



MINUTES OF 20TH ANNUAL GENERAL MEETING OF THE SHAREHOLDERS OF ORCHID CHEMICALS & PHARMACEUTICALS LTD HELD ON THURSDAY, SEPTEMBER 20, 2012 AT 10.30 A.M. AT SATHGURU GNANANANDA HALL, NARADA GANA SABHA, NO.314, TTK ROAD, CHENNAI – 600 018

Present :

Directors :

Shri K Raghavendra Rao	::	Chairman & Managing Director
Shri S Krishnan	::	Executive Director – Finance
Shri Biju George	::	Director
Shri Bharat D Shah	::	Director

Members in person :: 1411

Members in proxy :: 51

After the invocation, Shri.K.Raghavendra Rao took the Chair and called the meeting to order as the requisite quorum was present.

The Chairman introduced the directors namely, Shri S Krishnan, Shri Biju George, Shri Bharat D Shah and the Company Secretary, Smt.Bhoomijha Murali, who were present at the meeting.


The Chairman, Shri K.Raghavendra Rao read the Chairman's speech.

The Chairman said that the global pharmaceutical sector continues to sustain moderate growth, even in an uncertain business scenario. Against such a backdrop, the Company witnessed satisfactory revenue growth and managed to stay profitable largely driven by an expanded product portfolio and greater market penetration. In the last two years, Orchid has emerged as one of the preferred partners for several big pharma companies and has established long-term relationships with Hospira and other marquee clients.

The Chairman further said that during the last year the Company braved issues like the Alathur API plant closure and the fire accident in the R&D centre both of which took everyone by surprise. These incidents had an adverse impact on the operations of the Company. Key product verticals have begun witnessing increased competition in the regulated markets thereby yielding lower margins from the partners. Coupled with this, hardening of the interest rates especially for domestic loans led to a higher interest outflow. All these factors lowered the Company's profitability compared to the previous fiscal. The current fiscal too is expected to be flat on account of this continuing pressure on margins.

He then added that the successful redemption of the outstanding Foreign Currency Convertible Bonds (FCCBs) in February 2012 was an important event for the Company. Despite the fact that the depreciating rupee coupled with the global economic slowdown made the redemption process difficult, the Company managed to raise ECBs (External Commercial Borrowing) to the tune of USD 96.5 million and together with internal accruals was able to redeem the outstanding FCCBs to the tune of USD 167.64 million on due date.

The Chairman then while explaining the R&D activities said that during 2011-12, the Company successfully completed the Phase I trial of its proprietary molecule, OCID 2987, an orally administered PDE4 (phosphodiesterase 4) inhibitor in Europe. This molecule is primarily used for the treatment of inflammatory disorders.

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Diakron Pharmaceuticals Inc., USA, a research subsidiary of Orchid is also making considerable progress with clinical trials on its clotting disorder molecule.



As Company's research projects progress into advanced stages, in 2011-12, the Company took a conscious decision to merge its research subsidiary, ORLL (Orchid Research Laboratories Limited) with the parent company so as to internalise the value generated from such successful research projects going forward and also to aid operational synergy.

Thereafter the Chairman informed the Members that the Company has entered into an agreement to transfer its Penicillin and Carbapenem API business and the API facilities in Aurangabad (Maharashtra), along with the associated R&D infrastructure in Chennai to Hospira for a cash consideration for around USD 200 million. This business transfer agreement includes the related Penicillin and Carbapenem product portfolio and pipeline as well as associated 830 employees. This agreement builds on the existing product development and commercialisation relationship between Hospira and Orchid.

Justifying the above decision, he informed the Members that rising input costs coupled with increasing end-product competition has started impacting the margins of the Company. Moreover, a high debt burden along with rising interest rates has been leading to a huge interest outflow. All this is adversely affecting the Company's profitability and growth prospects. Thus, looking at the situation and the future growth aspirations the management has taken this prudent decision.

The proceeds from this business transfer will be utilised for de-leveraging Company's debt position and also facilitate the Company's foray into newer product verticals.

Thereafter the Chairman while talking about the future direction of the Company stated that the Company will focus on consolidating its existing business verticals and optimising the product-mix in high value markets. Company's current product portfolio together with the product basket under development, spread across cephalosporins and non-antibiotics will add strong impetus to the performance of the Company going forward. These initiatives will help Company to bridge the revenue drop on account of the business transfer to Hospira.

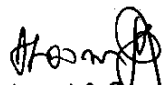
The Company also plans to foray into newer high-margin, low-volume and low-capex therapeutic verticals. These verticals by nature of the complex chemistry and stringent manufacturing process requirements have limited global competition, which will give the company a robust revenue/market base in the future. The success and strong base that the Company built in the global antibiotic arena will be replicated in these verticals.

The Chairman thereafter with the permission of the members announced that the Notice of the Annual General Meeting was taken as read.

The Chairman also informed the meeting that the Register of Members and the Register of Director's shareholding are kept open and accessible during the continuance of the meeting.

Smt. Bhoomijha Murali, Company Secretary read the Auditor's report.

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Thereafter the businesses stated in the Notice of the Annual General Meeting were taken up.



ORDINARY BUSINESS

- 1. To receive, consider and adopt the Balance Sheet as at March 31, 2012 and the Profit and Loss Account for the year ended on that date and the Report of the Directors and the Auditors thereon.**

The Chairman invited the members present to ask queries arising out of the balance sheet, profit and loss account, Directors' Report and Auditors' Report.

Several questions were asked and suitably replied by the Chairman.

Subsequently the following resolution was put to vote as an Ordinary Resolution, which was

Proposed by :- Shri. S Sripathi (DP ID: IN300159, client ID: 10718599)

Seconded by :- Shri. Gautam Chand Jain (Client ID: 1205390000011342)

"RESOLVED that the Audited Balance Sheet as at March 31, 2012 and Profit & Loss Account for the year ended on that date together with Notes and the Directors' Report and Report of Auditors thereon be and are hereby considered and adopted".

The above resolution was put to vote on show of hands and it was carried on by Majority.

2. Declaration of dividend on equity shares:

The Chairman informed that the Board of Directors had recommended a Dividend of 30% on the equity share capital of the Company. In this regard, the following resolution was put to vote as an ordinary resolution which was

Proposed by :- Shri.Ramalingam Vidyashankar (Client ID: 1204470005731511)

Seconded by :- Shri.Duraipandian (Folio No. :-D02750)

"RESOLVED that a sum of Rs.21,13,56,228/- be and is hereby declared for payment of final dividend @ 30% i.e. Rs. 3/- per share as recommended by the Board of Directors, out of the accumulated profits of the Company and after providing for dividend distribution tax at the applicable rates and the said dividend be payable to those shareholders whose names appear in the Register of Members as on September 14, 2012."

The above resolution was put to vote on show of hands and the same was passed unanimously.

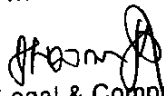
3. Appointment of Director:

The Chairman informed the members that Shri. Deepak Vaidya who retires by rotation and being eligible for re-election offers himself for reappointment.

In this regard the following resolution was proposed as an Ordinary Resolution which was

Proposed by :-Shri.V.C.Nagaraj (DP ID: IN303340, client ID: 10015447)

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Seconded by :-Shri.Duraipandian (Folio No. :-D02750)



“RESOLVED that Shri. Deepak Vaidya who retires by rotation and being eligible for re-election, be and is hereby re-appointed as a Director of the Company”

The above resolution was put to vote on show of hands and the same was passed unanimously.

4. Appointment of Auditors and to fix their remuneration:

The Chairman informed that M/s. SNB Associates, Chartered Accountants, hold office as statutory auditors of the Company until the conclusion of this Annual General Meeting of the company. In this regard, the following resolution was put to vote as an Ordinary Resolution, which was

Proposed by :-Shri.S.Ramesh Kumar (DP ID: IN302236 Client ID: 11033946)

Seconded by :-Shri.S.Sripathi (DP ID: IN300159, client ID: 10718599)

“RESOLVED that M/s. SNB Associates, Chartered Accountants, having ICAI Registration No: 015682N, be and are hereby re-appointed as the Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting on such remuneration as may be determined by the Board of Directors.”

The above resolution was put to vote on show of hands and the same was passed by Majority.

SPECIAL BUSINESS

5. Reappointment of Shri.K.Raghavendra Rao as Chairman & Managing Director

At this point Shri.K.Raghavendra Rao being interested in the item, requested Shri.Bharat D Shah to take over as Chairman and conduct the meeting.

Subsequently Shri Bharat D Shah took the Chair and then proposed the following resolution as an Ordinary Resolution

Some queries were raised by members regarding the re-appointment/remuneration payable to Shri.K.Raghavendra Rao, which were clarified by the Chairman and thereafter the resolution was


Proposed By :-Shri.V.C.Nagaraj (DP ID: IN303340, client ID: 10015447)

Seconded By :-Shri.P.Sivaraman (DP ID: IN301696, Client ID: 10902463)

“RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force), and subject to the approval of Central Government as may be necessary, consent of the Members be and is hereby accorded to the re-appointment of Shri K Raghavendra Rao as the Chairman & Managing Director of the Company to hold Office for a fresh period of 5 (five) years with effect from July 01, 2012 on such terms and conditions including remuneration as set out below with liberty to the Board to vary, alter and modify such terms and conditions including salary, allowances, perquisites and commission at any time during the tenure of his office as may be agreed to by the Board of Directors and Shri.K. Raghavendra Rao.”

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Terms and Conditions of Appointment

1. Period of Appointment:- Appointment shall be for a period of 5 (Five) years beginning from 01st July, 2012 and ending on 30th June, 2017

2. Details of Remuneration: -

A) Salary:-

Rs.25 lakhs (Rupees Twenty Five lakhs) per month in the grade of Rs.25 lakhs to Rs.50 lakhs per month

B) Commission:-

Commission on Net Profits – At the discretion of the Board every year and the amount determined shall be subject to the: -

- availability of net profits of the Company in a particular year; and
- limits laid down in Section 198 & Section 309 of the Act.

C) Perquisites and Allowances:-

In addition to salary and commission, Shri K Raghavendra Rao shall be entitled to the following perquisites and allowances:

- i) Furnished accommodation or house rent allowance in lieu thereof; house maintenance allowance together with utilities (gas, electricity, water, repairs, security, etc.) thereof.
- ii) Company maintained chauffeur-driven cars.
- iii) Reimbursement of Medical Expenses incurred for self and his family.
- iv) Leave Travel Concession - For self and his family once in a year incurred in accordance with the Rules of the Company.
- v) Club Fees - Fees of clubs shall be reimbursable.
- vi) Personal Accident Insurance - The premium amount on such insurance cover shall be reimbursable.
- vii) Ex-gratia, Bonus & Incentive - In accordance with the Rules of the Company.
- viii) Any other perquisite or allowance as may be agreed to by the Board of Directors and Shri.K.Raghavendra Rao.

Explanation

- For the purpose of calculating the above ceiling, perquisites shall be evaluated as per Income-tax Rules, 1962, wherever applicable. In the absence of any such Rules, perquisites shall be evaluated at actual cost.
- The provisions for use of Company's car for official duties and telephone at residence (including payment for local calls and long distance official calls) shall not be included in the computation of perquisites for the purpose of calculating the said ceiling.
- Company's Contribution to Provident Fund, Superannuation Fund or Annuity Fund will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income-tax Act, 1961.
- Gratuity payable as per rules of the Company and encashment of leave as per Company's policy shall not be included in the computation of limits for the remuneration or perquisites aforesaid.
- For the purposes of perquisites, "family" means the spouse, dependent children and parents of Shri K Raghavendra Rao.

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3. Termination of Appointment: - This appointment may be terminated by either party by giving Six months' notice in writing.



4. Other Terms: - Subject to the direction, control and superintendence of the Board of Directors and service rules of the Company, Shri. K Raghavendra Rao shall have the responsibility for the overall management of the affairs of the Company and shall perform such duties and exercise such powers as are entrusted to or conferred upon him by the Board, in the best interests of the Company.

"RESOLVED FURTHER THAT where in any financial year during the currency of the tenure of the Chairman & Managing Director, the Company has no profits or its profits are inadequate, the Company will continue to pay to the Chairman & Managing Director remuneration by way of Salary, Benefits, Perquisites and Allowances and Incentive Remuneration as specified above subject to the approval of Central Government as required under the applicable laws."

"RESOLVED FURTHER that the Directors on the Board and the Company Secretary of the Company be and are hereby severally authorised to take all such steps as may be necessary, proper and expedient to give effect to this Resolution."

The above resolution was put to vote by show of hands, which was carried on by Majority.

Shri.S.Krishnan, Executive Director - Finance gave a vote of thanks.

There being no other business, the meeting concluded with a vote of thanks to the Chair.

Place : Chennai

Date : 20/09/2012

**Sd/-
CHAIRMAN**

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