employees Stock Option Plan (ESOP)	-	70.88
Foreign Exchange Rate Fluctuations - Unrealised	5,568.20	4,042.69
Interest Expense (net of interest credit considered as exceptional)	49,503.17	52,038.05
<b>Operating Profit before Working Capital Changes</b>	<b>76,175.42</b>	<b>16,558.37</b>
Adjustments for:		
Trade and other Receivables	(63,292.35)	(19,430.18)
Inventories	25,780.19	12,351.89
Trade Payables	(29,344.98)	8,010.92
<b>Cash generated from Operations</b>	<b>9,318.28</b>	<b>17,491.00</b>
Income Taxes Paid	(4,703.08)	-
Cash Flow before extraordinary item	4,615.20	17,491.00
Extraordinary item	(41,587.48)	-
<b>Net Cash from Operating Activities</b>	<b>(36,972.28)</b>	<b>17,491.00</b>
<b>B Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets, including Capital advances	(8,312.31)	(115,152.67)
Proceeds from Sale / Deletion of Fixed Assets	121.89	7,672.33
Purchase / Sale of Investments (Net)	-	7,683.97
Dividends received	1.38	1.31
Net cash used in Investing Activities before Extra-ordinary items	(8,189.04)	(99,795.06)
Proceeds from Sale of Undertaking	141,610.00	-
Cash flow from Investing Activities after Extra-ordinary items	133,420.96	(99,795.06)



## Cash Flow Statement (Contd.) For the eighteen months period ended March 31, 2015

<b>C. Cash Flow from Financing Activities</b>		
Proceeds from issuance of Share Capital ( net of expenses )	7,373.80	16.62
Increase in Working Capital Borrowings	10,566.56	74,257.67
Proceeds from Long Term Borrowings	-	36,774.35
Repayment of Long Term Borrowings	(48,419.99)	(17,346.71)
Repayment of Working Capital Borrowings	(20,777.70)	-
Proceeds from Short Term Borrowings (Unsecured)	6,571.76	8,999.95
Interest paid	(15,045.98)	(35,116.81)
<b>Net cash from Financing Activities</b>	<b>(59,731.55)</b>	<b>67,585.07</b>
<b>D. Net Increase in Cash and Cash equivalents</b>	<b>36,717.13</b>	<b>(14,718.99)</b>
<b>Cash and Cash equivalents at the beginning of period</b>	<b>2,239.52</b>	<b>16,958.51</b>
<b>Cash and Cash equivalents at the end of period</b>	<b>38,956.65</b>	<b>2,239.52</b>

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

On behalf of the Board

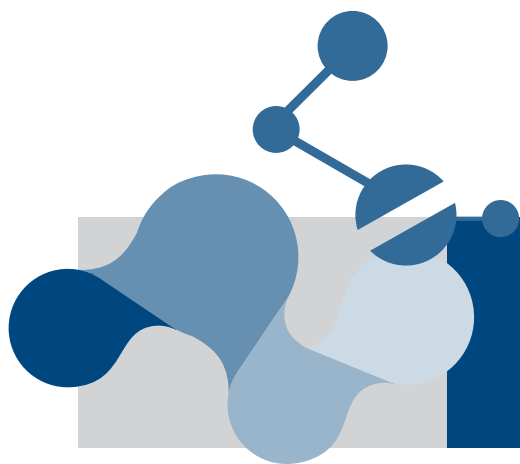
**T.K. Shanmugam**  
Partner  
M.No: 016195

**S Krishnan**  
Director

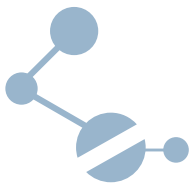
**K Raghavendra Rao**  
Managing Director

Place : Chennai  
Date : May 28, 2015

**L. Chandrasekar**  
Executive VP - Finance & Secretary



# Consolidated Financial Section



# Independent Auditors' Report

on Consolidated Financial Statements of Orchid Chemicals & Pharmaceuticals Limited and its Subsidiaries, and Associate

To the Board of Directors

## Orchid Chemicals and Pharmaceuticals Limited

### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Orchid Chemicals and Pharmaceuticals Limited ("the Company"), and its subsidiaries and associates (together the "Group") which comprise the Consolidated Balance Sheet as at March 31, 2015, and the Statement of Profit and Loss and Cash Flow Statement for the 18 months then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's

judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Basis for Qualified Opinion

- I) The consolidated financial statements include the unaudited financial statements/financial information of the subsidiaries and associate which were not audited by us and which were provided by the management, whose financial statements/financial position reflect total liabilities (net) of (8,177.43) Lakhs (previous period total liabilities (net) of ₹(7,915.00) Lakhs) as at March 31, 2015 and total revenue of ₹4,608.14 Lakhs (previous period ₹7,271.15 Lakhs) and net cash flow of Rs. (2.48) Lakhs for the period ended on that date, as considered in the consolidated financial statements.

Our opinion, in so far as it relates to the amounts included in respect of these subsidiaries and associate is based solely on the financial statements/financial position, as provided by the management.

- II) The consolidated financial statements carries an intangible asset of ₹94.82 Crores representing goodwill relating to one of the Company's wholly owned subsidiaries viz., Bexel Pharmaceuticals Inc. The subsidiary has not been spending any money on the research on the molecule as no financial support is given by the parent Company and the parent Company has not allocated any funds for the future development. In view of the above, it is necessary to impair the value of this intangible asset as no information is available with the Company regarding the value that can be recovered from the sale of rights over the molecule possessed by the Subsidiary
- III) The Company has given advances amounting to ₹679.50 Crores to various parties and are outstanding as on March 31, 2015. The Company has not received any materials/ capital goods during the current period of 18 months. As per information and explanation given, the Company is not able to take delivery of materials due to financial constraints. We are not able to express any opinion on the recoverability of these amounts.

### Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the aforesaid consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Group as at March 31, 2015;
- b) in the case of the Profit and Loss Statement, of the consolidated loss of the Group for the 18 months ended on that date; and
- c) In the case of the Cash Flow Statement, of the consolidated cash flows of the Group for the 18 months ended on that date.

### Emphasis of Matter

The Company has paid remuneration to the Managing Director and the Whole time Director in excess of minimum remuneration prescribed under schedule XIII of the Companies Act, 1956 amounting in total to ₹979.13 Lakhs for the financial years 2011-2012 to 2014-2015 and the same is subject to the approval of the general meeting and Central Government.

Our opinion is not qualified in respect of this matter.

**For SNB ASSOCIATES**

*Chartered Accountants*

Firm Registration N: 015682N

**T. K Shanmugam**

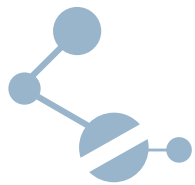
*Partner*

Place: Chennai

Date: May 28, 2015

Membership No. 016195





## Consolidated Balance Sheet As at March 31, 2015

₹ in Lakhs

PARTICULARS	Note	As at 31.03.15	As at 30.09.13
<b>I EQUITY AND LIABILITIES</b>			
<b>1 SHAREHOLDERS' FUNDS</b>			
a Share capital	5	8,526.19	7,045.21
b Reserves and Surplus	6	24,412.38	30,953.46
		<b>32,938.57</b>	<b>37,998.67</b>
Minority Interest		-	61.91
<b>2 NON- CURRENT LIABILITIES</b>			
a Long term borrowings	7	249,395.36	90,179.41
b Deferred tax liabilities (Net)	32	11,121.45	15,737.01
c Long term provisions	8	417.94	523.98
		<b>260,934.75</b>	<b>106,440.40</b>
<b>3 CURRENT LIABILITIES</b>			
a Short term borrowings	9	64,664.16	152,489.48
b Trade payables	10	31,115.02	59,739.60
c Other current liabilities	11	11,263.91	105,256.67
d Short term provisions	12	5,223.10	3,117.18
		<b>112,266.19</b>	<b>320,602.93</b>
<b>TOTAL</b>		<b>406,139.51</b>	<b>465,103.91</b>
<b>II ASSETS</b>			
<b>1 NON CURRENT ASSETS</b>			
a Fixed Assets	13		
Tangible assets		166,401.10	244,428.04
Intangible assets		13,119.03	13,928.96
Capital work in progress		26,650.47	33,220.70
Intangible assets under development		1,500.93	2,820.92
b Non current investments	14	81.19	94.82
c Long term loans and advances	15	58,013.50	51,158.02
d Other non -current assets	16	12,561.23	9,310.44
		<b>278,327.45</b>	<b>354,961.90</b>
<b>2 CURRENT ASSETS</b>			
a Inventories	17	25,192.80	50,623.91
b Trade receivables	18	25,656.70	17,906.39
c Cash and Bank Balances	19	39,056.50	2,342.35
d Short term loans and advances	20	27,406.06	39,269.36
e Other Current Assets	21	10,500.00	-
		<b>127,812.06</b>	<b>110,142.01</b>
<b>TOTAL</b>		<b>406,139.51</b>	<b>465,103.91</b>

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

On behalf of the Board

**T.K. Shanmugam**  
Partner  
M.No: 016195

**S Krishnan**  
Director

**K Raghavendra Rao**  
Managing Director

Place : Chennai  
Date : May 28, 2015

**L. Chandrasekar**  
Executive VP - Finance & Secretary

## Consolidated Profit & Loss Statement For the eighteen months period ended March 31, 2015

₹ in Lakhs

PARTICULARS	Note	18 Months Ended	
		31.03.15	30.09.13
I Revenue from operations	22	174,660.91	194,769.88
II Other income	23	4,246.85	4,072.14
<b>Total Revenue</b>		<b>178,907.76</b>	<b>198,842.02</b>
III Expenses			
Cost of materials consumed		82,424.44	85,468.99
Purchases of stock in trade		1,709.56	5,062.03
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade		(6,231.19)	8,481.03
Employee benefits expense	24	19,382.38	25,270.13
Finance costs	25	53,712.45	52,268.71
Depreciation and amortization expenses		32,458.46	25,192.28
Other expenses	26	45,646.35	59,461.39
<b>Total Expenses</b>		<b>229,102.45</b>	<b>261,204.56</b>
IV Profit / (Loss) before exceptional and extraordinary items and tax		(50,194.69)	(62,362.54)
V Exceptional items	27	15,726.30	(5,111.08)
VI Profit / (Loss) before extraordinary items and tax		(65,920.99)	(57,251.46)
VII Extraordinary items (Net of Taxes)		(27,061.78)	-
VIII Profit / (Loss) before tax		(38,859.21)	(57,251.46)
IX Tax expense			
Current tax		-	-
Deferred tax	32	(19,145.75)	(1,252.26)
X Share of Profit / (Loss) in Associate		(13.63)	-
XI Less : Minority Interest		(61.82)	(196.50)
XII Net Profit / (Loss) for the period		(19,665.27)	(55,802.70)
XIII Earnings per share (EPS) before extra-ordinary item			
Basic		(63.94)	(79.21)
Diluted		(63.94)	(79.21)
XII Earnings per share (EPS) after extra-ordinary item			
Basic		(26.88)	(79.21)
Diluted		(26.88)	(79.21)

As per our report of even date

For **SNB Associates**

Chartered Accountants

Firm Registration No. 015682N

On behalf of the Board

**T.K. Shanmugam**

Partner

M.No: 016195

**S Krishnan**

Director

**K Raghavendra Rao**

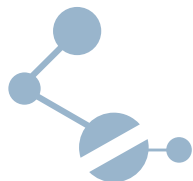
Managing Director

Place : Chennai

Date : May 28, 2015

**L. Chandrasekar**

Executive VP - Finance & Secretary



## Notes to the Consolidated Accounts As at March 31, 2015

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

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

- 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.
- Bexel Pharmaceuticals Inc., USA engaged in Pharmaceutical research and development.
- 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.
- Orchid Pharmaceuticals SA ( Proprietary) Limited, South Africa to register and market formulations in South Africa.
- Diakron Pharmaceuticals Inc., USA engaged in Pharmaceutical research and development.
- Allekra Therapeutics GmbH, Germany engaged in Pharmaceutical research and development.

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

### b) Consolidation

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

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

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

As the financials for the current year have been prepared for a period of 18 months, the consolidated statements have been prepared on the basis of unaudited financial results of subsidiaries and associates for corresponding period.

## Notes to the Consolidated Accounts As at March 31, 2015

### c) Convenience Translation

The accounts of the subsidiary companies and the Associate company have been prepared in their respective currencies.. For the purpose of convenience the balances are translated into Indian currency, being the reporting currency in the consolidated financial statements, at the closing rate as at March 31, 2015.

## 2 | Significant Accounting Policies

### a) Accounting Convention

The Financial Statements are prepared under historical cost convention. The presentation of the accounts is based on the Revised Schedule VI of Companies Act, 1956. Revenues are recognised and expenses are accounted on their accrual with necessary provisions for all known liabilities and losses.

### b) Fixed Assets

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

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

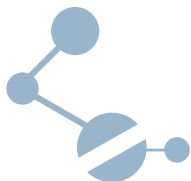
The cost of each DMF/ANDA is amortised to the extent of recovery of developmental costs applicable as per the terms of agreement or over a period of five years from the date on which the product covered by DMF/ANDA is commercially marketed, whichever is earlier.

- (vi) Assets are depreciated on straight line basis at the rates specified in Schedule XIV of the Companies Act 1956, except in respect of the following assets, where the useful lives reckoned in computing the depreciation for the year are different from those derived from the rates specified in Schedule XIV of the Companies Act, 1956. The revised useful life of the assets have been determined by the Management based on technical assessment.

Asset Categories	Useful life
Reactors, Pipes, Pipe fittings, Valves, Motors, Pumps, Nitrogen Plant, Gear Boxes, Cables and Centrifuges Evaporator (Indigenous), Jet aeration system (indigenous), Ventilation & Exhaust system, HCL column, ETP (indigenous), scrubber, incenarator (indigenous) & Instrumentation items..	9 years

Depreciation is provided at rate arrived based on useful life or schedule XIV rates whichever is higher.

- (vii) Leasehold assets cost is amortised over the period of the Lease.
- (viii) Depreciation on assets added/disposed off during the year is provided on pro-rata basis from the month of addition or up to the month preceeding the month of disposal, as applicable.



## Notes to the Consolidated Accounts As at March 31, 2015

(ix) Impairment of assets:

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

**c) Borrowing Costs**

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

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

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

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

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

**f) Investments**

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

**g) Inventories**

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

@ After adjustment of unrealised profits on inter division transfer.

**h) Revenue Recognition**

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

Benefit on account of entitlement to import duty free materials under the "Duty Entitlement Pass Book Scheme" is recognised in the year of export."

**i) Retirement Benefits**

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

## Notes to the Consolidated Accounts As at March 31, 2015

### j) Translation of Foreign Currency items

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

The company has exercised the option provided under the amendment to the Companies (Accounting Standards) Amendment Rules, 2006 dated 31st March, 2009 (AS 11). The Ministry of Company Affairs vide notification dated 29th December 2011 has extended the amortisation of gains or losses arising on reporting of Foreign Currency Monetary items over the balance period of such long term asset / liability. Accordingly Exchange loss on Long term foreign currency loans have been amortised over the balance period of such loans. Adoption of this option has resulted in (a) amount remaining unamortised in the financial statements as on March 31, 2015 is 10,804.32 Lakhs (previous year ₹17,657.84 Lakhs) (b) loss for the period is higher by ₹6.853.52 lakhs (Previous period - loss lower by ₹12,833.71 lakhs).

### k) Subsidy on Fixed Assets

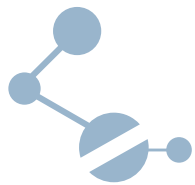
Subsidy received on fixed assets is credited to the cost of respective fixed assets.

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

## 5 | Share Capital

₹ in Lakhs

	As at 31.03.15	As at 30.09.13
<b>AUTHORISED:</b>		
<b>Equity shares</b>		
15,00,00,000 (Previous year 15,00,00,000) Equity Shares of ₹10/- each	15,000.00	15,000.00
<b>ISSUED, SUBSCRIBED AND PAID-UP</b>		
852,61,877 ( Previous year - 704,52,076) equity Shares of ₹10/- each fully paid. of the above 1,73,76,940 Equity shares of ₹10/- each were allotted as fully paid bonus shares by capitalisation of reserves.	8,526.19	7,045.21
The reconciliation of the number of shares outstanding as at March 31, 2015 and September 30, 2013 is set out below:		
Number of shares at the beginning	70,452,076	70,442,076
Add: Allotments during the period	14,809,801	10,000
Number of shares at the end	85,261,877	70,452,076



## Notes to the Consolidated Accounts As at March 31, 2015

### 5 | Share Capital (Contd.)

Share Allotments during the preceeding five years

	No. of shares	No. of shares
2012-13	10,000	10,000
2011-12	Nil	Nil
2010-11	Nil	Nil
2009-10	Nil	Nil
2008-09	31,300	31,300

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

Name of the Shareholder	As at 31.03.15		As at 30.09.13	
	No of shares	% held	No of shares	% held
K Raghavendra Rao	6,925,173	8.12%	6,925,173	9.83%
R Vijayalakshmi	6,771,155	7.94%	6,771,155	9.61%
Orchid Healthcare Pvt. Ltd.	18,456,125	21.65%	3,646,324	5.18%
Serum Institute of India	5,701,524	6.69%	5,701,524	8.09%

#### a) Orchid ESOP 2010 Scheme

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

Considering the fall in the price of the shares of the Company and in the interest of the employees, the Compensation Committee of the Board of Directors at its meeting held on November 1, 2011 considered repricing of 8,64,500 options in force on the said date from ₹329.55 to ₹166.15 as per the closing share price of Orchid at National Stock Exchange on October 31, 2011. Pursuant to exercise of options by the employees, 10,000 equity shares of ₹10/- each were issued during the year 2012-13 and as at March 31, 2015, the outstanding options yet to be exercised under the said scheme is Nil.

#### b) Orchid ESOP – Directors 2011 Scheme

In terms of the resolution passed by the company at the AGM held on July 29, 2011 the shareholders approved a scheme formulated as "ORCHID ESOP – DIRECTORS 2011 SCHEME" for allotting 5,00,000 options to Directors of the Company. Accordingly 3,00,000 options were granted to the Directors of the Company including the Whole Time Director but excluding the Promoter Director, by the Compensation Committee of the Board of Directors at a meeting held on November 1, 2011. Each option is convertible into one equity share of ₹10/- each at a price of ₹166.15 per share, being the closing share price of Orchid in the National Stock Exchange on October 31, 2011, the day prior to the date of the meeting. Out of the total options granted, 220,000 options have already lapsed and 80,000 options are in force as at March 31, 2015 under ORCHID ESOP - DIRECTORS 2011 Scheme.

#### c) Orchid ESOP – Senior Management 2011 Scheme

In terms of the resolution passed by the company at the AGM held on July 29, 2011 the shareholders approved a scheme formulated as "ORCHID ESOP – SENIOR MANAGEMENT 2011 SCHEME" for allotting 10,00,000 options to senior employees of the Company out of which 7,50,000 options will be granted to the employees of the Company and 2,50,000 options will be granted to the employees of its subsidiary companies. Accordingly 42,700 options were granted to the Employees of the Company by the Compensation Committee of the Board of Directors at a meeting held on November 01, 2011. Each option is convertible into one equity share of ₹10/- each at a price of ₹10/- each (i.e. At Par). 32,025 options are in force as at March 31, 2015 under ORCHID ESOP – SENIOR MANAGEMENT 2011 Scheme

## Notes to the Consolidated Accounts As at March 31, 2015

### 6 | Reserves & Surplus

₹ in Lakhs

	As at 31.03.15		As at 30.09.13	
Capital Reserve		894.68		894.68
Securities Premium Account	39,081.84		39,066.22	
Add: Premium on issue of Shares	5,892.82	44,974.66	15.62	39,081.84
Capital Reserve on Amalgamation		9,004.21		9,004.21
General Reserve		63,712.07		63,712.07
Foreign currency Monetary item Translation difference Account		(10,804.32)		(17,657.84)
Foreign Currency Fluctuation Reserve	628.38		3,191.65	
Add : Adjustments	530.36	1,158.74	(2,563.27)	628.38
Surplus in Profit & Loss Account	(54,273.97)		1,503.39	
Add: Surplus / (Deficit) in Profit & Loss account	(19,665.27)		(55,802.70)	
Excess provision of dividend & tax of earlier year written back	-		25.32	
Balance available for appropriation		(73,939.24)		(54,273.99)
Adjustment on consolidation		(10,588.42)		(10,435.89)
		<b>24,412.38</b>		<b>30,953.46</b>

### 7 | Long Term borrowings

<b>Secured</b>				
Rupee Term loans	186,905.88		89,028.13	
Foreign currency Term loan	71,539.35		99,889.48	
Less:- Current maturities transferred to Current liabilities	(9,049.87)	249,395.36	(98,738.20)	90,179.41
		<b>249,395.36</b>		<b>90,179.41</b>

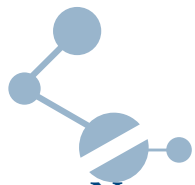
	Repayment terms	Balance No of instalments due	Rate of interest	Amt due @ ₹ in Lakhs
Rupee Term Loan	Quarterly	32	11%	18,219.80
Foreign Currency Term Loan	Quarterly	32	LIBOR + 3 to 4.6%	70,646.67

@ amount due includes for all installments in the respective category

As per the terms of the CDR package ,all Indian rupee loan from bank carries interest @11% p.a.These loans are repayable in 32 quarterly installments from 01/04/2015. These loans are secured by Pari Passu charge by way of joint mortgage on immovable and movable assets situated at Factory premises at SIDCO Industrial Area, Alathur, and SIPCOT Industrial Park, Irungattukottai and current assets, subject to prior charges created/ to be created on current assets in favour of bankers and financial institutions for securing working capital borrowings. All term loans are additionally secured by personal guarantee of Shri K.Raghavendra Rao, Managing Director of the Company.

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





## Notes to the Consolidated Accounts As at March 31, 2015

### 8 | Long Term provisions

₹ in Lakhs

	As at 31.03.15	As at 30.09.13
Provision for employee benefits- Leave encashment	417.94	523.98
	<b>417.94</b>	<b>523.98</b>

### 9 | Short Term Borrowings

<b>a) Secured</b>		
Other loans and advances		
- Working Capital Facilities / Borrowings	49,092.45	143,489.53
Packing Credit and Cash Credit from Banks are secured by first charge on all current assets namely, Stocks of Raw materials, Semi-finished & Finished Goods, Stores and Spares not relating to Plant & Machinery (Consumable Stores and Spares), Bills Receivable, Book Debts & all other movable property both present and future excluding such movables as may be permitted by the Banks/ financial institutions from time to time and by second charge on immovable properties after charges created/ to be created on immovable assets in favour of Financial Institutions/Banks for securing Term Loans. The borrowings from banks are additionally secured by personal guarantee of Shri. K. Raghavendra Rao, Managing Director of the Company.		
<b>b) Unsecured</b>		
- from Banks	6,499.95	6,499.95
- from Others	2,500.00	2,500.00
<b>c) Unsecured advance from Related Parties</b>	6,571.76	-
	<b>64,664.16</b>	<b>152,489.48</b>

### 10 | Trade payables

Supplies	15,761.02	20,517.45
Expenses	15,178.70	39,222.15
Others	175.30	-
	<b>31,115.02</b>	<b>59,739.60</b>

### 11 | Other current liabilities

Current maturities of Term loans (Refer Note no.7)	7,006.11	77,746.14
Interest accrued on borrowings	2,043.75	20,992.06
Advance received from Customer	1,177.34	5,128.84
Income received in advance- Customers	-	16.38
Unpaid dividends	68.45	77.25
Share Application money refundable	5.42	5.42
Security Deposits received from Agents	433.00	439.00
Statutory liabilities	529.84	851.58
	<b>11,263.91</b>	<b>105,256.67</b>

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

## Notes to the Consolidated Accounts As at March 31, 2015

### 12 | Short term provisions

₹ in Lakhs

	As at 31.03.15	As at 30.09.13
Provision for employee benefits- Gratuity & Leave encashment	1,218.00	1,425.09
Rebates/Discounts	4,005.10	1,300.00
Others:-		
- Tax on Proposed Dividend	-	392.09
	<b>5,223.10</b>	<b>3,117.18</b>

### 13 | Fixed Assets

₹ in Lakhs

S. No	Asset Description	Gross Block (at Cost)				Depreciation				Written Down Value	
		As at 01-10-2013	Additions during the year	Deletions during the year	As at 31-03-2015	Up to 30-09-2013	For 18 Months	On Deletions	As at 31-03-2015	As at 31-03-2015	As at 30-09-2013
1	Goodwill on Consolidation*	10,060.88	-	-	10,060.88	578.56	-	-	578.56	9,482.32	9,482.32
2	Freehold Land & Site Development @	3,111.25	44.03	546.76	2,608.52	-	-	-	-	2,608.52	3,111.25
3	Leasehold Land	331.55	-	270.78	60.77	43.26	2.66	38.59	7.33	53.44	288.29
4	Buildings	38,880.22	0.54	16,421.82	22,458.94	7,629.78	1,482.98	3,583.23	5,529.53	16,929.41	31,250.44
5	Plant & Machinery	296,356.96	3,340.25	56,301.58	243,395.63	95,740.25	27,836.19	22,620.50	100,955.93	142,439.70	200,616.71
6	Factory Equipment	730.72	1.23	186.61	545.34	373.07	71.04	44.84	399.26	146.08	357.65
7	Laboratory Equipment	11,506.49	42.01	5,773.26	5,775.24	4,194.76	619.14	2,276.35	2,537.55	3,237.69	7,311.73
8	Office Equipment	884.06	119.91	22.30	981.68	484.68	137.45	12.34	609.79	371.89	399.38
9	Furniture & Fittings	1,952.64	-	335.31	1,617.33	1,045.14	142.69	135.90	1,051.93	565.40	907.50
10	Vehicles	424.81	-	199.26	225.55	239.72	51.49	114.63	176.58	48.97	185.09
11	<b>Intangible Assets</b> (Disclosure as per AS 26)										-
	<b>INTANGIBLE ASSETS ACQUIRED</b>										
	Brands & Trademarks **	2,778.16	-	-	2,778.16	2,778.16	-	-	2,778.16	-	-
	Patents & Registrations	1,101.19	-	0.85	1,100.35	519.06	257.85	-	776.92	323.43	582.13
	Internally Generated DMF and ANDA ***	6,485.06	-	120.47	6,364.59	3,298.26	279.12	-	3,577.38	2,787.21	3,186.80
	Computer Software	2,613.15	-	370.86	2,242.29	1,935.44	78.15	297.37	1,716.22	526.07	677.71
	<b>TOTAL</b>	<b>377,217.14</b>	<b>3,547.97</b>	<b>80,549.86</b>	<b>300,215.27</b>	<b>118,860.14</b>	<b>30,958.76</b>	<b>29,123.75</b>	<b>120,695.14</b>	<b>179,520.13</b>	<b>258,357.00</b>
	<b>PREVIOUS YEAR'S FIGURES</b>	<b>308,967.60</b>	<b>83,156.99</b>	<b>14,907.45</b>	<b>377,217.14</b>	<b>101,579.58</b>	<b>25,192.28</b>	<b>7,911.72</b>	<b>118,860.14</b>	<b>258,357.00</b>	<b>207,388.02</b>

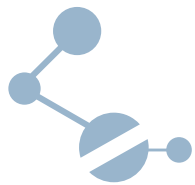
\* Refer Note 2 (e)

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

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

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

	Mar 31, 2015	Sep 30, 2013
Freehold Land	59.09	59.09



## Notes to the Consolidated Accounts As at March 31, 2015

### 14 | Non-Current Investments

₹ in Lakhs

	As at 31.03.15	As at 30.09.13
<b>Quoted investments</b>		
<b>Others- Non-trade</b>		
Bank of India -		
18,600 fully paid up Equity shares of ₹ 10/- each	8.37	8.37
Aggregate market value of quoted investments	36.43	29.38
<b>Unquoted investments</b>		
Sai Regency Power Corporation Pvt.Ltd.- Traded	45.00	45.00
450,000 fully paid up equity shares of ₹ 10 each		
Madras Stock Exchange- Non Traded	23.99	23.99
911,430 fully paid up equity shares of ₹ 10/- each		
MSE Financial services Ltd	3.83	3.83
31,936 fully paid up equity shares of ₹ 10/- each		
<b>Associate Companies</b>		
Allegra Therapeutics GmbH	-	13.63
16094 fully paid up equity shares of Euro 1 each		
<b>Total</b>	<b>72.82</b>	<b>86.45</b>
Aggregate provision for diminution in value of investments	-	-
Aggregate value of Un-quoted investments	72.82	86.45
<b>Grand Total of Investments</b>	<b>81.19</b>	<b>94.82</b>

### 15 | Long term loans and advances

₹ in Lakhs

	As at 31.03.15	As at 30.09.13
<b>Un Secured, considered good</b>		
Capital advances	54,707.42	47,664.23
Prepaid Financial charges	2,234.04	2,569.76
Deposits with Govt. Agencies	736.17	576.76
Other Deposits	335.87	347.27
<b>Doubtful</b>		
Loans & Advances to related parties	-	-
Others	202.66	205.33
Less: provision for doubtful	(202.66)	(205.33)
	<b>58,013.50</b>	<b>51,158.02</b>

### 16 | Other Non current assets

<b>Secured, considered good</b>		
Ear-marked balance transferred from Other Bank balances	178.08	290.58
<b>Unsecured, considered good</b>		
Advance Payment of Tax	12,383.15	9,019.86
	<b>12,561.23</b>	<b>9,310.44</b>

## Notes to the Consolidated Accounts As at March 31, 2015

### 17 | Inventories

₹ in Lakhs

	As at 31.03.15	As at 30.09.13
Raw materials	6,806.23	8,705.08
Intermediates & WIP	8,854.85	28,568.85
Finished Goods	4,978.51	7,301.10
Traded Goods	1,085.18	1,109.80
Stores and Spare parts	1,834.56	2,979.31
Chemicals and Consumables	981.92	1,050.46
Packing Materials	651.55	909.31
	<b>25,192.80</b>	<b>50,623.91</b>

### 18 | Trade Receivables

<b>Outstanding for a period exceeding six months from the date they are due for payment</b>		
Secured, considered good	-	-
Un Secured, considered good	10,135.18	10,613.21
<b>Other receivables</b>		
Secured, considered good	350.38	460.48
Un Secured, considered good	15,171.14	6,832.70
	<b>25,656.70</b>	<b>17,906.39</b>

### 19 | Cash and Bank Balances

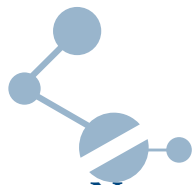
₹ in Lakhs

	As at 31.03.15	As at 30.09.13
Cash and Cash Equivalents		
Cash on hand	20.73	44.24
Balances with Banks		
In current accounts	4,447.55	2,298.11
Others - Term deposits	34,588.22	-
Other Bank balances		
Ear-marked balances		
Margin Money deposit	109.63	109.63
Unpaid Dividend	68.45	77.25
Others- Term Deposits	-	103.70
Less:- Ear-marked balance transferred to non- current assets	(178.08)	(290.58)
	<b>39,056.50</b>	<b>2,342.35</b>

### 20 | Short term loans and advances

₹ in Lakhs

	As at 31.03.15	As at 30.09.13
<b>Un Secured, considered good</b>		
Advances to Suppliers	34,831.34	34,928.01
Prepaid expenses	79.60	1,435.12
Balances with Statutory agencies	2,399.21	2,766.00
Rent advances	62.26	62.26
Employees advances	28.31	72.31
Other Deposits	5.34	5.66
	<b>37,406.06</b>	<b>39,269.36</b>
Less: Provision for doubtful	(10,000.00)	-
	<b>27,406.06</b>	<b>39,269.36</b>



## Notes to the Consolidated Accounts As at March 31, 2015

### 21 | Other current assets

₹ in Lakhs

	As at 31.03.15	As at 30.09.13
<b>Unsecured and considered good:</b>		
Retention money receivable towards sale of undertaking	10,500.00	–

### 22 | Revenue from operations

Sale of products	172,385.41	189,256.33
Other operating revenues		
Sale of other materials	651.21	858.64
Contract & Technical Research fees	–	–
Development & License fee	502.24	108.62
Others	2,065.68	5,721.41
Less: Excise duty	(943.63)	(1,175.12)
	<b>174,660.91</b>	<b>194,769.88</b>

### 23 | Other income

Dividend income	1.38	1.31
Profit on sale of assets	3.54	13.31
Net gain on foreign currency translation and transaction	2,400.42	3,968.04
Other non-operating income	1,841.51	89.48
	<b>4,246.85</b>	<b>4,072.14</b>

### 24 | Employee benefits expense

Salaries & Wages	17,049.37	20,629.22
Contribution to provident and other funds	966.57	3,006.25
Staff Welfare expenses	1,366.44	1,634.66
	<b>19,382.38</b>	<b>25,270.13</b>

### 25 | Finance costs

Interest expenses	48,509.52	50,106.70
Other borrowing costs	5,202.93	2,162.01
	<b>53,712.45</b>	<b>52,268.71</b>

## Notes to the Consolidated Accounts As at March 31, 2015

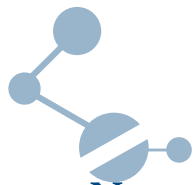
### 26 | Other expenses

₹ in Lakhs

	As at 31.03.15	As at 30.09.13
Power and Fuel	10,218.96	12,171.52
Conversion Charges	3,883.88	6,165.34
Consumption of Stores, Spares & Chemicals	4,579.42	3,995.37
Rent	134.98	75.46
Repairs to buildings	238.45	244.11
Repairs to Machinery	392.16	332.91
Factory maintenance	3,066.77	3,103.94
Insurance	2,198.58	2,627.47
Rates & Taxes	897.00	588.28
Postage, Telephone & Telex	119.14	179.09
Printing & Stationery	194.22	271.50
Vehicle Maintenance	63.92	94.24
Research & Development Expenses (Refer Note no.37)	6,015.53	8,704.94
Advertisement	6.56	5.55
Recruitment expenses	31.40	38.54
Auditors' Remuneration		
Auditor	91.24	106.42
Taxation	14.63	14.63
for other services	20.00	25.21
for reimbursement of expenses	3.54	3.81
Cost Audit fee	25.00	22.50
Travelling and Conveyance	631.03	2,374.02
Directors' Remuneration & perquisites	225.23	859.86
Directors' travelling		
Inland	28.33	41.47
Overseas	26.93	78.49
Directors' sitting fees	11.60	10.60
Loss on sale of fixed asset/writtenoff	19.70	991.08
Freight outward	1,156.99	1,534.86
Commission on Sales	906.50	1,278.08
Business Promotion and Selling Expenses	353.14	2,733.67
Lease Rentals	1,435.02	308.52
Consultancy & Professional Fees	3,077.92	1,714.13
Provision for Diminution in value of Investments	0.41	122.49
Provision for Rebates & Discounts	2,705.10	-
Miscellaneous expenses	2,873.07	8,643.29
	<b>45,646.35</b>	<b>59,461.39</b>

### 27 | Exceptional Items

Exchange rate loss on Foreign Currency Term Loans	6,372.71	5,615.77
Interest Provision reversed on interest rate reduction	(4,197.70)	-
Provision for Contingencies	10,000.00	-
CDR Expenses	551.29	-
One time Management Fee	3,000.00	-
Profit on sale of Investments	-	(5,333.76)
Profit on sale of Land	-	(5,393.09)
	<b>15,726.30</b>	<b>(5,111.08)</b>



## Notes to the Consolidated Accounts As at March 31, 2015

₹ in Lakhs

	As at 31.03.15	As at 30.09.13
<b>28.</b> Estimated amounts of contracts remaining to be executed on account of capital account (net of advances) and not provided for.	3,524.24	5,050.70
<b>29.</b> a. Other monies for which company is contingently liable :		
- Bills Discounted	-	7,872.62
- Unexpired Letters of Credit	8,859.65	3,702.47
- Bank Guarantees outstanding	14.20	112.17
- Claims against the company not acknowledged as debts		
Excise demands under dispute pending before Excise authorities	1,044.63	942.17
Service Tax dispute pending before High Court of Chennai	85.26	143.38
Income tax dispute pending before High Court of Chennai	-	4,054.98
Self Generation Tax under dispute with State Electricity Board	698.90	-
b. Provision and contingencies in accordance with AS 29 :		
Opening Balance	1,300.00	1,300.00
Additions/(deletions) during the year	12,705.00	-
Closing Balance	14,005.00	1,300.00

	18 months ended	
	31.03.15	30.09.2013
<b>30.</b> a. Other Interest and Finance Charges is after crediting interest receipts	1,506.65	97.81
TDS on interest receipts	146.51	8.37
b. Amount of interest capitalised	-	3,745.47

### 31. Related Party Transactions

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

Nature of Transaction		Subsidiary	Associate	Key Management Personnel	Relatives of Key Management Personnel/ Companies in which they exercise significant influence.
Finance - Equity Contribution	Allegra	-	-	-	-
		-	(13.63)	-	-
Equity Infusion	Orchid Healthcare (P) Ltd.				7,373.80
					(-)
Unsecured advances received	Orchid Healthcare (P) Ltd.				6,571.76
					(-)
Sale of goods	Allegra	-	-	-	-
		-	(20.46)	-	-
Sale of Intellectual Property	Allegra	-	-		
		-	(542.85)		
Remuneration		-	-	225.23	-
		-	-	(859.86)	-
Reimbursement received against Legal cost	Allegra	-	-	-	-
		-	(54.78)	-	-
Amounts Due at the end of the year - Debit		-	-	-	-
		-	-	-	-
Amounts Due at the end of the year - Credit		-	-	-	6,571.76
		-	(4.08)	-	-

(Figures in brackets are for previous year)

## Notes to the Consolidated Accounts As at March 31, 2015

Names of the related parties and description of relationship.

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

During the year the Company has closed one of its wholly owned subsidiary Orchid Singapore Pte. Ltd.

All whole time directors have been considered as Key Management Personnel as they are involved in planning, directing & controlling the activities of the reporting enterprise.

₹ in Lakhs

	As at 31.03.15	As at 30.09.13
<b>32.</b> Provision for Deferred tax for the year (₹19145.75 Lakhs) (Previous year ₹1252.26 Lakhs)		
Deferred Tax liability represents the following:		
Timing Difference on account of Depreciation	11,139.30	20,202.92
Timing Difference on account of Financial charges	-	1,044.25
Timing Difference on account of Losses	(17.85)	(5,510.16)

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

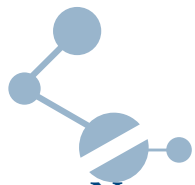
The Deferred Tax balance at the end of the period is after giving effect to the Deferred Tax adjusted against Extra-Ordinary Items amounting to ₹14,525.69 Lakhs.

**33.** Extra-Ordinary Item are net of Taxes of ₹14,525.69 Lakhs and represents profit on sale of undertaking (Refer note 40).

### 34. Segmental Reporting

The Company considers the business as one interrelated and integrated business of "Pharmaceutical products" and hence no separate segmental reporting is provided.





## Notes to the Consolidated Accounts As at March 31, 2015

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

A	The total of future minimum lease payments under non-cancellable operating leases for each of the following periods;	
	Not later than 1 year	1,108.75
	Later than 1 year and not later than 5 years	172.67
	later than 5 years	-
B	The total of future minimum sublease payments expected to be received under non-cancellable subleases at the balance sheet date	Nil
C	Lease payments recognised in the statement of profit and loss for the period.	1,435.02
D	Sub lease payment received (or Receivable) recognised in the statement of profit and loss for the period	Nil
E	<b>A general description of the lessee's significant leasing arrangements including, but not limited to the following ;</b>	
	(1) The basis on which contingent rent payments are determined - The future rent payments are determined as per the lease agreement executed.	
	(2) The existence and terms of renewal or purchase options and escalations clauses	
	- The current lease is for a block of 3 years, subject to renewal at the end of every year.	
	- The lease rentals are subject to escalation at the end of every year.	
	(3) Restriction imposed by lease arrangements, such as those concerning dividend Additional Debt and further leasing :	
	There are no restrictions under the lease agreement.	

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

		18 months ended	
		31.03.15	30.09.13
Profit After Tax before extra ordinary item	₹ Lakhs	(46,775.20)	(55,802.70)
Profit After Tax after extra ordinary item	₹ Lakhs	(19,665.27)	(55,802.70)
No of Shares Outstanding	Nos.	85,261,877	70,452,076
Weighted Average Number of shares	Nos.	73,159,535	70,452,076
Earnings per Share - Basic before extra ordinary item	₹	(63.94)	(79.21)
Earnings per Share - Basic after extra ordinary item	₹	(26.88)	(79.21)
Total No of Equity shares to compute diluted EPS	Nos.	73,159,535	71,104,276
Earnings per Share - Diluted before extraordinary item	₹	(63.94)	(79.21)
Earnings per Share - Diluted after extraordinary item	₹	(26.88)	(79.21)

### 37. Expenditure on Research and Development

₹ in Lakhs

		18 months ended	
		31.03.15	30.09.13
Capital expenditure		-	104.10
Revenue expenditure charged to the Profit & Loss account (excluding depreciation)		6,015.53	8,704.94
		<b>6,015.53</b>	<b>8,809.04</b>

## Notes to the Consolidated Accounts As at March 31, 2015

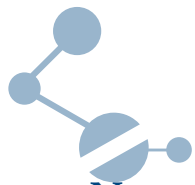
Revenue Research and Development Expenses includes :

	18 months ended	
	31.03.15	30.09.13
Power and Fuel	411.98	675.43
Consumption of Stores, Spares & Chemicals	319.81	540.43
Salaries,Wages and Bonus	3,134.75	4,183.07
Contribution to Provident & other funds	260.96	456.21
Staff Welfare	160.87	302.78
Excise duty	419.86	-
Rates & Taxes	27.50	27.81
Insurance	25.68	48.38
Postage, Telephone & Telex	10.06	22.61
Printing & Stationery	12.59	19.17
Vehicle Maintenance	7.34	14.29
Recruitment expenses	1.49	3.18
Traveling and Conveyance	18.92	36.61
Loss on Sale of Asset	14.17	10.80
Filing & Registration Expenses	180.03	249.78
Testing Charges	117.40	386.43
Consultancy & Professional Fees	723.64	1,241.70
Others	168.48	486.26
	<b>6,015.53</b>	<b>8,704.94</b>

### 38. Derivative Instruments and unhedged Foreign currency Exposure :

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

	Currency	As at 31.03.15		As at 30.09.13	
		Foreign Currency	₹ Lakhs	Foreign Currency	₹ Lakhs
i) Receivables Outstanding	USD	32,493,191	20,308.24	26,115,371	16,350.83
	EUR	1,634,560	1,098.26	1,501,080	1,271.41
	GBP	-	-	7,244	7.34
ii) Payables Outstanding	USD	16,869,095	10,544.87	11,743,476	7,352.59
	EUR	401,917	270.13	319,093	270.27
	GBP	200,650	185.62	48,718	49.36
	Others	97,057,246	163.44	97,393,549	181.67
iii) Advance Paid	GBP	73,423	67.92	146,115	148.03
	USD	25,890,238	16,183.99	36,519,041	22,864.57
	EUR	20,227,647	13,595.00	20,372,542	17,255.30
	Others	408,030	14.53	231,254	57.18
iv) Loans availed	USD	114,453,798	71,539.35	159,438,522	99,824.46



## Notes to the Consolidated Accounts As at March 31, 2015

- 39.** The financial year of the Company has been extended by 6 months vide order of the Registrar of Companies dated 25/09/2014. Consequent to the extension of financial year by six months, the profit/Loss reported above was for a period of 18 months ending on 31.03.2015.
- 40.** In July 2014 the Company has completed the Business Transfer Agreement (BTA) with Hospira Healthcare India Private Limited for the sale and transfer of Orchid's Penicillin and Penem API business and the API facility located in Aurangabad (Maharashtra) together with an associated Process R&D infrastructure located in Chennai.
- 41.** The Company has implemented the Corporate Debt Restructuring package as approved by the CDR Empowered Group (CDR EG) in July 2014. The restructuring package approved by CDR EG provided for reschedulement of the repayment of the principal amount borrowed over a period of 8 years commencing from 01/04/2015 with two years of repayment holiday, reduction in interest rate of all borrowings, carving out a portion of working capital facilities as Working Capital Term Loan, Funding of interest on restructured Termloans (two years) and working capital facilities (one year) commencing from 01/04/2013. Consequent to the reduction in interest rates, a sum of ₹4197.70 Lakhs, being the excess provision of interest made in the financials has been reversed on implementation of CDR package.
- 42.** In view of the CDR package implemented as mentioned in Note No. 41, the repayment obligations of the Company have been revised and the repayments would commence from 01/04/2015 only.
- 43.** Previous year's figures have been regrouped wherever necessary to conform to current year's classification.

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

On behalf of the Board

**T.K. Shanmugam**  
*Partner*  
M.No: 016195

**S Krishnan**  
*Director*

**K Raghavendra Rao**  
*Managing Director*

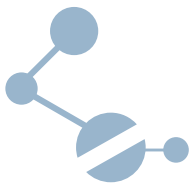
Place : Chennai  
Date : May 28, 2015

**L. Chandrasekar**  
*Executive VP - Finance & Secretary*

## Consolidated Cash Flow Statement For the eighteen months period ended March 31, 2015

₹ in Lakhs

PARTICULARS	For the 18 months ended	
	31.03.15	30.09.13
<b>A. Cash Flow from Operating Activities</b>		
Net Profit / (Loss) before taxation	(24,329.07)	(57,251.46)
Adjustment for :		
Depreciation	32,458.46	25,192.28
Dividend Income	(1.38)	(1.31)
Provision for doubtful advances	10,000.00	-
Provision for Rebates & Discounts	2,705.10	-
Loss/(Profit) on sale of Investments	-	(5,333.76)
Loss / (Profit) on sale of Fixed Assets	16.16	(4,415.33)
Expenses on Employees Stock Option Plan (ESOP)	-	70.88
Foreign Exchange Rate Fluctuations - Unrealised	5,946.03	(1,661.99)
Interest Expense	49,514.74	52,268.71
<b>Operating Profit before Working Capital Changes</b>	76,310.04	8,868.02
Adjustments for:		
Trade and other Receivables	(60,980.13)	(15,617.92)
Inventories	25,431.13	16,248.61
Trade Payables	(31,377.52)	7,318.13
<b>Cash generated from Operations</b>	9,383.52	16,816.84
Income Taxes Paid	(4,703.08)	-
Cash Flow before extraordinary item	4,680.44	16,816.84
Extraordinary item	(41,587.48)	-
<b>Net Cash from Operating Activities</b>	<b>(36,907.04)</b>	<b>16,816.84</b>
<b>B Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets	(8,367.67)	(111,597.93)
Proceeds from Sale / Deletion of Fixed Assets	121.89	7,672.33
Investments in Associates	-	(13.63)
Profit on sale of Investments in Joint Venture Company	-	5,333.76
Dividends received	1.38	1.31
<b>Net cash used in Investing Activities before Extra-ordinary items</b>	(8,244.40)	(98,604.16)
Proceeds from Sale of Undertaking	141,610.00	-
<b>Cash flow from Investing Activities after Extra-ordinary items</b>	<b>133,365.60</b>	<b>(98,604.16)</b>



## Consolidated Cash Flow Statement (Contd.) For the eighteen months period ended March 31, 2015

₹ in Lakhs

PARTICULARS	For the 18 months ended	
	31.03.15	30.09.13
<b>C. Cash Flow from Financing Activities</b>		
Proceeds from issuance of Share Capital ( net of expenses )	7,373.80	16.62
Proceeds from /(Repayment)Working Capital Borrowings	10,566.56	73,339.94
Proceeds from Long Term Borrowings	-	36,775.64
Repayment of Long Term Borrowings	(48,421.28)	(17,346.71)
Repayment of Working Capital Borrowings	(20,777.69)	-
Proceeds from Short Term Borrowings (Unsecured)	6,571.76	8,999.95
Interest paid	(15,057.56)	(35,347.47)
<b>Net cash from Financing Activities</b>	<b>(59,744.41)</b>	<b>66,437.97</b>
<b>D. Net Increase in Cash and Cash equivalents</b>	<b>36,714.15</b>	<b>(15,349.35)</b>
<b>Cash and Cash equivalents at the beginning of period</b>	<b>2,342.35</b>	<b>17,691.70</b>
<b>Cash and Cash equivalents at the end of period</b>	<b>39,056.50</b>	<b>2,342.35</b>

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

On behalf of the Board

**T.K. Shanmugam**  
Partner  
M.No: 016195

**S Krishnan**  
Director

**K Raghavendra Rao**  
Managing Director

Place : Chennai  
Date : May 28, 2015

**L. Chandrasekar**  
Executive VP - Finance & Secretary

## Statement pursuant to Section 212 of the Companies Act, 1956, relating to subsidiary companies

Sl. No.	Particulars	Orchid Europe Limited United Kingdom	Orchid Pharmaceuticals Inc., and Subsidiaries USA	Bexel Pharmaceuticals Inc., USA	Orchid Pharmaceuticals SA (Proprietary) Limited South Africa	Diakron Pharmaceuticals Inc, USA
		Oct 13 - March 15	Oct 13 - March 15	Oct 13 - March 15	Oct 13 - March 15	Oct 13 - March 15
		£	US \$	US \$	South African Rand	US \$
		₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs
1	Capital	10,000	100	35,895	303,638	-
2	Reserves	376,771	(7,000,823)	(5,374,623)	(305,811)	(1,321,469)
3	Other Liabilities	126,752	9,620,028	5,656,040	3,825	1,847,127
4	Total Liabilities	513,522	2,619,305	317,312	1,652	525,658
5	Total Assets	513,522	2,619,305	317,312	1,652	525,658
6	Details of investment	--	--	--	-	-
7	Turnover	1,234,166	5,498,378	47,000	-	-
8	Profit/(Loss) before Taxation	786,239	(988,928)	(148,512)	(1,220)	(886,139)
9	Provision for Taxation	31,803	-	-	-	-
10	Profit/(Loss) after Taxation	754,436	(988,928)	(148,512)	(1,220)	(886,139)
11	Proposed Dividend	-	-	-	-	-
12	Dealt with or provided for in the accounts of the holding company					
	a) Net aggregate of the profit/(loss) for the current period of the subsidiary	Nil	Nil	Nil	Nil	Nil
	b) Net aggregate of the profit/(loss) for previous financial years of the subsidiary	Nil	Nil	Nil	Nil	Nil
13	Not dealt with or provided for in the accounts of the holding company					
	a) Net aggregate of the profit/(loss) for the current period of the subsidiary	697.93	(618.18)	(92.84)	(0.07)	(553.93)
	b) Net aggregate of the profit/(loss) for previous financial years of the subsidiary	283.94	(2,323.99)	(103.35)	(0.54)	(636.11)

i) Indian equivalent of figures have been arrived at by applying the year end rate 1£ = ₹92.51, 1 South African Rand = ₹5.35 and 1US\$ = ₹62.51 and do not form part of the reports of Orchid Europe Limited, Orchid Pharmaceuticals Inc., Bexel Pharmaceuticals Inc., Orchid Pharmaceuticals SA (Proprietary) Limited and Diakron Pharmaceuticals Inc.

ii) Holding Company's interest is as stated in Notes to accounts no. 39(a).

iii) Shares held by the holding company in the subsidiary are as stated in note no.13 of the audited accounts

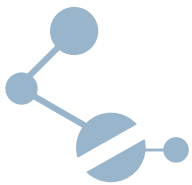
On behalf of the Board

**S Krishnan**  
Director

**K Raghavendra Rao**  
Managing Director

**L. Chandrasekar**  
Executive VP - Finance & Secretary

Place : Chennai  
Date : May 28, 2015



## KEY FINANCIAL PARAMETERS

₹ in Lakhs

S.No	Particulars	2013-15 (18 Months)	2012-13 (18 Months)	2011-12 (12 Months)	2010-11 (12 Months)	2009-10 (12 Months)
<b>1)</b>	<b>Financial Results Summary:</b>					
a	Total Sales & Operating Income	173,619.46	190,658.45	173,633.06	166,334.50	124,983.46
b	Other income	4,237.47	3,976.94	5,581.17	4,879.96	980.00
c	Total Income	177,856.93	194,635.39	179,214.23	171,214.46	125,963.46
d	Operating Expenditure	141,633.49	177,673.75	138,041.30	131,481.13	142,254.67
e	Earnings before Interest, Depreciation, Tax, Exceptional & Extra-ordinary items	36,223.44	16,961.64	41,172.93	39,733.33	(16,291.21)
f	Depreciation	32,137.24	24,386.87	14,905.56	12,845.43	15,110.38
g	Interest	53,700.87	52,038.06	17,905.29	11,576.50	24,123.31
h	Earnings before Tax, Exceptional & Extra-ordinary items	(49,614.67)	(59,463.29)	8,362.08	15,311.40	(55,524.90)
i	Exceptional (income)/ Expenditure	15,726.30	(5,111.08)	8,388.14	(2,069.09)	-
j	Earnings before Tax, & Extra-ordinary items	(65,340.97)	(54,352.21)	(26.06)	17,380.49	(55,524.90)
k	Tax	(19,175.17)	(1,329.56)	(2,337.22)	1,432.13	12,871.43
l	Earnings before Extra-ordinary items	(46,165.80)	(53,022.65)	2,311.16	15,948.36	(68,396.33)
m	Extra-ordinary (Gains)/ Loss	(27,061.78)	-	(8,000.00)	-	(101,530.29)
n	Net Profit / (Loss)	(19,104.02)	(53,022.65)	10,311.16	15,948.36	33,133.96
<b>2)</b>	<b>Profitability Ratios:</b>					
a	EBITDA Margin - %	21%	9%	24%	24%	-13%
b	Net Profit Margin - %	-11%	-28%	6%	10%	27%
<b>3)</b>	<b>Share holder related:</b>					
a	EPS - Basic - Rs/Share	(26.11)	(75.26)	14.64	22.64	47.04
b	Net worth	43,939.84	48,816.54	114,630.96	113,402.48	97,963.49

# Corporate Information

## Board of Directors

**Shri K N Venkatasubramanian**

*Chairman & Independent Director*

**Shri K Raghavendra Rao**

*Managing Director*

## Directors

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

## Management Team

<b>Dr B Gopalan</b>	<i>Executive Director- Chief Scientific Officer</i>
<b>Ms Edna Braganza</b>	<i>Chief Operating Officer – API</i>
<b>Shri V Vijayendran</b>	<i>Chief Executive – Domestic Formulations</i>
<b>Shri S Mani</b>	<i>President – Process Research, HR, SHE &amp; CSR</i>
<b>Shri L Chandrasekar</b>	<i>Executive VP - Finance &amp; Secretary</i>
<b>Dr U P Senthil Kumar</b>	<i>Senior Vice President – Process Research</i>
<b>Dr Surya Kumar J</b>	<i>Senior Vice President – Formulation Development</i>
<b>Shri Deepak M B Nayyar</b>	<i>Vice President – Domestic Formulations</i>
<b>Shri Sampath Parthasarathy</b>	<i>Vice President – Domestic Formulations</i>
<b>Shri A Suresh Babu</b>	<i>Head – Corporate Affairs</i>

## Auditors

### Statutory Auditors

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

### Cost Auditors

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

## Banks/Financial Institutions

Allahabad Bank	Central Bank of India	IDBI Bank Ltd	SICOM Ltd.
Andhra Bank	City Union Bank	IFCI Ltd	State Bank of Hyderabad
AXIS Bank	Deutsche Bank	Indian Bank	State Bank of India
AfrAsia Bank Ltd	Edelweiss Asset Reconstruction Company Limited	Indian Overseas Bank	State Bank of Mysore
Bank of Baroda	Exim Bank	ING Vysya Bank (currently known as Kotak Mahindra Bank)	State Bank of Travancore
Bank of India	ICICI Bank Ltd	Punjab National Bank	Union Bank of India
Canara Bank			





S h a p i n g   A   D r e a m

**Regd. Office :** 'Orchid Towers'

313, Valluvar Kottam High Road, Nungambakkam  
Chennai 600034, India

Tel : (91)-44-28211000, Fax : (91)-44-28211002

CIN: L24222TN1992PLC0222994

e-mail: [corporate@orchidpharma.com](mailto:corporate@orchidpharma.com)

Website: [www.orchidpharma.com](http://www.orchidpharma.com)

Health portal: [www.healthorchid.com](http://www.healthorchid.com)