

(Under Corporate Insolvency Resolution Process)

December 06, 2019

National Stock Exchange of India Ltd
Listing Department
Exchange Plaza, 5th Floor, Plot No: C/1,
G - Block, Bandra - Kurla Complex,
Bandra (East),
Mumbai – 400 051
NSE Symbol: ORCHIDPHAR

BSE Limited
Corporate Relationship Department
1st floor, New Trading Ring
Rotunda Building, P J Towers
Dalal Street, Fort
Mumbai - 400 001
BSE Code: 524372

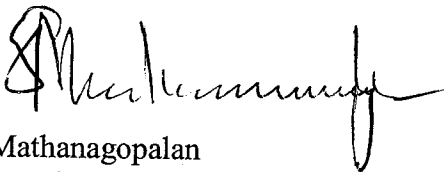
Sub: Annual Report for the Financial Year 2018-19 cum NOTICE OF 26th Annual General Meeting 2019

Dear Sir/Madam

Pursuant to Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the Annual Report cum Notice of 26th Annual General Meeting of the Company for the financial year 2018-19.

Thanking you,

Yours faithfully,



S Mathanagopalan
General Manager-Finance


Encl.: a/a





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 our other statements-written and oral- that we periodically make contain forward looking statements that set out anticipated results based on the management plans and the 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 decision 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, where as a result of new information, future events or otherwise.



Corporate Information

Board of Directors

Shri K Raghavendra Rao
Managing Director

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IDBI Bank Ltd has withdrawn his Nomination w.e.f 18.09.2018

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

Resolution Professional

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

Management Team

Ms Edna Braganza <i>Retired on 31.10.2019</i>	Chief Operating Officer
Shri S Mani	President - API, CSR & SH & E
Shri L Chandrasekar <i>Retired on 30.06.2019</i>	Executive VP - Finance & Company Secretary
Dr U P Senthil Kumar	Senior Vice President - Process Research
Dr J Surya Kumar <i>Resigned on 30.09.2019</i>	Senior Vice President - Pharma Research & Manufacturing
Shri A Suresh Babu	Head - Corporate Affairs
Dr R J Sarangdhar	Senior General Manager - Manufacturing

Auditors

Statutory Auditors

CNGSN & Associates LLP
Chartered Accountants
Flat No.6, Vignesh Apartments, North
Avenue, Srinagar Colony,
Chennai - 600 015.
Tamil Nadu, India

Secretarial Auditors

S Dhanapal & Associates
Practicing Company Secretaries
Suite No. 103, First Floor, Kaveri Complex,
No. 96/104, Nungambakkam High Road
Nungambakkam, Chennai – 600 034.
Tamil Nadu, India

Cost Auditors

Shri J Karthikeyan
Cost Accountant
No.16, Muthalamman Kovil Street,
Selayur, Chennai - 600 086.
Tamil Nadu, India

Banks / Financial Institutions

Allahabad Bank	City Union Bank	IFCI Ltd	State Bank of India
Andhra Bank	Deutsche Bank	Indian Bank	Union Bank of India
AXIS Bank	Edelweiss Asset Reconstruction Company Limited	Indian Overseas Bank	
AfrAsia Bank		Kotak Mahindra Bank	
Bank of Baroda	Exim Bank	Punjab National Bank	
Bank of India	ICICI Bank		
Canara Bank	IDBI Bank		



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Board's Report

Dear Members,

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

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

The Hon'ble NCLT had approved the Resolution plan of Ingen Capital Group LLC, USA ("Resolution Applicant") approved by the Committee of Creditors (CoC) vide its order dated September 17, 2018. Later, the Resolution Applicant had failed to infuse the funds within the stipulated timelines. The Resolution Applicant was unable to bring the amount payable to the Financial Creditors as directed by the Hon'ble NCLT vide its orders dated September 17, 2018, October 10, 2018 & November 02, 2018.

Further, to the non-receipt of any response from the Resolution Applicant towards implementation of the resolution plan, the Resolution Professional (on behalf of the CoC) had filed an application on November 30, 2018 wherein the Hon'ble NCLT was requested to annul the Resolution Plan of the Resolution Applicant and reinstate the Resolution Professional and CoC to ensure the running of Orchid Pharma Limited ("the Company") as a going concern. In addition, additional time was sought to attempt at a fresh process, vide Hon'ble National Company Law Appellate Tribunal, New Delhi (NCLAT). The Matter has been remitted back to Hon'ble NCLT to consider any other viable plan, if available. It will be open to the RP to Place it before CoC and thereafter before the Adjudicating Authority for necessary orders.

The Hon'ble NCLT has vide its Order dated February 28, 2019 issued the following directions:

- ◆ The approved resolution plan of Ingen Capital Group LLC vide Hon'ble NCLT's order dated 17th September 2018 has been annulled as the resolution applicant has failed to implement the approved resolution plan.

- ◆ The period for Corporate Insolvency Resolution Process has been extended by 105 days considering the time lost from the date of EOI till the date of annulment of the approved resolution plan submitted by Ingen Capital Group LLC, USA
- ◆ The RP and the CoC are reinstated and will discharge their functions as before during this CIRP period.

Pursuant to the order of the Hon'ble NCLT dated 28th February 2019, the RP invited EOI on 4th March 2019. The last date for submission of EOI was 19th March 2019, which further got extended to 25th March 2019, after approval of CoC. The RP / Bid Process Advisor briefed the CoC members on the list of eligible EOI applicants and the list of ineligible EOI applicants as on date.

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

With this backdrop, RP and the Board take pleasure in presenting the report on business and operations of your Company along with the audited statement of accounts (Standalone and Consolidated) for the financial year ended March 31, 2019.

Financial summary / Performance /State of Company's affairs

The highlights of the standalone financial results for the year 2018-19 as per the IND AS are given below:-

Particulars	IND-AS (Rs.in Crores)	
	Year ended 31.03.2019	Year ended 31.03.2018
Sales & Operating Income	583.65	649.00
Other Income	16.93	19.87
Total Expenditure	596.34	635.40
Gross profit	4.24	33.47
Interest & Finance Charges	0.30	301.65
Gross Profit after Interest but before Depreciation and Taxation	3.94	(268.18)
Depreciation	129.93	133.29
Profit / (Loss) before Tax, and extraordinary items	(125.99)	(401.47)
Exceptional items – [Income / (Expenditure)]	24.94	-
Profit / (Loss) Before Tax	(101.05)	(401.47)
Current & Deferred Tax	-	(46.19)
Profit /(Loss) after Tax	(101.05)	(355.28)
Other Comprehensive Income (OCI)	0.90	0.74
Net Profit / (Loss) for the period including OCI	(100.15)	(354.52)

During the financial year 2018-19, your Company achieved a turnover and operating income of Rs. 583.65 crores (Rs.649 crores in 2017-18). The gross profit before interest, depreciation and taxes stood at Rs. 4.24 crores (Rs. 33.47 crores in 2017-18). After providing for interest expense of Rs. 0.30 crores (Rs.301.65 crores in 2017-18), depreciation of Rs. 129.93 crores (Rs. 133.29 crores in 2017-18), Exceptional item of Rs. 24.94 crores (Nil in 2017-18), the Loss before tax of the Company was Rs. 101.05 crores (Rs. 401.47 crores (Loss) in 2017-18). The net loss after tax including Other Comprehensive Income stood at Rs. 100.15 crores (Rs. 354.52 crores (Loss) in 2017-18).

Business Overview

During the financial year 2017-18, i.e. in August 2017, due to non-payment of the dues of an operational creditor, your Company was admitted in the insolvency resolution process as per the IBC 2016 by Hon'ble NCLT, Chennai.

During the financial year 2018-19, your Company continued to reel under financial stress and the performance of the Company was affected due to liquidity constraints, which had an impact on the net profits of the Company. Despite the tough liquidity and working capital constraints, your Company managed to sustain sales of Rs.584 crores with a lower EBIDTA.

Future Prospects

It is now four years since the restructuring of the debt and more than two years since the CIRP. The CIRP is still in Progress as on the Balance Sheet date. (Refer Addendum to Board's Report.)

Your Company has been extremely fortunate to have the full support of its Lenders, Employees, Vendors and Customers during the financially stressed period. Although, huge efforts are required towards regaining the confidence of various Stakeholders, your Company is hopeful and confident of accomplishing improved sales and EBIDTA during the course of time.

Management Discussion and Analysis report

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

Corporate Governance Report and Additional Shareholder's information

A report on the Corporate Governance systems and practices of your Company along with a certificate of compliance from the Practising Company Secretary is given in Annexure IV which forms part of this report

Audit Committee

The reconstitution of the Board as well as the Audit Committee is pending due to the ongoing CIRP.

Adequacy of Internal Financial Control System

The Internal Financial Control over Financial Reporting System are existing and operative, however based on the observations of the auditors, the Company is further strengthening the Internal Financial Control systems over financial reporting.

Regulatory Filings and Approvals

In the generic formulations domain, Orchid's cumulative Abbreviated New Drug Application (ANDA) filings for the US market stood at 46. This includes 8 Para IV FTF (First-To-File) filings. The break-up of the total ANDA filings is 13 in Cephalosporins segment and 33 in NPNC space.

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 and 48 in NPNC segment. In European market space the cumulative filings of COS (Certificate of Suitability) count remained at 19 which includes 14 in cephalosporin segment, 5 in NPNC segment. In Japan market, the cumulative filings of JDMFs count remained at 7 only in Cephalosporin segment.

Intellectual Property Rights

During the year, Orchid continued to take forward the IPR work on a number of products. The total number of patent applications filed by Orchid in various national and international patent offices so far was 215 including Process, Formulation, New Chemical Entities (NCE), Novel Drug Delivery System (NDDS), Biotech and Generics. As of March 31, 2019, 25 patent applications have been published while 181 patents have been granted cumulatively.

The number of patent applications filed by Orchid from April 01, 2018 to March 31, 2019 is 23 (Including Process, Formulation, NCE, NDDS, Biotech and Generics) out of which 7 patent applications have been published and 10 patents granted.

Dividend & Reserves


In view of the net loss incurred during the financial year ended March 31, 2019, the RP / Board does not recommend any dividend to the shareholders of the Company. Also, no amount has been transferred to reserves.

Issue of Equity Shares

During the financial year 2018-19, your Company has not issued any fresh Equity Shares.

Employees Stock Option Plan

The Employee stock options plans have already been lapsed. The details of options granted to employees under the ORCHID ESOP 2010, ORCHID ESOP – DIRECTORS 2011, Orchid ESOP



– Senior Management 2011 schemes is available on the website of the Company www.orchidpharma.com

Subsidiaries

Bexel Pharmaceuticals Inc., USA (Bexel)

Bexel was incorporated basically to conduct Research & Development activities in new drug discovery segment. The current Bexel IP portfolio is being maintained by Global IP Unit of your Company.

Orchid Pharmaceuticals Inc., USA

Orchid Pharmaceuticals, Inc. is a wholly owned Delaware based subsidiary of your Company and also the holding company in the United States, under which all the operational business subsidiaries have been structured. The Company currently has two operating Subsidiaries, namely Orgenus Pharma Inc., and Orchid Pharma Inc., in the US. Orgenus Pharma Inc. is the entity that provides all business development and operational services for the parent Company including the initiation of marketing alliances with partner companies. It continues to represent your Company for all matters relating to the review and approval of such filings by the FDA, and handling of logistics and product importation into the US as the Importer of Record for the US Customs. Orchid Pharma Inc., is the commercial entity that started direct marketing and selling your Company's products in the US generics market place. Orchid Pharma Inc. has established a strong corporate image for your Company in the US and will be launching all future (unpartnered) generics products under the Orchid label.

Diakron Pharmaceuticals Inc., USA

Orchid's stake in Diakron has been a part of the 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.

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

One of the Subsidiary Companies contributed 3.62% of the consolidated sales of the Company. The Company accesses the US market through this subsidiary and expects strong growth in the US market in the years to come either through its wholly owned subsidiary or directly. The R&D subsidiaries of the Company are used for carrying out Research & Development of selected molecules, having good potential. Your Company has a subsidiary for holding Product registrations and approvals in Europe.

Consolidated Financial Statements

Pursuant to Section 129(3) of the Companies Act, 2013, the Consolidated Financial Statements presented by the Company include the financial statements of its subsidiaries. Further, a statement containing the salient features of the financial statements of the subsidiaries of the Company in the prescribed form AOC-1 is given in Annexure – VII & forms part of this report.

Key & Senior Managerial Personnel

Shri. K Raghavendra Rao (DIN: 00010096), Managing Director and Shri. L Chandrasekar, CFO & Company Secretary are the Key Managerial Personnel of the Company as per Section 203 of the Companies Act, 2013. Ms. Edna Braganza, Chief Operating Officer and Mr. S Mani, President are part of the Senior Management Team.

Extract of Annual Return

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

Board / RP Meetings held during the year

After the commencement of the CIRP on August 17, 2017, Board Meetings have not taken place as the Powers of the Board remained suspended and entrusted to the Resolution Professional appointed by the Hon'ble NCLT. During CIRP, RP had convened meetings with the Senior Management, KMP and with the existing Board members.

The details of the RP meetings and the CoC Meetings held during the FY 2018-19 are furnished in the Corporate Governance Report forming part of this report.

Board's Responsibility Statement

Members may kindly note that during the CIRP Process (i.e. after August 17, 2017 and continuing till the date of this Report), the RP was entrusted with the management of the affairs of the Company.

Prior to the Insolvency Commencement Date, the Board of Directors had the oversight on the management of the affairs of the Company. The RP along with the Managing Director is submitting this report. The RP is not to be considered responsible to discharge fiduciary duties with respect to the oversight on financial and operational health of the Company and performance of the management for the period prior to the commencement of CIRP.

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

- a). that in the preparation of the annual accounts for the financial year ended March 31, 2019, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b). that RP has continued with such accounting policies as were adopted on CIRP date, made judgments and estimates that are reasonable and prudent so as to give a reasonably true and fair view of the state of affairs of the Company at the end of the financial year ended March 31, 2019 and of the profit or loss of the Company for that period;
- c). that the annual accounts for the financial year ended March 31, 2019 have been prepared on a going concern basis as explained herein above in the preamble;
- d). that proper systems which have been devised to ensure compliance with the provisions of applicable laws are adequate and operating; and
- e). that Internal financial controls which were laid down and followed by the company on the date of CIRP, along with the necessary steps and changes in the Management Structure that have been taken to improve the internal financial controls during CIRP are operating effectively.
- f). that proper and sufficient care has been taken care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safe guarding the assets of the Company and for preventing and detecting fraud and other irregularities.

Nomination & Remuneration policy

This Policy lays down standards with respect to the appointment, remuneration and evaluation of Senior Management Personnel, Directors and Key Managerial Personnel of the Company. The Policy is available on the website of the Company and the web-link for the same is http://www.orchidpharma.com/downloads/NOMINATION_AND_REMUNERATION_POLICY.pdf

Appointment and Remuneration of Non- Executive Directors

The Criteria for determining independence of a director are based on the academic accomplishments, qualifications, expertise and experience in their respective fields, diversity of the Board, global exposure, professional network, technical expertise, functional domain expertise, independence and innovation. The Independent Directors of your Company have given declarations to the Company under Section 149 (7) of the Act that, they meet the criteria of independence as provided in Section 149 (6) of the Act and also under the Listing Regulations, 2015.

Non-Executive Directors are entitled to receive sitting fees for attending the meetings of the Board or Committee thereof, as approved by the Board and within the overall limits prescribed under the Companies Act, 2013 and rules thereunder.

Related Party Transaction Policy

Your Company has framed a Related Party Transaction Policy in compliance with Section 177 of the Companies Act 2013 and Regulation 23 of Listing Regulations 2015, in order to ensure proper reporting and approval of transactions with related parties. The Policy is available on the website of the Company and the web-link for the same is <http://www.orchidpharma.com/downloads/RELATED-PARTY-TRANSACTION-POLICY.pdf>


All the transactions entered with the related parties were in ordinary course of business and are on arm's length basis. The particulars of contracts or arrangements with the related parties under Section 188(1) are disclosed in Form AOC-2 which is given in Annexure – VIII, forming part of this report.

Corporate Social Responsibility (CSR)

Pursuant to the provisions of Section 135 and Schedule VII of the Companies Act, 2013, the Company had constituted the CSR Committee to recommend: (a) the policy on CSR and (b) implementation of the CSR Projects or Programs to be undertaken by the Company as per CSR Policy for consideration and approval by the Board of Directors. The details of the composition of the CSR committee are disclosed in the Corporate Governance report.

The Board has approved the CSR policy and the same is available on the website of the Company and the web-link for the same is <http://www.orchidpharma.com/downloads/Orchid%20CSR%20Policy-approved.pdf>

Since the Company did not have any profits for the last three financial years, the Company is not mandatorily required to contribute towards CSR activities. However, your Company has undertaken the CSR activities voluntarily on Education, Health,



Youth development, Women Empowerment, Community assets creation (Infrastructure Development), Tribal development, Environment & Renewable energy programmes during the financial year 2018-19 through "Orchid Trust".

Material changes and commitment, if any, affecting financial position of the Company from the end of Financial Year and till the date of this Report

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

Conservation of Energy

Your Company has always been striving in the field of energy conservation. Certain measures to conserve energy and to reduce associated costs were taken in a small way during the fiscal under review. The particulars in respect to conservation of energy as required under Section 134 (3) (m) of the Companies Act, 2013, are given in Annexure I to this report.

Technology Absorption

The particulars in respect of R&D/Technology absorption as required under Section 134 (3) (m) of the Companies Act, 2013, are given in Annexure II to this report.

Foreign Exchange Earnings and Outgo

The particulars in respect of Foreign Exchange Earnings and Outgo as required under Section 134 (3) (m) of the Companies Act, 2013 are given in Annexure III to this report.

Risk Management Policy

The details and the process of Risk Management as were implemented in the Company are provided as part of Management Discussion and Analysis which forms part of this Report.

Annual evaluation of Board, its Committees and individual Directors

Pursuant to the ongoing CIRP, the powers of the Board of Directors stands suspended from August 17, 2017. Accordingly, the Annual evaluation of Board, its committees and individual directors as required under Section 134 (p) could not be carried out.

Change in the Nature of Business:

There is no change in the nature of business carried on by your company during the financial year ended 31st March 2019.

Details regarding deposits, covered under Chapter V of the Act

During the Financial Year 2018-19, your company did not accept any deposits within the meaning of the provisions of Chapter V –

Acceptance of Deposits by Companies read with the Companies (Acceptance of Deposits), Rules 2014 and as such, no amount of principal or interest was outstanding as of the balance sheet date.

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

In view of pendency of the CIRP, and in view of suspension of the powers of board of directors, the powers of approval of this standalone & consolidated financial results vests with the RP. The RP as relied upon the representations, clarifications and explanations provided by the Managing Director, Chief Financial Officer and Senior Management Personnel of the Company. During CIRP, there have been no significant nor material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations. (Refer Addendum to Board's Report).

Vigil Mechanism (Whistle Blower Policy)

Your Company has established a vigil mechanism that enables the Directors & the Employees report genuine concerns. The Company encourages its employees who have concerns about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct to come forward and express their concerns without fear of punishment or unfair treatment. The committee affirms that in compliance with the Whistle Blower Policy / Vigil Mechanism no personnel had been denied access to the Audit Committee / RP. The Policy is available on the website of the Company and the web link for the same is <http://www.orchidpharma.com/downloads/whistle-blower-policy.pdf>.

Policy for determining material subsidiaries

Your Company has framed a Policy for determining material subsidiaries in compliance with Regulation 16 (1) (c) of the Listing Regulations, 2015, in order to determine the material subsidiaries of the Company. The Policy is available on the website of the Company and the web link for the same is http://www.orchidpharma.com/ir_downloads.aspx

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

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. Grievance Redressal Cell within the Human Resource Department has been set up to redress complaints regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy. The Company has not received complaints on sexual harassment during the financial year ended 31st March, 2019.

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

Environment

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

Waste Water Treatment:

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

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

Safety

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

Process safety management is another key area, being a pharma sector. The company also realized the need of effective safety communication in culture building activity / exercise. This is backed up by periodical safety talks, Safety Posters and Interactive

discussions. Orchid also believes continuous learning is the critical element in Safety Management. Hence, various training programs have been conducted in the year 2018-19 to reinforce the safe behaviour and also to enhance the necessary skills to perform the job safely.

Particulars of Employees and Remuneration

The Information as required pursuant to Section 197 (12) of the Act read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are given in Annexure V to this report.

A statement showing names and other particulars of the employees drawing remuneration in excess of the limits prescribed under rule 5(2) of the rules forms part of this Report. However, as per provision of Section 136 of the Act, the report and accounts are being sent to the members, excluding the aforesaid information which is available for inspection by the members at the registered office of the company during business hours on working days of the company. If any member is interested in obtaining a copy, such member may write to the Company Secretary.

Particulars of Loans, Guarantees or investments under Section 186 of the Companies Act, 2013

Particulars of Loans, Guarantees or investments as required under Section 186 of the Companies Act, 2013 are given in Notes. 7, 8, 9 & 45 to standalone Financial Statements.

Green Initiative


To augment the green initiative of the MCA and to reduce carbon foot print, your Company proposes to send various communication including the Annual Reports in electronic form, to the members who have opted for the same. This would help in reducing the number of physical copies to be printed, thereby contributing to a greener environment. The full text of the Annual Report 2018-19 is available at www.orchidpharma.com. As a member of the Company, you are entitled to receive all such communications in physical form, upon request.

Directors

Reappointment of Directors and Resignations

During the year under review, SBI and IDBI withdrew their nomination on the Board and accordingly Smt Soundara Kumar, Nominee Director-SBI and Shri Ramakrishna Eda, Nominee Director-IDBI resigned with effect from September 10, 2018 and September 18, 2018 respectively.

RP /Board wish to record its appreciation for the services rendered and the professional guidance given by Smt Soundara Kumar,



Nominee Director-SBI and Shri Ramakrishna Eda, Nominee Director-IDBI to the Board from time to time during their tenure.

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

No Director will retire by rotation pursuant to the ongoing CIRP at the ensuing AGM.

Statutory Auditors:

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

The resolution seeking approval for remuneration to M/s. CNGSN & Associates LLP, Chartered Accountants, the Statutory Auditors of the Company for the four financial years from 2018-2019 to 2021-2022 has been obtained at the 25th AGM held on December 12, 2018.

Auditors' Report

Explanation to the Audit qualifications

The explanation to the Audit Qualifications for the financial year ended March 31, 2019 are given in Annexure IX to this report.

Secretarial Auditor:

Pursuant to Section 204 of the Companies Act, 2013 and the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014, M/s S Dhanapal Associates (a firm of Practising Company Secretaries), Practising Company Secretary were appointed to conduct the secretarial audit of your Company for FY 2018-19. The secretarial audit report for the fiscal year March 31, 2019 is attached herewith as "Annexure VI".

Cost Audit

The Central Government has prescribed that an audit of the cost accounts maintained by the Company in respect of Bulk Drugs and Formulations be conducted under Section 148 of the Companies Act, 2013. Consequently, your Company had appointed Shri J Karthikeyan as Cost Auditor for the FY 2018-19, for the audit of the cost accounts maintained by the Company in respect of both Bulk Drugs and Formulations. (Refer Addendum to Board's Report.)

Acknowledgements

The Board / RP 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 during the CIRP and for their wholehearted mandate

for approving a resolution plan and for the revival of the Company's businesses.

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

RP, the Board and the Management acknowledge and are thankful to the employees who stayed with the Company during this crucial period and for their contributions, during CIRP.

K.Raghavendra Rao

Managing Director

DIN: 00010096

Shri Ramkumar S V

(IP Registration No.IBBI/IPA-001/IP-

P00015/2016-17/10039)

Resolution Professional

Place : Chennai

Date : June 03, 2019



Addendum to Board's Report

Update on Corporate Insolvency Resolution Process

The Resolution Professional (RP) had received 3 resolution plans from Prospective resolution applicants for resolution of the Corporate Debtor on 17th May 2019. The resolution plans were opened on the same day and are found to be in compliant with Section 29A of the Insolvency and Bankruptcy Code. The RP, Bid Process Advisor and Committee of Creditors (CoC) had discussed in detail about the resolution plans received and the timeline for approval by CoC and the filing of approved resolution with the Hon'ble NCLT.

The CoC after considering the resolution plans received and after negotiating with the three resolution applicants decided to declare the H1 Bidder on 30th May 2019.

The RP submitted the resolution plan of the H1 Bidder to the Adjudicating Authority after the approval of the Committee of Creditors.

The Resolution was voted in favour by CoC with 67.07% voting share. However, an email from one of the CoC members (Punjab National Bank (International) Ltd.) was received asking for a change in their e-voting for the above-mentioned resolution to dissenting and once this change is considered, the voting received for the Resolution Plan will be 65.53% (the required percentage of voting is 66%).

Based on the legal advice received by RP, the RP filed the Resolution Plan with the Hon'ble NCLT on June 13, 2019 for consideration and to pass necessary orders by the Adjudicating Authority. The Resolution plan submitted by Dhanuka Laboratories Limited ("Resolution Applicant") as approved by the CoC has been approved at the hearing held on 25th June 2019 by the Hon'ble NCLT, Chennai Bench (NCLT) vide its order dated June 27, 2019.

In terms of the Approved Resolution Plan, the Monitoring committee has been constituted which is responsible for carrying out the obligations of the Board of Directors of the Company ("Board") and to manage and control the affairs of the Company. Further, the Monitoring Committee has passed a resolution and fixed the Record date for Reduction of Equity Share capital of the Company as July 27, 2019 for the purpose of determining the eligible shareholders whose shares shall stand reduced, pursuant to the Approved Resolution Plan. The company had intimated record

date to BSE Ltd & National Stock Exchange of India Ltd on July 17, 2019. The Trading of Company's Equity share got suspended with effect from July 25, 2019. One of the unsuccessful bidder filed an application before the Hon'ble NCLT seeking to consider their Resolution plan by the RP and Committee of Creditors which was dismissed by the Hon'ble NCLT on June 27, 2019. Pursuant to the said order of dismissal, the said Unsuccessful bidder preferred an appeal before the Hon'ble National Company Law Appellate Tribunal (NCLAT) and the Hon'ble NCLAT, New Delhi on July 26, 2019 stayed the order dated 27.06.2019 passed by the Hon'ble NCLT, Chennai. Due to this, the corporate action as envisaged as per the approved Resolution Plan of Dhanuka Laboratories Limited could not be implemented. The matter was heard in August 2019 by Hon'ble NCLAT and on November 13, 2019 the NCLAT set aside the order passed by the Hon'ble NCLT, Chennai approving the Resolution plan and remitted the matter back to Hon'ble NCLT, Chennai for a decision in accordance with law. One of the financial creditor has filed an appeal against the order of Hon'ble NCLAT dated November 13, 2019 before the Hon'ble Supreme Court bearing appeal no. 9036/2019.

Cost Audit Report

The Cost Audit Report was taken on record by RP at the meeting held on November 14, 2019. The Company is in the Process of filing the Cost Audit Report. The Due date for filing of Cost Audit Report for the financial year 2018-19 has been extended to December 31, 2019 vide MCA circular dated October 24, 2019.

K.Raghavendra Rao

Managing Director

DIN: 00010096

Shri Ramkumar S V

(IP Registration No. IBBI/IPA-001/IP-

P00015/2016-17/10039)

Resolution Professional

Place : Chennai

Date : December 03, 2019



Management Discussion and Analysis

Global Pharmaceutical Industry Outlook

In 2019, more than 50% of global industry respondents believe that drug pricing and reimbursement constraints will have the greatest negative impact on the pharmaceutical sector. (Global Data Pharma's 2019 industry outlook survey). Aggressive payer negotiations and discounts, and generic and biosimilar competition, are hindering pharma companies' revenue growth and profitability. Biosimilars are cost effective that have huge market potential. The growth of the biotechnology industry in recent years is unprecedented, and advancements in molecular modelling, disease characterization, pharmaceutical discovery, and clinical healthcare fundamentally impact economic and social issues worldwide. As a result, with people confidence and development of biotechnology, bioinformatics also reached to new heights among all the biological sciences. By using bioinformatics in research, many long term projects are turned up so fast. As per industry estimates, the total expenditure on healthcare in these markets is likely to grow from USD 205 billion to USD 499 billion by 2020 with most markets expected to grow at double digit rates. Global health spending is on the rise. The compound annual growth rate (CAGR) for health care spending across 60 countries is predicted to increase 5.4 percent for the period 2018–2022, compared to just 2.9 percent over 2013–2017.

Indian Pharmaceutical Industry Outlook

The Indian pharmaceuticals has established itself as a global manufacturing and research hub. The industry has played a key role in driving better health outcomes across the world through its affordable and high-quality drugs. The Indian Pharmaceuticals Industry (IPI) saw a recovery during the first half of financial year 2019 compared to the corresponding period a year ago. It is expected that the upward momentum in exports to continue in the coming years with favourable Government policies such as reduction in Corporate Tax rates, rationalizing GST rates and Procedures and emphasized focus on Pharmaceutical industry under Make in India 2.0. Pharma exports are expected to grow by 8%-10%, during financial year 2020. The increase in exports will be backed by higher exports to pharmerging nations and other nations. A stabilising price erosion environment is likely to aid pharma exports to USA. Moreover, the need for affordable healthcare and rising per capita incomes in pharmerging nations are likely to support exports of branded generics to these countries.

The Company

Orchid Pharma Ltd., established in 1992 is one of the leading pharmaceutical companies in India head quartered in Chennai and involved in the development, manufacture and marketing of bulk actives and formulations with exports spanning over 30 countries. Orchid's world class manufacturing infrastructure include US FDA compliant "API" and "Finished Dosage Form" facilities at Chennai in India.

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

Orchid has ISO 14001 and OHSAS 18001 certifications.

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

Financial Overview

Components of Revenue & Expenditure

The operating revenues for the year 2018-19 was Rs. 584 Crores as against Rs. 649 Crores during the previous year ending on March 31, 2018.

Material cost for the year ended March 2019 was Rs. 278.16 Crores (47.63% of the Operating revenues) as compared to Rs. 330.86 Crores (51.0% of the Operating revenue) during the previous year ending on March 31, 2018.

The other operating cost, including employee cost for the year ended March 2019 was Rs. 318.18 Crores as against Rs. 304.52 Crores during the previous year ending on March 31, 2018.

The Depreciation & Amortisation for the year ending March 2019 was Rs. 129.92 Crores as compared to Rs. 133.29 Crores (including amortisation of Intangible assets under development) during the previous year ending on March 31, 2018.

Exceptional items (Loss) for the year ending on March 31, 2019 was Rs. 24.94 Crores as against Rs. NIL during the previous year ending on March 31, 2018.

Profitability

During the year ended on March 31, 2019, the Company has achieved an EBITDA of Rs. 4.24 Crores as against Rs. 33.47 Crores during the previous year ending on March 31, 2018.

The net loss of the Company before Exceptional items & Tax for the year ended on March 31, 2019 stood at Rs. 101.05 Crores as against Rs. 401.47 Crores during the previous year ending on March 31, 2018.

EPS for the year ending on March 31, 2019 stood at a negative Rs. 11.36 as compared to a negative Rs. 39.93 for the previous year ending on March 31, 2018.

Balance Sheet

The Equity and Reserves as at March 31, 2019 stood at a negative of Rs.754.99 Crores as compared to negative of Rs. 674.13 Crores as at March 31, 2018.

The total borrowings as at March 31, 2019 stood at Rs. 3,230 Crores as compared to Rs. 3,202 Crores as at March 31, 2018.

Human resources and industrial relations

In line with Orchid's HR policy of providing safe, rewarding and professional environment for the employees, Orchid's HR function is monitoring the environment to align with the Company's overall vision. Orchid strives to provide a safe working atmosphere in the Company.

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

As at March 31, 2019, Orchid had 1407 permanent employees including corporate, managerial, sales and manufacturing staff.

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

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

Risks and their management

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

Fair Value Measurement

When the fair values of financial assets and financial liabilities could not be measured based on quoted prices in active markets, management uses valuation techniques including the Discounted Cash Flow (DCF) model, to determine its fair value. The inputs to these models are taken from observable markets where possible,

but where this is not feasible, a degree of judgement is exercised in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility.

Impairment of Financial Assets

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

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

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

Internal audit and control

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

The Internal Control Systems include documented policies, checks and balances, guidelines and procedures, that are supplemented by internal audit processes and monitored continuously through periodical reviews by management to provide reasonable assurance that all transactions entered into by Company are authorized, recorded and reported properly.

The Company has in place adequate systems of internal control commensurate with its size and nature of the business and ensure proper safeguarding of assets, maintaining proper accounting records and providing reliable financial statements. Based on the Internal & transaction audits, Cost Audit, Stock Audit & Statutory Audit observations and reviews, suitable steps have been taken periodically to strengthen the adequacy of the internal control systems in various functions.

Cautionary statement

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimate, expectations may be "forward looking statements" within the meaning of applicable securities laws and regulations.

Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include, among others, economic conditions affecting demand/supply and price conditions in the domestic and overseas markets in which the Company operates, changes in the Government regulations, tax laws and other statutes and incidental factors.



Annexure to the Board's Report

Annexure I Conservation of Energy

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

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

- ◆ By changing the operating set points of +10 chillers in utility based on process requirement.
- ◆ Effective utilization of utility systems.
- ◆ Reduction in LPS by providing orifice in pump seal cooling and cooling tower blow down.
- ◆ Light load reduction by the conversion of High Rating Lights to its equivalent LED.

Due to the various energy conservation activities implemented, mentioned in (a) above, there was a reduction in power consumption by around 1,491 UPD and LPS of 12.8 KLPD leading to a saving of around Rs.40.40 Lakhs annually with Rs.4.61 Lakhs investment.

b) Proposed energy conservation measures

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

- ◆ Effluent reduction from Butyl Acetate distillation system in ph-10.
- ◆ Conversion of -40'B' chiller from single stage to double stage.
- ◆ Utilization of -40 against -70 or Liquid Nitrogen in DCC batch
- ◆ Effluent reduction in CAVA – Methanol distillation by indirect heating method.
- ◆ Effluent Reduction in cooling tower blow down based on water analysis.

Further, the energy conservation measures proposed to be taken up by the company as mentioned in (b) above are expected to bring in savings of around Rs.154 lakhs annually with the investment of Rs.32 lakhs.

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

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

(d) Capital Investment on Energy Conservation Equipments:

No significant capital investment was made on energy conservation equipment during the Financial Year 2018-19.

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.

Process Research and Development Centre worked on the development of manufacturing process for selected APIs (Active Pharmaceutical Ingredients) in cephalosporin segment. For few products which gained approval from regulatory agencies, R&D department has pursued the cost reduction research on the manufacturing process of APIs through review of technology and improvement in the process of APIs and API Intermediates to maintain and improve competitiveness. R&D department has also generated scientific data, support for scientific justifications, new validations, and experimental evidence to appropriately respond to the queries from various regulatory agencies of regulated markets related to review of ANDA (Abbreviated New Drug Application) & DMF (Drug Master File), and support/catalyse the approval process of dossiers. R&D ensured the availability of impurities through synthesis, enrichment and isolation in pure form to characterize the structure and meet the requirement of both the commercial supply of APIs to existing drug product customers, developing new customers and entry into new markets. R&D team supported the investigations required for continuing the production of the approved APIs and Drug Product customers for enabling the commercial supply. R&D team supported manufacturing location through demonstration of the process with appropriate modification on manufacturing scale for selected APIs. R&D has enabled the transfer of technology of APIs to the new manufacturing site with new KSM vendors by performing appropriate qualifications through IP, Analytical and Synthetic evaluations. R&D has taken up new monograph evaluations to permit continuation of API and formulation business in regulated markets.

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

Generation of scientific data, scientific/experimental justification for the process and analytical data at R&D department has enabled to files get approval or progress towards approval of ANDA/DMF dossiers filed with various regulatory agencies for Zolmitriptan, Rasagiline, Ibuprofen, Eszopiclone, Naratriptan and Granisetron, pave way for commercialization of APIs, and supply of APIs for developing formulation for generic business. Cost reduction improvements for APIs, API intermediates/ KSMs, identification and generation of impurity standards, and investigations required at the manufacturing locations have enabled market competitiveness and commercialization of APIs. Development of manufacturing process for new APIs will pave way for introducing new products in the Orchid's product portfolio. The

analytical data and methods have been utilized to include Orchid's methods in Official Pharmacopoeia Monographs apart from new monograph evaluations to support continuance of our API/DP business in regulated markets. Orchid's IP review and para-IV positioning challenging the Orange Book patents have enabled to launch earlier than patent expiry.

3. Future plan of action

R&D will focus its efforts in the development of manufacturing process of APIs of new drug substances which have potential to be launched in next few years, including capturing of first-to-file opportunities related to selected multidrug resistant Cephalosporins. In addition to the reduction of the cost of materials and improvement of productivity to maintain and increase the competitiveness, R&D will also concentrate on improvement of the manufacturing and route of synthesis. In those cases where the commercial prices of KSMs (Key Starting Materials) have gone up and where there is difficulty in sourcing quality KSMs, R&D will focus on developing manufacturing process to produce it at an economic cost.

4. Expenditure on R & D

The R&D outlay was as follows:

(Rs. in Lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
a) Capital	-	-
b) Recurring	1262.25	1516.11
c) Total	1262.25	1516.11
d) Total R & D expenditure as a percentage of the total turnover	2.16%	2.34%

II. Technology absorption, adaptation and innovation

I. Research and Development:

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

With a need to have an alternate site for manufacturing APIs for both in house consumption and for market requirement, R&D enabled transfer of the manufacturing technology to new facility for selected APIs. In addition, R&D was actively involved in identifying new KSM manufactures besides supporting existing KSM manufactures through scientific support in order to supply KSMs meeting the stringent quality requirements. In order to reduce the cost of manufacturing APIs, new processes for producing selected KSMs at reduced cost have been developed.

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

The product improvement and demonstration of process at the manufacturing location have helped progress towards commercialization of the drug products in the markets. R&D's scientific and experimental inputs for responding to regulatory queries and customer queries have helped in getting regulatory approvals for the drug product/drug substance dossiers, enabling commercial presence in markets. Scientific and technical inputs with respect to manufacturing of APIs at the manufacturing location, and manufacturing of KSMs by the KSM vendors have helped to continue the manufacturing of APIs and KSMs meeting

the respective filed specifications and maintain commercialization in regulated and other markets.

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

a) Technology	No new technology has been imported by Orchid during the year
b) Year of import	Not applicable
c) Has this technology been fully absorbed	Not applicable
d) If not fully absorbed, areas where this has not taken place, reasons there of 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 in generics form in regulated markets including United States, Canada, Europe, Japan and Australia as applicable.

b) Total foreign exchange earnings and outgo

(Rs. in Lakhs)

	Year ended March 31, 2019	Year ended March 31, 2018
1. Earnings in foreign exchange during the year		
F.O.B value of exports	47,982.87	50,024.83
Export of services (net of TDS)	-	-
2. C.I.F. value of imports (on cash basis)		
Raw materials & Packing materials	15,649.21	14,072.42
Capital goods	-	168.38
Spare parts, components and consumables	1,231.05	1,268.31
3. Expenditure in foreign currency during the year (on cash basis)		
Travelling expenses	4.18	10.47
Interest and bank charges	24.32	4,315.17
Professional / Consultancy fees	115.46	238.51
Others	1,615.54	2,460.96
4. Dividend remittances in foreign currency during the year		
Net dividend	-	-
5. Total foreign exchange used (2+3+4)	18,639.76	22,534.22

Place : Chennai
Date : June 03, 2019

K.Raghavendra Rao
Managing Director
DIN: 00010096

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



Annexure IV to the Board's Report

Corporate Governance Report

A. Company's Philosophy on Code of Corporate Governance

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

CORPORATE INSOLVENCY RESOLUTION PROCESS

Your Company is under Corporate Insolvency Resolution Process (CIRP) vide order of the Hon'ble National Company Law Tribunal Chennai Bench (NCLT), with effect from August 17, 2017 and the CIRP is still in force as on the Balance sheet date.

B. Board of Directors

1. Composition of Board

During the year, CIRP was initiated in respect of the Company, vide order of the Hon'ble NCLT, Chennai Bench dated 17th August 2017, under IBC. During the pendency of the proceedings, the powers of the Board of Directors of the Company were suspended and the powers of the Board were instead exercised by Shri Sripatham Venkatasubramanian Ramkumar, Resolution Professional (RP) appointed for the Company.

The Board of Directors of the Company comprised of 2 Non-executive Directors Smt.Soundara Kumar, Nominee Director-State Bank of India and Shri Ramakrishna Eda, Nominee Director-IDBI Ltd) and 1 Executive Director (Shri K Raghavendra Rao, Managing Director).

Smt. Soundara Kumar, Nominee Director-SBI had resigned with effect from September 10, 2018 and the nomination of Shri Ramakrishna Eda, Nominee Director-IDBI Bank Ltd was withdrawn with effect from September 18, 2018.

Due to the ongoing CIRP, the resignation of the Directors, the reconstitution of the Board and its committees in accordance with the Listing Regulations, 2015 is pending.

The Hon'ble NCLT had passed an order on October 10, 2018. As per the NCLT order, the Resolution Professional shall discharge the functions of the Company as per the instructions of the interim Monitoring Committee (iMC) constituted in accordance with the order, until further orders. Further, pursuant to the order of the Hon'ble NCLT, Chennai Bench dated February 28, 2019, the RP and the CoC are reinstated and will discharge their functions as before during this CIRP period.

Given the circumstances, the reconstitution of the Board and the committees in accordance with the Listing regulations, 2015 can be considered only after the extension period of 105 days from February 28, 2019 is completed.

None of the directors are related to each other.

The composition of Board and the details of directorships in other Companies and Committee positions during the year ended March 31, 2019 are as follows:

Composition of Board of Directors					
S. No	Name(s) of the Directors(s)	Category	Number of Directorship held in other listed companies	Number of Board committee positions held in other public companies	
				Member *	Chairman *
1	Shri K Raghavendra Rao	Promoter and Executive Director	-	1	-
2	Smt Soundara Kumar#	Non-Executive, Non Independent (Nominee of SBI Ltd)	-	-	-
3	Shri Ramakrishna Eda@	Non - Executive, Non Independent (Nominee of IDBI Bank Ltd)	-	-	-

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

*As required by Regulation 26 of the SEBI LODR Regulations, The disclosure includes Membership/Chairmanship of the Audit committee and Stakeholder relationship Committee across all Public Limited companies, including Orchid.

Resigned from the board with effect from September 10, 2018.

@ Resigned from the board with effect from September 18, 2018.

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

2. Board Meetings & Attendance Record of the Directors

In view of ongoing CIRP as detailed above, there was no meeting of Board of Directors of the Company after the aforesaid date. For compliance purpose, meetings of Resolution Professional with Key Managerial Personnel and Statutory Auditors were held in lieu of Audit Committee Meetings and Meetings of Resolution Professional with Key Managerial Personnel were being held in lieu of Board Meetings.

Meetings held by the Resolution Professional

During the year ended March 31, 2019, pursuant to the commencement of the CIRP, 5 (five) meetings were convened by the Resolution Professional on April 17, 2018, August 21, 2018, November 30, 2018, January 29, 2019 and February 13, 2019.

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

Name(s) of the Director(s)	Number of Resolution Professional meetings attended
Shri K Raghavendra Rao	5
Smt Soundara Kumar#	2
Shri Ramakrishna Eda@	-
# Resigned from the board with effect from September 10, 2018.	
@ Resigned from the board with effect from September 18, 2018.	

Meetings of the Committees of Creditors (CoC)

Pursuant to the commencement of the CIRP, 16 (Sixteen) meetings of Committee of creditors (CoC), 8 (Eight) Erstwhile meetings of CoC and 12 (twelve) interim Monitoring Committee (iMC) Meetings were held during the financial year 2018-19.

3. Code of Conduct

The Board of Directors has laid down a Code of Conduct ("the Code") for Board members and senior management personnel of your Company. Independent Directors shall also ensure compliance with Code for Independent Directors formulated in

accordance with Listing Regulations. The Code is posted on your Company's website (http://www.orchidpharma.com/ir_downloads.aspx). The Board members and senior management personnel have confirmed compliance with the Code. A declaration signed by the Managing Director is attached and forms part of this Report.

4. Number of Shares held by Non-Executive Directors:

As on March 31, 2019, no shares are held by Non-Executive Directors of the Company.

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

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

6. Board Committees:

Post the commencement of the CIRP, the powers of the Board stood suspended and the status quo remains the same as on the Balance sheet date. Further, the reconstitution of the Board and of its committees in accordance with the Listing regulations, 2015 can be considered only after completion of CIRP as all the directors except the Promoter Director have resigned from the Board of Orchid.

S.No	Committees of Board	No of Meetings
1	Audit Committee	No Committee meetings were held during the year
2	Nomination and Remuneration Committee	
3	Stakeholder Relationship Committee	
4	Corporate Social Responsibility Committee	
5	Allotment Committee	
6	Compensation Committee	

7. Audit Committee

The Terms of reference specified by Board are described:

- (i) The recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- (ii) Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- (iii) Examination of financial statements and the Auditors' report thereon;
- (iv) Approval or any subsequent modification of transactions of the company with related parties;
- (v) Scrutiny of inter-corporate loans and investments;
- (vi) Valuation of undertakings or assets, wherever it is necessary;
- (vii) Evaluation of internal financial controls and risk management systems;

- (viii) Monitoring the end use of funds raised through public offers and related matters.

In addition, the committee has discharged such other role/function as envisaged under Regulation 18 of the Listing Regulations, 2015 and the provisions of Section 177 of the Companies Act, 2013.

The Company Secretary is the Secretary of the Audit Committee.

The Meeting of members of Audit Committee has not been held due to the ongoing CIRP.

8. Nomination and Remuneration Committee

Performance Evaluation of Board of Directors/ Committees / Independent Directors

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

Details of the Remuneration and Sitting Fees paid to the Directors for the Year 2018-19 are given below:

Name(s) of the Director(s)	Remuneration paid during the year 2018-19 (In Rs.)				No. of Stock Options
	Salary & perquisites	Commission/ bonus	Sitting fees	Total	
Shri K Raghavendra Rao Managing Director	48,92,000	-	-	48,92,000	-

Pursuant to section 178 of Companies act, 2013 and the Listing Regulations, 2015, the Nomination and Remuneration Committee has laid down criteria and terms and conditions relating to nomination and remuneration of the Directors, Senior Management and Key Managerial Personnel. The detailed policy is posted on your company's website.

(http://www.orchidpharma.com/downloads/NOMINATION_AND_REMUNERATION_POLICY.pdf)

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

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

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

No Meetings of Board and / or its committees were held during the FY 2018-19, accordingly, no sitting fees is paid.

9. Stakeholder Relationship Committee

The Stakeholders Relationship Committee of Directors looks into the redressal of complaints of investors such as share transfers or credit of shares, non-receipt of dividend/notices/ annual reports, etc.

No. of Complaints not solved to the satisfaction of shareholders during the financial year 2018-19: **Nil**

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

10. Corporate Social Responsibility Committee

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

11. Compensation Committee

Pursuant to the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999, a Compensation Committee was constituted in the year 1999. The purpose of this committee is to grant options to employee.

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

All the resolutions including the special resolutions set out in the respective notices were passed by the shareholders with more than requisite percentage (%) of votes, as prescribed under the Act.

Year	AGM / EGM	Location	Special resolutions passed	Date	Time
2018	AGM	Sri Thyaga Brahma Gana Sabha (Vani Mahal), No.103, G N Chetty Road, Parthasarathi Puram, T Nagar, Chennai -600 017, Tamil Nadu.	- NIL -	December 12, 2018	11.00 AM
2017	AGM	The Music Academy, Old no.306, New no. 168, TTK road, Royapettah, Chennai - 600 014, Tamil Nadu	- NIL -	September 13, 2017	10.30 AM
2016	AGM	Kamaraj Memorial Hall, TNCC Charitable Trust, New No 492, Anna Salai, Teynampet West, Chennai – 600 006.	- NIL -	September 28, 2016	10.30 AM

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

The Company has not conducted any postal ballot during the year ended March 31, 2019, pursuant to Section 110 of the Companies Act, 2013.

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

13. Means of Communication:

- ◆ Financial Results are published by the Company in Financial Express / Trinity Mirror and Makkal Kural.
- ◆ Results are also uploaded onto the website of the company (www.orchidpharma.com). Official news releases are also updated on the site.
- ◆ The Company has an internet portal to communicate with its employees.
- ◆ Key developments are communicated to the Stock Exchanges and media as and when they occur.
- ◆ No Presentations were made to the Institutional investors or to the Analysts during the financial year 2018-2019. However, information memorandum was prepared and shared with prospective Resolution applicants as per CIRP.

14. General Shareholder Information

General Shareholder Information		
1	Registered Office	'ORCHID TOWERS', 313, Valluvar Kottam High Road, Nungambakkam, Chennai - 600 034, Tamil Nadu, India.
2	Date, Time and Venue of 26th Annual General Meeting (AGM)	December 30, 2019, 11.00 AM Sri Thyaga Brahma Gana Sabha (Vani Mahal), No.103, G N Chetty Road, Parthasarathi Puram, T Nagar, Chennai -600 017, Tamil Nadu, India
3	Book Closure Date	Monday, December 23, 2019 to Monday, December 30, 2019 (both days inclusive)
4	Financial Calendar	1 st April to 31 st March
	Financial reporting for -	
	Quarter ending June 30, 2019	Second week of August 2019
	Quarter ending September 30, 2019	Second week of November 2019
	Quarter ending December 31, 2019	Second week of February 2020
	Quarter ending March 31, 2020	Last week of May 2020

5	Dividend Payment Date	No Dividend was declared during the year 2018-19 and accordingly not applicable.
6	The Equity Shares of Rs.10/- each are listed at	National Stock Exchange of India Limited "Exchange Plaza", Plot No, C/1, G Block Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051, Maharashtra, India Tel: 91-22-26598100, Fax : 91-22-26598120
		BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street Mumbai - 400 001, Maharashtra, India Tel : 91-22-22721233 ,Fax : 91-22-22721919
7	Global Depository Receipts (GDR's) are listed at	Luxembourg Stock Exchange Boursede Luxembourg, 35A Boulevard Joseph II, L-1840 Luxembourg. Telephone: +352 47 79 36 - 1, Fax: +352 47 32 98.
		London Stock Exchange Registered Office: 10, Paternoster Square, London EC4M 7LS
8	Listing Fees	Listing Fees has been paid for all the above Stock Exchanges for the year 2018-19.

Stock Market Data

a) Monthly high and low quotations along with the volume of shares traded at NSE and BSE for 2018-19 are:

Month	NSE			NSE 500 Index (AVG)	BSE			BSE 500 Index (AVG)
	High (Rs.)	Low (Rs.)	Volume of shares (Nos)		High (Rs.)	Low(Rs.)	Volume of shares (Nos)	
Apr-18	13.75	9.00	6,90,057	9269.28	13.65	9.05	7,66,042	14685.28
May-18	9.50	6.70	10,42,261	9300.44	9.67	6.83	12,81,329	14745.04
Jun-18	10.25	6.65	9,65,001	9253.84	10.5	6.71	12,01,206	14673.36
Jul-18	8.95	6.60	4,39,875	9339.30	9.20	6.70	9,19,129	14818.27
Aug-18	8.70	7.05	6,72,236	9796.59	8.60	7.10	9,40,872	15539.19
Sep-18	7.75	6.60	5,88,893	9578.47	7.90	6.44	7,94,546	15189.07
Oct-18	6.35	4.65	5,77,670	8691.95	6.40	4.75	8,52,704	13789.25
Nov-18	6.40	4.75	6,91,938	8944.77	6.25	4.81	3,54,625	14180.16
Dec-18	5.70	4.50	4,28,828	9062.11	5.80	4.56	5,15,356	14368.66
Jan-19	5.05	3.90	5,27,696	9070.77	4.95	3.90	3,40,325	14380.57
Feb-19	4.40	3.00	4,20,445	8945.64	4.35	3.04	3,21,966	14180.24
Mar-19	7.20	4.20	7,68,321	9415.41	7.33	4.21	10,99,081	14915.31
Total			78,13,221				93,87,181	

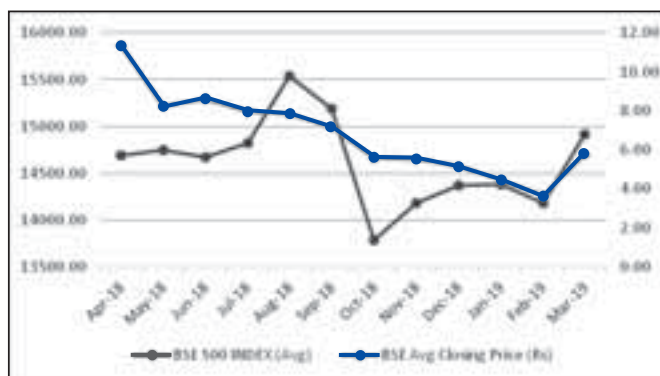
b) Graphical representation of volume of shares traded of Orchid during the year 2018-19



c) Comparison of broad based indices of NSE with share price of Orchid during the year 2018-19



d) Comparison of broad based indices of BSE with share price of Orchid during the year 2018-19



Stock Exchange Security Code and other related Information

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

EQUITY HISTORY OF THE COMPANY SINCE INCORPORATION OF THE COMPANY UP TO MARCH 31, 2019

Date	Particulars	Number of Shares	
		Issued	Cumulative
13-Jul-92	Subscribers to Memorandum	70	70
26-Nov-92	Issued to Promoters on Private Placement basis	2,49,930	2,50,000
27-Feb-93	Issued on Private Placement basis	14,51,800	17,01,800
04-Nov-93	Issued on Private Placement basis	17,98,200	35,00,000
08-Nov-93	Public Issue	25,00,000	60,00,000
18-Jul-94	Issued on Private Placement basis	12,00,000	72,00,000
01-Nov-94	Issued to Foreign Institutional Investors on Private Placement basis	2,50,000	74,50,000
03-Nov-94	Issued on Private Placement basis	12,23,000	86,73,000
21-Apr-95	Rights Issue (1:1)	86,73,000	1,73,46,000
09-Dec-99	Issued to Foreign Companies on Private Placement basis	1,06,53,192	2,79,99,192
21-Nov-02	Allotment pursuant to conversion of FCCBs	43,82,727	3,23,81,919
01-Mar-05	Allotment pursuant to conversion of warrants	17,50,000	3,41,31,919
27-Apr-05	Allotment pursuant to exercise of ESOS	11,800	3,41,43,719
02-Aug-05	Allotment pursuant to exercise of ESOS	59,485	3,42,03,204
02-Aug-05	Allotment pursuant to conversion of warrants	1,80,000	3,43,83,204
31-Aug-05	Allotment pursuant to exercise of ESOS	3,00,676	3,46,83,880
31-Aug-05	Allotment pursuant to conversion of warrants	70,000	3,47,53,880
21-Sep-05	Bonus Issue (1:2)	1,73,76,940	5,21,30,820
13-Oct-05	Allotment pursuant to conversion of warrants	1,05,000	5,22,35,820
02-Nov-05	Allotment pursuant to conversion of GDRs	92,50,000	6,14,85,820
23-Dec-05	Allotment pursuant to exercise of ESOS	19,649	6,15,05,469
01-Mar-06	Allotment pursuant to conversion of FCCBs	1,84,330	6,16,89,799
07-Mar-06	Allotment pursuant to conversion of FCCBs	4,60,827	6,21,50,626
20-Mar-06	Allotment pursuant to conversion of FCCBs	17,51,146	6,39,01,772
20-Mar-06	Allotment pursuant to conversion of warrants	50,000	6,39,51,772
31-Mar-06	Allotment pursuant to conversion of FCCBs	6,52,531	6,46,04,303
31-Mar-06	Allotment pursuant to conversion of FCCBs	13,879	6,46,18,182
18-Apr-06	Allotment pursuant to conversion of FCCBs	4,14,744	6,50,32,926
28-Apr-06	Allotment pursuant to conversion of FCCBs	7,37,325	6,57,70,251
28-Apr-06	Allotment pursuant to exercise of ESOS	3,475	6,57,73,726
31-May-06	Allotment pursuant to conversion of warrants	35,000	6,58,08,726
31-May-06	Allotment pursuant to exercise of ESOS	3,015	6,58,11,741
19-Oct-06	Allotment pursuant to exercise of ESOS	4,000	6,58,15,741
19-Jan-07	Allotment pursuant to exercise of ESOS	550	6,58,16,291
03-May-07	Allotment pursuant to exercise of ESOS	6,085	6,58,22,376
17-Jul-07	Allotment pursuant to exercise of ESOS	5,650	6,58,28,026
18-Oct-07	Allotment pursuant to exercise of ESOS	6,000	6,58,34,026
20-Dec-07	Allotment pursuant to exercise of ESOS	3,000	6,58,37,026
17-Jan-08	Allotment pursuant to exercise of ESOS	13,750	6,58,50,776
26-Apr-08	Allotment pursuant to exercise of ESOS	9,425	6,58,60,201
29-May-08	Allotment pursuant to exercise of ESOS	16,375	6,58,76,576
13-Aug-08	Allotment pursuant to conversion of warrants	3,81,000	6,62,57,576
13-Aug-08	Allotment pursuant to exercise of ESOS	4,000	6,62,61,576
29-Aug-08	Allotment pursuant to conversion of warrants	41,79,000	7,04,40,576
29-Aug-08	Allotment pursuant to exercise of ESOS	1,500	7,04,42,076
17-May-12	Allotment pursuant to exercise of ESOS	10,000	7,04,52,076
22-Dec-14	Allotment pursuant to Preferential Allotment to Promoters	1,48,09,801	8,52,61,877
09-Oct-15	Allotment pursuant to Preferential Allotment to Promoters	37,02,450	8,89,64,327
	TOTAL	8,89,64,327	

Distribution of Shareholding as on:

No of equity Shares held	March 31, 2019			March 31, 2018		
	No of shares	No of Shareholders	% of Shareholders	No of shares	No of Shareholders	% of Shareholders
1-500	99,74,331	69,125	80.51	1,05,12,919	72,209	81.20
501-1000	66,36,330	8005	9.32	67,83,716	8,185	9.20
1001-2000	66,99,172	4301	5.01	66,47,093	4,267	4.80
2001-3000	39,10,313	1513	1.76	38,78,466	1,503	1.69
3001-4000	25,37,900	699	0.81	23,87,122	659	0.74
4001-5000	29,99,511	629	0.73	29,46,355	618	0.69
5001-10000	66,64,983	903	1.05	61,89,409	826	0.93
10001 & above	4,95,41,787	692	0.81	4,96,19,247	662	0.74
TOTAL	8,89,64,327	85,867	100	8,89,64,327	88,929	100

Dematerialization of Share

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, 2019 are:

No. of Shares	% of Shares	No. of Shareholders	% of Shareholders
8,87,64,613	99.78	84,434	98.33

The Equity shares of the company are traded in National Stock Exchanges of India Ltd and BSE Ltd. The Equity shares of the company has not been suspended from trading during the financial year 2018-19.

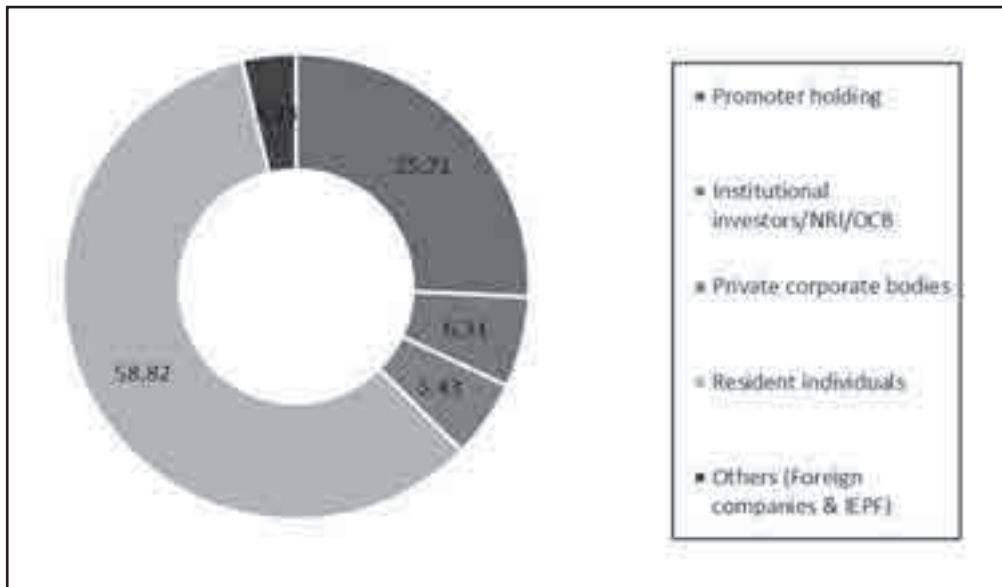
Reconciliation of Share Capital Audit

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

Shareholding Pattern as on March 31, 2019

	Category	No of Shares Held	% of Shareholding
A	PROMOTER HOLDING		
1	Promoters / Promoter Group		
	(a) Indian	2,28,73,782	25.71
	(b) Foreign	-	-
	Sub-Total (1)	2,28,73,782	25.71
B	NON-PROMOTER HOLDING		
2	Institutional Investors		
	(a) Mutual Funds	550	0.00
	(b) Banks, Financial Institutions, Insurance Companies (Central / State Govt. Institutions / Non-government Institutions)	31,90,780	3.59
	(c) Foreign Institutional Investors (FIIs)	6,86,862	0.77
	Sub-Total (2)	38,78,192	4.36

3 OTHER INVESTORS			
(a) Private Corporate Bodies		48,30,864	5.43
(b) Indian Public (Resident Individuals)		5,23,28,614	58.82
(c) Non Resident Indians / Overseas Corporate Bodies		17,34,756	1.95
(d) Foreign Companies		32,41,688	3.64
(e) Others - IEPF		76,431	0.09
Sub Total (3)		6,22,12,353	69.93
GRAND TOTAL (1+2+3)		8,89,64,327	100.00



Global Depository receipts (GDRs)

The number of GDRs outstanding as on March 31, 2019 are 32,26,688 out of the total number of 8,89,64,327 equity shares of the Company. Each GDR is represented by an underlying equity share.

Share Transfer System

As required under Regulation 7(1) of Listing Regulations, your company has appointed M/s Integrated Registry Management Services Private Limited as the Registrar and Share Transfer Agents for facilitating both physical and electronic segments. The Stakeholders Relationship Committee has not been held during the year 2018-19 due to ongoing CIRP. Securities lodged for transfer with the Registrar are processed within 15 days from the date of lodgement. The Board has delegated the power to approve the Share transfer activities to few employees of the Company.

Unclaimed Dividends

Pursuant to Section 123 of the Companies Act, 2013, the unclaimed dividend amounting to Rs. 9,52,206/- pertaining to the financial year 2010-11 was transferred to the Investor Education and Protection Fund (IEPF) in November 2018.

Unclaimed dividend for the financial year 2011-12 was transferred to IEPF in November 2019. The Shareholders can get back the unpaid dividend from IEPF by filing e-Form IEPF-5. Upon filing the said e-form the shareholder shall write to the Company / Registrar for completing the other procedural formalities in this regard.

Equity Shares in the Suspense Account

As per Regulation 34(3) of the Listing Regulations read along with Schedule V of the said regulations, the Company reports the following details in respect of equity shares lying in the suspense account which were issued pursuant to the Public Issue/Bonus Issue/Rights Issue of the Company and unclaimed as on March 31, 2019:

S.No	Particulars	No. of shareholders	No. of equity shares
1	Aggregate Number of shareholders and the outstanding shares in the suspense account lying as on April 1, 2018	33	1968
2	Number of shareholders who approached the Company for transfer of shares from suspense account during the year	NIL	NIL
3	Number of shareholders to whom shares were transferred from the suspense account during the year	NIL	NIL
4	Less : Transfer to IEPF authority	NIL	NIL
5	Aggregate Number of shareholders and the outstanding shares in the suspense account lying as on March 31, 2019	33	1968

The voting rights on the shares outstanding in the suspense account as on March 31, 2019 shall remain frozen till the rightful owner of such shares claims the shares. As per Regulation 39 of the Listing Regulations read along with Schedule VI of the said regulation, three reminders were issued for shares issued in physical form, which remain unclaimed. The Company has transferred these shares into one folio in the name of "Unclaimed Suspense Account" and dematerialised the same with one of the Depository participant.

ECS Mandate

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

Plant Locations:

a) Active Pharmaceutical Ingredient Facilities & R & D Block

Alathur Works

Plot Nos. 85-87, 98-100, 126-131, 138-151, 159-164 and Survey Nos. 257, 259, 261-264, 265(P), 266-280, 284, 285, 287-296, 250 SIDCO Industrial Estate, Alathur Kancheepuram Dist, Pin 603 110, Tamil Nadu, India.

b) Formulations (Finished Dosage Form) Facilities

- i) A10/A11, SIDCO Industrial Estate Alathur, Kancheepuram Dist, Pin 603 110, Tamil Nadu, India
- ii) B-77, SIDCO Industrial Estate, Alathur, Kancheepuram Dist, Pin 603 110, Tamil Nadu, India
- iii) Plot Nos. B5 (Part) and B6 (Part), SIPCOT Industrial Park, Irungattukottai, Sriperumbudur (TK), Pin 602 105, Tamil Nadu, India.

Investor Contacts

a) Investor Correspondence / Compliance Officer

Shri L Chandrasekar

Executive VP – Finance & Secretary

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

E-mail: corporate@orchidpharma.com

Website: www.orchidpharma.com

b) Registrar and Share Transfer Agent

Integrated Registry Management Services Private Limited
2nd Floor, Kences Towers, No 1, Ramakrishna Street, North Usman Road,
T Nagar, Chennai – 600 017, Tamilnadu, India.
Tel : 91 -44-28140801 – 03, Fax : 91 -44-28142479
E-Mail : corpserv@integratedindia.in
Website : www.integratedindia.in

Other Disclosures

◆ **Materially Significant Related Party Transaction**

There was no Materially Significant Related Party Transactions entered into by the company during the year 2018-19. The Transactions with related parties that are recorded in the Register of Contracts maintained under Section 189 of the Act are entered in the ordinary course of business and does not qualify as materially Significant Related Party transactions. These transactions do not cause potential conflict with the interests of the company.

◆ **Details of Non-Compliance by the company**

The Company could not finalise the Audited financial statements for the financial year 2017-18 within due dates and Unaudited financial results for the quarter ended June 2018 & September 2018. The Company has received notice from stock exchanges towards penalty for non-compliance of Listing Regulations.

Accordingly, the Company has paid a penalty of Rs. 33,14,958/- to National Stock Exchange of India Ltd and Rs.17,69,575/- to BSE Ltd which was imposed on the Company for delay in submission of financial results for the above specified period.

◆ **Vigil Mechanism and Whistle blower policy**

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

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

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

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

◆ **Details of Compliance with Mandatory Requirements of Corporate Governance for the financial year 2018-19:**

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

As on the Balance Sheet date, all the directors except the Promoter director have resigned from the Board. The Corporate Governance requirements with respect to Board and Committee Compositions can be brought in line with the provisions of Listing Regulations, 2015 only after the completion of CIRP.

◆ **Details of Compliance with respect to disclosure on Website in terms of Listing Regulations, 2015**

ITEM	COMPLIANCE STATUS (Yes/No/NA)
Details of business	Yes
Terms and conditions of appointment of independent directors	Yes
Composition of various committees of board of directors	Yes
Code of conduct of board of directors and senior management personnel	Yes
Details of establishment of vigil mechanism/Whistle-Blower policy	Yes
Criteria of making payments to Non-Executive Directors	Yes
Policy on dealing with related party transactions	Yes
Policy for determining 'material' subsidiaries	Yes
Details of familiarisation programmes imparted to independent directors	No*
Contact information of the designated officials of the listed entity who are responsible for assisting and handling investor grievances	Yes
E-mail address for grievance redressal and other relevant details	Yes
Financial results	Yes
Shareholding pattern	Yes
Details of agreements entered into with the media companies and/or their associates	NA
New name and the old name of the listed entity	Yes
*No familiarisation programmes could be imparted to Independent Directors during the year since powers of Board got suspended with commencement of CIRP.	

Compliance with Non-Mandatory Requirements:

◆ **The Board**

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

◆ **Shareholder Rights**

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

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

As per Auditors' Report on the Financial Statements.

◆ **Separate Posts of Chairman and Managing Director / CEO up to CIRP date**

The Company had separate posts for Chairman and Managing Director/CEO up to the initiation of CIRP. Pursuant to resignation of the Chairman during the FY 2017-18, the Post of Chairman remains vacant.

◆ **Reporting of Internal Auditor / Concurrent Auditor**

The Reports of Internal Auditor is submitted periodically to Top Management of the company.

◆ **Disclosure of Compliance on Requirements of para (2) to (10) of Schedule V, Part C of Listing Regulations, 2015**

Due to the ongoing CIRP, the Company could not Comply with the few mandatory requirements as specified in sub-para (2) to (10) of Schedule V, Part C of Listing Regulations, 2015.

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

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

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

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

CEO/CFO Certification

To

The Resolution Professional
Orchid Pharma Limited
Chennai.

We the undersigned, certify that:

- a) We have reviewed the financial statements and the cash flow statement for the year ended March 31, 2019 and to the best of our knowledge and belief:
 - i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii) These statements together present a true and fair view of the company's affairs and are in compliance with Accounting Standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year, which are fraudulent, illegal or violative of the company's code of conduct.
- c) We accept responsibility for establishing and maintaining Internal Controls for Financial Reporting and that we have evaluated the effectiveness of the internal control systems of the company pertaining to financial reporting and where applicable, we and the Internal Auditors have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which they are aware and the steps we have taken or proposed to take to rectify these deficiencies.
- (d) We have indicated to the Auditors and the Audit committee where required:
 - i) Significant changes in internal control over financial reporting during the year; and
 - ii) Significant changes in accounting policies, if any, during the year and the same have been disclosed in the notes to the financial statements; and
 - iii) Instances of significant fraud, if any, of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

Place: Chennai

L Chandrasekar

K Raghavendra Rao

Date : June 03, 2019

Chief Financial Officer

Managing Director

Code of Conduct Certification

In accordance with Regulation 26(3) of Listing Regulation, I hereby confirm that, the Directors and the Senior Management personnel of the Company have affirmed compliance to their respective Codes of Conduct, as applicable to them for the year ended March 31, 2019.

Place: Chennai

K. Raghavendra Rao

Date : June 03, 2019

Managing Director



CERTIFICATE ON CORPORATE GOVERNANCE

TO

**THE MEMBERS OF
ORCHID PHARMA LIMITED
CIN: L24222TN1992PLCO22994**

We have examined the compliance of conditions of Corporate Governance by M/s. Orchid Pharma Limited ("the Company") for the year ended 31st March, 2019 as per relevant provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as referred in its Regulation 15(2) for the period 1st April, 2018 to 31st March 2019.

The Compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to a review of the procedures and implementations thereof adopted by the Company for ensuring the compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and Management, we certify that the Company has complied with the conditions of Corporate Governance as per relevant provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the period 1st April, 2018 to 31st March, 2019 to the extent applicable to the company as the Company is under the corporate Insolvency Resolution process w.e.f. 17.08.2017 vide order of the NCLT, Chennai Bench except for the provisions of Regulation 25. Subsequent to the commencement of the Corporate Insolvency Resolution Process, the Powers of the board of directors stood suspended and the management of affairs of the Company vested with the resolution Professional Mr.Sripatham Venkatasubramanian Ramkumar Pursuant to his appointment in the CoC meeting held on 03.10.2017 which was confirmed by the Honourable National Company Law Tribunal, Chennai Bench vide order dated 27.10.2017.

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

For S Dhanapal & Associates

A Firm of Practising Company Secretaries

N. Ramanathan

Partner

Place: Chennai

Date: June 03, 2019

Membership No. FCS 6665

CP No. 11084



Annexure V to the Board's Report

PARTICULARS PURSUANT TO SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

a) The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year

Except for Shri K Raghavendra Rao, Managing Director, none of the other directors are in receipt of remuneration except sitting fee. For this purpose, Sitting fee paid to the Directors have not been considered as remuneration.

Ratio of remuneration of Managing Director, Shri K Raghavendra Rao to the median remuneration of the employees of the company for the financial year 2018-19 is 3.37 times

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

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

Name of the KMP / Designation	% Increase in remuneration in 2019 as compared to 2018
Shri. K Raghavendra Rao, Managing Director	Nil
Shri. L Chandrasekar, CFO & Company Secretary	Nil

c) Percentage increase in median remuneration of employees in the financial year

There has been no increase in the median remuneration of employees during the FY 2018-19

d) Number of permanent employees on the rolls of Company (as of 31st March, 2019): 1407

e) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentage increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.

10% increment were given in the salaries of employees in the last financial year 2018-19.

The percentage increase in the remuneration of Key Managerial Personnel during the FY 2018-19 was:

Shri K Raghavendra Rao - Managing Director - NIL

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

f) Affirmation that the remuneration is as per the remuneration policy of the Company

It is hereby affirmed that the remuneration paid is as per the remuneration policy of the Company.

K.Raghavendra Rao

Managing Director

DIN: 00010096

Shri Ramkumar S V

(IP Registration No.IBBI/IPA-001/IP-

P00015/2016-17/10039)

Resolution Professional

Place : Chennai

Date : June 03, 2019



Annexure VI to the Board's Report

FORM NO. MR 3 - SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED
31.03.2019 [Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members,

Orchid Pharma Limited

(Formerly Known as Orchid Chemicals & Pharmaceuticals Limited)

Chennai

1. We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. Orchid Pharma Limited, formerly known as Orchid Chemicals & Pharmaceuticals Limited (hereinafter called the company). Secretarial Audit was conducted based on records made available to us, in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion/understanding thereon.
2. Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and made available to us and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we, on strength of those records, and information so provided, hereby report that in our opinion and understandings, the Company has, during the audit period covering the financial year ended on March 31, 2019, appears to have complied with the statutory provisions listed hereunder and also in our limited review, that the Company has proper and required Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minutes' book, forms and returns filed and other records maintained by the Company and made available to us, for the financial year ended on March 31, 2019 according to the applicable provisions of:

- i) The Companies Act, 2013 (the Act) and the rules made thereunder and the Companies Act, 1956 and the rules made thereunder as applicable;
- ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv) Foreign Exchange Management Act, 1999 (FEMA) and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

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

- a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
- c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as substituted by the Securities and Exchange Board of India (Issue of Capital And Disclosure Requirements) Regulations, 2018;
- d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; Not applicable as the Company has not issued any shares/options to directors/employees under the said guidelines / regulations during the year under review

- e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; Not applicable as the Company has not issued any debt securities which were listed during the year under review
- f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; Not applicable as the Company is not registered as Registrar to Issue and Share Transfer Agent during the year under review
- g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; Not applicable as the Company has not delisted / propose to delist its equity shares from any Stock Exchange during the year under review and
- h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; Not applicable as the Company has not bought back or propose to buy-back any of its securities during the year under review and

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

We have also examined compliance with the applicable clauses of the following:

- i) Secretarial Standards issued by The Institute of Company Secretaries of India with respect to Meetings of Board of Directors (SS-1) and General Meetings (SS-2).
- ii) The Listing Agreements entered into by the Company with National Stock Exchange Limited and BSE Limited in accordance with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

There has been delay, in filing / non filing of returns with respect to events happened during the year 2018-19, filing of Audited financial results for the year ended March 31, 2018 and quarterly unaudited financial results for the quarter ended June 2018 and September 2018 with Stock Exchanges under SEBI (LODR) 2015 and related compliances thereon and compliances related to Independent Directors have not been complied with, as there are no Independent Directors on the Board and currently there is only one director on the Board, as all the directors have resigned and the nominees of the banks were withdrawn. However the prescribed form for resignation of 2 directors could not be filed as the minimum number of directors fell below 3.

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

It is represented to us that the company has initiated measures, wherever required, to address issues raised by the statutory authorities and letters / notices received by the Company during the financial year under various enactments as applicable to the company.

We further report that, the related documents that we have come across depict that:

The powers of Board of Directors of the Company stands suspended pursuant to the commencement of Corporate Insolvency Resolution Process with effect from 17.8.2017. During the FY 2018-19, the company was under the management of Mr. Sripatham Venkatasubramanian Ramkumar, Resolution Professional.



During the Financial Year 2018-2019, meetings were convened by the Resolution Professional in lieu of quarterly meetings of Board of Directors, for which adequate notices are given.

We further report that, based on our limited review there appear adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

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

We further report that, during the year, the scrips of the Company were trading in "Z" group.

We further report that, a fine of Rs. 33,14,958/- by National Stock Exchange of India Ltd and Rs. 17,69,575/- by BSE Ltd. was imposed on the Company for delay in submission of financial results for the quarter ended March 31, 2018, June 30, 2018 and September 30, 2018.

We further report that, during the period, the Company has sought approval from its members for ratification of remuneration to Shri J Karthikeyan, Cost Accountant, the cost Auditor of the company.

We further report that during the audit period the company was under CIRP Process under provisions of Insolvency and Bankruptcy code, 2016 as stated above, having a major bearing on the Company's affairs. During the Financial year 2018-2019, resolution plan as provided under Insolvency and Bankruptcy code, 2016 has been given for reviving the company which has been approved by the committee of creditors with requisite majority for which necessary application has been filed by the company with Honourable National Company Law Tribunal and has been approved on September 17, 2018.

As per the order passed by the Honourable National Company Law Tribunal, Chennai Bench, the approved resolution plan has been annulled as the resolution applicant has failed to implement the approved resolution plan. Hence, Honourable NCLT passed an order on February 28, 2019. Pursuant to the above order, the period for CIRP has been extended by 105 days considering the time lost from the date of Expression of Interest till the date of annulment of the approved resolution plan submitted by the Resolution Applicant and the process is currently underway.

We further report that, our Audit was subjected only to verifying adequacy of systems and procedures that are in place for ensuring proper compliance by the Company and we are not responsible for any lapses in those compliances on the part of the Company.

For S Dhanapal & Associates

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

Place: Chennai
Date : June 03, 2019

This Report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

Annexure A

To

The Members
ORCHID PHARMA LIMITED,
(Formerly Known as Orchid Chemicals & Pharmaceuticals Limited)
Chennai

Our report of even date is to be read along with this letter

Management's Responsibility

- a. Maintenance of secretarial record is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

Auditor's Responsibility

- b. Our responsibility was to express an opinion on the secretarial records, standards and procedures followed by the company with respect to secretarial compliances.
- c. We believe that audit evidence and information obtained from company's management is adequate and appropriate for us to provide a basis for our opinion.
- d. Where ever required, we have obtained Management representation about the compliance of laws, rules and regulations and happenings of events etc.

Disclaimer

- e. The Secretarial Audit is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management conducted the affairs of the Company.

For S Dhanapal & Associates

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

Place: Chennai
Date : June 03, 2019

Annexure - VII

Form AOC-I

(Pursuant to first proviso to sub-section (3) of Section 129 read with rule 5 of Companies (Accounts) Rules, 2014
Statement Containing Salient features of the financial statement of subsidiaries/Associate Companies/Joint Venture.

Part "A": Subsidiaries

S.No.	Name of the subsidiary	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	
		Apr '18 - Mar '19	Apr '18 - Mar '19	Apr '18 - Mar '19	Apr '18 - Mar '19	Mar '18 - Feb 2019	Apr '18 - Mar '19	Rs in Lakhs	Rs in Lakhs	Rs in Lakhs	Rs in Lakhs
1	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Apr '18 - Mar '19	Apr '18 - Mar '19	Apr '18 - Mar '19	Apr '18 - Mar '19	Mar '18 - Feb 2019	Apr '18 - Mar '19				
2	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	GBP 91.75	USD 69.77	USD 69.77	USD 69.77	ZAR 4.77	USD 69.77				USD 69.77
3	Share capital	10,000.00	100.00	6,977.00	35,895.27	3,03,638.00	25,04,412.99	3,03,638.00	14,48,353.26	0.00	0.00
4	Reserves & surplus	34,102.68	-57,57,239.00	-40,16,82,565.03	-53,01,051.97	-3,03,638.00	-36,98,54,395.95	-3,03,638.00	-14,48,353.26	-32,60,563.00	-22,74,88,782.81
5	Total assets	5,92,842.70	17,53,573.00	12,23,46,788.21	3,83,503.55	0.00	2,67,57,042.68	0.00	0.00	3,275.00	2,28,496.75
6	Total Liabilities	5,92,842.70	17,53,573.00	12,23,46,788.21	3,83,503.55	0.00	2,67,57,042.68	0.00	0.00	3,275.00	2,28,496.75
7	Investments	--	--	--	--	--	--	0.00	0.00	0.00	0.00
8	Turnover	58,914.00	31,10,531.00	21,70,21,747.87	0.00	0.00	0.00	0.00	0.00	0.00	0.00
9	Profit before taxation	-3,641.62	-3,75,768.00	-2,62,17,333.36	-2,427.97	0.00	-1,69,399.47	0.00	0.00	0.00	-1,51,24,740.60
10	Provision for taxation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
11	Profit after taxation	-3,641.62	-3,75,768.00	-2,62,17,333.36	-2,427.97	0.00	-1,69,399.47	0.00	0.00	0.00	-1,51,24,740.60
12	Proposed Dividend	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
13	% of shareholding	100%	100%	100%	100%	100%	100%	100%	100%	100%	76.65%

1. Names of subsidiaries which are yet to commence operations -NIL

2. Names of subsidiaries which have been liquidated or sold during the year-NIL

Note: Indian equivalent figures have been arrived at by applying the year end rate 1£ = Rs 91.75, 1 South African Rand = Rs 4.77 & 1 US \$ = Rs 69.77 and do not form part of the reports of Orchid Europe Limited, Orchid Pharmaceuticals Inc., Bexel Pharmaceuticals Inc., Orchid Pharmaceuticals SA (Proprietary) Limited & Diakron Pharmaceuticals Inc.

Part “B”: Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Name of Associates/Joint Ventures	
1 Latest audited Balance Sheet Date	
2 Shares of Associate/Joint Ventures held by the company on the year end:	
No. of shares	
Amount of Investment in Associates/Joint Venture (Rs. In Lakhs)	
Extend of Holding %	
3 Description of how there is significant influence	Not Applicable - The Company did not have any investments in Associates or Joint ventures as at March 31, 2019
4 Reason why the associate/joint venture is not consolidated	
5 Net worth attributable to Shareholding as per latest audited Balance Sheet	
6 Profit / Loss for the year	
i. Considered in Consolidation	
ii. Not Considered in Consolidation	

- Names of associates or joint ventures which are yet to commence operations-NIL
- Names of associates or joint ventures which have been liquidated or sold during the year-NIL

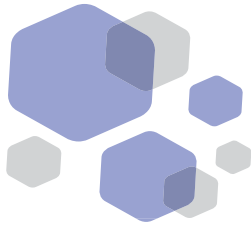
For and On behalf of the board

L. Chandrasekar
EVP-Finance & Secretary

K. Raghavendra Rao
Managing Director
DIN: 00010096

Place : Chennai
Date : June 03, 2019

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



Annexure VIII to the Board's Report

FORM NO. AOC-2

(PURSUANT TO CLAUSE (H) OF SUB-SECTION (3) OF SECTION 134
OF THE ACT AND RULE 8(2) OF THE COMPANIES (ACCOUNTS) RULES, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

1. Details of contracts or arrangements or transactions not at arm's length basis.

NIL

2. Details of material contracts or arrangement or transactions at arm's length basis

a) Name(s) of the related party and nature of relationship.

1. Orchid Pharma Inc., USA - Wholly owned Subsidiary
2. Orchid Europe Ltd., UK - Wholly owned Subsidiary

b) Nature of contracts/arrangements/transactions

Details of transactions with the above related parties are provided in Note No. 50 to the accounts of financial year 2018-19.

c) Duration / Salient terms / Date(s) of approval by the Board of / for the Contracts / Arrangements / Transactions

The values of transactions with the above related parties are less than 10% of the total income for the financial year 2018-19

Hence, the details required as above to be furnished in respect of material related party transaction are not applicable and hence not furnished.

d) Amounts paid as advances, if any

Details of transaction with the above-related parties are provided in Note No. 50 to the accounts of financial year 2018-19

Place : Chennai
Date : June 03, 2019

K. Raghavendra Rao
Managing Director
DIN: 00010096

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



Annexure IX to the Board's Report

STATEMENT ON IMPACT OF AUDIT QUALIFICATIONS SUBMITTED FOR THE FINANCIAL YEAR ENDED MARCH 31, 2019 [PURSUANT TO REGULATION 33 & 52 OF THE SEBI (LODR) (AMENDMENT) REGULATIONS, 2016]

STANDALONE BASIS

I	Sl.No	Particulars	Audited figures (as reported before adjusting for qualifications) (Rs. In Lakhs)	Audited figures (audited figures after adjusting for qualifications) (Rs. In Lakhs)
	1	Turnover /Total Income (including other income)	60057.46	60057.46
	2	Total Expenditure (Including finance cost and exceptional items)	70072.20	70072.20
	3	Net Profit / (Loss)	(10014.74)	(10014.74)
	4	Earnings per Share (In Rs.)	(11.36)	(11.36)
	5	Total Assets	299325.33	299325.33
	6	Total Liabilities	374824.39	374824.39
	7	Net worth	(75499.06)	(75499.06)
	8	Any Other Financial item(s) (as felt appropriate by the management)	-	-

II Audit Qualification (Each audit qualification separately)

1	(a)	Details of Audit Qualification:	<p>Note 1 to the standalone financial statements, regarding application by an operational creditor, initiating the insolvency provisions under the Insolvency and Bankruptcy Code, 2016 ('the Code') and the consequential appointment of the RP under the Code, and adequacy of disclosures concerning the Company's ability to meet its financial and contractual obligations including management's technical estimates in regard to realisation of value of inventories, overdue receivables (net of provisions) amounting to Rs. 2,338.09 Lakhs, loans and advances given to various parties (net of provisions) amounting to Rs. 75,264.21 Lakhs (which includes capital advances of Rs.52,206.06 and other advances of Rs. 23,058.15 Lakhs), provision for impairment, if any, required for property, plant and equipment (PPE), PPE under development, internally generated intangible assets comprising of DBF / ANDA, other non-monetary assets, investments, unamortised finance charges, claims made by / advances given to employees, financial obligations including repayment of various loans, unpaid interest and the ability to fund various obligations pertaining to operations including unpaid / overdue creditors, for ensuring / commencing normal operations and further investments required towards ongoing research and development projects under progress (carrying amount of Rs.1,431 Lakhs).</p> <p>The possible impact, if any, arising out of the above matters is not presently ascertainable.</p> <p>The above matters, other than CIRP related, have been outstanding for more than 3 years and have been qualified by the predecessor auditors in their audit report for earlier years. These matters have also been qualified in our earlier years' audit reports.</p>
	(b)	Type of Audit Qualification :	Qualified opinion
	(c)	Frequency of Qualification :	Repetitive



	(d)	For Audit Qualification(s) where the impact is quantified by the auditor, Management Views:	N.A.
	(e)	For Audit Qualification(s) where the impact is not quantified by the auditor :	
	(i)	Management's estimation on the impact of audit qualification:	N.A.
	(ii)	If management is unable to estimate the impact, reason for the same	<p>The Company is under CIRP and the Resolution Professional is required to invite submission of resolution plans from potential resolution applicants, which shall be put up for necessary approvals before the Committee of Creditors ("CoC") and the Honourable NCLT. The CIRP is not yet concluded and hence, the final outcome is yet to be ascertained.</p> <p>The company has not taken in consideration impact on the value of the assets due to this information for impairment, if any, in preparation of Financial Result as required by Ind-AS 10 on "Events after the reporting period". Further, the Company has not made assessment of impairment as required by Ind AS 36 on Impairment of Assets, if any, as at 31st March 2019 in the value of tangible and intangible assets.</p>
	(iii)	Auditor's Comment on (i) or (ii) above:	Refer "Basis for Qualified Opinion" in audit report read with relevant notes in the financial results, the same is self-explanatory.
II Audit Qualification (Each audit qualification separately)			
2	(a)	Details of Audit Qualification:	<p>Confirmation of balances are not available for majority of the trade receivables, loans and advances given, trade payables, claims received from the employees, bank balances and bank loans as at March 31, 2019. Pursuant to the CIRP, the Company stopped providing interest on bank borrowings for the current year, after the CIRP commencement date and reversed the interest already accounted in the earlier years over and above the amount approved by RP. In the absence of the confirmation of balances, the possible adjustments, if any, required in the standalone financial statements are not presently determinable.</p> <p>The above matters, other than CIRP related, have been outstanding for more than 3 years and have been qualified by the predecessor auditors in their audit report for earlier years. These matters have also been qualified in our earlier years' audit reports.</p>
	(b)	Type of Audit Qualification :	Qualified opinion
	(c)	Frequency of Qualification :	Repetitive
	(d)	For Audit Qualification(s) where the impact is quantified by the auditor, Management Views:	N.A.
	(e)	For Audit Qualification(s) where the impact is not quantified by the auditor:	
	(i)	Management's estimation on the impact of audit qualification:	For non-receipt of independent balance confirmation from the financial creditors, Management is of the view that there will not be significant variation in respect of borrowings, bank balances and bank guarantees.

	(ii) If management is unable to estimate the impact, reason for the same	<p>In accordance with the Code, public announcement was made calling upon the financial creditors and operational creditors of the Company to submit their claims with the Interim Resolution Professional (“IRP / RP”). In accordance with the Code, the IRP / RP has to receive, collate and admit the claims submitted against the Company. Such claims can be submitted to the IRP / RP during CIRP, till the approval of a resolution plan by the Committee of Creditors (CoC). Pursuant to the claims received, the CoC was informed and the list of such creditors was duly notified to the NCLT and uploaded on the company website. Thereafter, there have been regular revisions to the list in view of the claims received and the Company and RP are in process of receiving, collating, verifying, seeking clarifications, sending communications for unreconciled balance calling for additional documents to substantiate whole / part of the unreconciled claims on such claims.</p> <p>In respect of claims submitted by the financial creditors, the same is exceeding amount appearing in the books of accounts. The process for submission and reconciliation of claims as on the Insolvency Commencement Date remains an on-going process.</p>
	(iii) Auditor’s Comment on (i) or (ii) above:	Refer “Basis for Qualified Opinion” in audit report read with relevant notes in the financial results, the same is self-explanatory.

II Audit Qualification (Each audit qualification separately)

3	(a) Details of Audit Qualification:	The Company’s net worth as on the reporting date is negative and it continue to incur losses. Considering the above and the further matters more fully explained in the Material Uncertainties Relating To Going Concern section below, we are unable to comment on the appropriateness of preparation of the standalone financial statements on a going concern basis.
	(b) Type of Audit Qualification :	Qualified opinion
	(c) Frequency of Qualification :	Repetitive
	(d) For Audit Qualification(s) where the impact is quantified by the auditor, Management Views:	N.A.
	(e) For Audit Qualification(s) where the impact is not quantified by the auditor:	
	(i) Management’s estimation on the impact of audit qualification:	N.A.



	(ii)	If management is unable to estimate the impact, reason for the same	<p>The Resolution Professional and the Bid process advisor have presented the terms of the resolution plans received and found to be compliant under Sec 29A of the IBC, 2016 to the Committee of Creditors. The Committee of Creditors after considering the resolution plans received and after negotiating with the three resolution applicants has decided to declare the H1 Bidder.</p> <p>The Resolution Professional will be submitting the resolution plan of the H1 Bidder to the Adjudicating Authority if the same receives approval of the Committee of Creditors with 66% voting share. The CIRP as on March 31, 2019 is still in progress and yet to be completed.</p> <p>In view of the above, the financials have been prepared as a "going concern".</p>
	(iii)	Auditor's Comment on (i) or (ii) above:	Refer "Basis for Qualified Opinion" in audit report read with relevant notes in the financial results, the same is self-explanatory.
II Audit Qualification (Each audit qualification separately)			
4	(a)	Details of Audit Qualification:	<p>We have not been provided with sufficient, appropriate audit evidence relating to physical verification of fixed assets / related reconciliation with the books of account. We were informed that the Company is a continuous processing industry and the Company is in the process of carrying out the physical verification of fixed assets. Pending completion of such verification / reconciliation, we are unable to comment on the possible impact, if any, arising out of the above matters.</p> <p>Considering the aforesaid matters, the internal controls over financial reporting also needs to be further strengthened to make them commensurate with the size and nature of business of the Company.</p>
	(b)	Type of Audit Qualification :	Qualified opinion
	(c)	Frequency of Qualification :	Repetitive
	(d)	For Audit Qualification(s) where the impact is quantified by the auditor, Management Views:	N.A.
	(e)	For Audit Qualification(s) where the impact is not quantified by the auditor:	
	(i)	Management's estimation on the impact of audit qualification:	N.A.
	(ii)	If management is unable to estimate the impact, reason for the same	<p>The company is under the CIRP since August 17, 2017. During the financial year 2017-18, when the company was under CIRP, the IRP as well as the Resolution Professional appointed two registered Valuers as per IBC to determine the estimated of the Fair Value and Liquidation Values of the Inventory and fixed Assets of the Company. The values so ascertained and the reports thereof are very sensitive and confidential in nature and were not shared.</p>
	(iii)	Auditor's Comment on (i) or (ii) above:	Refer "Basis for Qualified Opinion" in audit report read with relevant notes in the financial results, the same is self-explanatory.

II Audit Qualification (Each audit qualification separately)		
5	(a)	<p>Details of Audit Qualification:</p> <p>We have been informed by the RP that certain information including the minutes of the meetings of the CoC, cases filed by the RP against the Key Management Personnel, employees, suppliers, customers and other parties and the outcome of certain specific / routine procedures carried out as part of the IBC process are confidential in nature and could not be shared with anyone, other than the CoC and Hon'ble NCLT. We have not also been provided with sufficient, appropriate audit evidence in respect of avoidance applications filed under the IBC Code by the RP due to the confidentiality involved.</p> <p>In the opinion of the RP, the matter is highly sensitive, confidential and may have adverse impact of the successful implementation of the resolution plan.</p> <p>Accordingly, we are unable to comment on the possible adjustments required in the carrying amount of assets and liabilities, possible presentation and disclosure impacts, if any, that may arise if we have been provided access to review of those information.</p>
	(b)	<p>Type of Audit Qualification :</p> <p>Qualified opinion</p>
	(c)	<p>Frequency of Qualification :</p> <p>Repetitive</p>
	(d)	<p>For Audit Qualification(s) where the impact is quantified by the auditor, Management Views:</p> <p>N.A.</p>
	(e)	<p>For Audit Qualification(s) where the impact is not quantified by the auditor:</p>
	(i)	<p>Management's estimation on the impact of audit qualification:</p> <p>N.A.</p>
	(ii)	<p>If management is unable to estimate the impact, reason for the same</p> <p>The Resolution Professional is obliged not to share certain information which are integral part of the CIRP, in order to maintain confidentiality of the process and in line with the directions of the Committee of Creditors.</p>
	(iii)	<p>Auditor's Comment on (i) or (ii) above:</p> <p>"Basis for Qualified Opinion" in audit report Refer read with relevant notes in the financial results, the same is self-explanatory.</p>



III Signatories

K Raghavendra Rao

Managing Director

L Chandrasekar

Chief Financial Officer

Sripatham venkatasubramanian Ramkumar

Resolution Professional

IP Registration no. IBBI/IPA-001 /IP-P00015 /2016-17/10039)

Place : Chennai

Date : June 03, 2019

Statutory Auditor

Refer our Independent Auditors' report dated June 03, 2019 on Standalone Financial Results of the Company

For CNGSN&Associates LLP

Chartered Accountants

Firm Registration No.004915S/S200036

Chinnsamy Ganesan

Partner

Membership No.027501

Place : Chennai

Date : June 03, 2019

CONSOLIDATED BASIS

I	Sl.No	Particulars	Audited figures (as reported before adjusting for qualifications) (Rs. In Lakhs)	Audited figures (audited figures after adjusting for qualifications) (Rs. In Lakhs)
	1	Turnover / Total Income (including other income)	61690.89	61690.89
	2	Total Expenditure (Including finance cost and exceptional items)	54659.71	54659.71
	3	Net Profit /(Loss)	7031.18	7031.18
	4	Earnings per Share (In Rs.)	7.80	7.80
	5	Total Assets	307703.50	307703.50
	6	Total Liabilities	378107.25	378107.25
	7	Net worth	(70403.75)	(70403.75)
	8	Any Other Financial item(s) (as felt appropriate by the management)	-	-
II	Audit Qualification (Each audit qualification separately)			
1	(a)	Details of Audit Qualification:	<p>Note 1 to the consolidated financial statements, regarding application by an operational creditor, initiating the insolvency provisions under the Insolvency and Bankruptcy Code, 2016 ('the Code') and the consequential appointment of the RP under the Code, and adequacy of disclosures concerning the Group's ability to meet its financial and contractual obligations including management's technical estimates in regard to realisation of value of inventories, overdue receivables (net of provisions) amounting to Rs. 2,338.09 Lakhs, loans and advances given to various parties (net of provisions) amounting to Rs.75,264.21 Lakhs (which includes capital advances of Rs.52,206.06 and other advances of Rs.23,058.15 Lakhs), provision for impairment, if any, required for property, plant and equipment (PPE), PPE under development, goodwill, internally generated intangible assets comprising of DBF/ ANDA, other non-monetary assets, investments, unamortised finance charges, claims made by/ advances given to employees, financial obligations including repayment of various loans, unpaid interest and the ability to fund various obligations pertaining to operations including unpaid/ overdue creditors, for ensuring/ commencing normal operations and further investments required towards ongoing research and development projects under progress (carrying amount of Rs.1,431 Lakhs).</p> <p>The possible impact, if any, arising out of the above matters is not presently ascertainable.</p> <p>The above matters, other than CIRP related, have been outstanding for more than 3 years and have been qualified by the predecessor auditors in their audit report for earlier years. These matters have also been qualified in our earlier years' audit reports.</p>	
	(b)	Type of Audit Qualification :	Qualified opinion	
	(c)	Frequency of Qualification :	Repetitive	
	(d)	For Audit Qualification(s) where the impact is quantified by the auditor, Management Views:	N.A.	
	(e)	For Audit Qualification(s) where the impact is not quantified by the auditor:		



	(i)	Management's estimation on the impact of audit qualification:	N.A.
	(ii)	If management is unable to estimate the impact, reason for the same	<p>The Company is under CIRP and the Resolution Professional is required to invite submission of resolution plans from potential resolution applicants, which shall be put up for necessary approvals before the Committee of Creditors ("CoC") and the Honourable NCLT. The CIRP is not yet concluded and hence, the final outcome is yet to be ascertained.</p> <p>The company has not taken in consideration impact on the value of the assets due to this information for impairment, if any, in preparation of Financial Result as required by Ind-AS 10 on "Events after the reporting period". Further, the Company has not made assessment of impairment as required by Ind AS 36 on Impairment of Assets, if any, as at 31st March 2019 in the value of tangible and intangible assets."</p>
	(iii)	Auditor's Comment on (i) or (ii) above:	Refer "Basis for Qualified Opinion" in audit report read with relevant notes in the financial results, the same is self-explanatory.
II	Audit Qualification (Each audit qualification separately)		
2	(a)	Details of Audit Qualification:	<p>Confirmation of balances are not available for majority of the trade receivables, loans and advances given, trade payables, claims received from the employees, bank balances and bank loans as at March 31, 2019. Pursuant to the CIRP, the Group stopped providing interest on bank borrowings for the current year, after the CIRP commencement date and reversed the interest already accounted in the earlier years over and above the amount approved by the RP. In the absence of the confirmation of balances, the possible adjustments, if any, required in the Consolidated Financial Statements are not presently determinable.</p> <p>The above matters, other than CIRP related, have been outstanding for more than 3 years and have been qualified by the predecessor auditors in their audit report for earlier years. These matters have also been qualified in our earlier years' audit reports.</p>
	(b)	Type of Audit Qualification :	Qualified opinion
	(c)	Frequency of Qualification :	Repetitive
	(d)	For Audit Qualification(s) where the impact is quantified by the auditor, Management Views:	N.A.
	(e) For Audit Qualification(s) where the impact is not quantified by the auditor:		
	(i)	Management's estimation on the impact of audit qualification:	For non-receipt of independent balance confirmation from the financial creditors Management is of the view that there will not be significant variation in respect of borrowings, bank balances and bank guarantees.

	(ii)	If management is unable to estimate the impact, reason for the same	<p>In accordance with the Code, public announcement was made calling upon the financial creditors and operational creditors of the Company to submit their claims with the Interim Resolution Professional ("IRP /RP"). In accordance with the Code, the IRP / RP has to receive, collate and admit the claims submitted against the Company. Such claims can be submitted to the IRP/ RP during CIRP, till the approval of a resolution plan by the Committee of Creditors (CoC). Pursuant to the claims received, the CoC was informed and the list of such creditors was duly notified to the NCLT and uploaded on the company website. Thereafter, there have been regular revisions to the list in view of the claims received and the Company and RP are in process of receiving, collating, verifying, seeking clarifications, sending communications for unreconciled balance calling for additional documents to substantiate whole /part of the unreconciled claims on such claims.</p> <p>In respect of claims submitted by the financial creditors, the same is exceeding amount appearing in the books of accounts. The process for submission and reconciliation of claims as on the Insolvency Commencement Date remains an on-going process.</p>
	(iii)	Auditor's Comment on (i) or (ii) above:	Refer "Basis for Qualified Opinion" in audit report read with relevant notes in the financial results, the same is self-explanatory.
II	Audit Qualification (Each audit qualification separately)		
3	(a)	Details of Audit Qualification:	The Group's net worth as on the reporting date is negative and it continue to incur losses. Considering the above and the further matters more fully explained in the Material Uncertainties Relating To Going Concern section below, we are unable to comment on the appropriateness of preparation of consolidated financial statements on a going concern basis.
	(b)	Type of Audit Qualification :	Qualified opinion
	(c)	Frequency of Qualification :	Repetitive
	(d)	For Audit Qualification(s) where the impact is quantified by the auditor, Management Views:	N.A.
	(e)	For Audit Qualification(s) where the impact is not quantified by the auditor:	
	(i)	Management's estimation on the impact of audit qualification:	N.A.
	(ii)	If management is unable to estimate the impact, reason for the same	<p>The Resolution Professional and the Bid process advisor have presented the terms of the resolution plans received and found to be compliant under Sec 29A of the IBC, 2016 to the Committee of Creditors. The Committee of Creditors after considering the resolution plans received and after negotiating with the three resolution applicants has decided to declare the H1 Bidder.</p> <p>The Resolution Professional will be submitting the resolution plan of the H1 Bidder to the Adjudicating Authority if the same receives approval of the Committee of Creditors with 66% voting share. The CIRP as on March 31, 2019 is still in progress and yet to be completed.</p> <p>In view of the above, the financials have been prepared as a "going concern".</p>
	(iii)	Auditor's Comment on (i) or (ii) above:	Refer "Basis for Qualified Opinion" in audit report read with relevant notes in the financial results, the same is self-explanatory.



II		Audit Qualification (Each audit qualification separately)	
4	(a)	Details of Audit Qualification:	<p>We have not been provided with sufficient, appropriate audit evidence relating to physical verification of fixed assets /related reconciliation with the books of account. We were informed that the Company is a continuous processing industry and the Company is in the process of carrying out the physical verification of fixed assets. Pending completion of such verification / reconciliation, we are unable to comment on the possible impact, if any, arising out of the above matters.</p> <p>Considering the aforesaid matters, the internal controls over financial reporting also needs to be further strengthened to make them commensurate with the size and nature of business of the Group.</p>
	(b)	Type of Audit Qualification :	Qualified opinion
	(c)	Frequency of Qualification :	Repetitive
	(d)	For Audit Qualification(s) where the impact is quantified by the auditor, Management Views:	N.A.
	(e)	For Audit Qualification(s) where the impact is not quantified by the auditor:	
	(i)	Management's estimation on the impact of audit qualification:	N.A.
	(ii)	If management is unable to estimate the impact, reason for the same	<p>In the year 2017, during CIRP, the Resolution Professional conducted valuation study as per IBC to assess the Fair Value and Liquidation Values of the Assets. The values so ascertained and the reports thereof are very confidential in nature and were not shared.</p> <p>The observations herein above are noted and the Management would take necessary steps to improve the internal financial controls by strengthening the processes relating to physical verification and reconciliation with the books of accounts.</p>
	(iii)	Auditor's Comment on (i) or (ii) above:	Refer "Basis for Qualified Opinion" in audit report read with relevant notes in the financial results, the same is self-explanatory.
II		Audit Qualification (Each audit qualification separately)	
5	(a)	Details of Audit Qualification:	<p>We have been informed by the RP that certain information including the minutes of the meetings of the CoC, cases filed by the RP against the Key Management Personnel, employees, suppliers, customers and other parties and the outcome of certain specific/ routine procedures carried out as part of the IBC process are confidential in nature and could not be shared with anyone, other than the CoC and Hon'ble NCLT. We have not also been provided with sufficient, appropriate audit evidence in respect of avoidance applications filed under the IBC Code by the RP due to the confidentiality involved.</p> <p>In the opinion of the RP, the matter is highly sensitive, confidential and may have adverse impact of the successful implementation of the resolution plan.</p> <p>Accordingly, we are unable to comment on the possible adjustments required in the carrying amount of assets and liabilities, possible presentation and disclosure impacts, if any, that may arise if we have been provided access to review of those information.</p>

(b)	Type of Audit Qualification :	Qualified opinion
(c)	Frequency of Qualification :	Repetitive
(d)	For Audit Qualification(s) where the impact is quantified by the auditor, Management Views:	N.A.
(e)	For Audit Qualification(s) where the impact is not quantified by the auditor:	
(i)	Management's estimation on the impact of audit qualification:	N.A.
(ii)	If management is unable to estimate the impact, reason for the same	The Resolution Professional is obliged not to share certain information which are integral part of the CIRP, in order to maintain confidentiality of the process and in line with the directions of the Committee of Creditors.
(iii)	Auditor's Comment on (i) or (ii) above:	"Basis for Qualified Opinion" in audit report Refer read with relevant notes in the financial results, the same is self-explanatory.

III Signatories

K Raghavendra Rao

Managing Director

L Chandrasekar

Chief Financial Officer

Sripatham venkatasubramanian Ramkumar

Resolution Professional

IP Registration no. IBBI/IPA-001 /IP-P00015 /2016-17/10039)

Place : Chennai

Date : June 03, 2019

Statutory Auditor

Refer our Independent Auditors' report dated June 03, 2019 on Consolidated Financial Results of the Company

For CNGSN&Associates LLP

Chartered Accountants

Firm Registration No.004915S/S200036

Chinnsamy Ganesan

Partner

Membership No.027501

Place : Chennai

Date : June 03, 2019



Independent Auditors' Report

To the members of

Orchid Pharma Limited

Report on the audit of the standalone financial statements

Qualified Opinion

We have audited the standalone financial statements of Orchid Pharma Limited ("the Company"), which comprise the balance sheet as at March 31, 2019, and the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us and subject to matters described in the Basis of Qualified Opinion paragraph and the Material Uncertainty Relating To Going Concern Section below, the aforesaid standalone financial statements give the information required by the Companies Act 2013 ("Act") in the manner so required and give a true and fair view in conformity with Indian Accounting Standards ("Ind AS") prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and its loss, total comprehensive income, the changes in equity and cash flows for the year ended as on that date.

Basis for Qualified Opinion

We conducted our audit in accordance with the standards on auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the standalone financial statements section of our report. We are independent of the Company in accordance with the code of ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's code of ethics.

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

We draw attention to the following matters:

- (a) Note 1 to the standalone financial statements, regarding application by an operational creditor, initiating the insolvency provisions under the Insolvency and Bankruptcy Code, 2016 ('the Code') and the consequential appointment of the RP under the Code, and adequacy of disclosures concerning the Company's ability to meet its financial and contractual obligations including management's technical estimates in regard to realisation of value of inventories, overdue receivables (net of provisions) amounting to Rs. 2,338.09 Lakhs, loans and advances given to various parties (net of provisions) amounting to Rs.75,264.21 Lakhs (which includes capital advances of Rs.52,206.06 Lakhs and other advances of Rs.23,058.15 Lakhs), provision for impairment, if any, required for property, plant and equipment (PPE), PPE under development, internally generated intangible assets comprising of DBF/ ANDA, other non-monetary assets, investments, unamortised finance charges, claims made by/ advances given to employees, financial obligations including repayment of various loans, unpaid interest and the ability to fund various obligations pertaining to operations including unpaid/ overdue creditors, for ensuring/ commencing normal operations and further investments required towards ongoing research and development projects under progress (carrying amount of Rs.1,431 Lakhs).

The possible impact, if any, arising out of the above matters is not presently ascertainable.

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

- (b) Confirmation of balances are not available for majority of the trade receivables, loans and advances given, trade payables, claims received from the employees, bank balances and bank loans as at March 31, 2019. Pursuant to the CIRP, the Company stopped providing interest on bank borrowings for the current year, after the CIRP commencement date and reversed the interest already accounted in the earlier years over and above the amount approved by RP. In the absence of the confirmation of balances, the possible adjustments, if any, required in the standalone financial statements are not presently determinable.

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

- (c) The value of claims lodged by the Financial Creditors includes Foreign Currency Term Loan availed by the Group from consortium of Banks led by Axis Bank, admitted under CIRP commencement date amounting to INR is Rs.51,672.27 Lakhs and the same is carried in the Balance sheet at a value of Rs.56,044.14 Lakhs, arrived at by restating the foreign currency value of the loan to the extent admitted with the closing exchange rate as on March 31, 2019. If this loan is stated at the INR value as admitted under CIRP, there will be a net gain of Rs.3133.73 Lakhs after setting off the Foreign Currency Monetary Item Translation Difference account carried under "other equity" in respect of this loan.

Pending completion of the CIRP process and related confirmation by Axis Bank, no adjustment is made in the financial statements in respect of the above.

- (d) The Company's net worth as on the reporting date is negative and it continue to incur losses. Considering the above and the further matters more fully explained in the Material Uncertainties Relating To Going Concern section below, we are unable to comment on the appropriateness of preparation of the standalone financial statements on a going concern basis.
- (e) We have not been provided with sufficient, appropriate audit evidence relating to physical verification of fixed assets/ related reconciliation with the books of account. We were informed that the Company is a continuous processing industry and the Company is in the process of carrying out the physical verification of fixed assets. Pending completion of such verification/ reconciliation, we are unable to comment on the possible impact, if any, arising out of the above matters.

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

- (f) We have been informed by the RP that certain information including the minutes of the meetings of the CoC, cases filed by the RP against the key management personnel, employees, suppliers, customers and other parties and the outcome of certain specific/ routine procedures carried out as part of the IBC process are confidential in nature and could not be shared with anyone, other than the CoC and Hon'ble NCLT. We have not also been provided with sufficient, appropriate audit evidence in respect of avoidance

applications filed under the IBC Code by the RP due to the confidentiality involved.

In the opinion of the RP, the matter is highly sensitive, confidential and may have adverse impact of the successful implementation of the resolution plan.

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

Material Uncertainty Related to Going Concern

The Company's net worth as on the reporting date is negative and it continue incur losses. Since the successful bidder has not commenced implementation of the terms and conditions of the Resolution Plan and also not complied with the conditional order of the Hon'ble NCLT dated November 2, 2018, the Hon'ble NCLT vide its order dated February 28, 2019, annulled the existing resolution plan and given additional CIRP period of 105 days. The Hon'ble NCLT also ordered that the RP and CoC will discharge their function as before during this additional CIRP period.

The matters referred to in para (a) to (c) of the basis of qualified opinion paragraph above also essentially require the Company to resolve the situations specified therein within the framework specified through the CIRP. In the absence of any specific guidance or direction that can be assessed out of CIRP, material uncertainties exist that may cause significant doubt on the Company's ability to continue as a going concern. Attention is also invited to para (d) of basis of qualified opinion paragraph above.


Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In our opinion and based on the information and explanations given to us, there are no other key audit matters to be communicated in our report, other than those morefully described in the Basis for Qualified Opinion paragraph and in the Material Uncertainty Related to Going Concern section above.

Information other than the financial statements and auditors' report thereon

The Company's management/ RP are responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the standalone financial statements and our auditor's report thereon.



Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's responsibility for the financial statements

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

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

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management/ RP is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The management/ RP are also responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the management/ RP's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures,

and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

Report on other legal and regulatory requirements

As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in Annexure "A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

As required by Section 143(3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit; subject to the matters given in the basis of qualified opinion paragraph;
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books; subject to the matters given in the basis of qualified opinion paragraph;
- (c) The balance sheet, the statement of profit and loss including other comprehensive income, statement of changes in equity and the statement of cash flow dealt with by this report are in agreement with the books of account;

- (d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, subject to the matters given in the basis of qualified opinion paragraph;
- (e) Since the powers of the board of directors is suspended pursuant to the CIRP, receiving written representations from the directors that none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act and taking it on record by the board of directors is not applicable for the year under consideration;
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B". Our report expresses a modified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting;
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act; and
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - a. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 45 to the standalone financial statement
 - b. The Company has made provision, subject to the matters given in the basis of qualified opinion paragraph, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts; and
 - c. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

CHINNSAMY GANESAN
Partner
 Membership No. 027501

Place: Chennai
Date: June 3, 2019



Annexure “A” to the Independent Auditor’s Report on Standalone financial statements

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

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

- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a program of verification to cover all the items of fixed assets in a phased manner over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. However, no physical verification has been carried on by the management during the year. Accordingly, we were unable to comment on whether any material discrepancies were noticed on such verification and whether they are properly dealt with in the financial statements.
- (c) According to the information and explanations given to us, the records examined by us and based on the examination of the conveyance deeds provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date.

In respect of immovable properties pledged as security for borrowings, the Company is in the process of obtaining confirmation of title deeds deposited with the lenders. Accordingly, we are unable to express our comment on those items of immovable properties.

2. The inventory has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. According to the information and explanations given to us and as examined by us, no material discrepancies were noticed on such verification.
3. According to information and explanation given to us, the company has not granted any loan, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register required under section 189

of the Companies Act, 2013. Accordingly, paragraph 3 (iii) of the order is not applicable.

4. In our opinion and according to information and explanation given to us, the company has not granted any loans or provided any guarantees or given any security to which the provision of section 185 of the companies Act are applicable.

In respect of investments made by the Company, the Company had complied with the provisions of section 186 of the Companies Act, 2013.

5. In our opinion and according to the information and explanations given to us, the company has not accepted any deposits and accordingly, paragraph 3 (v) of the order is not applicable.
6. We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148 of the Act, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not carried out a detailed examination of the same.
7. According to the information and explanations given to us, in respect of statutory dues:

- (a) The Company has not been regular in depositing undisputed statutory dues, including provident fund, employees’ state insurance, income tax, sales tax, service tax, value added tax, goods and services tax, customs duty, excise duty, cess and other material statutory dues applicable to it with the appropriate authorities;
- (b) There were no undisputed amounts payable in respect of provident fund, employees’ state Insurance, income tax, sales tax, service tax, value added tax, goods and services tax, customs duty, excise duty, cess and other material statutory dues in arrears as at March 31, 2019 for a period of more than six months from the date they became payable; and

- (c) The details of dues of income tax, sales tax, service tax, excise duty, goods and services tax and value added tax which have not been deposited as at March 31, 2019 on account of dispute are given below:

Statute	Nature of dues	Amount (Rs.in lakhs)	Period to which the amount relates	Forum where the dispute is pending
Excise duty	Duty	343.47	April 2005 to March 2017	CESTAT/Commissioner of Appeals
Service tax	Tax	935.62	April 2005 to March 2012	CESTAT/ Commissioner of Appeals
Sales tax	Sales tax dues	552.56	April 2010 to March 2017	Appellate DCCT, Chennai.
Income Tax	Penalty	1,500.00	Assessment year 2013-14	CIT (Appeals), Chennai
Income Tax	Penalty	5,525.00	Assessment Year 2014-15	CIT (Appeals), Chennai

- 8 According to the information and explanation given to us and records examined by us, the Company has defaulted in repayment of dues to banks financial institutions and government since December 2016. The total amount of principal and interest unpaid aggregate to Rs.1,39,601.04 lakhs. The Company does not have any dues to debenture holders during the year.
- 9 In our opinion and according to the information and explanations given to us, no term loans have been taken during the year under consideration. The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year
- 10 To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- 11 In our opinion and according to the information and explanations given to us, the Company has paid/ provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- 12 The Company is not a Nidhi Company and accordingly, Paragraph 3 (xii) of the order is not applicable to the Company.
- 13 According to the information and explanations given to us and based on our examination of the records of the company, transactions with the related parties are in compliance with section 177 and 188 of the Act. Where applicable, the details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- 14 According to the information and explanations given to us and based on our examination of the records of the company, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the order is not applicable.
- 15 According to the information and explanations given to us and based on our examination of the records of the company, the company has not entered into non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the order is not applicable.
- 16 According to the information and explanations given to us and based on our examination of the records of the company, the company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For CNGSN & Associates LLP
Chartered Accountants

Firm Registration No.004915S/ S200036

CHINNSAMY GANESAN
Partner
Membership No. 027501

Place: Chennai

Date: June 3, 2019



Annexure “B” to the Independent Auditor’s Report on Standalone financial statements

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

Report on the internal financial controls over financial reporting under clause (i) of sub - section 3 of section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of Orchid Pharma Limited (“the Company”) as at March 31, 2019, in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management’s responsibility for internal financial controls

The management/ RP of the Company are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors’ responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the standards on auditing prescribed under Section 143 (10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those standards and the guidance note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial

reporting were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement in the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our qualified audit opinion on the Company’s internal financial control system over financial reporting.

Meaning of internal financial controls over financial reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition

of the company's assets that could have a material effect on the financial statements.

Limitations of internal financial controls over financial reporting

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

Basis of qualified opinion

We observed significant deficiencies in the internal financial controls relating to maintenance of sufficient, appropriate audit trail / documentation in respect of (a) physical verification of fixed assets; and (b) related reconciliation with the books of account.

Qualified Opinion

In our opinion and according to the information and explanations given to us, the Company has to further strengthen in all material respects, the internal financial control system over financial reporting to make such internal financial controls over financial reporting to operate effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For CNGSN & Associates LLP

Chartered Accountants

Firm Registration No.004915S/ S200036

CHINNSAMY GANESAN

Partner

Membership No. 027501

Place: Chennai

Date: June 3, 2019

Standalone Balance Sheet As At March 31, 2019

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

in Lakhs

	Notes	As at March 31, 2019	As at March 31, 2018
ASSETS			
Non-current assets			
Property, plant and equipment	4	1,14,050.79	1,26,821.65
Intangible assets	4	2,084.18	2,306.10
Capital work in progress	5	26,384.64	25,721.90
Intangible Assets under Development	6	1,431.00	1,431.00
Financial assets			
Investments	7	47.21	12,476.97
Other financial assets	8	1,694.32	7,197.07
Other non-current assets	9	82,267.35	76,042.18
Total non-current assets		2,27,959.49	2,51,996.87
Current assets			
Inventories	10	16,711.14	18,494.39
Financial assets			
Trade receivables	11	14,072.78	14,506.50
Cash and cash equivalents	12	9,096.54	3,060.20
Bank balances other than above	13	23,320.79	27,043.95
Loans	14	-	-
Other financial assets	15	311.15	233.42
Other current assets	16	7,853.44	5,741.14
Total current assets		71,365.84	69,079.60
Total assets		2,99,325.33	3,21,076.47
EQUITY AND LIABILITIES			
Equity			
Equity share capital	17	8,896.43	8,896.43
Other equity	18	(84,395.49)	(76,309.89)
Total equity		(75,499.06)	(67,413.46)
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	19	1,42,460.71	1,89,390.71

Standalone Balance Sheet As At March 31, 2019

in Lakhs

	Notes	As at March 31, 2019	As at March 31, 2018
Provisions	20	989.39	748.35
Deferred Tax Liability (Net)	21	322.62	322.62
Total non-current liabilities		1,43,772.72	1,90,461.68
Current liabilities			
Financial liabilities			
Borrowings	22	69,549.00	69,429.48
Trade payables	23	26,992.83	32,685.45
Short term provisions	24	143.49	102.91
Other current liabilities	25	1,34,366.35	95,810.41
Total current liabilities		2,31,051.67	1,98,028.25
Total Liabilities		3,74,824.39	3,88,489.93
Total Equity and Liabilities		2,99,325.33	3,21,076.47

The accompanying notes form an integral part of the financial statements

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

Chinnsamy Ganesan
Partner
Membership No.027501

Place : Chennai
Date : June 3, 2019

For and on behalf of the board

L. Chandrasekar
CFO and Company Secretary

K.Raghavendra Rao
Managing Director
DIN No. 00010096

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

Statement of profit and loss for the year ended March 31, 2019

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

in Lakhs

	Notes	For the year ended March 31, 2019	For the year ended March 31, 2018
Continuing Operations			
A Income			
Revenue from operations	26	58,364.62	64,900.18
Other income	27	1,692.84	1,986.72
Total income		60,057.46	66,886.90
B Expenses			
Cost of materials consumed	28	25,743.48	32,710.36
Purchases of Stock in Trade	29	29.84	119.74
Changes in inventories of finished goods and WIP	30	2,042.71	256.64
Employee Benefits Expense	31	7,914.45	8,239.47
Depreciation and amortisation expense	32	12,992.48	13,329.29
Excise Duty	33	-	483.25
Other expenses	34	23,903.22	21,730.39
Finance costs	35	29.96	30,164.80
Total expenses		72,656.14	1,07,033.94
C Profit/ (loss) before exceptional items and tax		(12,598.68)	(40,147.04)
Exceptional items - Income / (Expenses)	36	2,493.55	-
D Profit/ (loss) before tax from continuing operations		(10,105.13)	(40,147.04)
Income tax expense	37		
Current tax		-	-
Deferred tax charge/ (credit)		-	(4,619.44)
Profit/ (loss) for the year		(10,105.13)	(35,527.60)

Statement of profit and loss for the year ended March 31, 2019

in Lakhs

	Notes	For the year ended March 31, 2019	For the year ended March 31, 2018
E Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement of post employment benefit obligations		90.42	80.86
Gain/ (Loss) on fair valuation of investments		(0.03)	(6.64)
Other comprehensive income for the year, net of tax		90.39	74.22
Total comprehensive income/ (loss) for the year		(10,014.74)	(35,453.38)
Earnings per share	38		
Basic earnings per share		(11.36)	(39.93)
Diluted earnings per share		(11.36)	(39.93)

The accompanying notes form an integral part of the financial statements

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

Chinnsamy Ganesan
Partner
Membership No.027501

Place : Chennai
Date : June 3, 2019

For and on behalf of the board

L. Chandrasekar
CFO and Company Secretary

K.Raghavendra Rao
Managing Director
DIN No. 00010096

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

Statement of Cash Flows for the year ended March 31, 2019

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

in Lakhs

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Cash Flow From Operating Activities		
Profit/ loss before income tax	(10,105.13)	(40,147.04)
Adjustments for		
Depreciation and amortisation expense	12,992.48	13,329.29
(Profit)/ loss on sale of fixed assets	(0.34)	(3.96)
Interest income	(1,508.54)	(1,151.29)
Forex (Gain)/Loss Unrealised	9,161.98	2,638.62
Reversal of finance cost provision post CIRP period	(15,865.47)	-
Provision for diminution in value of investments	12,429.90	-
Provision for Advances to Subsidiaries	5,229.36	-
Allowance for expected credit loss	930.17	-
Finance costs, including grouped under exceptional items	149.48	30,164.80
	13,413.89	4,830.42
Change in operating assets and liabilities		
(Increase)/ decrease in Other financial assets	195.66	254.77
(Increase)/ decrease in inventories	1,783.25	1,250.98
(Increase)/ decrease in trade receivables	(443.46)	6,300.31
(Increase)/ decrease in Other assets	(7,888.31)	(628.06)
Increase/ (decrease) in provisions and other liabilities	710.62	(1,389.98)
Increase/ (decrease) in trade payables	(5,825.62)	(9,356.28)
Cash generated from operations	1,946.03	1,262.16
Less : Income taxes paid (net of refunds)	(427.60)	(703.86)
Net cash from operating activities (A)	1,518.43	558.30
Cash Flows From Investing Activities		
Purchase of PPE (including changes in CWIP)	(662.10)	(610.34)
Sale proceeds of PPE	-	5.84
(Purchase)/ disposal proceeds of Investments	(0.17)	-
(Investments in)/ Maturity of fixed deposits with banks	3,723.16	(3,397.37)
Interest received	1,486.98	1,206.98
Net cash used in investing activities (B)	4,547.87	(2,794.89)

Statement of Cash Flows for the year ended March 31, 2019

in Lakhs

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Cash Flows From Financing Activities		
Proceeds from/ (repayment of) long term borrowings (Net)	-	(148.52)
Proceeds from/ (repayment of) short term borrowings (Net)	-	3,919.61
Finance costs	(29.96)	(432.06)
Net cash from/ (used in) financing activities (C)	(29.96)	3,339.03
Net increase/decrease in cash and cash equivalents (A+B+C)	6,036.34	1,102.44
Cash and cash equivalents at the beginning of the financial year	3,060.20	1,957.76
Cash and cash equivalents at end of the year	9,096.54	3,060.20
Notes:		
1. The above cash flow statement has been prepared under indirect method prescribed in Ind AS 7 "Cash Flow Statements".		
2. Components of cash and cash equivalents		
Balances with banks		
- in current accounts	9,096.04	2,627.05
- in fixed deposit with original maturity of less than 3 months	-	432.00
Cash on hand	0.50	1.15
	9,096.54	3,060.20

The accompanying notes form an integral part of the financial statements

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

For and on behalf of the board

Chinnsamy Ganesan
Partner
Membership No.027501

L. Chandrasekar
CFO and Company Secretary

K.Raghavendra Rao
Managing Director
DIN No. 00010096

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

Place : Chennai
Date : June 3, 2019

Statement of Changes in Equity for the year ended March 31, 2019

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

(A) Equity Share Capital

Balance at the end of March 31, 2017	8,896.43
Changes in equity share capital during the year	-
Balance at the end of March 31, 2018	8,896.43
Changes in equity share capital during the year	-
Balance at the end of March 31, 2019	8,896.43

(B) Other Equity

in Lakhs

Particulars	Capital Reserve	Capital Reserve on Amalgamation	Securities Premium Reserve	General Reserve	Foreign Currency Monetary Item Translation Difference Account	Other Comprehensive Income	Profit and Loss Account	Total
Balance as at April 1, 2017	894.68	9,004.21	46,447.86	55,851.90	(5,498.74)	7.84	(1,49,895.72)	(43,187.97)
Total Comprehensive Income for the year	-	-	-	-	-	74.22	(35,527.60)	(35,453.38)
Additions/ (deductions) during the year	-	-	-	-	2,331.46	(80.86)	80.86	2,331.46
Balance as at March 31, 2018	894.68	9,004.21	46,447.86	55,851.90	(3,167.28)	1.20	(1,85,342.46)	(76,309.89)
Total Comprehensive Income for the year	-	-	-	-	-	90.39	(10,105.13)	(10,014.74)
Additions/ (deductions) during the year	-	-	-	-	1,929.14	(90.42)	90.42	1,929.14
Balance as at March 31, 2019	894.68	9,004.21	46,447.86	55,851.90	(1,238.14)	1.17	(1,95,357.17)	(84,395.49)

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

For and on behalf of the board

For **CNGSN & Associates LLP**

Chartered Accountants

Firm Registration No.004915S/ S200036

L. Chandrasekar

CFO and Company Secretary

K.Raghavendra Rao

Managing Director

DIN No. 00010096

Chinnsamy Ganesan

Partner

Membership No.027501

Ramkumar Sripatham Venkatasubramaniam

Resolution Professional

IP Registration no.

IBBI/IPA-001/IP-P00015/2016-17/10039

Place : Chennai

Date : June 3, 2019

Notes to Financial Statements for the year ended March 31, 2019

1 Corporate Information

Orchid Pharma Ltd., is one of the leading pharmaceutical companies in India head quartered in Chennai and involved in the development, manufacture and marketing of diverse bulk actives, formulations and nutraceuticals with exports spanning over 40 countries. Orchid's world class manufacturing infrastructure include USFDA compliant API and Finished Dosage Form facilities at Chennai in India. Orchid has dedicated state-of-art and GLP compliant R&D infrastructure for Process research, Drug Discovery and Pharmaceutical research at Chennai, India. Orchid has ISO 14001 and OHSAS 18001 certifications. Orchid's Equity shares are listed on the National Stock Exchange of India Limited (NSE) and the BSE Limited (BSE) in India.

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

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

2 Basis of preparation of financial statements

Statement of compliance

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

Basis of preparation and presentation

The Company's net worth as on the reporting date is negative. The Resolution Plan filed by the RP has been approved by NCLT vide its order dated September 17, 2018. However, the successful Resolution Applicant has not commenced implementation of the approved Resolution Plan. Consequently, vide order dated February 28, 2019, the NCLT annulled the existing resolution plan and given additional CIRP period of 105 days to the RP and Committee of Creditors (CoC). The NCLT also ordered that the RP and CoC will discharge their function as before during this CIRP period. The RP and CoC are taking necessary steps to identify alternative resolution plans.

Pending this and measures to be adopted as part of the resolution process, the financial statements have been prepared and presented by the Company on a going concern basis.

Use of estimates

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

Functional and presentation currency

These financial statements are presented in Indian Rupees (INR), which is the Company's functional currency. All financial information presented in INR has been rounded to the nearest Lakhs (up to two decimals).

The financial statements are approved for issue by the Company's Resolution Professionals/ Board of Directors on June 3, 2019.



Notes to Financial Statements for the year ended March 31, 2019

2A Critical accounting estimates and management judgments

In application of the accounting policies, which are described in note 3, the management of the Company is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and assumptions are based on historical experience and other factors that are considered to be relevant.

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

Property, Plant and Equipment (PPE) and Intangible Assets

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

Current tax

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

Deferred Tax Assets

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

Fair value

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

Impairment of Trade Receivables

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

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

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

Defined Benefit Plans and Other long term employee benefits

The cost of the defined benefit plan and other long term employee benefits, and the present value of such obligation are determined by the independent actuarial valuer. An actuarial valuation involves making various assumptions that may differ from actual developments in future. Management believes that the assumptions used by the actuary in determination of the discount rate, future

Notes to Financial Statements for the year ended March 31, 2019

salary increases, mortality rates and attrition rates are reasonable. Due to the complexities involved in the valuation and its long term nature, this obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Fair value measurement of financial instruments

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

Provisions and contingencies

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

2B Recent accounting pronouncements

Standards issued but not yet effective

Ind AS 116 Leases: On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 116, Leases. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases, and related Interpretations.

The effective date for adoption of Ind AS 116 is annual periods beginning on or after April 1, 2019.

The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of profit and loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The Company has evaluated the requirements of the above standards and the effect on the financial statements is not considered to be significant.

Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments: On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company does not have any impact on account of this amendment.

Amendment to Ind AS 12 – Income taxes: On March 30, 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes. The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company does not have any impact on account of this amendment.

Amendment to Ind AS 19 – plan amendment, curtailment or settlement: On March 30, 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements. The amendments require an entity: • to use updated assumptions to determine current service cost and net



Notes to Financial Statements for the year ended March 31, 2019

interest for the remainder of the period after a plan amendment, curtailment or settlement; and • to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company does not have any impact on account of this amendment.

3 Significant Accounting Policies

a) Current versus non-current classification

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

An asset is treated as current when it is:

- i) Expected to be realised or intended to be sold or consumed in normal operating cycle
- ii) Held primarily for the purpose of trading
- iii) Expected to be realised within twelve months after the reporting period, or
- iv) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- i) It is expected to be settled in normal operating cycle
- ii) It is held primarily for the purpose of trading
- iii) It is due to be settled within twelve months after the reporting period, or
- iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

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

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

b) Fair value measurement

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

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

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

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

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

Notes to Financial Statements for the year ended March 31, 2019

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

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

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

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

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

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

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

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

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

c) Revenue Recognition

Sale of goods

Revenue is recognised when the company satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when the customer obtains control of that asset., which generally coincides with the despatch of the goods or as per the inco-terms agreed with the customers. "Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment. It comprises of invoice value of goods including excise duty and after deducting discounts, volume rebates and applicable taxes on sale. It also excludes value of self-consumption.

Export entitlements

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

Interest Income

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



Notes to Financial Statements for the year ended March 31, 2019

Dividend income

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

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

Deemed cost option for first time adopter of Ind AS

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

Presentation

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

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

Component Cost

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

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

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

Derecognition

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

e) Depreciation on property, plant and equipment

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

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

Notes to Financial Statements for the year ended March 31, 2019

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

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

f) Intangible assets

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

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

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

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

Useful life and amortisation of intangible assets

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

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

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

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

Subsequent cost and measurement

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

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

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



Notes to Financial Statements for the year ended March 31, 2019

g) Inventories

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

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

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

h) Financial Instruments

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

Financial assets

Initial recognition and measurement

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

Subsequent measurement

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

Financial assets are classified into the following categories:

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

Debt instruments at amortised cost

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

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows; and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding.

Such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the

Notes to Financial Statements for the year ended March 31, 2019

EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

Debt instrument at FVTOCI

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

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- b) The asset's contractual cash flows represent SPPI.

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

Debt instrument at FVTPL

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

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

Equity investments

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

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

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

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

Derecognition

A financial asset is primarily derecognised when:

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



Notes to Financial Statements for the year ended March 31, 2019

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

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

Impairment of financial assets

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

- a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, receivables and bank balance.
- b) Financial assets that are debt instruments and are measured at FVTOCI
- c) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18.

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

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

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

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

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

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

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

Notes to Financial Statements for the year ended March 31, 2019

- Financial assets measured as at amortised cost, contractual revenue receivables and lease receivables: ECL is presented as an allowance, which reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.
- Debt instruments measured at FVTOCI: Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. Rather, ECL amount is presented as 'accumulated impairment amount' in the OCI.

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

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

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

Financial liabilities

Initial recognition and measurement

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

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

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

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

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

Financial liabilities at FVTPL

Notes to Financial Statements for the year ended March 31, 2019

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

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

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

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

Loans and borrowings

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

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument. Financial guarantee contracts issued by the Company are initially measured at their fair values and, if not designated as at fair value through profit or loss, are subsequently measured at higher of (i) The amount of loss allowance determined in accordance with impairment requirements of Ind AS 109 – Financial Instruments and (ii) The amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 18 – Revenue.

Derivative financial instruments

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

Derecognition of financial liabilities

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

Reclassification of financial assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which

Notes to Financial Statements for the year ended March 31, 2019

are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

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

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

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

i) Foreign currency transactions and translations

Transactions and balances

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

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



Notes to Financial Statements for the year ended March 31, 2019

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

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

j) Borrowing Costs

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

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

k) Government grants

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

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

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

l) Taxes

Current income tax

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

Notes to Financial Statements for the year ended March 31, 2019

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

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

Deferred tax

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

Deferred tax liabilities are recognised for all taxable temporary differences.

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

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

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

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

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

m) Retirement and other employee benefits

Short-term employee benefits

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

Defined contribution plans

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



Notes to Financial Statements for the year ended March 31, 2019

Defined benefit plans

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

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

Compensated absences

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

Other long term employee benefits

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

n) Leases

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

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

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

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

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

o) Impairment of non financial assets

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

Notes to Financial Statements for the year ended March 31, 2019

p) Provisions, contingent liabilities and contingent asset

Provisions

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

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

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

Contingent liabilities

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

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

Contingent assets

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

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

q) Cash and cash equivalents

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

r) Cash Flow Statement

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

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

s) Earnings per share

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

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

Notes to Financial Statements for the year ended March 31, 2019

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

in Lakhs

4 Property, plant and equipment

Particulars	Tangible Assets								Intangible Assets				
	Freehold Land & Site Development	Leasehold Land	Buildings	Plant and Machinery	Furniture and Fittings	Vehicles	Office Equipment	Factory Equipment	Laboratory Equipment	Total	Internally generated DMF and ANDA	Computer Software	Total
Cost as at March 31, 2017	2,608.52	52.83	15,624.33	1,17,505.97	258.80	13.12	-	86.69	1,450.96	1,37,601.22	2,544.28	25.12	2,569.40
Additions	-	-	1,112.14	705.13	0.41	2.00	1.56	351.89	79.42	2,252.55	-	35.75	35.75
Disposals	-	-	-	-	-	(1.88)	-	-	-	(1.88)	-	-	-
Cost as at March 31, 2018	2,608.52	52.83	16,736.47	1,18,211.10	259.21	13.24	1.56	438.58	1,530.38	1,39,851.89	2,544.28	60.87	2,605.15
Additions	-	-	-	-	(0.08)	-	(0.03)	-	-	(0.11)	-	(0.20)	(0.20)
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-
Cost as at March 31, 2019	2,608.52	52.83	16,736.47	1,18,211.10	259.13	13.24	1.53	438.58	1,530.38	1,39,851.78	2,544.28	60.67	2,604.95
Depreciation / Amortisation	-	-	-	-	-	-	-	-	-	-	-	-	-
Charge for the year	-	0.61	751.84	11,775.68	72.64	2.91	-	10.30	416.26	13,030.24	291.14	7.91	299.05
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-
As at March 31, 2018	-	0.61	751.84	11,775.68	72.64	2.91	-	10.30	416.26	13,030.24	291.14	7.91	299.05
Charge for the year	-	-	789.38	11,608.74	36.95	0.78	1.01	38.50	295.39	12,770.75	218.35	3.37	221.72
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-
As at March 31, 2019	-	0.61	1,541.22	23,384.42	109.59	3.69	1.01	48.80	711.65	25,800.99	509.49	11.28	520.77
Net Block													
As at March 31, 2018	2,608.52	52.22	15,984.63	1,06,435.42	186.57	10.33	1.56	428.28	1,114.12	1,26,821.65	2,253.14	52.96	2,306.10
As at March 31, 2019	2,608.52	52.22	15,195.25	94,826.68	149.54	9.55	0.52	389.78	818.73	1,14,050.79	2,034.79	49.39	2,084.18

Notes to Financial Statements for the year ended March 31, 2019

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

in Lakhs

	As at March 31, 2019	As at March 31, 2018
5 Capital Work-in-progress		
PPE under development	26,384.64	25,721.90
	26,384.64	25,721.90
6 Intangible Assets under Development		
Intangible Assets under Development	1,431.00	1,431.00
	1,431.00	1,431.00
7 Non-current investments		
Investments in companies other than subsidiaries, associates and joint ventures at FVTPL		
Non - Trade		
i. Investments in Equity Instruments (Quoted)		
18,600 equity shares (previous year 18,600) of Rs.10 each in Bank of India Ltd, fully paid up	19.39	19.25
ii. Investments in Equity Instruments (Unquoted)		
6,00,000 equity shares of Rs. 10 each in Sai Regency Power Corporation Pvt.Ltd, fully paid up	60.00	60.00
911,430 equity shares of Rs. 10 each in Madras Stock Exchange Limited, fully paid up	23.99	23.99
31,936 equity shares of Rs.10 each in MSE Financial Services Limited, fully paid up	3.83	3.83
Investments in subsidiaries, associates and joint ventures at Cost		
i. Investments in Equity Instruments of Subsidiaries (Unquoted)		
10,000 Common Stock of GBP. 1 each in Orchid Europe Limited, UK, fully paid up	6.42	6.42
2,00,000 Common Stock of USD. 1 each in Orchid Pharmaceuticals Inc., USA, fully paid up	85.07	85.07
99,99,990 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 in Bexel Pharmaceutical Inc.*	8,883.24	8,883.24

Notes to Financial Statements for the year ended March 31, 2019

in Lakhs

	As at March 31, 2019	As at March 31, 2018
1,10,00,000 Common stock of Par value of USD 0.125 per share in Bexel Pharmaceutical Inc.	599.09	599.09
303,639 Ordinary shares each Rand 1 in Orchid Pharmaceuticals SA (Proprietary) Limited. South Africa, fully paid up	17.69	17.69
7,140,378 Series A Preferred stock & 322,986 Common stock par value of 0.83595 USD per share in Diakron Pharmaceuticals, Inc. USA	2,825.01	2,825.01
	12,523.73	12,523.59
Less: Provision for diminution in fair value of investments	(12,476.52)	(46.62)
	47.21	12,476.97
Total non-current investments		
Aggregate value of quoted investments	19.39	19.25
Aggregate market value of quoted investments	19.39	19.25
Aggregate value of unquoted investments	12,504.34	12,504.34
Aggregate amount of impairment in value of investments	(12,476.52)	(46.62)
* Each Series A & B Preferred stock is convertible into One Common stock, at any time, at the option of the Company and will have voting rights equal to one common stock and has the same value as common stock.		
8 Other non-current financial assets		
(Unsecured, considered good)		
Loans to subsidiaries	-	5,229.36
Prepaid Financial Charges	961.65	975.64
Deposits with Government Authorities	414.65	673.00
Other Deposits	318.02	319.07
(Unsecured, considered doubtful)		
Loans to subsidiaries	5,229.36	-
Others	202.66	202.66
Less : Provision for expected credit loss	(5,432.02)	(202.66)
	1,694.32	7,197.07
9 Other non-current assets		
(Secured, considered good)		
Ear-marked balance transferred from Other Bank balances	22.74	22.74
(Unsecured, considered good)		
Capital Advances	52,206.06	52,193.10
Advances to suppliers	23,058.15	17,273.54
Advance income tax (net of provision for tax)	6,980.40	6,552.80
	82,267.35	76,042.18

Notes to Financial Statements for the year ended March 31, 2019

in Lakhs

	As at March 31, 2019	As at March 31, 2018
10 Inventories		
Raw Materials	4,816.88	4,229.54
Intermediates & Work-in-progress	5,024.60	6,334.32
Finished Goods	4,050.99	4,766.16
Traded Goods	158.92	176.74
Stores and Spare parts	1,668.88	1,917.63
Chemicals and Consumables	311.45	237.15
Packing Materials	679.42	832.85
	16,711.14	18,494.39
Inventory comprises of		
Raw Materials		
7Aca	144.86	360.53
7-HACA	222.04	-
Terbinafine Hydrochloride	211.69	224.18
Cephalexin Usp(Compacted)	-	183.68
Thiost	269.31	122.56
Others	3,968.98	3,338.59
	4,816.88	4,229.54
Intermediates & Work-in-progress		
Cefuroxime Acid (Eu)	302.25	740.32
Pavest	187.21	231.93
Cefuroxime Axetil Crystallin Exdrier(Eu)	219.05	204.52
7-Acta (E)	9.92	260.26
Cefazolin Acid (U)	2.09	-
Cava (E)	323.86	-
Others	3,980.22	4,897.29
	5,024.60	6,334.32
Finished Goods		
Cephalothin Sodium Buffered Sterile	-	233.98
Ceftriaxone Sodium Ep (Sterile)	28.04	409.03
Cefuroxime Axetil Amorphous Blended	43.30	-
Cefixime Powder (Ep)	448.95	268.19
Ceftazidime Sodium Carbonate-Sterile(Ep)	66.85	374.42
Others	3,463.85	3,480.54
	4,050.99	4,766.16
Traded goods		
Others	158.92	176.74
	158.92	176.74

Notes to Financial Statements for the year ended March 31, 2019

in Lakhs

	As at March 31, 2019	As at March 31, 2018
11 Trade receivables		
Trade Receivables considered good - Secured	-	-
Trade Receivables considered good - Unsecured	14,072.78	14,506.50
Trade Receivables which have significant risk increase in credit risk	-	-
Trade Receivables credit impaired	4,086.85	3,761.23
	18,159.63	18,267.73
Less: Allowance for expected credit loss	(4,086.85)	(3,761.23)
	14,072.78	14,506.50
12 Cash and cash equivalents		
Cash on hand	0.50	1.15
Balances with banks		
In current accounts	9,096.04	2,627.05
Term Deposits		
In fixed deposit (with original maturity less than 3 months)	-	432.00
	9,096.54	3,060.20
13 Other Bank Balances		
In Fixed Deposits with banks (maturing within 12 months from the reporting date)		
	23,320.79	27,043.95
In earmarked accounts		
Unpaid Dividend Account	22.74	22.74
Less: Ear-marked balance grouped under non - current assets	(22.74)	(22.74)
	23,320.79	27,043.95
14 Loans		
Loans considered good - Secured	-	-
Loans considered good - Unsecured	-	-
Loans which have significant risk increase in credit risk	-	-
Loans credit impaired		
Loans to subsidiaries	99.26	99.25
	99.26	99.25
Less : Allowance for expected credit loss	(99.26)	(99.25)
	-	-

Notes to Financial Statements for the year ended March 31, 2019

in Lakhs

	As at March 31, 2019	As at March 31, 2018
15 Other current financial assets		
(Unsecured, considered good)		
Interest accrued	237.32	215.76
Rent Advances	28.53	17.66
Prepaid finance charges	45.30	-
	311.15	233.42
16 Other current assets		
(Unsecured, considered good)		
Advance recoverable in cash or in kind or for value to be received		
Prepaid expenses	840.88	1,728.19
Balances with Statutory Authorities	6,997.08	3,996.91
Employees Advances	15.48	16.04
	7,853.44	5,741.14
(Unsecured, considered doubtful)		
Advances to Suppliers	15,333.30	15,333.30
Less : Allowance for expected credit loss	(15,333.30)	(15,333.30)
	7,853.44	5,741.14
17 Equity Share Capital		
Authorised Share Capital		
15,00,00,000 Equity shares of Rs. 10 each	15,000.00	15,000.00
	15,000.00	15,000.00
Issued Share Capital		
8,89,64,327 Equity shares of Rs. 10 each	8,896.43	8,896.43
	8,896.43	8,896.43
Subscribed and fully paid up share capital		
8,89,64,327 Equity shares of Rs. 10 each	8,896.43	8,896.43
	8,896.43	8,896.43

Notes to Financial Statements for the year ended March 31, 2019

in Lakhs

	As at March 31, 2019	As at March 31, 2018
Notes:		
(a) Reconciliation of number of equity shares subscribed		
Balance as at the beginning of the year	8,89,64,327	8,89,64,327
Add: Issued during the year	-	-
Balance at the end of the year	8,89,64,327	8,89,64,327

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

Name of the share holders	March 31, 2019	%	March 31, 2018	%
	No of shares		No of shares	
Orchid Healthcare Pvt. Ltd.	1,94,09,575	21.82	1,94,09,575	21.82

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

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

18 Other Equity		
Capital Reserve	894.68	894.68
Capital Reserve on Amalgamation	9,004.21	9,004.21
Securities Premium	46,447.86	46,447.86
General Reserve	55,851.90	55,851.90
Foreign Currency Monetary Item Translation Difference Account	(1,238.14)	(3,167.28)
Other Comprehensive Income	1.17	1.20
Profit and Loss Account	(1,95,357.17)	(1,85,342.46)
	(84,395.49)	(76,309.89)
a) Capital reserve		
Balance at the beginning and end of the year	894.68	894.68
b) Capital Reserve on Amalgamation		
Balance at the beginning and end of the year	9,004.21	9,004.21

Notes to Financial Statements for the year ended March 31, 2019

in Lakhs

	As at March 31, 2019	As at March 31, 2018
c) Securities Premium		
Balance at the beginning and end of the year	46,447.86	46,447.86
d) General Reserve		
Balance at the beginning and end of the year	55,851.90	55,851.90
e) Foreign Currency Monetary Item Translation Difference Account		
Balance at the beginning of the year	(3,167.28)	(5,498.74)
(Additions)/ Adjustments during the year	1,929.14	2,331.46
Balance at the end of the year	(1,238.14)	(3,167.28)
f) Other comprehensive income		
Balance at the beginning of the year	1.20	7.84
Net Other Comprehensive Income for the period	90.39	74.22
(Deductions)/ Adjustments during the year	(90.42)	(80.86)
Balance at the end of the year	1.17	1.20
g) Profit and Loss Account		
Balance at the beginning of the year	(1,85,342.46)	(1,49,895.72)
Net profit for the period	(10,105.13)	(35,527.60)
Transfer from Other Comprehensive Income	90.42	80.86
Ind AS adjustments	-	-
Balance at the end of the year	(1,95,357.17)	(1,85,342.46)
19 Long Term Borrowings		
Secured *		
From Banks		
Rupee Term Loans	2,14,775.76	2,06,098.28
Foreign Currency Term Loans	56,044.14	77,744.64
Unsecured Loans		
From Related Parties **		
Less: Current maturities of Long Term Debt (refer note 25)	(1,28,359.19)	(94,452.21)
	1,42,460.71	1,89,390.71
* Refer Note 48 for repayment terms and security details		
** Represents loan from Directors		

Notes to Financial Statements for the year ended March 31, 2019

in Lakhs

	As at March 31, 2019	As at March 31, 2018
20 Provisions (Non-current)		
Provision for Employee Benefits		
Compensated absence	325.83	271.85
Gratuity	663.56	476.50
	989.39	748.35
21 Deferred Tax Asset / (Liability) - Net		
Deferred Tax Liability		
On Fixed Assets	9,414.23	9,414.23
On Others	322.62	322.62
	9,736.85	9,736.85
Deferred Tax Asset		
On unabsorbed tax depreciation	9,414.23	9,414.23
Net deferred tax asset / (liability)	(322.62)	(322.62)
22 Current liabilities - Borrowings		
Secured*		
Working Capital Facilities / Borrowings	55,718.11	55,718.11
Unsecured		
Loans from Banks	8,114.12	7,994.60
Loans from Others	2,500.00	2,500.00
Loans from related parties	3,216.77	3,216.77
	69,549.00	69,429.48
* Refer Note 48 for repayment terms and security details		
23 Trade payables		
Dues to Micro enterprises and Small enterprises *	348.43	69.53
Dues to Creditors other than Micro and Small enterprises	26,644.40	32,615.92
	26,992.83	32,685.45

* Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the management represents the principal amount payable to these enterprises. Please refer note 44.

Notes to Financial Statements for the year ended March 31, 2019

in Lakhs

	As at March 31, 2019	As at March 31, 2018
24 Provisions (Current)		
Provision for employee benefits		
Compensated absence	143.49	102.91
	143.49	102.91
25 Other current liabilities		
Current maturities of Term Loans	1,10,985.93	61,374.76
Interest accrued on borrowings	21,552.65	33,077.46
Unpaid dividends	22.74	22.74
Statutory Liabilities	523.37	636.27
Share Application money refundable	5.42	5.42
Security Deposits received from Agents	193.00	433.00
Advance and deposits from customers etc.,	1,083.24	260.76
	1,34,366.35	95,810.41
26 Revenue from operations		
Sale of Products		
Manufactured goods	53,585.91	63,310.99
Traded goods	100.60	867.62
Other Operating Revenues		
Sale of Other Materials	4,571.35	646.95
Others	106.76	74.62
	58,364.62	64,900.18

Notes

- The Company has applied Ind AS 115 "Revenue from Contracts with Customers" for the first time for the accounting period commencing on April 1, 2018. Since the Company's revenue mainly consists of sale of manufactured pharma and allied products, there is no impact on revenue/ related assets and liabilities on such application. Accordingly, no adjustment is considered necessary in the financial statements relating to the transitional provisions prescribed in Ind AS 115.
- In India, Goods and Service Tax (GST) has been effective from July 01, 2017. Consequently, excise duty, value added tax (VAT), service tax etc. have been replaced with GST. Until June 30, 2017, 'Sale of products' included the amount of excise duty recovered on sales. With effect from July 01, 2017, 'Sale of products', excludes the amount of GST recovered. Accordingly, revenue from 'Sale of products' and 'Revenue from operations' for the year ended March 31, 2018 are not comparable with those of the previous year.

Notes to Financial Statements for the year ended March 31, 2019

in Lakhs

	For the year ended March 31, 2019	For the year ended March 31, 2018
Details of Manufactured and Traded Goods		
i. Manufactured Goods:		
Cephalosporin API	47,850.65	47,847.66
Cephalosporin FDF	483.88	6,056.26
Non Penicillin Non Cephalosporin FDF	5,221.59	9,209.43
Others	29.79	197.64
	53,585.91	63,310.99
ii. Traded Goods		
Non Penicillin Non Cephalosporin FDF	71.25	442.96
Cephalosporin FDF	13.80	341.44
Non Penicillin Non Cephalosporin API	15.55	80.28
Others	-	2.94
	100.60	867.62
27 Other income		
Interest income	1,508.54	1,151.29
Profit on sale of assets	0.34	3.96
Other non-operating income	183.96	831.47
	1,692.84	1,986.72
28 Cost of materials consumed		
Opening inventory of raw materials	4,229.54	5,376.39
Add : Purchases	26,330.82	31,563.51
Less : Closing inventory of raw materials	(4,816.88)	(4,229.54)
	25,743.48	32,710.36
29 Purchases of Stock in Trade		
Purchases of Stock in Trade	29.84	119.74
	29.84	119.74

Notes to Financial Statements for the year ended March 31, 2019

in Lakhs

	For the year ended March 31, 2019	For the year ended March 31, 2018
30 Changes in inventories of work-in-progress, stock in trade and finished goods		
Opening Balance		
Intermediates & Work-in-progress	6,334.32	7,383.21
Traded Goods	176.74	390.77
Finished Goods	4,766.16	3,759.88
	11,277.22	11,533.86
Closing Balance		
Intermediates & Work-in-progress	5,024.60	6,334.32
Traded Goods	158.92	176.74
Finished Goods	4,050.99	4,766.16
	9,234.51	11,277.22
Total changes in inventories	(2,042.71)	(256.64)
31 Employee benefits expense		
Salaries and wages	6,301.76	6,554.39
Contribution to provident and other funds	809.78	944.94
Staff welfare expenses	802.91	740.14
	7,914.45	8,239.47
32 Depreciation and amortisation expense		
Depreciation on Property, Plant and Equipment	12,772.30	13,030.24
Amortisation of Intangible Assets	220.18	299.05
	12,992.48	13,329.29
33 Excise Duty Expense		
Excise Duty	-	483.25
	-	483.25
34 Other expenses		
Power and Fuel	4,876.19	5,068.60
Conversion Charges	34.04	628.11
Consumption of Stores, Spares & Chemicals	2,146.68	2,296.64
Rent	23.01	21.92
Repairs to buildings	105.90	127.12
Repairs to Machinery	165.20	171.92
Factory maintenance	1,733.56	1,559.66

Notes to Financial Statements for the year ended March 31, 2019

in Lakhs

	For the year ended March 31, 2019	For the year ended March 31, 2018
Insurance	546.92	735.78
Rates & Taxes	196.98	769.29
Postage, Telephone & Telex	32.96	48.52
Printing & Stationery	67.29	97.55
Vehicle Maintenance	16.03	8.54
Research & Development Expenses (Refer Note 43)	1,262.27	1,516.11
Advertisement	37.48	7.11
Recruitment expenses	12.88	33.03
Payment to Auditors [Refer Note 34 (a)]	46.00	58.50
Cost Audit fee	-	14.00
Travelling and Conveyance	41.54	143.13
Directors' Remuneration & perquisites	48.92	73.34
Directors' travelling expenses		
Inland	0.07	4.58
Overseas	-	3.28
Directors' sitting fees	-	3.00
Freight outward	367.68	660.95
Commission on Sales	301.55	720.99
Business Promotion and Selling Expenses	33.46	73.03
Lease Rentals	1,126.92	1,126.92
Consultancy & Professional Fees	677.16	719.07
Allowance for expected credit loss	930.17	1,063.23
Foreign exchange loss (net)	6,742.08	1,950.46
Provision for Diminution in value of Investments	60.00	-
Bank charges	638.46	860.67
Miscellaneous expenses	1,631.82	1,165.34
	23,903.22	21,730.39
34 (a) Payment to auditors *		
As auditors - statutory audit	28.00	32.00
For issuing limited review reports	12.00	12.00
For certificate and other services	6.00	14.50
	46.00	58.50
* includes payments made to erstwhile auditors		

Notes to Financial Statements for the year ended March 31, 2019

in Lakhs

	For the year ended March 31, 2019	For the year ended March 31, 2018
35 Finance Cost		
Interest on Bank Borrowings	-	29,013.51
Interest on others	29.96	1,151.29
	29.96	30,164.80
36 Exceptional items		
Reversal of interest in excess of claims admitted	15,792.57	-
ERF Gains / Reversals	4,300.24	
Provision for Diminution in value of Investments	(12,369.90)	
Provision for Advances to Subsidiary Companies	(5,229.36)	
	2,493.55	-
37 Income tax expense		
(a) Income tax expense		
Current tax		
Current tax on profits for the year	-	-
Total current tax expense	-	-
Deferred tax		
Deferred tax adjustments	-	(4,619.44)
Total deferred tax expense/(benefit)	-	(4,619.44)
Income tax expense	-	(4,619.44)
b) The income tax expense for the year can be reconciled to the accounting profit as follows:		
Profit/(loss) before tax from continuing operations	(10,105.13)	(40,147.04)
Income tax expense calculated at Nil% (2017-18 - Nil%)	-	-
Effect of expenses that are not deductible in determining taxable profit	-	-
Income tax expense	-	-
c) Income tax recognised in other comprehensive income		
Deferred tax		
Remeasurement of defined benefit obligation	-	-
Total income tax recognised in other comprehensive income	-	-

Notes to Financial Statements for the year ended March 31, 2019

in Lakhs

	For the year ended March 31, 2019	For the year ended March 31, 2018
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d) Movement of deferred tax expense for the year ended March 31, 2019

Deferred tax (liabilities) / assets in relation to:	Opening balance	Recognised in profit or loss	Recognised in OCI	Closing balance
Property, plant, and equipment and Intangible Assets	(9,414.23)	-	-	(9,414.23)
Unabsorbed tax depreciation*	9,414.23	-	-	9,414.23
Other temporary differences	(322.62)	-	-	(322.62)
	(322.62)	-	-	(322.62)

e) Movement of deferred tax expense during the year ended March 31, 2018

Deferred tax (liabilities)/ assets in relation to:	Opening balance	Recognised in profit or loss	Recognised in OCI	Closing balance
Property, plant, and equipment and Intangible Assets	(9,414.23)	-	-	(9,414.23)
Unabsorbed tax depreciation*	4,804.32	4,609.91	-	9,414.23
Other temporary differences	(332.15)	9.53	-	(322.62)
	(4,942.06)	4,619.44	-	(322.62)

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

38 Earnings per share		
Profit for the year attributable to owners of the Company	(10,105.13)	(35,527.60)
Weighted average number of ordinary shares outstanding	8,89,64,327	8,89,64,327
Basic earnings per share (Rs)	(11.36)	(39.93)
Diluted earnings per share (Rs)	(11.36)	(39.93)

Notes to Financial Statements for the year ended March 31, 2019

in Lakhs

	For the year ended March 31, 2019	For the year ended March 31, 2018
39 Earnings in foreign currency		
FOB value of exports	47,982.87	50,024.83
	47,982.87	50,024.83
40 Expenditure in foreign currency (on accrual basis)		
Travelling expenses	4.18	10.47
Interest and bank charges	24.32	4,315.17
Professional/ consultancy fees	115.46	238.51
Others	1,615.54	2,460.96
	1,759.50	7,025.11
41 CIF value of imports		
Raw Materials and packing materials	15,649.21	14,072.42
Capital goods	-	168.38
Spare parts, components and consumables	1,231.05	1,268.31
	16,880.26	15,509.11

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

Particulars	Year ended March 31, 2019		Year ended March 31, 2018	
	Rs. In Lakhs	Percentage (%)	Rs. In Lakhs	Percentage (%)
Raw Materials and Packing Materials				
Imported	14152.76	54.98	15,542.26	47.51
Others	11590.72	45.02	17,168.10	52.49
	25743.48	100.00	32710.36	100.00
Stores, Spares and Consumable stores				
Imported	137.58	6.41	160.75	7.00
Others	2009.09	93.59	2,135.89	93.00
	2146.67	100.00	2296.64	100.00

Notes to Financial Statements for the year ended March 31, 2019

43 Expenditure on Research and Development		in Lakhs	
Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018	
Revenue expenditure relating to Research and Development charged to the Statement of Profit or Loss (excusing depreciation) includes:			
Power and fuel	-	8.12	
Consumption of stores, spares and chemicals	286.96	179.09	
Salaries, wages and bonus	758.33	938.98	
Contribution to Provident and other funds	64.85	78.16	
Staff welfare	-	6.95	
Rates and taxes	0.38	0.20	
Insurance	3.32	9.60	
Postage, telephone and telex	0.09	1.49	
Printing and stationery	1.83	1.52	
Vehicle maintenance	0.76	0.11	
Recruitment expenses	3.04	2.33	
Travelling and conveyance	1.83	2.26	
Filing and registration expenses	7.69	8.66	
Testing charges	-	-	
Consultancy and professional fees	112.75	213.86	
Others	20.42	64.78	
	1,262.25	1,516.11	
44 Disclosures required by the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 are as under *			
(a) The principal amount remaining unpaid at the end of the year	348.43	69.53	
(b) The delayed payments of principal amount paid beyond the appointed date during the year	-	-	
(c) Interest actually paid under Section 16 of MSMED Act	-	-	
(d) Normal Interest due and payable during the year, as per the agreed terms	-	-	
(e) Total interest accrued during the year and remaining unpaid	-	-	
*This information has been determined to the extent such parties have been identified on the basis of information available with the Company.			
45 Commitments and contingent liabilities			
Contingent Liability			
Unexpired letters of credit	-	9,824.86	
Bank guarantees outstanding	-	106.83	
Claims against the company not acknowledged as debts			

Notes to Financial Statements for the year ended March 31, 2019

in Lakhs

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
- Income Tax dispute pending before High Court of Chennai*	11,079.98	4,054.98
- Excise demands under dispute pending before Excise authorities	343.47	338.40
- Service Tax dispute pending before High Court of Chennai	935.62	85.26
- Sales Tax dispute pending before Sales Tax authorities	552.56	498.89
- Self Generation Tax under dispute with State Electricity Board	1,378.30	1,243.53
Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for	96.67	1,686.54

* Rs. 4054.98 lakhs have been paid for income tax demands "under dispute"

46 Operating Segments

The operations of the Company falls under a single primary segment i.e., "Pharmaceuticals" in accordance with Ind AS 108 "Operating Segments" and hence no segment reporting is applicable.

Information relating to geographical areas

(a) Revenue from external customers

India	5598.67	6,734.31
Rest of the world	48087.84	57,444.30
Total	53686.51	64178.61

(b) Non current assets

The manufacturing facilities of the Company is situated in India and no non-current assets are held outside India

(c) Information about major customers

Number of external customers each contributing more than 10% of total revenue	1	2
Total revenue from the above customers	13879.3	17376.49

47 Operating lease arrangements

As Lessee

The Company has entered into operating lease arrangements for certain facilities. The leases are cancellable at the option of either party to lease and may be renewed based on mutual agreement of the parties.

Lease payments recognised in the Statement of Profit and Loss	1,126.92	1,126.92
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Notes to Financial Statements for the year ended March 31, 2019

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

48 Terms and conditions of borrowings

Long term borrowings

As per the terms of the CDR package, all Indian rupee loans from bank carries interest @10.30% p.a (SBI Base Rate + 100 Basis points). These loans are repayable in 32 quarterly instalments commencing from the quarter beginning on April 1, 2015. These loans are secured by Pari Passu first charge by way of joint mortgage on immovable and movable assets situated at Factory premises at SIDCO Industrial Area, Alathur, SIPCOT Industrial Park, Irungattukottai, Corporate Office Premises, Nungambakkam and second charge on current assets, subject to prior charges created/ to be created on current assets in favour of bankers and financial institutions for securing working capital borrowings. All term loans are additionally secured by personal guarantee of Shri K.Raghavendra Rao, Managing Director of the Company.

As per the terms of the CDR package, all Foreign Currency term loan carries interest @ LIBOR plus 3 to 4.6%..The loan is repayable in 32 quarterly instalments commencing from the quarter beginning on April 1, 2015. These loans are secured by Pari Passu first charge by way of joint mortgage on immovable and movable assets situated at Factory premises at SIDCO Industrial Area, Alathur, SIPCOT Industrial Park, Irungattukottai, Corporate Office Premises, Nungambakkam and second charge on current assets, subject to prior charges created/ to be created on current assets in favour of bankers and financial institutions for securing working capital borrowings. The term loans are additionally secured by personal guarantee of Shri K.Raghavendra Rao, Managing Director of the Company.

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

Short term borrowings

Packing Credit and Cash Credit from Banks are secured by first charge on all current assets, namely, Stocks of Raw Materials, Semi-finished and Finished Goods, Stores and Spares not relating to Plant and Machinery (Consumable Stores and Spares), Bills Receivable, Book Debts and all other movable property both present and future excluding such movables as maybe permitted by the Banks/ financial institutions from time to time and by second charge on immovable properties after charges created/ to be created on immovable assets in favour of Financial Institutions/ Banks for securing Term Loans. The borrowings from banks are additionally secured by personal guarantee of Shri. Raghavendra Rao, Managing Director of the Company.

Notes to Financial Statements for the year ended March 31, 2019

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

49 Financial Instruments

Capital management

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

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

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

Gearing Ratio:	March 31, 2019	March 31, 2018
Debt	2,53,446.64	2,50,765.47
Less: Cash and bank balances	32,417.33	30,104.15
Net debt	2,21,029.31	2,20,661.32
Total equity	(75,499.06)	(67,413.46)
Gearing ratio (%)	-292.76%	-327.33%

Categories of Financial Instruments	March 31, 2019	March 31, 2018
Financial assets		
a. Measured at amortised cost		
Other non-current financial assets	1,694.32	7,197.07
Trade receivables	14,072.78	14,506.50
Cash and cash equivalents	9,096.54	3,060.20
Bank balances other than above	23,320.79	27,043.95
Loans (current)	-	-
b. Mandatorily measured at FVTOCI		
Investments	47.21	12,476.97
Financial liabilities		
a. Measured at amortised cost		
Borrowings (non-current)	1,42,460.71	1,89,390.71
Borrowings (current)	69,549.00	69,429.48
Trade payables	26,992.83	32,685.45

Notes to Financial Statements for the year ended March 31, 2019

Financial risk management objectives

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

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

Market risk

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

Foreign currency risk management

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

Disclosure of hedged and unhedged foreign currency exposure

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

As on March 31, 2019							
Currency	Liabilities			Assets			Net overall exposure on the currency - net assets / (net liabilities)
	Gross exposure	Exposure hedged using derivatives	Net liability exposure on the currency	Gross exposure	Exposure hedged using derivatives	Net asset exposure on the currency	
USD	893.62	-	893.62	176.68	-	176.68	(716.94)
EUR	4.00	-	4.00	1.08	-	1.08	(2.92)
GBP	2.59	-	2.59	-	-	-	(2.59)
Others	792.27	-	792.27	-	-	-	(792.27)
In INR	62,865.33	-	62,865.33	12,225.89	-	12,225.89	(50,639.44)

Notes to Financial Statements for the year ended March 31, 2019

As on March 31, 2018							
Currency	Liabilities			Assets			Net overall exposure on the currency - net assets / (net liabilities)
	Gross exposure	Exposure hedged using derivatives	Net liability exposure on the currency	Gross exposure	Exposure hedged using derivatives	Net asset exposure on the currency	
USD	1,316.67	-	1,316.67	195.96	-	195.96	(1,120.71)
EUR	3.98	-	3.98	6.38	-	6.38	2.40
GBP	2.65	-	2.65	-	-	-	(2.65)
Others	792.26	-	792.26	-	-	-	(792.26)
In INR	86,924.13	-	86,924.13	13,179.97	-	13,179.97	(73,744.16)

Foreign currency sensitivity analysis

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

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

Interest rate risk management

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

Interest rate sensitivity analysis

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

Pursuant to CIRP, the Company stopped providing interest on borrowings from banks and financial institutions and also reversed the interest charged in the earlier quarters and years (from the date of commencement of CIRP). Accordingly, in the opinion of the management, the quantitative disclosure of interest rate sensitivity is not considered to be a meaningful representation of the present facts.



Notes to Financial Statements for the year ended March 31, 2019

Credit risk management

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

Exposure to credit risk

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

(a) Trade Receivables

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

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

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

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

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

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

Offsetting related disclosures

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

Liquidity risk management

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

Liquidity tables

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

Notes to Financial Statements for the year ended March 31, 2019

March 31, 2019	Due in 1st year	Due in 2nd to 5th year	Due after 5th year	Carrying amount
Trade payables	26,992.83	-	-	26,992.83
Borrowings (including interest accrued thereon upto the reporting date)	1,28,359.19	1,42,460.71	-	2,70,819.90
	1,55,352.02	1,42,460.71	-	2,97,812.73

March 31, 2018	Due in 1st year	Due in 2nd to 5th year	Due after 5th year	Carrying amount
Trade payables	32,685.45	-	-	32,685.45
Borrowings (including interest accrued thereon upto the reporting date)	94,452.21	1,89,390.71	-	2,83,842.92
	1,27,137.66	1,89,390.71	-	3,16,528.37

	March 31, 2019	March 31, 2018
Fair value of financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required):	Nil	Nil

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

50 Related party disclosure

a) List of parties having significant influence

Holding company

The Company does not have any holding company

Subsidiary Company

Orchid Europe Limited, UK
 Orchid Pharmaceuticals Inc., USA
 Orgenus Pharma Inc., USA (Subsidiary of Orchid Pharmaceuticals Inc USA.)
 Orchid Pharma Inc / Karalex Pharma USA, (Subsidiary of Orchid Pharmaceuticals Inc, USA)
 Orchid Pharmaceuticals SA (Proprietary) Limited, South Africa
 Bexel Pharmaceuticals Inc., USA
 Diakron Pharmaceuticals Inc., USA

Key management personnel (KMP)

Mr. K. Raghavendra Rao, Managing Director
 Mr. L. Chandrasekar, Executive VP-Finance & Secretary

Relatives of KMP

Mrs. R Vijayalakshmi, wife of Mr. K Raghavendra Rao
 Ms R Divya and Ms R Sowmya, daughters of Mr. K. Raghavendra Rao

Entities in which relatives of KMP exercise significant influence

Orchid Healthcare Private Ltd.

Notes to Financial Statements for the year ended March 31, 2019

b) Transactions during the year

S.No.	Nature of transactions	Year ended March 31, 2019	Year ended March 31, 2018
1	Repayment of Unsecured advance Orchid Healthcare Private Ltd.	-	75.00
2	Sale of goods Orchid Pharma Inc.	536.78	3,509.82
3	Availment of services/ reimbursement Orchid Europe Limited	12.24	184.92
4	Remuneration and contribution to funds K. Raghavendra Rao L. Chandrasekar	48.92 47.61	73.34 44.64

c) Balances at the end of the year

S.No.	Nature of transactions	As at March 31, 2019	As at March 31, 2018
1	Trade receivables Orchid Pharma Inc.	2,127.93	3,206.94
2	Loans and advances (Current) * Bexel Pharmaceuticals Inc., USA Diakron Pharmaceuticals Inc., USA Orchid Pharma Inc.	3,585.47 3.28 1,640.61	3,585.47 3.28 1,640.61
3	Short term borrowings Orchid Healthcare Private Ltd.	3,216.77	3,216.77
4	Trade payables Orchid Europe Limited Bexel Pharmaceuticals Inc., USA Orgenus Pharma Inc., USA	32.85 266.52 69.77	84.99 231.00 60.96

* Provision has been made for the entire outstanding amount during the year.

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

51 Retirement benefit plans

Defined contribution plans

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

The total expense recognised in profit or loss of Rs.509.54 Lakhs (for the year ended March 31, 2018: Rs.777.87 Lakhs) represents contribution paid to these plans by the Company at rates specified in the rules of the plan.

Notes to Financial Statements for the year ended March 31, 2019

Defined benefit plans

(a) Gratuity

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

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

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

Particulars	March 31, 2019	March 31, 2018
Discount Rate	7.32 %	7.45 %
Rate of increase in compensation level	5.00 %	5.00 %
Expected return on plan assets	7.32 %	7.45 %
Mortality	Indian Assured Lives Mortality (2006-08) (Ultimate)	Indian Assured Lives Mortality (2006-08) (Ultimate)

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

Amounts recognised in total comprehensive income in respect of these defined benefit plans are as follows:	March 31, 2019	March 31, 2018
Amount recognised under Employee Benefits Expense in the Statement of profit and Loss:		
Current service cost	112.59	107.25
Net interest expense	98.65	96.20
Return on plan assets (excluding amounts included in net interest expense)	(63.77)	(68.16)
Components of defined benefit costs recognised in profit or loss	147.47	135.29
Amount recognised in Other Comprehensive Income (OCI) for the Year		
Remeasurement on the net defined benefit liability comprising:		
Actuarial (gains)/losses recognised during the period	(96.16)	(80.86)

Notes to Financial Statements for the year ended March 31, 2019

Components of defined benefit costs recognised in other comprehensive income	(96.16)	(80.86)
	51.31	54.43
The amount included in the balance sheet arising from the Company's obligation in respect of its defined benefit plans is as follows:		
Present value of defined benefit obligation	1,419.73	1,348.86
Fair value of plan assets	(756.17)	(872.36)
Net liability/ (asset) arising from defined benefit obligation	663.56	476.50
Funded	663.56	476.50
Unfunded	-	-
	663.56	476.50
The above provisions are reflected under 'Provision for employee benefits- gratuity' (short-term provisions) [Refer note 24].		
Movements in the present value of the defined benefit obligation in the current year were as follows:		
Opening defined benefit obligation	1,348.86	1,382.38
Current service cost	112.59	107.25
Prior service cost	-	54.18
Interest cost	98.65	96.20
Actuarial (gains)/losses	(137.90)	(108.86)
Benefits paid	(2.47)	(182.29)
Closing defined benefit obligation	1,419.73	1,348.86
Movements in the fair value of the plan assets in the current year were as follows:		
Opening fair value of plan assets	872.36	997.52
Difference in opening value	(5.74)	-
Return on plan assets	63.77	68.16
Redemption	(130.00)	-
Contributions	-	16.97
Benefits paid	(2.47)	(182.29)
Premium	(0.01)	-
Actuarial gains/(loss)	(41.74)	(28.00)
Closing fair value of plan assets	756.17	872.36

Notes to Financial Statements for the year ended March 31, 2019

Sensitivity analysis

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

(b) Compensated absences

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

The design entitles the following risk	
Interest rate risk	The defined benefit obligation calculated uses a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase.
Salary inflation risk	Higher than expected increases in salary will increase the defined benefit obligation.
Demographic risk	This is the risk of volatility of results due to unexpected nature of decrements that include mortality attrition, disability and retirement. The effects of these decrement on the DBO depends upon the combination salary increase, discount rate, and vesting criteria and therefore not very straight forward. It is important not to overstate withdrawal rate because the cost of retirement benefit of a short caring employees will be less compared to long service employees.
The above provisions are reflected under 'Provision for employee benefits- leave encashment' (long-term provisions) [Refer note 20] and 'Provision for employee benefits - leave encashment' (short-term provisions) [Refer note 24].	

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

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

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

- 53 The value of claims lodged by the Financial Creditors includes Foreign Currency Term Loan availed by the Group from consortium of Banks led by Axis Bank, admitted under CIRP commencement date amounting to INR is Rs.51,672.27 Lakhs and the same is carried in the Balance sheet at a value of Rs.56,044.14 Lakhs, arrived at by restating the Foreign currency value of the loan to the extent admitted with the closing exchange rate as on March 31, 2019. If this loan is stated at the INR value as admitted under CIRP, there will be a net gain of Rs.3133.73 Lakhs after setting off the Foreign Currency Monetary Item Translation Difference carried under "other equity" in respect of this loan.



Pending completion of the CIRP process and related confirmation by Axis Bank, no adjustment is made in the financial statements in respect of the above.

- 54 The Company had reversed the interest provided after the CIRP period in the earlier years and also stopped accruing further interest in the current and previous quarters. As explained earlier, vide order dated February 28, 2019, the Hon'ble NCLT annulled the existing resolution plan and given additional CIRP period of 105 days. The NCLT also ordered that the RP and CoC will discharge their function as before during this additional CIRP period. The RP and CoC are in taking necessary steps to identify alternative resolution plans.

Pending this and measures to be adopted as part of the resolution process, no effect has been given in the financial statements for the possible adjustments, if any, required in the carrying amount of assets and liabilities, possible presentation and disclosure requirements.

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

Chinnsamy Ganesan
Partner
Membership No.027501

Place : Chennai
Date : June 3, 2019

For and on behalf of the board

L. Chandrasekar
CFO and Company Secretary

K.Raghavendra Rao
Managing Director
DIN No. 00010096

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



Independent Auditors' Report

To the members of

Orchid Pharma Limited

Report on the Audit of the Consolidated Financial Statements

Qualified Opinion

We have audited the accompanying consolidated financial statements of Orchid Pharma Limited, ("the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") which comprise of the Balance Sheet as at March 31, 2019, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us and subject to matters described in the Basis of Qualified Opinion paragraph and the Material Uncertainty Relating To Going Concern section below, the aforesaid Consolidated Financial Statements for the year ended March 31, 2019 give the information required by the Companies Act 2013 ("Act") in the manner so required and give a true and fair view in conformity with Indian Accounting Standards ("Ind AS") prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2019, the consolidated loss, consolidated total comprehensive income, consolidated changes in equity and the consolidated cash flows for the year ended on that date.

Basis for qualified opinion

We conducted our audit in accordance with the standards on auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the code of ethics issued by


the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the Consolidated Financial Statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's code of ethics.

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

We draw attention to the following matters:

- (a) Note 1 to the consolidated financial statements, regarding application by an operational creditor, initiating the insolvency provisions under the Insolvency and Bankruptcy Code, 2016 ('the Code') and the consequential appointment of the RP under the Code, and adequacy of disclosures concerning the Group's ability to meet its financial and contractual obligations including management's technical estimates in regard to realisation of value of inventories, overdue receivables (net of provisions) amounting to Rs. 2,338.09 Lakhs, loans and advances given to various parties (net of provisions) amounting to Rs.75,264.21 Lakhs (which includes capital advances of Rs.52,206.06 Lakhs and other advances of Rs.23,058.15 Lakhs), provision for impairment, if any, required for property, plant and equipment (PPE), PPE under development, goodwill, internally generated intangible assets comprising of DBF/ ANDA, other non-monetary assets, investments, unamortised finance charges, claims made by/ advances given to employees, financial obligations including repayment of various loans, unpaid interest and the ability to fund various obligations pertaining to operations including unpaid/ overdue creditors, for ensuring/ commencing normal operations and further investments required towards ongoing research and development projects under progress (carrying amount of Rs.1,431 Lakhs).

The possible impact, if any, arising out of the above matters is not presently ascertainable.



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

- (b) Confirmation of balances are not available for majority of the trade receivables, loans and advances given, trade payables, claims received from the employees, bank balances and bank loans as at March 31, 2019. Pursuant to the CIRP, the Group stopped providing interest on bank borrowings for the current year, after the CIRP commencement date and reversed the interest already accounted in the earlier years over and above the amount approved by the RP. In the absence of the confirmation of balances, the possible adjustments, if any, required in the Consolidated Financial Statements are not presently determinable.

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

- (c) The value of claims lodged by the Financial Creditors includes Foreign Currency Term Loan availed by the Group from consortium of Banks led by Axis Bank, admitted under CIRP commencement date amounting to INR is Rs.51,672.27 Lakhs and the same is carried in the Balance sheet at a value of Rs.56,044.14 Lakhs, arrived at by restating the foreign currency value of the loan to the extent admitted with the closing exchange rate as on March 31, 2019. If this loan is stated at the INR value as admitted under CIRP, there will be a net gain of Rs.3133.73 Lakhs after setting off the Foreign Currency Monetary Item Translation Difference account carried under "other equity" in respect of this loan Pending completion of the CIRP process and related confirmation by Axis Bank, no adjustment is made in the financial statements in respect of the above.
- (d) The Group's net worth as on the reporting date is negative and it continue to incur losses. Considering the above and the further matters more fully explained in the Material Uncertainties Relating To Going Concern section below, we are unable to comment on the appropriateness of preparation of consolidated financial statements on a going concern basis.
- (e) We have not been provided with sufficient, appropriate audit

evidence relating to physical verification of fixed assets/ related reconciliation with the books of account. We were informed that the Company is a continuous processing industry and the Company is in the process of carrying out the physical verification of fixed assets. Pending completion of such verification/ reconciliation, we are unable to comment on the possible impact, if any, arising out of the above matters.

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

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

In the opinion of the RP, the matter is highly sensitive, confidential and may have adverse impact of the successful implementation of the resolution plan.

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

- (g) The consolidated financial results for the year ended March 31, 2019 include the financial results for the year ended March 31, 2019, of the following subsidiary companies:
- (i) Orchid Europe Limited, UK
 - (ii) Orchid Pharmaceuticals Inc., USA
 - (iii) Bexel Pharmaceuticals Inc., USA
 - (iv) Orchid Pharmaceuticals SA (Proprietary) Limited, South Africa
 - (v) Diakron Pharmaceuticals, Inc. USA

We did not audit the financial statements of the above subsidiaries that reflect total assets of Rs.2,037.26 lakhs

and net assets of Rs. (9,924.68) lakhs as at March 31, 2019, total revenue of Rs. 2,224,27 lakhs, total comprehensive income (comprising of loss and other comprehensive income) of Rs. (418.46) lakhs and net cash flows amounting to Rs. (316.55) lakhs for the year ended on that date, as considered in the consolidated financial statements.

The financial statements of the subsidiaries are unaudited and have been furnished to us by the management and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiaries, is based solely on such unaudited financial statements. Accordingly, we do not express any opinion on the completeness and true and fair view of the financial statements, including adjustments, if any, required on the carrying amount of assets and liabilities of the above subsidiaries as at March 31, 2019 included in the Consolidated Financial Statements.

Material Uncertainty Related to Going Concern

The Group's net worth as on the reporting date is negative and it continue incur losses. Since the successful bidder has not commenced implementation of the terms and conditions of the Resolution Plan and also not complied with the conditional order of the Hon'ble NCLT dated November 2, 2018, the Hon'ble NCLT vide its order dated February 28, 2019, annulled the existing resolution plan and given additional CIRP period of 105 days. The Hon'ble NCLT also ordered that the RP and CoC will discharge their function as before during this additional CIRP period.

The matters referred to in para (a) and (c) of the basis of qualified opinion paragraph above also essentially require the Group to resolve the situations specified therein within the framework specified through the CIRP. In the absence of any specific guidance or direction that can be assessed out of CIRP, material uncertainties exist that may cause significant doubt on the Group's ability to continue as a going concern. Attention is also invited to para (d) of basis of qualified opinion paragraph above.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements of the current period. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In our opinion and based on the information and explanations given to us, there are no other key audit matters to be communicated in our report, other than those morefully described in the Basis for Qualified Opinion paragraph and in the Material Uncertainty Related to Going Concern section above.

Management's responsibility for the Consolidated Financial Statements

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


The respective board of directors of the companies included in the Group are responsible for maintenance of the adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated Financial Statements, the respective board of directors of the companies included in the Group are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Group's management/ RP is also responsible for overseeing the financial reporting process of the Group.

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

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from



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

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

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Group has adequate internal financial controls system in place and the operating effectiveness of such controls
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the management/ RP's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

Report on other legal and regulatory requirements

As required by Section 143(3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements, subject to matters given in the basis of qualified opinion paragraph;
- (b) in our opinion, proper books of account as required by law have been kept by the Holding Company, its subsidiaries included in the Group incorporated in India, including

- relevant records relating to preparation of the aforesaid Consolidated Financial Statements so far as it appears from our examination of those books and records of the Holding Company and the unaudited results of the subsidiary companies prepared by the management, subject to matters given in the basis of qualified opinion paragraph;
- (c) the consolidated balance sheet, consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flow dealt with by this report are in agreement with the relevant books of account maintained by the Holding Company and its subsidiaries included in the Group incorporated in India, including relevant records relating to the preparation of the consolidated financial statements, subject to matters given in the basis of qualified opinion paragraph;
- (d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act, subject to the matters given in the basis of qualified opinion paragraph;
- (e) Since the powers of the board of directors is suspended pursuant to the CIRP, receiving written representations from the directors that none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act and taking it on record by the board of directors is not applicable for the year under consideration;
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company and its subsidiary companies incorporated in India and the operating effectiveness of such controls, refer to our separate report in Annexure "A". Our report expresses a modified opinion on the adequacy and operating effectiveness of the Group's internal financial controls over financial reporting; and
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Group to its directors during the year is in accordance with the provisions of section 197 of the Act; and
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- a. The Group has disclosed, subject to matters given in the basis of qualified opinion paragraph, the impact of pending litigations on its financial position in its consolidated financial statements - refer note 39 to the consolidated financial statements;
 - b. The Group has made provisions, subject to matters given in the basis of qualified opinion paragraph, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts; and
 - c. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Group.

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

CHINNSAMY GANESAN
Partner
 Membership No. 027501

Place: Chennai
Date: June 3, 2019



Annexure “A” to the Independent Auditors’ Report on Consolidated Financial Statements

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

Report on the internal financial controls over financial reporting under clause (i) of sub - section 3 of section 143 of the Companies Act, 2013 (“the Act”)

In conjunction with our audit of the Consolidated Financial Statements of the Group as of and for the year ended March 31, 2019, we have audited the internal financial controls over financial reporting of Orchid Pharma Limited (hereinafter referred to as “the holding company”), a company incorporated in India, as of March 31, 2019.

Management’s Responsibility for Internal Financial Controls

The management / RP of the holding company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the holding company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (“the ICAI”). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors’ responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the holding company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement in the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our qualified audit opinion on the holding company’s internal financial control system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A Group’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Group’s internal financial control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Group; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Group are being made only in accordance with authorisations of management and directors of the Group; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Group’s assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper

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

Basis of qualified opinion

We observed significant deficiencies in the internal financial controls relating to maintenance of sufficient, appropriate audit trail / documentation in respect of (a) physical verification of fixed assets; and (b) related reconciliation with the books of account.

Qualified Opinion

In our opinion and according to the information and explanations given to us, the Group has to further strengthen in all material respects, the internal financial control system over financial reporting to make such internal financial controls over financial reporting to operate effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Group considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For CNGSN & Associates LLP

Chartered Accountants

Firm Registration No.004915S/ S200036

CHINNSAMY GANESAN

Partner

Membership No. 027501

Place: Chennai

Date: June 3, 2019

Consolidated Balance Sheet As At March 31, 2019

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

in Lakhs

Particulars	Notes	As at March 31, 2019	As at March 31, 2018
ASSETS			
Non-current assets			
Property, plant and equipment	4	1,14,059.67	1,26,831.80
Intangible assets	4	11,566.51	11,788.46
Capital work in progress	5	26,384.64	25,721.90
Intangible Assets under Development	6	1,431.00	1,431.00
Financial assets			
Investments	7	47.21	107.07
Other financial assets	8	1,694.32	1,973.14
Other non-current assets	9	82,754.49	76,789.11
Total non-current assets		2,37,937.84	2,44,642.48
Current assets			
Inventories	10	16,977.21	19,373.82
Financial assets			
Trade receivables	11	11,989.09	11,951.29
Cash and cash equivalents	12	9,231.09	3,511.30
Bank balances other than above	13	23,320.79	27,043.95
Other financial assets	14	311.15	233.42
Other current assets	15	7,936.33	5,780.68
Total current assets		69,765.66	67,894.46
Total Assets		3,07,703.50	3,12,536.94
EQUITY AND LIABILITIES			
Equity			
Equity share capital	16	8,896.43	8,896.43
Other equity	17	(79,300.18)	(88,072.42)
Total equity		(70,403.75)	(79,175.99)
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	18	1,42,460.71	1,89,390.71
Provisions	19	989.39	748.35
Deferred Tax Liability	20	322.62	322.62
Total non-current liabilities		1,43,772.72	1,90,461.68

Consolidated Balance Sheet As At March 31, 2019

in Lakhs

Particulars	Notes	As at March 31, 2019	As at March 31, 2018
Current liabilities			
Financial liabilities			
Borrowings	21	69,549.00	69,429.48
Trade payables	22	30,244.69	35,879.34
Short term provisions	23	143.49	102.91
Other current liabilities	24	1,34,397.35	95,839.52
Total current liabilities		2,34,334.53	2,01,251.25
Total Liabilities		3,78,107.25	3,91,712.93
Total Equity and Liabilities		3,07,703.50	3,12,536.94

The accompanying notes form an integral part of the financial statements

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

Chinnsamy Ganesan
Partner
Membership No.027501

Place : Chennai
Date : June 3, 2019

For and on behalf of the board

L. Chandrasekar
CFO and Company Secretary

K.Raghavendra Rao
Managing Director
DIN No. 00010096

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

Statement of consolidated profit and loss for the year ended March 31, 2019

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

in Lakhs

Particulars		Notes	For the year ended March 31, 2019	For the year ended March 31, 2018
Continuing Operations				
A	Income			
	Revenue from operations	25	59,998.05	68,781.58
	Other income	26	1,692.84	2,030.36
	Total income		61,690.89	70,811.94
B	Expenses			
	Cost of materials consumed	27	26,283.92	34,142.93
	Purchases of stock in trade	28	29.84	119.74
	Changes in inventories of finished goods and WIP	29	2,656.07	756.97
	Employee Benefits Expense	30	8,227.83	8,622.37
	Depreciation and amortisation expense	31	12,994.34	13,331.29
	Excise duty	32	-	483.25
	Other expenses	33	24,620.95	23,086.89
	Finance costs	34	29.96	30,164.80
	Total expenses		74,842.91	1,10,708.24
C	Profit/ (loss) before exceptional items and tax		(13,152.02)	(39,896.30)
	Exceptional items	35	20,092.81	-
D	Profit / (loss) before tax from continuing operations		6,940.79	(39,896.30)
	Income tax expense	36		
	Current tax		-	-
	Deferred tax charge/ (credit)		-	(4,619.44)
	Profit/ (loss) for the year		6,940.79	(35,276.86)
E	Other comprehensive income			
	Items that will not be reclassified to profit or loss			
	Remeasurement of post employment benefit obligations		90.42	80.86
	Gain/ (Loss) on fair valuation of investments		(0.03)	(6.64)
	Other comprehensive income for the year, net of tax		90.39	74.22
Total comprehensive income/ (loss) for the year			7,031.18	(35,202.64)

Statement of consolidated profit and loss for the year ended March 31, 2019

in Lakhs

Particulars	Notes	For the year ended March 31, 2019	For the year ended March 31, 2018
Earnings per share	37		
Basic earnings per share		7.80	(39.65)
Diluted earnings per share		7.80	(39.65)
The accompanying notes form an integral part of the financial statements			

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

Chinnsamy Ganesan
Partner
Membership No.027501

Place : Chennai
Date : June 3, 2019

For and on behalf of the board

L. Chandrasekar
CFO and Company Secretary

K.Raghavendra Rao
Managing Director
DIN No. 00010096

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

Statement of consolidated cash flows for the year ended March 31, 2019

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

in Lakhs

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Cash Flow From Operating Activities		
Profit / loss before income tax	6,940.79	(39,896.30)
Adjustments for		
Depreciation and amortisation expense	12,994.34	13,331.29
(Profit)/ loss on sale of fixed assets	(0.34)	(3.96)
Interest income	(1,508.54)	(1,151.29)
Unrealised forex (gain)/ loss (net, including exchange rate difference on translation of foreign operations)	8,973.90	3,008.60
Reversal of finance cost provision post CIRP period	(15,865.47)	-
Provision for diminution in value of investments	60.00	-
Allowance for expected credit loss	930.17	-
Finance costs, including grouped under exceptional items	149.48	30,164.80
	12,674.33	5,453.14
Change in operating assets and liabilities		
(Increase) / decrease in Other financial assets	222.65	267.69
(Increase) / decrease in inventories	2,396.61	1,751.31
(Increase) / decrease in trade receivables	(914.98)	4,513.80
(Increase) / decrease in Other assets	(7,693.43)	(733.13)
Increase / (decrease) in provisions and other liabilities	712.51	(1,384.89)
Increase / (decrease) in trade payables	(5,767.65)	(8,246.01)
Cash generated from operations	1,630.04	1,621.91
Less : Income taxes paid (net of refunds)	(427.60)	(703.86)
Net cash from operating activities (A)	1,202.44	918.05
Cash Flows From Investing Activities		
Purchase of PPE (including changes in CWIP)	(662.66)	(621.04)
Sale proceeds of PPE	-	5.83
(Purchase)/ disposal proceeds of Investments	(0.17)	-
(Investments in)/ Maturity of fixed deposits with banks	3,723.16	(3,397.37)
Interest received	1,486.98	1,206.98
Net cash used in investing activities (B)	4,547.31	(2,805.60)

Statement of consolidated cash flows for the year ended March 31, 2019

in Lakhs

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Cash Flows From Financing Activities		
Proceeds from/ (repayment of) long term borrowings	-	(148.52)
Proceeds from/ (repayment of) short term borrowings	-	3,919.61
Finance costs	(29.96)	(432.06)
Net cash from/ (used in) financing activities (C)	(29.96)	3,339.03
Net increase/decrease in cash and cash equivalents (A+B+C)	5,719.79	1,451.48
Cash and cash equivalents at the beginning of the financial year	3,511.30	2,059.82
Cash and cash equivalents at end of the year	9,231.09	3,511.30
Notes:		
1. The above cash flow statement has been prepared under indirect method prescribed in Ind AS 7 "Cash Flow Statements".		
2. Components of cash and cash equivalents		
Balances with banks		
- in current accounts	9,230.59	3,078.15
- in fixed deposit with original maturity of less than 3 months	-	432.00
Cash on hand	0.50	1.15
	9,231.09	3,511.30

The accompanying notes form an integral part of the financial statements

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

For and on behalf of the board

Chinnsamy Ganesan
Partner
Membership No.027501

L. Chandrasekar
CFO and Company Secretary

K.Raghavendra Rao
Managing Director
DIN No. 00010096

Ramkumar Sripatham Venkatasubramaniam

Resolution Professional

IP Registration no.

IBBI/IPA-001/IP-P00015/2016-17/10039

Place : Chennai
Date : June 3, 2019

Statement of Consolidated Changes in Equity for the year ended March 31, 2019

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

in Lakhs

(A) Equity Share Capital

Balance at the beginning of April 1, 2017	8,896.43
Changes in equity share capital during the year	-
Balance at the end of March 31, 2018	8,896.43
Changes in equity share capital during the year	-
Balance at the end of March 31, 2019	8,896.43

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

Particulars	"Capital Reserve"	"Capital Reserve on Amalgamation"	"Securities Premium Reserve"	General Reserve	Foreign Currency Monetary Item Translation Difference Account	Foreign Currency Fluctuation Reserve	Other Comprehensive Income	Profit and Loss Account	Total
Balance as at April 1, 2017	894.68	9,004.21	46,447.86	55,851.90	(5,498.74)	(3,459.70)	7.84	(1,58,819.27)	(55,571.22)
Total Comprehensive Income for the year	-	-	-	-	-	-	74.22	(35,276.86)	(35,202.64)
Additions/ (deductions) during the year	-	-	-	-	2,331.46	369.98	(80.86)	80.86	2,701.44
Balance as at March 31, 2018	894.68	9,004.21	46,447.86	55,851.90	(3,167.28)	(3,089.72)	1.20	(1,94,015.27)	(88,072.42)
Total Comprehensive Income for the year	-	-	-	-	-	-	90.39	6,940.79	7,031.18
Additions/ (deductions) during the year	-	-	-	-	1,929.14	(188.08)	(90.42)	90.42	1,741.06
Balance as at March 31, 2019	894.68	9,004.21	46,447.86	55,851.90	(1,238.14)	(3,277.80)	1.17	(1,86,984.06)	(79,300.18)

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

For and on behalf of the board

For **CNGSN & Associates LLP**

Chartered Accountants

Firm Registration No.004915S/ S200036

L. Chandrasekar

CFO and Company Secretary

K.Raghavendra Rao

Managing Director

DIN No. 00010096

Chinnsamy Ganesan

Partner

Membership No.027501

Ramkumar Sripatham Venkatasubramaniam

Resolution Professional

IP Registration no.

IBBI/IPA-001/IP-P00015/2016-17/10039

Place : Chennai

Date : June 3, 2019

Notes to Consolidated Financial Statements for the year ended March 31, 2019

1 Corporate Information

The Consolidated Financial Statements comprise financial statements of "Orchid Pharma Limited" ("the Holding Company") and its subsidiaries (collectively referred to as "the Group") for the year ended March 31, 2019.

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

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

- a) Orchid Europe Limited, a company formed in the United Kingdom initially to market nutraceuticals through mail order/ direct marketing in the United Kingdom and Europe."
- b) Bexel Pharmaceuticals Inc., USA engaged in Pharmaceutical research and development.
- c) Orchid Pharmaceuticals Inc., USA to provide services in USA. It has wholly owned subsidiaries "Orgenus Pharma Inc, USA" which provides services in USA and "Orchid Pharma Inc./ Karalex Pharma, USA" which sells pharmaceutical products in USA.
- d) Orchid Pharmaceuticals SA (Proprietary) Limited, South Africa to register and market formulations in South Africa.
- e) Diakron Pharmaceuticals Inc., USA engaged in Pharmaceutical research and development.

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

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

2 Basis of preparation of financial statements

Statement of compliance

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

Basis of preparation and presentation

The Company's net worth as on the reporting date is negative. The Resolution Plan filed by the RP has been approved by Hon'ble NCLT vide its order dated September 17, 2018. However, the successful Resolution Applicant has not commenced implementation of the approved Resolution Plan. Consequently, vide order dated February 28, 2019, the Hon'ble NCLT annulled the existing resolution plan and given additional CIRP period of 105 days to the RP and Committee of Creditors (CoC). The Hon'ble NCLT also ordered that the RP and CoC will discharge their function as before during this additional CIRP period. The RP and CoC are taking necessary steps to identify alternative resolution plans.

Pending this and measures to be adopted as part of the resolution process, the financial statements have been prepared and presented by the Company on a going concern basis."

The Consolidated Financial Statements comprises of Orchid Pharma Limited and all its subsidiaries, being the entities that it controls. Controls are assessed in accordance with the requirement of Ind AS 110 - Consolidated Financial Statements.



Notes to Consolidated Financial Statements for the year ended March 31, 2019

Principles of Consolidation

- a) The financial statements of the Holding Company and its subsidiaries are combined on a line by line basis by adding together like items of assets, liabilities, equity, incomes, expenses and cash flows, after fully eliminating intra-group balances and intra-group transactions.
- b) Profits or losses resulting from intra-group transactions that are recognised in assets, such as Inventory and Property, Plant and Equipment, are eliminated in full.
- c) In case of foreign subsidiaries, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognised in the Foreign Currency Translation Reserve (FCTR).
- d) Goodwill represents the difference between the Company's share in the net worth of subsidiaries and the cost of acquisition at each point of time of making the investment in the subsidiaries.
- e) The unaudited financial statements of foreign subsidiaries have been prepared by the management in accordance with the generally accepted accounting principles of its country of incorporation and restated to Ind AS for consolidation purposes.
- f) The differences in accounting policies of the Holding Company and its subsidiaries/ associates are not material and there are no material transactions from January 1, 2019 to March 31, 2019 in respect of subsidiaries/ having financial year ended December 31, 2018.
- g) The Consolidated Financial Statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances.
- h) The carrying amount of the parent's investment in each subsidiary is offset (eliminated) against the parent's portion of equity in each subsidiary.

Use of estimates

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

Functional and presentation currency

These financial statements are presented in Indian Rupees (INR), which is the Group's functional currency. All financial information presented in INR has been rounded to the nearest Lakhs (up to two decimals).

The financial statements are approved for issue by the Company's Resolution Professionals/ Board of Directors on June 3, 2019."

2A Critical accounting estimates and management judgments

In application of the accounting policies, which are described in note 3, the management of the Company is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and assumptions are based on historical experience and other factors that are considered to be relevant.

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

Notes to Consolidated Financial Statements for the year ended March 31, 2019

Property, Plant and Equipment (PPE) and Intangible Assets

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

Current tax

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

Deferred Tax Assets

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

Fair value

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

Impairment of Trade Receivables

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

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

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

Defined Benefit Plans and Other long term employee benefits

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

Fair value measurement of financial instruments

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



Notes to Consolidated Financial Statements for the year ended March 31, 2019

Provisions and contingencies

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

2B Recent accounting pronouncements

Standards issued but not yet effective

The following standards have been notified by Ministry of Corporate Affairs

Ind AS 116 Leases: On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 116, Leases. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases, and related Interpretations.

The effective date for adoption of Ind AS 116 is annual periods beginning on or after April 1, 2019.

The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of profit and loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company does not have any impact on account of this amendment.

Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments : On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company does not have any impact on account of this amendment.

Amendment to Ind AS 12 – Income taxes : On March 30, 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes. The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company does not have any impact on account of this amendment.

Amendment to Ind AS 19 – Plan amendment, curtailment or settlement: On March 30, 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements. The amendments require an entity: • to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and • to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company does not have any impact on account of this amendment.

Notes to Consolidated Financial Statements for the year ended March 31, 2019

3 Significant Accounting Policies

a) Current versus non-current classification

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

An asset is treated as current when it is:

- i) Expected to be realised or intended to be sold or consumed in normal operating cycle
- ii) Held primarily for the purpose of trading
- iii) Expected to be realised within twelve months after the reporting period, or
- iv) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- i) It is expected to be settled in normal operating cycle
- ii) It is held primarily for the purpose of trading
- iii) It is due to be settled within twelve months after the reporting period, or
- iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

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

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

b) Fair value measurement

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

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

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

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

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

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

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



Notes to Consolidated Financial Statements for the year ended March 31, 2019

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

- Level 1 : Quoted (unadjusted) market prices in active market for identical assets or liabilities;
- Level 2 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

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

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

c) Revenue Recognition

Sale of goods

Revenue is recognised when the company satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when the customer obtains control of that asset, which generally coincides with the despatch of the goods or as per the inco-terms agreed with the customers.

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

Export entitlements

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

Interest Income

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

Dividend income

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

Notes to Consolidated Financial Statements for the year ended March 31, 2019

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

Presentation

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

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

Component Cost

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

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

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

Derecognition

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

e) Depreciation on property, plant and equipment

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

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

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

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

f) Intangible assets

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



Notes to Consolidated Financial Statements for the year ended March 31, 2019

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

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

Useful life and amortisation of intangible assets

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

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

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

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

Subsequent cost and measurement

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

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

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

g) Inventories

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

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

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

Notes to Consolidated Financial Statements for the year ended March 31, 2019

h) Financial Instruments

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

Financial assets

Initial recognition and measurement

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

Subsequent measurement

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

Financial assets are classified into the following categories:

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

Debt instruments at amortised cost

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

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows; and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding.

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

Debt instrument at FVTOCI

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

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- b) The asset's contractual cash flows represent SPPI.

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

Notes to Consolidated Financial Statements for the year ended March 31, 2019

Debt instrument at FVTPL

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

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

Equity investments

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

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

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

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

Derecognition

A financial asset is primarily derecognised when:

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

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

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

Impairment of financial assets

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

Notes to Consolidated Financial Statements for the year ended March 31, 2019

- a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, receivables and bank balance.
- b) Financial assets that are debt instruments and are measured at FVTOCI
- c) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18.

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

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

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

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

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

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

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

- **Financial assets measured as at amortised cost, contractual revenue receivables and lease receivables:** ECL is presented as an allowance, which reduces the net carrying amount. Until the asset meets write-off criteria, the Group does not reduce impairment allowance from the gross carrying amount.
- **Debt instruments measured at FVTOCI:** Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. Rather, ECL amount is presented as 'accumulated impairment amount' in the OCI.

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

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

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

Financial liabilities

Initial recognition and measurement

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

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

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

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

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

Financial liabilities at FVTPL

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

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

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

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

Notes to Consolidated Financial Statements for the year ended March 31, 2019

Loans and borrowings

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

Financial guarantee contracts

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

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

Derivative financial instruments

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

Derecognition of financial liabilities

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

Reclassification of financial assets

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

Notes to Consolidated Financial Statements for the year ended March 31, 2019

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

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

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

i) Foreign currency transactions and translations

Transactions and balances

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

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

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

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

Notes to Consolidated Financial Statements for the year ended March 31, 2019

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

j) Borrowing Costs

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

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

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

k) Government grants

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

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

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

l) Taxes

Current income tax

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

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

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future tax liability, is recognised as an asset viz. MAT Credit Entitlement, to the extent there is convincing



Notes to Consolidated Financial Statements for the year ended March 31, 2019

evidence that the Group will pay normal Income tax and it is highly probable that future economic benefits associated with it will flow to the Group during the specified period. The Group reviews the "MAT Credit Entitlement" at each Balance Sheet date and writes down the carrying amount of the same to the extent there is no longer convincing evidence to the effect that the Group will pay normal Income tax during the specified period.

Deferred tax

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

Deferred tax liabilities are recognised for all taxable temporary differences.

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

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

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

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

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

m) Retirement and other employee benefits

Short-term employee benefits

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

Defined contribution plans

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

Defined benefit plans

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

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the

Notes to Consolidated Financial Statements for the year ended March 31, 2019

net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Compensated absences

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

Other long term employee benefits

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

n) Leases

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

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

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

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

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

o) Impairment of non financial assets

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



Notes to Consolidated Financial Statements for the year ended March 31, 2019

p) Provisions, contingent liabilities and contingent asset

Provisions

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

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

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

Contingent liabilities

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

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

Contingent assets

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

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

q) Cash and cash equivalents

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

r) Cash Flow Statement

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

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

s) Earnings per share

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

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

Notes to Consolidated Financial Statements for the year ended March 31, 2019

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

4 Property, plant and equipment

Particulars	Tangible Assets							Intangible Assets					Total		
	Freehold Land & Site Development	Leasehold Land	Buildings	Plant and Machinery	Furniture and Fittings	Vehicles	Office Equipment	Factory Equipment	Laboratory Equipment	Total	Goodwill	Patents & Registrations		Internally generated DMF and ANDA	Computer Software
Cost as at April 1, 2017	2,608.52	52.83	15,624.31	1,17,505.91	260.27	13.07	0.05	86.71	1,450.99	1,37,602.66	9,482.32	-	2,544.28	25.16	12,051.76
Additions	-	-	1,113.22	706.59	6.73	2.00	3.40	351.89	79.42	2,263.25	-	-	-	35.75	35.75
Disposals	-	-	-	-	-	(37.59)	-	-	-	(37.59)	-	-	-	-	-
Cost as at March 31, 2018	2,608.52	52.83	16,737.53	1,18,212.50	267.00	(22.52)	3.45	438.60	1,530.41	1,39,828.32	9,482.32	-	2,544.28	60.91	12,087.51
Additions	-	-	-	0.20	0.4	-	-	-	-	0.60	-	-	-	-	-
Disposals	-	-	-	(0.08)	(0.08)	-	-0.03	-	-	(0.11)	-	-	-	(0.23)	(0.23)
Cost as at March 31, 2019	2,608.52	52.83	16,737.53	1,18,212.70	267.32	(22.52)	3.42	438.60	1,530.41	1,39,828.81	9,482.32	-	2,544.28	60.68	12,087.28
Depreciation/Amortisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Charge for the year	-	0.61	751.91	11,775.82	74.31	2.91	0.12	10.30	416.26	13,032.24	-	291.14	7.91	299.05	
Disposals	-	-	-	-	-	(35.72)	-	-	-	(35.72)	-	-	-	-	-
As at March 31, 2018	-	0.61	751.91	11,775.82	74.31	(32.81)	0.12	10.30	416.26	12,996.52	-	-	291.14	7.91	299.05
Charge for the year	-	-	789.38	11,609.43	38.13	0.78	1.01	38.5	295.39	12,772.62	-	-	218.35	3.37	221.72
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
As at March 31, 2019	-	0.61	1,541.29	23,385.25	112.44	(32.03)	1.13	48.80	711.65	25,769.14	-	-	509.49	11.28	520.77
Net Block	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
As at March 31, 2018	2,608.52	52.22	15,985.62	1,06,436.68	192.69	10.29	3.33	428.30	1,114.15	1,26,831.80	9,482.32	-	2,253.14	53.00	11,788.46
As at March 31, 2019	2,608.52	52.22	15,196.24	94,827.45	154.88	9.51	2.29	389.80	818.76	1,14,059.67	9,482.32	-	2,034.79	49.40	11,566.51

Notes to Consolidated Financial Statements for the year ended March 31, 2019

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

in Lakhs

	As at March 31, 2019	As at March 31, 2018
5 Capital Work-in-progress		
PPE under development	26,384.64	25,721.90
	26,384.64	25,721.90
6 Intangible Assets under Development		
Intangible Assets under Development	1,431.00	1,431.00
	1,431.00	1,431.00
7 Non-current investments		
Investments in companies other than subsidiaries, associates and joint ventures at FVTPL		
i. Investments in Equity Instruments (Quoted)		
18,600 equity shares (previous year 18,600) of Rs.10 each in Bank of India Ltd, fully paid up	19.39	19.25
ii. Investments in Equity Instruments (Unquoted)		
6,00,000 equity shares of Rs. 10 each in Sai Regency Power Corporation Pvt.Ltd, fully paid up	60.00	60.00
911,430 equity shares of Rs. 10 each in Madras Stock Exchange-Non Traded, fully paid up	23.99	23.99
31,936 equity shares of Rs.10 each in MSE Financial services Ltd fully paid up	3.83	3.83
	107.21	107.07
Less: Provision for diminution in value of investments	(60.00)	-
	47.21	107.07
Total non-current investments		
Aggregate value of quoted investments	19.39	19.25
Aggregate market value of quoted investments	19.39	19.25
*Aggregate value of unquoted investments	87.82	87.82
Aggregate amount of impairment in value of investments	(60.00)	-

Notes to Consolidated Financial Statements for the year ended March 31, 2019

in Lakhs

	As at March 31, 2019	As at March 31, 2018
8 Other non-current financial assets		
(Unsecured, considered good)		
Prepaid Financial Charges	961.65	975.64
Deposits with Government Authorities	414.65	673.00
Other Deposits	318.02	324.50
(Unsecured, considered doubtful)		
Others	202.66	202.66
Less : Provision for expected credit loss	(202.66)	(202.66)
	1,694.32	1,973.14
9 Other non-current assets		
(Secured, considered good)		
Ear-marked balance transferred from Other Bank balances	22.74	22.74
(Unsecured, considered good)		
Capital Advances	52,206.06	52,193.10
Advances to suppliers	23,545.29	18,020.47
Advance income tax (net of provision for tax)	6,980.40	6,552.80
	82,754.49	76,789.11
10 Inventories		
Raw Materials	4,816.88	4,229.54
Intermediates & Work-in-progress	5,024.60	6,334.32
Finished Goods	4,317.06	5,645.59
Traded Goods	158.92	176.74
Stores and Spare parts	1,668.88	1,917.63
Chemicals and Consumables	311.45	237.15
Packing Materials	679.42	832.85
	16,977.21	19,373.82
Inventory comprises of		
Raw Materials		
7Aca	144.86	360.53
7-HACA	222.04	-
Terbinafine Hydrochloride	211.69	224.18
Cephalexin Usp(Compacted)	-	183.68
Thiost	269.31	122.56
Others	3,968.98	3,338.59
	4,816.88	4,229.54

Notes to Consolidated Financial Statements for the year ended March 31, 2019

in Lakhs

	As at March 31, 2019	As at March 31, 2018
Intermediates & Work-in-progress		
Cefuroxime Acid (Eu)	302.25	740.32
Pavest	187.21	231.93
Cefuroxime Axetil Crystallin Exdrier(Eu)	219.05	204.52
7-Acta (E)	9.92	260.26
Cefazolin Acid (U)	2.09	-
Cava (E)	323.86	-
Others	3,980.22	4,897.29
	5,024.60	6,334.32
Finished Goods		
Cephalothin Sodium Buffered Sterile	-	233.98
Ceftriaxone Sodium Ep (Sterile)	28.04	409.03
Cefuroxime Axetil Amorphous Blended	43.30	-
Cefixime Powder (Ep)	448.95	268.19
Ceftazidime Sodium Carbonate-Sterile(Ep)	66.85	374.42
Others	3,729.93	4,593.95
	4,317.06	5,645.59
Traded goods		
Others	158.92	176.74
	158.92	176.74
11 Trade receivables		
Trade Receivables considered good - Secured	-	-
Trade Receivables considered good - Unsecured	11,989.09	11,951.29
Trade Receivables which have significant risk increase in credit risk	-	-
Trade Receivables credit impaired	4,086.85	3,761.23
	16,075.94	15,712.52
Less: Allowance for expected credit loss	(4,086.85)	(3,761.23)
	11,989.09	11,951.29
12 Cash and cash equivalents		
Cash on hand	0.50	1.15
Balances with banks		
In current accounts	9,230.59	3,078.15
In fixed deposit (original maturity less than 3 months)	-	432.00
	9,231.09	3,511.30

Notes to Consolidated Financial Statements for the year ended March 31, 2019

in Lakhs

	As at March 31, 2019	As at March 31, 2018
13 Other Bank Balances		
In Fixed Deposits with banks (maturing within 12 months from the reporting date)		
In Term Deposits	23,320.79	27,043.95
In earmarked accounts		
Unpaid Dividend Account	22.74	22.74
Less:- Ear-marked balance grouped under non - current assets	(22.74)	(22.74)
	23,320.79	27,043.95
14 Other current financial assets		
(Unsecured, considered good)		
Interest accrued	237.32	215.76
Rent Advances	28.53	17.66
Prepaid finance charges	45.30	-
	311.15	233.42
15 Other current assets		
(Unsecured, considered good)		
Advance recoverable in cash or in kind or for value to be received		
Prepaid expenses	918.23	1,767.73
Balances with Statutory Authorities	6,997.08	3,996.91
Other deposits	5.54	-
Employees Advances	15.48	16.04
	7,936.33	5,780.68
(Unsecured, considered doubtful)		
Advances to Suppliers	15,333.30	15,333.30
Less : Allowance for expected credit loss	(15,333.30)	(15,333.30)
	7,936.33	5,780.68
16 Capital		
Authorised Share Capital		
15,00,00,000 Equity shares of Rs. 10 each	15,000.00	15,000.00
	15,000.00	15,000.00

Notes to Consolidated Financial Statements for the year ended March 31, 2019

in Lakhs

	As at March 31, 2019	As at March 31, 2018
Issued Share Capital		
8,89,64,327 Equity shares of Rs. 10 each	8,896.43	8,896.43
	8,896.43	8,896.43
Subscribed and fully paid up share capital		
8,89,64,327 Equity shares of Rs. 10 each	8,896.43	8,896.43
	8,896.43	8,896.43
Notes :		
(a) Reconciliation of number of equity shares subscribed		
Balance as at the beginning of the year	8,89,64,327	8,89,64,327
Add: Issued during the year	-	-
Balance at the end of the year	8,89,64,327	8,89,64,327
(b) Shareholders holding more than 5% of the total share capital		

Name of the share holders	March 31, 2019		March 31, 2018	
	No of shares	%	No of shares	%
Orchid Healthcare Pvt. Ltd.	1,94,09,575	21.82	1,94,09,575	21.82

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

17 Other Equity		
Capital Reserve	894.68	894.68
Capital Reserve on Amalgamation	9,004.21	9,004.21
Securities Premium Reserve	46,447.86	46,447.86
General Reserve	55,851.90	55,851.90
Foreign Currency Monetary Item Translation Difference Account	(1,238.14)	(3,167.28)
Foreign Currency Fluctuation Reserve	(3,277.80)	(3,089.72)
Other Comprehensive Income	1.17	1.20
Profit and Loss Account	(1,86,984.06)	(1,94,015.27)
	(79,300.18)	(88,072.42)

Notes to Consolidated Financial Statements for the year ended March 31, 2019

in Lakhs

	As at March 31, 2019	As at March 31, 2018
a) Capital reserve		
Balance at the beginning and end of the year	894.68	894.68
b) Capital Reserve on Amalgamation		
Balance at the beginning and end of the year	9,004.21	9,004.21
c) Securities Premium Reserve		
Balance at the beginning and end of the year	46,447.86	46,447.86
d) General Reserve		
Balance at the beginning and end of the year	55,851.90	55,851.90
e) Foreign Currency Monetary Item Translation Difference Account		
Balance at the beginning of the year	(3,167.28)	(5,498.74)
Additions during the year	1,929.14	2,331.46
Balance at the end of the year	(1,238.14)	(3,167.28)
f) Foreign Currency Fluctuation Reserve		
Balance at the beginning of the year	(3,089.72)	(3,459.70)
Additions/ (deductions) during the year	(188.08)	369.98
Balance at the end of the year	(3,277.80)	(3,089.72)
g) Other Comprehensive Income		
Balance at the beginning of the year	1.20	7.84
Additions during the year	90.39	74.22
Deductions/Adjustments during the year	(90.42)	(80.86)
Balance at the end of the year	1.17	1.20

Notes to Consolidated Financial Statements for the year ended March 31, 2019

in Lakhs

	As at March 31, 2019	As at March 31, 2018
h) Profit and Loss Account		
Balance at the beginning of the year	(1,94,015.27)	(1,58,819.27)
Net profit for the period	6,940.79	(35,276.86)
Transfer from Other Comprehensive Income	90.42	80.86
Ind AS adjustments	-	-
Balance at the end of the year	(1,86,984.06)	(1,94,015.27)
18 Long Term Borrowings		
Secured *		
From Banks		
Rupee Term Loans	2,14,775.76	2,06,098.28
Foreign Currency Term Loans	56,044.14	77,744.64
Less: Current maturities of Long Term Debt (refer note 24)	(1,28,359.19)	(94,452.21)
	1,42,460.71	1,89,390.71
* Refer Note 42 for repayment terms and security details		
19 Provisions (Non-current)		
Provision for Employee Benefits		
Leave Encashment	325.83	271.85
Gratuity	663.56	476.50
	989.39	748.35
20 Deferred Tax Asset / (Liability) - Net		
Deferred Tax Liability		
On Fixed Assets	9,414.23	9,414.23
On Others	322.62	322.62
	9,736.85	9,736.85
Deferred Tax Asset		
On unabsorbed tax depreciation	9,414.23	9,414.23
Others	-	-
	9,414.23	9,414.23
Net deferred tax asset / (liability)	(322.62)	(322.62)

Notes to Consolidated Financial Statements for the year ended March 31, 2019

in Lakhs

	As at March 31, 2019	As at March 31, 2018
21 Current liabilities - Borrowings		
Secured		
Working Capital Facilities / Borrowings *	55,718.11	55,718.11
Unsecured		
Loans from Banks	8,114.12	7,994.60
Loans from Others	2,500.00	2,500.00
Loans from related parties	3,216.77	3,216.77
	69,549.00	69,429.48
* Refer Note 42 for repayment terms and security details		
22 Trade payables		
Dues to Micro enterprises and Small enterprises	348.43	69.53
Dues to Creditors other than Micro and Small enterprises	29,896.26	35,809.81
	30,244.69	35,879.34
23 Provisions (Current)		
Provision for employee benefits		
Leave encashment	143.49	102.91
	143.49	102.91
24 Other current liabilities		
Current maturities of Term Loans	1,10,985.93	61,374.76
Interest accrued on borrowings	21,552.65	33,077.46
Unpaid dividends	22.74	22.74
Statutory Liabilities	554.37	665.38
Share Application money refundable	5.42	5.42
Security Deposits received from Agents	193.00	433.00
Advance and deposits from customers etc.,	1,083.24	260.76
	1,34,397.35	95,839.52

Notes to Consolidated Financial Statements for the year ended March 31, 2019

in Lakhs

	As at March 31, 2019	As at March 31, 2018
25 Revenue from operations		
Sale of Products		
Manufactured goods	55,165.29	59,801.17
Traded goods	100.60	8,249.60
Other Operating Revenues		
Sale of Other Materials	4,571.35	646.95
Others	160.81	83.86
	59,998.05	68,781.58
Notes		
1	The Company has applied Ind AS 115 "Revenue from Contracts with Customers" for the first time for the accounting period commencing on April 1, 2018. Since the Company's revenue mainly consists of sale of manufactured pharma and allied products, there is no impact on revenue/ related assets and liabilities on such application. Accordingly, no adjustment is considered necessary in the financial statements relating to the transitional provisions prescribed in Ind AS 115.	
2	In India, Goods and Service Tax (GST) has been effective from July 01, 2017. Consequently, excise duty, value added tax (VAT), service tax etc. have been replaced with GST. Until June 30, 2017, 'Sale of products' included the amount of excise duty recovered on sales. With effect from July 01, 2017, 'Sale of products', excludes the amount of GST recovered. Accordingly, revenue from 'Sale of products' and 'Revenue from operations' for the year ended March 31, 2018 are not comparable with those of the previous year.	
26 Other income		
Interest income	1,508.54	1,151.29
Profit on sale of assets	0.34	3.96
Other non-operating income	183.96	875.11
	1,692.84	2,030.36
27 Cost of materials consumed		
Opening inventory of raw materials	4,229.54	5,376.39
Add : Purchases	26,871.26	32,996.08
Less : Closing inventory of raw materials	(4,816.88)	(4,229.54)
	26,283.92	34,142.93
28 Purchases of Stock in Trade		
Purchases of Stock in Trade	29.84	119.74
	29.84	119.74

Notes to Consolidated Financial Statements for the year ended March 31, 2019

in Lakhs

	As at March 31, 2019	As at March 31, 2018
29 Changes in inventories of work-in-progress, stock in trade and finished goods		
Opening Balance		
Intermediates & Work-in-progress	6,334.32	7,383.21
Traded Goods	176.74	390.77
Finished Goods	5,645.59	5,139.64
	12,156.65	12,913.62
Closing Balance		
Intermediates & Work-in-progress	5,024.60	6,334.32
Traded Goods	158.92	176.74
Finished Goods	4,317.06	5,645.59
	9,500.58	12,156.65
Total changes in inventories	(2,656.07)	(756.97)
30 Employee benefits expense		
Salaries and wages	6,615.14	6,901.07
Contribution to provident and other funds	809.78	981.16
Staff welfare expenses	802.91	740.14
	8,227.83	8,622.37
31 Depreciation and amortisation expense		
Depreciation on Property, Plant and Equipment	12,772.62	13,032.24
Amortisation of Intangible Assets	221.72	299.05
	12,994.34	13,331.29
32 Excise Duty Expense		
Excise Duty (also refer foot note given in note 25)	-	483.25
	-	483.25
33 Other expenses		
Power and Fuel	4,876.19	5,068.60
Conversion Charges	34.04	628.11
Consumption of Stores, Spares & Chemicals	2,146.68	2,296.64
Rent	94.69	93.16

Notes to Consolidated Financial Statements for the year ended March 31, 2019

in Lakhs

	As at March 31, 2019	As at March 31, 2018
Repairs to buildings	105.90	127.12
Repairs to Machinery	165.20	171.92
Factory maintenance	1,733.56	1,559.66
Insurance	607.75	800.33
Rates & Taxes	250.50	835.36
Postage, Telephone & Telex	33.46	64.64
Printing & Stationery	67.34	98.49
Vehicle Maintenance	16.03	8.54
Research & Development Expenses (Refer Note 38)	1,396.18	1,773.33
Advertisement	37.48	7.11
Recruitment expenses	12.88	33.03
Payment to Auditors [Refer Note 33 (a)]	46.00	63.38
Travelling and Conveyance	41.54	147.37
Directors' Remuneration & perquisites	48.92	73.34
Directors' travelling expenses		
Inland	0.07	4.58
Overseas	-	3.28
Directors' sitting fees	-	3.00
Freight outward	484.49	988.77
Commission on Sales	446.97	1,033.68
Business Promotion and Selling Expenses	65.40	180.07
Lease Rentals	1,126.92	1,126.92
Consultancy & Professional Fees	742.28	802.04
Allowance for expected credit loss	930.17	1,072.47
Foreign exchange loss (net)	6,750.43	1,950.46
Provision for Diminution in value of Investments	60.00	-
Bank charges	638.83	860.92
Miscellaneous expenses	1,661.05	1,210.57
	24,620.95	23,086.89
33 (a) Payment to Auditors		
As auditors - statutory audit *	28.00	36.88
For taxation matters	3.00	3.00
For limited review and certification services	15.00	23.50
	46.00	63.38
* includes payments made to erstwhile auditors		

Notes to Consolidated Financial Statements for the year ended March 31, 2019

in Lakhs

	As at March 31, 2019	As at March 31, 2018
34 Finance Cost		
Interest on Bank Borrowings	-	29,013.51
Interest on Others	29.96	1,151.29
	29.96	30,164.80
35 Exceptional items		
Reversal of interest in excess of claims admitted	15,792.57	-
ERF Gains / Reversals	4,300.24	-
	20,092.81	-
36 Income tax expense		
(a) Income tax expense		
Current tax		
Current tax on profits for the year	-	-
MAT Paid	-	-
Total current tax expense	-	-
Deferred tax		
Deferred tax adjustments	-	(4,619.44)
Total Deferred tax expense/(benefit)	-	(4,619.44)
Income tax expense	-	(4,619.44)
b) The income tax expense for the year can be reconciled to the accounting profit as follows:		
Profit/(loss) before tax from Continuing operations	-	(39,896.30)
Income tax expense calculated	-	-
Tax Rate Changes (2017-18-Nil%)	-	-
Effect of expenses that are not deductible in determining taxable profit	-	-
Income tax expense	-	-
c) Income tax recognised in other comprehensive income		
Deferred tax		
Remeasurement of defined benefit obligation	-	-
Total income tax recognised in other comprehensive income	-	-

Notes to Consolidated Financial Statements for the year ended March 31, 2019

in Lakhs

		As at March 31, 2019	As at March 31, 2018	
d) Movement of deferred tax expense for the year ended March 31, 2019				
Deferred tax (liabilities) /assets in relation to:	Opening balance	Recognised in profit or loss	Recognised in OCI	Closing balance
Property, plant, and equipment and Intangible Assets	(9,414.23)			(9,414.23)
Unabsorbed tax depreciation*	9,414.23		-	9,414.23
Other temporary differences	(322.62)		-	(322.62)
	(322.62)	-	-	(322.62)

e) Movement of deferred tax expense during the year ended March 31, 2018				
Deferred tax (liabilities) /assets in relation to:	Opening balance	Recognised in profit or loss	Recognised in OCI	Closing balance
Property, plant, and equipment and Intangible Assets	(9,414.23)		-	(9,414.23)
Unabsorbed tax depreciation*	4,804.32	4,609.91	-	9,414.23
Other temporary differences	(332.15)	9.53	-	(322.62)
	(4,942.06)	4,619.44	-	(322.62)
MAT Credit entitlement	-	-	-	-
	(4,942.06)	4,619.44	-	(322.62)

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

37 Earnings per share		
Profit for the year attributable to owners of the Company	6,940.79	(35,276.86)
Weighted average number of ordinary shares outstanding	8,89,64,327	8,89,64,327
Basic earnings per share (Rs)	7.80	(39.65)
Diluted earnings per share (Rs)	7.80	(39.65)

Notes to Consolidated Financial Statements for the year ended March 31, 2019

38 Expenditure on Research and Development

in Lakhs

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Revenue expenditure relating to Research and Development charged to the Statement of Profit or Loss (excluding depreciation) includes:		
Power and fuel	-	8.12
Consumption of stores, spares and chemicals	286.96	179.09
Salaries, wages and bonus	758.33	938.98
Contribution to Provident and other funds	64.85	78.16
Staff welfare	-	6.95
Rates and taxes	0.38	0.20
Insurance	3.32	9.60
Postage, telephone and telex	0.09	1.49
Printing and stationery	1.83	1.52
Vehicle maintenance	0.76	0.11
Recruitment expenses	3.04	2.33
Travelling and conveyance	1.83	2.26
Filing and registration expenses	7.69	8.66
Testing charges	9.91	-
Consultancy and professional fees	236.75	390.79
Others	20.42	145.07
Total	1,396.16	1,773.33

39 Commitments and contingent liabilities

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Contingent Liability		
Unexpired letters of credit	-	9,824.86
Bank guarantees outstanding	-	106.83
Claims against the company not acknowledged as debts		
- Income Tax dispute pending before High Court of Chennai*	11,079.98	4,054.98
- Excise demands under dispute pending before Excise authorities	343.47	338.40
- Service Tax dispute pending before High Court of Chennai	935.62	85.26
- Sales Tax dispute pending before Sales Tax authorities	552.56	498.89
- Self Generation Tax under dispute with State Electricity Board	1,378.30	1,243.53
Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for	96.67	1,686.54

* The 4054.98 lakhs have been paid for income tax demands "under dispute"

Notes to Consolidated Financial Statements for the year ended March 31, 2019

40 Operating Segments

The operations of the Group falls under a single primary segment i.e., "Pharmaceuticals" in accordance with Ind AS 108 "Operating Segments" and hence no segment reporting is applicable.

Information relating to geographical areas

(a) Revenue from external customers

in Lakhs

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
India	5,598.67	6,734.31
Rest of the world	49,667.22	61,316.46
	55,265.89	68,050.77

(b) Non current assets

The manufacturing facilities of the Company is situated in India and no non-current assets are held outside India

(c) Information about major customers

in Lakhs

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Number of external customers each contributing more than 10% of total revenue	1	2
Total revenue from the above customers	13879.3	17376.49

41 Operating lease arrangements

in Lakhs

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
As Lessee		
The Group has entered into operating lease arrangements for certain facilities. The leases are cancellable at the option of either party to lease and may be renewed based on mutual agreement of the parties.		
Lease payments recognised in the Statement of Profit and Loss	1126.92	1126.92

Notes to Consolidated Financial Statements for the year ended March 31, 2019

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

42 Terms and conditions of borrowings

Long term borrowings

As per the terms of the CDR package, all Indian rupee loans from bank carries interest @10.30% p.a (SBI Base Rate + 100 Basis points). These loans are repayable in 32 quarterly instalments commencing from the quarter beginning on April 1, 2015. These loans are secured by Pari Passu first charge by way of joint mortgage on immovable and movable assets situated at Factory premises at SIDCO Industrial Area, Alathur, SIPCOT Industrial Park, Irungattukottai, Corporate Office Premises, Nungambakkam and second charge on current assets, subject to prior charges created/ to be created on current assets in favour of bankers and financial institutions for securing working capital borrowings. All term loans are additionally secured by personal guarantee of Shri K.Raghavendra Rao, Managing Director of the Company.

As per the terms of the CDR package, all Foreign Currency term loan carries interest @ LIBOR plus 3 to 4.6%..The loan is repayable in 32 quarterly instalments commencing from the quarter beginning on April 1, 2015. These loans are secured by Pari Passu first charge by way of joint mortgage on immovable and movable assets situated at Factory premises at SIDCO Industrial Area, Alathur, SIPCOT Industrial Park, Irungattukottai, Corporate Office Premises, Nungambakkam and second charge on current assets, subject to prior charges created/ to be created on current assets in favour of bankers and financial institutions for securing working capital borrowings. The term loans are additionally secured by personal guarantee of Shri K.Raghavendra Rao, Managing Director of the Company.

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

Short term borrowings

Packing Credit and Cash Credit from Banks are secured by first charge on all current assets, namely, Stocks of Raw Materials, Semi-finished and Finished Goods, Stores and Spares not relating to Plant and Machinery (Consumable Stores and Spares), Bills Receivable, Book Debts and all other movable property both present and future excluding such movables as maybe permitted by the Banks/ financial institutions from time to time and by second charge on immovable properties after charges created/ to be created on immovable assets in favour of Financial Institutions/ Banks for securing Term Loans. The borrowings from banks are additionally secured by personal guarantee of Shri. Raghavendra Rao, Managing Director of the Company.

Notes to Consolidated Financial Statements for the year ended March 31, 2019

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

43 Financial Instruments

Capital management

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

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

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

Gearing Ratio :	March 31, 2019	March 31, 2018
Debt	2,53,446.64	2,50,765.47
Less: Cash and bank balances	32,551.88	30,555.25
Net debt	2,20,894.76	2,20,210.22
Total equity	(70,403.75)	(79,175.99)
Gearing ratio (%)	-313.75%	-278.13%

Categories of Financial Instruments	March 31, 2019	March 31, 2018
Financial assets		
a. Measured at amortised cost		
Other non-current financial assets	1,694.32	1,973.14
Trade receivables	11,989.09	11,951.29
Cash and cash equivalents	9,231.09	3,511.30
Bank balances other than above	23,320.79	27,043.95
b. Mandatorily measured at FVTOCI		
Investments	47.21	107.07
Financial liabilities		
a. Measured at amortised cost		
Borrowings (non-current)	1,42,460.71	1,89,390.71
Borrowings (current)	69,549.00	69,429.48
Trade payables	30,244.69	35,879.34

Notes to Consolidated Financial Statements for the year ended March 31, 2019

Financial risk management objectives

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

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

Market risk

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

Foreign currency risk management

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

Disclosure of hedged and unhedged foreign currency exposure

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

As on March 31, 2019

Currency (All amt in Lakhs)	Liabilities			Assets			Net overall exposure on the currency - net assets / (net liabilities)
	Gross exposure	Exposure hedged using derivatives	Net liability exposure on the currency	Gross exposure	Exposure hedged using derivatives	Net asset exposure on the currency	
USD	893.62	-	893.62	176.68	-	176.68	(716.94)
EUR	4.00	-	4.00	1.08	-	1.08	(2.92)
GBP	2.59	-	2.59	-	-	-	(2.59)
Others	792.27	-	792.27	-	-	-	(792.27)
In INR	62,865.33	-	62,865.33	12,225.89	-	12,225.89	(50,639.45)

As on March 31, 2018

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



Notes to Consolidated Financial Statements for the year ended March 31, 2019

Foreign currency sensitivity analysis

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

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

Interest rate risk management

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

Interest rate sensitivity analysis

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

Pursuant to CIRP, the Company stopped providing interest on borrowings from banks and financial institutions and also reversed the interest charged in the earlier quarters and years (from the date of commencement of CIRP). Accordingly, in the opinion of the management, the quantitative disclosure of interest rate sensitivity is not considered to be a meaningful representation of the present facts.

Credit risk management

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

Exposure to credit risk

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

Notes to Consolidated Financial Statements for the year ended March 31, 2019

(a) Trade Receivables

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

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

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

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

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

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

Offsetting related disclosures

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

Liquidity risk management

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

Liquidity tables

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

March 31, 2019	Due in 1st year	Due in 2nd to 5th year	Due after 5th year	Carrying amount
Trade payables	30,244.69	-	-	30,244.69
Borrowings (including interest accrued thereon upto the reporting date)	1,28,359.19	1,42,460.71	-	2,70,819.90
	1,58,603.88	1,42,460.71	-	3,01,064.59

Notes to Consolidated Financial Statements for the year ended March 31, 2019

March 31, 2018	Due in 1st year	Due in 2nd to 5th year	Due after 5th year	Carrying amount
Trade payables	35,879.34	-	-	35,879.34
Borrowings (including interest accrued thereon upto the reporting date)	94,452.21	1,89,390.71	-	2,83,842.92
	1,30,331.55	1,89,390.71	-	3,19,722.26

	March 31, 2019	March 31, 2018
Fair value of financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required):	Nil	Nil

44 Related party disclosure

a) List of parties having significant influence

Key management personnel (KMP)

Mr. K. Raghavendra Rao, Managing Director
Mr. L. Chandrasekar, Executive VP-Finance & Secretary

Relatives of KMP

Mrs. R Vijayalakshmi, wife of Mr. K Raghavendra Rao
Ms R Divya and Ms R Sowmya, daughters of Mr. K. Raghavendra Rao

Orchid Healthcare Private Ltd.

Entities in which relatives of KMP exercise significant influence

b) Transactions during the year

S.No.	Nature of transactions	Year ended March 31, 2019	Year ended March 31, 2018
1	Repayment of Unsecured advance Orchid Healthcare Private Ltd.	-	75.00
2	Remuneration and contribution to funds K. Raghavendra Rao L. Chandrasekar	48.92 47.61	73.34 44.64

c) Balances at the end of the year

S.No.	Particulars	As at March 31, 2019	As at March 31, 2018
1	Short term borrowings Orchid Healthcare Private Ltd.	3,216.77	3,216.77

Notes to Consolidated Financial Statements for the year ended March 31, 2019

45 Retirement benefit plans

Defined contribution plans

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

The total expense recognised in profit or loss of Rs 509.54 Lakhs (for the year ended March 31, 2018: Rs. 777.87 Lakhs) represents contribution paid to these plans by the Company at rates specified in the rules of the plan.

Defined benefit plans

(a) Gratuity

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

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

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

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

Particulars	March 31 2019	March 31 2018
Discount Rate	7.32%	7.45%
Rate of increase in compensation level	5.00%	5.00%
Expected return on plan assets	7.32%	7.45%
Mortality	Indian Assured Lives Mortality (2006-08) (Ultimate)	Indian Assured Lives Mortality (2006-08) (Ultimate)

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

Notes to Consolidated Financial Statements for the year ended March 31, 2019

in Lakhs

Amounts recognised in total comprehensive income in respect of these defined benefit plans are as follows:	March 31, 2019	March 31, 2018
Amount recognised under Employee Benefits Expense in the Statement of profit and Loss:		
Current service cost	112.59	107.25
Net interest expense	98.65	96.20
Return on plan assets (excluding amounts included in net interest expense)	(63.77)	(68.16)
Components of defined benefit costs recognised in profit or loss	147.47	135.29
Amount recognised in Other Comprehensive Income (OCI) for the Year		
Remeasurement on the net defined benefit liability comprising:		
Actuarial (gains)/ losses recognised during the period	(96.16)	(80.86)
Components of defined benefit costs recognised in other comprehensive income	(96.16)	(80.86)
	51.31	54.43
The amount included in the balance sheet arising from the Company's obligation in respect of its defined benefit plans is as follows:		
Present value of defined benefit obligation	1,419.73	1,348.86
Fair value of plan assets	(756.17)	(872.36)
Net liability/ (asset) arising from defined benefit obligation	663.56	476.50
Funded	663.56	476.50
Unfunded	-	-
	663.56	476.50
The above provisions are reflected under 'Provision for employee benefits-gratuity' (Short-term provisions) [Refer note 23].		
Movements in the present value of the defined benefit obligation in the current year were as follows:		
Opening defined benefit obligation	1,348.86	1,382.38

Notes to Consolidated Financial Statements for the year ended March 31, 2019

in Lakhs

Amounts recognised in total comprehensive income in respect of these defined benefit plans are as follows:	March 31, 2019	March 31, 2018
Current service cost	112.59	107.25
Prior service cost	-	54.18
Interest cost	98.65	96.20
Actuarial (gains)/losses	(137.90)	(108.86)
Benefits paid	(2.47)	(182.29)
Closing defined benefit obligation	1,419.73	1,348.86
Movements in the fair value of the plan assets in the current year were as follows:		
Opening fair value of plan assets	872.36	997.52
Difference in opening value	(5.74)	
Return on plan assets	63.77	68.16
Redemption	(130.00)	
Contributions	-	16.97
Benefits paid	(2.47)	(182.29)
Premium	(0.01)	
Actuarial gains/(loss)	(41.74)	(28.00)
Closing fair value of plan assets	756.17	872.36

Sensitivity analysis

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

(b) Compensated absences

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

The design entitles the following risk

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

The above provisions are reflected under 'Provision for employee benefits- leave encashment' (long-term provisions) [Refer note 19] and 'Provision for employee benefits - leave encashment' (short-term provisions) [Refer note 23].

Notes to Consolidated Financial Statements for the year ended March 31, 2019

46 Enterprises consolidated as Subsidiary in accordance with Ind AS 110 - Consolidated Financial Statements

Name of enterprise	Country of Incorporation	Proportion of ownership interest
Orchid Europe Limited, UK	UK	1
Orchid Pharmaceuticals Inc., USA	USA	1
Orgenus Pharma Inc., USA (Subsidiary of Orchid Pharmaceuticals Inc USA.)	USA	1
Orchid Pharma Inc / Karalex Pharma USA, (Subsidiary of Orchid Pharmaceuticals Inc, USA)	USA	1
Orchid Pharmaceuticals SA (Proprietary) Limited, South Africa	South Africa	1
Bexel Pharmaceuticals Inc., USA	USA	1
Diakron Pharmaceuticals Inc., USA	USA	0.7665

47 Additional Information, as required under Schedule III to the Companies Act, 2013

	"Net Assets i.e. Total Assets minus Total Liabilities"		"Share in Profit or Loss"		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
	As % of consolidated Net Assets	Amount	As % of consolidated Profit / (Loss)	Amount	As % of consolidated Other Comprehensive Income	Amount	As % of consolidated Total Comprehensive Income	Amount
Orchid Europe Limited, UK	-0.04%	31.29	-0.05%	-3.34	-	-	-0.05%	-3.34
Orchid Pharmaceuticals Inc., USA and subsidiaries	5.71%	-4,016.83	-3.78%	-262.17	-	-	-3.73%	-262.17
Orchid Pharmaceuticals SA (Proprietary) Limited, South Africa	0.00	-14.48	-	-	-	-	-	-
Bexel Pharmaceuticals Inc., USA	5.25%	-3,698.54	-0.00	-1.69	-	-	-0.00	-1.69
Diakron Pharmaceuticals Inc., USA	3.23%	-2,274.89	-2.18%	-151.25	-	-	-2.15%	-151.25

Notes to Consolidated Financial Statements for the year ended March 31, 2019

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

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

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

49 The value of claims lodged by the Financial Creditors includes Foreign Currency Term Loan availed by the Group from consortium of Banks led by Axis Bank, admitted under CIRP commencement date amounting to INR is Rs.51,672.27 Lakhs and the same is carried in the Balance sheet at a value of Rs.56,044.14 Lakhs, arrived at by restating the Foreign currency value of the loan to the extent admitted with the closing exchange rate as on March 31, 2019. If this loan is stated at the INR value as admitted under CIRP, there will be a net gain of Rs.3133.73 Lakhs after setting off the Foreign Currency Monetary Item Translation Difference carried under "other equity" in respect of this loan.

Pending completion of the CIRP process and related confirmation by Axis Bank, no adjustment is made in the financial statements in respect of the above.

50 The Group had reversed the interest provided after the CIRP period in the earlier years and also stopped accruing further interest in the current and previous quarters. As explained earlier, vide order dated February 28, 2019, the Hon'ble NCLT annulled the existing resolution plan and given additional CIRP period of 105 days. The NCLT also ordered that the RP and CoC will discharge their function as before during this additional CIRP period. The RP and CoC are taking necessary steps to identify alternative resolution plans.

Pending this and measures to be adopted as part of the resolution process, no effect has been given in the financial statements for the possible adjustments, if any, required in the carrying amount of assets and liabilities, possible presentation and disclosure requirements.

As per our report of even date attached

For **CNGSN & Associates LLP**

Chartered Accountants

Firm Registration No.004915S/ S200036

Chinnsamy Ganesan

Partner

Membership No.027501

For and on behalf of the board

L. Chandrasekar

CFO and Company Secretary

K.Raghavendra Rao

Managing Director

DIN No. 00010096

Ramkumar Sripatham Venkatasubramaniam

Resolution Professional

IP Registration no.

IBBI/IPA-001/IP-P00015/2016-17/10039

Place : Chennai

Date : June 3, 2019



Regd. Office: "ORCHID TOWERS", 313, Valluvar Kottam High Road, Nungambakkam,
Chennai-600 034, Tamilnadu, India Tel.: (91)-44-28211000 | Fax: (91)-44-28211002
E-mail: corporate@orchidpharma.com | Website: www.orchidpharma.com
CIN No: L24222TN1992PLC022994

NOTICE OF THE 26TH ANNUAL GENERAL MEETING

(Under Corporate Insolvency Resolution Process)

NOTICE IS HEREBY GIVEN that the 26th Annual General Meeting of the members of M/s Orchid Pharma Limited will be held at Sri Thyaga Brahma Gana Sabha (Vani Mahal), No.103, G N Chetty Road, Parthasarathi Puram, T Nagar, Chennai -600 017, Tamil Nadu, India on Monday, December 30, 2019 at 11.00 A.M to transact the following businesses: -

ORDINARY BUSINESS:

1. To receive, consider and adopt:
 - a) The Audited Financial Statements of the Company for the financial year ended March 31, 2019 and the reports of the Board and the Auditors thereon; and
 - b) The Audited Consolidated Financial Statements of the company for the financial year ended March 31, 2019 and the report of Auditors thereon; and

in this regard pass the following resolutions as Ordinary Resolutions:

- I. "RESOLVED THAT the Audited Financial Statements of the Company for the financial year ended March 31, 2019 and the reports of the Board and the Auditors thereon laid before this meeting be and are hereby considered and adopted."
- II. "RESOLVED THAT the Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2019 and the reports of the Auditors thereon laid before this meeting be and is hereby considered and adopted."

SPECIAL BUSINESS:

2. Ratification of Remuneration to Cost Auditor:

To consider and, if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), Shri J Karthikeyan, Cost Accountants, [Membership No. 29934, Firm Registration Number M – 102695] appointed as the Cost Auditors by the RP/Board, to conduct the audit of the cost records for the year ended March 31, 2020, be paid a remuneration of Rs. 2,50,000/- p.a. (Rupees Two Lakhs Fifty Thousand) excluding applicable taxes and out of pocket expenses, if any.

RESOLVED FURTHER THAT the RP /Board of Directors of the Company be and are hereby authorised to do all such acts and steps as may be necessary, proper or expedient to give effect to this resolution."

By Order of the
Resolution Professional /Board

S Mani

President - API,CSR&SH&E

Place : Chennai
Date : December 03, 2019

NOTES:

1. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, relating to special business to be transacted at the meeting, is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
3. A person can act as a proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
4. The instrument appointing a proxy, duly completed and signed, must be deposited at the registered office of the Company not less than 48 hours before the commencement of the Meeting. A blank proxy form is attached.
5. During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, a member would be entitled to inspect the proxies lodged at any time during the business hours of the Company, provided that not less than three days of notice in writing is given to the Company.
6. Corporate Members intending to send their authorised representatives to attend the meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representative to attend and vote in their behalf at the Meeting.
7. The Register of Members and the Share Transfer Books will remain closed from December 23, 2019 to December 30, 2019 both days inclusive for the purpose of Annual General Meeting for the financial year 2018-19.
8. Members are requested to bring their copies of the Annual Report to the Meeting. Please bring the attendance slip with you duly filled in and hand over the same at the entrance of the Meeting hall.
 - a) Members who hold shares in electronic form are requested to notify any change in their particulars like changes in address, bank particulars, e-mail ID, Contact Number etc., to their respective Depository Participants immediately.
 - b) Members who hold shares in physical form are requested to notify any change in their particulars like changes in address, bank particulars etc., to the Registrars viz., M/s Integrated Registry Management Services Private Limited, 2nd Floor, Kences Towers, No. 1, Ramakrishna Street, North Usman Road, T. Nagar, Chennai - 600 017, Tamil Nadu, India.

On 8th June 2018, SEBI vide its notification No. SEBI/LAD-NRO/GN/2018/24 amended the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015 which states that, "except in case of transmission or transposition of securities, requests for effecting transfer of securities shall not be processed unless the securities are held in the dematerialized form with a depository." As such, SEBI had mandated transfer of shares in dematerialized form alone. This comes into effect from December 05, 2018 and hence you are requested to take note of it and take necessary steps to dematerialize your shares that are held in physical form. This measure is aimed at curbing fraud and manipulation risk in physical transfer of securities by unscrupulous entities. Transfer of securities only in demat form will improve ease, facilitate convenience and safety of transactions for investors.

Members holding shares in physical form are requested to consider converting their holding to dematerialized form to eliminate all risks associated with physical shares and for ease in portfolio management. Members can contact either the Company or M/s Integrated Registry Management Services Private Limited, for assistance in this regard.

9. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013 will be available for inspection by the members at the AGM.
10. We request you to update your email address with your Depository Participant or RTA to enable us to send Annual Report, Notices and all other communication via email.
11. Members are requested to check whether they have encashed Dividend Warrants for the earlier years. The Company has transferred Unpaid/unclaimed Dividend amount pertaining to FY 2011-12 to the Investor Education and Protection Fund (IEPF). The Unpaid/unclaimed Dividend and Unclaimed shares transferred to the IEPF A/c shall be re-claimed by the shareholders by filing e-Form IEPF 5. The details may be obtained from the company for the said purpose. (Contact Nos: 044-28244305/308)
12. In compliance with Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended, and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Company is providing a facility to its members to exercise their votes electronically through the remote e-voting facility arranged by National Securities Depository Limited (NSDL) for all items of business as set out in the notice of the AGM and confirms that the business can be transacted through e-voting in pursuance of the above provisions.

The facility for voting through poll paper will also be made available at the AGM and the members who have not already cast their votes by remote e-voting shall be able to exercise their right at the AGM through voting by poll paper. Members who have cast their votes by remote e-voting prior to the AGM may attend the AGM but shall not be entitled to cast their votes again. The Notice of the 26th AGM and instructions for e-voting, along with the Attendance Slip and Proxy Form, is being sent to all members by Registered Post /Speed Post /Courier /e-mail.
13. The Companies Act, 2013 has recognized serving of documents to Members through Electronic mode. In terms of circular no. NSDL/CIR/

II/10/2012 dated March 9, 2012, issued by NSDL, e-mail addresses made available by the Depository accounts as part of the beneficiary position downloaded from the Depositories from time to time will be deemed to be your registered e-mail address for serving notices/ documents including those covered under Section 101 and 136 of the Companies Act, 2013, read with Section 20 of the Act and the rules related to transmission of documents through electronic mode. In line with the requirements of the said circular, for those Members whose Depository Participant (DP) accounts do not contain the details of their e-mail address, printed copies of the Annual Reports and Notice would be despatched.

14. Members desiring any information as regards the financial statements are requested to write to the Company at least seven days before the date of this AGM.
15. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN/Aadhar to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN/Aadhar to the Company /Registrars.
16. A route map indicating the venue of the AGM and its nearest landmark is annexed to the notice for convenience of members.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013:

The following Explanatory Statement, pursuant to Section 102 of the Companies Act, 2013, set out the material facts relating to the business mentioned in the accompanying notice dated December 03, 2019.

Item No. 2 – Ratification of Remuneration to Cost Auditor:

The RP / Board has approved the appointment of M/s. Shri J Karthikeyan, Cost Accountants, [Membership No. 29934, Registration Number - 102695], Cost Accountants, as the cost auditors of the Company to conduct the audit of the cost records of the Company for the financial year 2019-20, at a fee of Rs. 2.50 lakhs for cost audit services.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be Ratified by the members of the Company.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No.2 of the Notice for the payment of remuneration to the Cost Auditors for conducting the audit of the Cost records of the Company for the financial year ending March 31, 2020.

The RP /Board recommends the Ordinary Resolution set out at Item No. 2 of the Notice for Ratification by the Members

None of the Directors / Key Managerial Personnel of the Company /their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 2 of the Notice.

**By Order of the
Resolution Professional /Board
For Orchid Pharma Limited**

S Mani

President - API,CSR&SH&E

Place : Chennai

Date : December 03, 2019

CALENDAR-AGM

S.NO.	PARTICULARS	DATE
1.	Cut-off Date For Eligibility of Voting for the AGM	Monday, December 23, 2019
2.	Book Closure Dates	From Monday, December 23, 2019 to Monday, December 30, 2019 (both days inclusive)
3.	Remote E-Voting Period	From 9.00 A.M on Thursday, December 26, 2019 till 5.00 P.M. on Sunday, December 29, 2019 (both days inclusive)
4.	Date & Time of AGM	Monday, December 30, 2019 at 11.00 A.M.

Instructions for e-voting

Pursuant to the provisions of Section 108 of the Companies Act, 2013, read with the Companies (Management and Administration) Rules, 2014, the Company is pleased to offer remote e-voting facility, additionally, to the members to cast their votes electronically on all resolutions set forth in the Notice convening the 26th Annual General Meeting to be held on December 30, 2019 at Sri Thyaga Brahma Gana Sabha (Vani Mahal) 103, G N Chetty Road, Parthasarathi Puram, T Nagar, Chennai - 600 017, Tamil Nadu, India. The Company has engaged the services of National Securities Depository Limited (NSDL) to provide the e-voting facility.

The e-voting facility is available at the link <https://www.evoting.nsdl.com>

Please read the instructions printed below before exercising your vote.

These details and instructions form an integral part of the Notice for the Annual General Meeting to be held on December 30, 2019.

Steps for Remote e-voting

- Open the internet browser and type the following URL
URL: <https://www.evoting.nsdl.com>
- Click on Shareholder Login
- If you are already registered with NSDL for e-voting, then you can use your existing User ID and Password for Login.
- If you are logging for the first time, please enter the User ID and Password provided in this document.
- Password change menu appears. Change the password with new password of your choice with minimum 8 digits / characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- Home page of e-Voting opens. Click on e-Voting: Active E-voting Cycles.
- Select "EVEN" of Orchid Pharma Ltd.
- Now you are ready for e-Voting as Cast Vote page opens.
- Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
- Upon confirmation, the message "Vote cast successfully" will be displayed.
- Once you have voted on the resolutions, you will not be allowed to modify your vote.
- For the votes to be considered valid, the institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority Letter etc. together with attested specimen signature of the duly

authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail at csdhanapal@gmail.com with a copy marked to evoting@nsdl.co.in

- In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the Downloads section of www.evoting.nsdl.com.
- You can also update your mobile number and e-mail id in the user profile details of the folio, which may be used for sending future communication(s).

General Instructions:

- The facility for voting through ballot/poll paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.
- The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
- The remote e-voting period commences at 09.00 A.M. on **Thursday December 26, 2019** and ends at 05.00 P.M on **Sunday, December 29, 2019**. During this period, the shareholders of the Company holding shares either in physical form or in dematerialised form, as on the cut-off date of **December 23, 2019** may cast their votes electronically. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
- Since the Company is required to provide members the facility to cast their vote by electronic means, shareholders of the Company, holding shares either in physical form or in dematerialised form, as on the **December 23, 2019** cut-off date (and who have not cast their vote electronically during currency of remote e-voting) may only cast their vote at the Annual General Meeting.
- Any person, who acquires shares of the Company and become member of the Company after dispatch of the Notice and holding shares as of the Cut Off date i.e. **December 23, 2019** may obtain the login ID and password by sending a request in writing at evoting@nsdl.co.in.

However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details /Password" option available on www.evoting.nsdl.com or contact NSDL at the following toll free no: 1800-222-990.
- A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting /voting at the AGM through ballot paper.
- Shri CS N Ramanathan of M/s Dhanapal Associates, Practising Company Secretaries (Membership No. FCS 6881) has been appointed as the Scrutinizer to scrutinize the voting process in a fair and transparent manner.
- The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of "Polling Paper" for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
- The Scrutinizer shall after the conclusion of voting at the general meeting, first count the votes cast at the meeting and thereafter

unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.

10. The voting rights of shareholders shall be in proportion to their shares of the paid-up equity share capital of the Company as on **December 23, 2019**. The results declared along with the Scrutinizer's Report shall be placed on the Company's website www.orchidpharma.com and on the website of the NSDL within 48 hours of the conclusion of the

26th Annual General Meeting of the Company and communicated to National Stock Exchange of India Limited and BSE Limited.

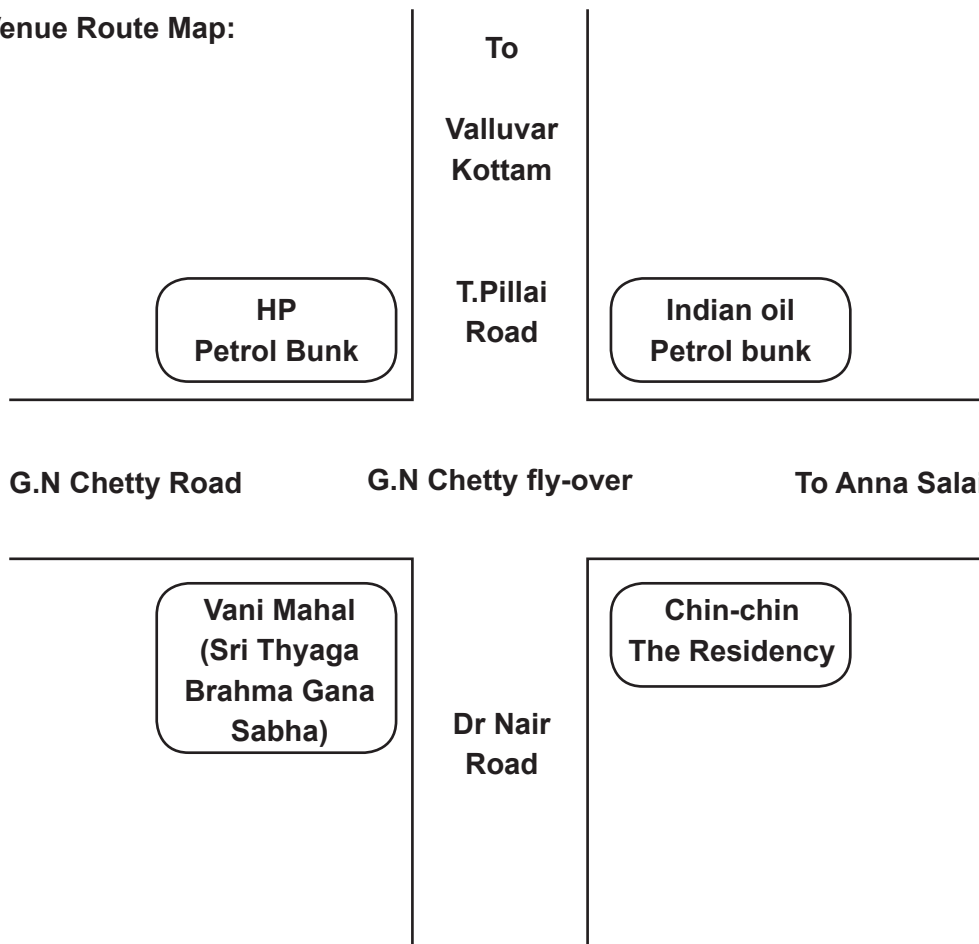
All documents referred to in the accompanying Notice and the Statement pursuant to Section 102 of the Companies Act, 2013, will be available for inspection at the Registered Office of the Company during business hours on all working days up to the date of declaration of the result of the 26th Annual General Meeting of the Company.

**By Order of the
Resolution Professional / Board
For Orchid Pharma Limited**

S Mani
President - API,CSR&SH&E

Place : Chennai
Date : December 03, 2019

Venue Route Map:



AGM Venue

**Sri Thyaga Brahma Gana Sabha (Vani Mahal)
No.103, G.N.Chetty Road, Parthasarathi Puram,
T.Nagar, Chennai-600 017
Tamil Nadu, INDIA**



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Orchid Pharma Ltd.

Reg. Off: 'Orchid Towers', 313, Valluvar Kottam High Road,
Nungambakkam, Chennai 600034, Tamil Nadu, INDIA.

Tel: (91)-44-2821 1000, Fax: (91)-44-28211002

CIN: L24222TN1992PLC022994

Email: corporate@orchidpharma.com

Web: www.orchidpharma.com