

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 N Venkatasubramanian	Chairman & Independent Director
Shri K Raghavendra Rao	Managing Director
Shri R Kannan	Independent Director
Shri Rabinarayan Panda	Nominee of IDBI Bank Ltd
Smt Soundara Kumar	Nominee of State Bank of India

Management Team

Ms Edna Braganza	Chief Operating Officer
Shri S Mani	President - Process Research, HR, SHE & CSR
Shri L Chandrasekar	Executive VP - Finance & Company Secretary
Dr U P Senthil Kumar	Senior Vice President - Process Research
Dr J Surya Kumar	Senior Vice President - Formulation Development & Production
Shri A Suresh Babu	Head - Corporate Affairs

Auditors

Statutory Auditors

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

Secretarial Auditors

S Dhanapal & Associates
Practising 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 V Kalyanaraman
Cost Accountant
No.4 (Old No.12), Second Street,
North Gopalapuram,
Chennai - 600 086.
Tamil Nadu, India

Banks / Financial Institutions

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



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Financial Statements

Standalone

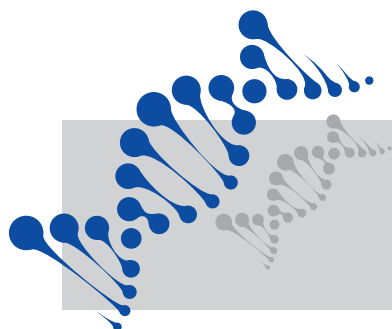
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Directors' Report

Dear Members,

Your Directors 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, 2017.

Performance / State of Company's affairs

The highlights of the standalone financial results for the year 2016-2017 are given below:-

(₹ in Crores)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Sales & Operating Income	755.36	879.33
Other Income	19.48	24.60
Total Expenditure	663.28	705.27
Gross profit	111.56	198.66
Interest & Finance Charges	331.10	294.23
Gross Profit after Interest but before Depreciation and Taxation	(219.54)	(95.56)
Depreciation	139.42	143.41
Profit / (Loss) Before Tax, exceptional and extraordinary items	(358.96)	(238.97)
Exceptional Item - Loss	86.45	52.54
Profit / (Loss) Before Tax and Extraordinary item	(445.41)	(291.52)
Extraordinary items (Expenditure)	86.26	–
Profit / (Loss) Before Tax	(531.67)	(291.52)
Current & Deferred Tax	(48.04)	(17.25)
Profit /(Loss) after Tax	(483.63)	(274.27)

During the financial year 2016-17, your Company achieved a turnover and operating income of ₹755.36 crores (₹879.33 crores in 2015-2016). The gross profit before interest, depreciation and taxes stood at ₹111.56 crores (₹198.66 crores in 2015-16). After providing for interest expense of ₹331.10 crores (₹294.23 crores in 2015-16), depreciation of ₹139.42 crores (₹143.41 crores in 2015-16), Exceptional item ₹86.45 crores (₹52.54 crores in 2015-16) and Extraordinary item of ₹86.26 crores (Nil in 2015-16), the Loss before tax of the Company was ₹531.67 crores (₹291.52 crores (Loss) in 2015-16). The net loss after tax stood at ₹ 483.63 crores (₹274.27 crores (Loss) in 2015-16).



Business Overview

In the year 2014, your Company had implemented Corporate Debt Restructuring (CDR) Scheme approved by CDR EG (CDR Empowered Group). Your Company is currently under the frame work of CDR and constantly striving towards improvement of its operations.

During the FY 2016-17, your Company was not able to scale up the sales volume on account of regulatory issues at customer/ supplier end. The lower volume of sales led to liquidity constraints resulting in mounting interest burdens with impact on the operating profits. As a result, the ability of your Company to meet its repayment obligations/liabilities were adversely affected.

Denoting the basic strength of the business capabilities, your Company managed to sustain sales and operating profitability to a better extent, despite the tough liquidity and working capital constraints faced. During January 2017, your Company had launched a new product, having significant market potential ("Rasagiline") in the US market.

Your Company is in the process of launching new products in NPNC segment in the current financial year for the US, EU and other markets which are expected to aid in strengthening the revenue / profitability streams of the Company going forward.

Future Prospects

Your Company is constantly working towards revival/scaling up of its operations and believes that it will gradually be able to achieve profitability. The key focus areas for the Company would be increasing productivity level, improving operational efficiencies and profit maximisation.

Your Company continued to have the full support of its Lenders, Employees, Vendors and Customers during the financially stressed period and all efforts are being made to sustain continuous and full support to revive the operations of the Company. Although, sizeable efforts are required towards regaining the confidence of various Stakeholders, your Company is also in the process of restructuring the business operations / finances including identification of strategic investor to overcome any uncertainties and is hopeful and confident of accomplishing the same over a period of time.

Management Discussion and Analysis report

A detailed report on the Management Discussion and Analysis in terms of Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, forms part of this report.

Corporate Governance Report

A detailed 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 V which forms part of this Report.

Audit Committee

The Audit Committee of the Board of Directors is constituted in accordance with Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 177 of the Companies Act, 2013. Presently, the Committee comprises of Shri K N Venkatasubramanian (Chairman & Independent Director), Shri R Kannan (Independent Director) and Shri Rabinarayan Panda (Nominee Director – IDBI). Further details are available in the corporate governance report. The Board has accepted the recommendations made by the Audit Committee during the financial year 2016-2017.

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. Your Company had launched Rasagiline Mesylate Tablets on January 2, 2017 with 180 day generic drug exclusivity.

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

In the API (Active Pharmaceutical Ingredients) domain, Orchid's cumulative filings of US DMF stand at 76. The break-up of the total filings is 28 in the Cephalosporin Segment, 48 in NPNC segment. In 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 in Cephalosporin segment.

Your Company had received ANDA approval from the USFDA for Aripiprazole tablets USP, 2mg, 5mg, 10mg, 15mg, 20mg and 30mg during May 2017.

Intellectual Property Rights

During the year, your Company continued the IPR work on a number of products. The total number of patent applications filed by your Company in various national and international patent offices so far is 940 including Process, Formulation, New Chemical

Entities (NCE), Novel Drug Delivery System (NDDS), Biotech and Generics. As of March 31, 2017, 46 patent applications have been published while 161 patents have been granted cumulatively.

The number of patent applications filed by your Company from April 01, 2016 to March 31, 2017 is 3 (Including Process, Formulation, NCE, NDDS, Biotech and Generics), 1 patent application has been published and 25 patents have been granted.

Dividend

Due to losses incurred by the Company during the financial year 2016-17, your Directors express their inability to recommend any dividend to the equity shareholders.

Export Excellence Awards

During the year under review, your Company's Active Pharmaceuticals Ingredients (API) manufacturing Unit, Alathur and Finished Dosage Formulations (FDF) manufacturing Unit, Irungattukottai (IKKT) were chosen for the Export Excellence Awards by the Ministry of Commerce & Industry, Government of India based on the criteria enumerated below and performance of your Company during the financial years 2014-15 & 2015-16.

Year of Award	Criteria	Position
2014-15	API Unit, Alathur - Exports	2 nd
2014-15	API Unit, Alathur - Employment	2 nd
2014-15	API Unit, Alathur - Net Foreign Exchange Earnings (NFEE)	1 st
2015-16	FDF Unit, IKKT - Exports	2 nd

Issue of Equity Shares

To Comply with the requirements of Corporate Debt Restructuring Programme, your Company pursuant to the approval granted by the members through Postal ballot on August 26, 2014, had obtained in principle approval from NSE & BSE to allot 1,85,12,251 (One Crore Eighty Five Lakhs Twelve Thousand Two Hundred Fifty One Only) equity shares of ₹10/- each at a premium of ₹39.79 per share to the Promoter Group Company M/s Orchid Healthcare Private Ltd. Out of the above, your Company allotted 1,48,09,801 shares as part of first tranche during December 2014. The Company allotted the remaining 3,702,450 (Thirty Seven Lakh Two Thousand Four Hundred and Fifty Only) equity shares of ₹10/- each at a premium of ₹39.79 per share during October 2015. The Listing approval for 37,02,450 shares has been received from BSE and the approval from NSE is awaited.

Employees Stock Option Plan

The details of options granted to employees under the ORCHID ESOP 2010, ORCHID ESOP – DIRECTORS 2011, ORCHID ESOP – Senior Management 2011 schemes and the status of such options as on March 31, 2017 are given in Annexure IV to this Report.

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



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

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

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 5% 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. The R&D subsidiaries of the Company are used for carrying out Research & Development of selected molecules, having good potential. The Company also has a subsidiary for holding Product registrations and approvals in Europe.

Erstwhile Associate

Allekra Therapeutics GmbH, Germany

Orchid had invested in Allekra Therapeutics GmbH, Germany (Allekra) with a view to enter into drug discovery in the areas of obesity, CNS and other therapeutic areas. Your Company was holding 18.27 % stake in Allekra. Subsequent to implementation of CDR Scheme, Allekra has, within the meaning of the redemption clause contained in the Articles of Association, redeemed the shares held by your Company as Debt restructuring programme would be considered as insolvency proceedings. Your Company referred the dispute to arbitration in Germany as per the Agreement.

After a series of hearings, the arbitrator confirmed the redemption of shares held by your Company in Allekra, and on account of this, the value of investment in Allekra has been written off in the books.

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 –IX, forming part of this report.

Key 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 under the provisions of the Companies Act, 2013.

Extract of Annual Return

As per provisions of Section 92(3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return in the Form MGT-9 is given in Annexure - VI, forming part of this report.

Board Meetings held during the year

During the year, 6 (Six) meetings of the Board of Directors were held. The Board Meetings were held in accordance with the provisions of the Companies Act, 2013 and the relevant rules made there under. The details of the meetings are furnished in the Corporate Governance Report forming part of this report.

Directors' Responsibility Statement

In accordance with the provisions of Section 134(5) of the Companies Act, 2013, your Directors state that:

- In the preparation of the annual accounts for the financial year 2016-17, the applicable accounting standards were followed along with proper explanation relating to material departures, if any.
- We have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year, i.e. on March 31, 2017 and of the loss of the Company for the year ended on that date.
- We have taken proper and sufficient care for the maintenance of adequate accounting records in accordance

with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

- We have prepared the annual accounts for the financial year 2016-17 on a going concern basis.
- We have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- We have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

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 Sub-Section 6 of Section 149 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 SEBI (Listing Obligations & Disclosure

Requirements) 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 – X, forming part of this report.

Prior omnibus approval of the Audit Committee is obtained for the transactions which are foreseeable and of repetitive nature. For the transactions entered into pursuant to the omnibus approval so granted, a statement giving details of all related party transactions is placed before the Audit Committee and the Board of Directors for their information and approval at regular intervals.

Corporate Social Responsibility (CSR)

Pursuant to the provisions of Section 135 and Schedule VII of the Companies Act, 2013, the Company had constituted the Corporate Social Responsibility Committee to recommend: (a) the policy on Corporate Social Responsibility 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 Corporate Social Responsibility Committee of your Company comprises of Shri K N Venkatasubramanian (Chairman & Independent Director), Smt Soundara Kumar (Nominee Director- State Bank of India) and Shri Rabinarayan Panda (Nominee Director – IDBI)

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/CSR-POLICY.pdf>.

Since the Company did not have any profits for the last three financial years, the Company is not mandatorily required to contribute towards Corporate Social Responsibility 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 2016-17 through “Orchid Trust” and spent ₹17.36 Lakhs towards CSR activities.

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

There are no material changes and commitments affecting the financial position of the Company which have occurred between March 31, 2017 and the date of this report.

Conservation of Energy

Your Company has always been striving hard in the field of energy conservation. Several measures to conserve energy and to reduce associated costs were taken during the fiscal under review as well. The particulars in respect to conservation of energy as required under Section 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 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

The Board of Directors has carried out an annual evaluation of its own performance, its Committees and individual Directors pursuant to the requirements of the Companies Act, 2013 and the Listing Regulations, 2015.

The Annual evaluation was carried out as per the format prescribed by the Nomination and Remuneration Committee of the Company.

The structured questionnaire covers various aspects of the Board’s functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance.

The Directors expressed their satisfaction with the evaluation process.

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, 2017.

Details regarding deposits, covered under Chapter V of the Act

During the Financial Year 2016-17, 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

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. The Orders received by the Company from Courts or Tribunals during the year have no significant /material impact.

Adequacy of Internal Financial Control System

Your Company has in place adequate internal financial controls with reference to financial statements. These controls ensure the accuracy and completeness of the accounting records and preparation of financial statements.

The Internal Auditors and the Statutory Auditors review the adequacy of internal control system and suggest satisfactory necessary checks and balances to ensure and increase the effectiveness of the system.

Vigil Mechanism (Whistle Blower Policy)

Your Company has established a vigil mechanism that enables the Directors & 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. 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 SEBI (Listing Obligation & Disclosure Requirements) 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

Your 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 any complaint on sexual harassment during the financial year ended 31st March, 2017.

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 aeropac equipped with jet aeration system made up of Glass Fibre Reinforced Plastic & Ultrafiltration System loaded with ceramic membrane (aluminium 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 Excellence Journey

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 SPROs 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). CSC continues to meet every month to 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 during the year 2016-17 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 VII 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 all working days. 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 under Section 186 of the Companies Act, 2013 are given in Note No. 13 and 32(b) to the standalone financial statements.

Green Initiative

To augment the green initiative of the Ministry of Corporate Affairs and to reduce carbon foot print, your Company sends various communication including the Annual Reports in electronic form, to the members who have opted for the same. This helps in reducing the number of physical copies to be printed, thereby contributing to a greener environment. The full text of the Annual Report 2016-17 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

Appointment/Re-appointment of Directors and Resignation

During the year under review, Shri S Krishnan resigned from his position of Non-Executive Director of the Company with effect from May 31, 2016 due to personal reasons and other professional pre-occupations. Your Board of Directors wish to record its appreciation for the services rendered and the professional guidance given by Shri S Krishnan, Non-Executive Director to the Board from time to time during his tenure.

In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the Company Smt. Soundara Kumar(DIN:01974515), Nominee Director- State Bank of India, will retire by rotation at the ensuing Annual General Meeting and being eligible offers herself for re-appointment in accordance with the provisions of the said Act.

Further, in terms of Sections 196, 197 and 203 read with Schedule V and other applicable provisions of the said Act, Shri K Raghavendra Rao (DIN 00010096), whose term as Managing Director of the Company shall expire on June 30,2017, is proposed to be reappointed as Managing Director of the Company for a period of 3 (Three) years with effect from July 01,2017 till June 30,2020, liable to retire by rotation, on the terms and conditions including remuneration as set out in the explanatory statement annexed to the Notice convening the ensuing Annual General Meeting (AGM).

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

A brief resume of the Directors proposed to be re-appointed, names of the Companies in which they hold Directorships, Committee memberships/Chairmanships, their shareholding etc., are furnished in the Notice of the ensuing AGM.

Your Directors recommend their re-appointment at the ensuing AGM.

Statutory Auditors

The Statutory Auditors, M/s SNB Associates, Chartered Accountants were re-appointed at the 22nd Annual General Meeting of the Company held on September 15, 2015 for a period of two (2) years from the conclusion of 22nd Annual General Meeting till the conclusion of 24th Annual General Meeting subject to ratification at every AGM.

Pursuant to the provisions of the Companies Act, 2013 pertaining to the mandatory rotation of auditors, the term of the current Statutory Auditors M/s. SNB Associates, Chartered Accountants, will expire at the conclusion of the 24th Annual General Meeting of the Company and consequently a new audit firm have to be appointed.

The Board of Directors, based on the proposal of the Audit Committee have recommended the appointment of M/s.CNGSN & Associates LLP, Chartered Accountants as the Statutory Auditors, subject to the approval of the members of the Company.

The resolution seeking appointment of M/s.CNGSN & Associates LLP, Chartered Accountants as the Statutory Auditors of the Company for a period of five years from the conclusion of the 24th AGM of the Company is being sought for in the ensuing AGM.

Auditor's Report

Explanation to the Audit qualifications

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

The Company is currently under Corporate Debt Restructuring (CDR) Scheme. Due to financial constraints, the Company was not able to take delivery of materials / capital goods and the Company is confident that with the revival envisaged under the CDR regime and with the plans of infusion of alternate funding, the Company would be able to take delivery of these materials in due course.

As per the valuation of molecules in its current status, the Company is confident that the value of Intellectual Property of the molecules held by the foreign subsidiaries will be more than the investment.

In respect of dues from the marketing subsidiary, the Company is exporting and selling profitable products through its marketing subsidiary and the profit generated by the marketing subsidiary from the operations will be available for settlement of the past dues.

In view of the delay in payment of interest and principal, few banks have not provided balance confirmation. However, the interest on the outstanding loan amounts with such banks has been provided at the applicable interest rates.

The Company is in the process of restructuring the business operations/finances including identification of strategic investor to overcome the uncertainties regarding continuity as a going concern.

The Statement on impact of Audit qualifications (Standalone & Consolidated basis) for the financial year ended March 31, 2017 filed with the stock exchanges pursuant to Regulations 33 & 52 of the SEBI (LODR) (Amendment) Regulations, 2016 is given in Annexure XI forming part of 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 2016-17. The secretarial audit report for the year ended March 31, 2017 is enclosed herewith as Annexure VIII.

Secretarial Audit Report

In respect of delay in filing / non filing of returns with relevant authorities in certain occasions, the Company is taking necessary steps for filing the returns on time in the ensuing years.

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. V Kalyanaraman , B.Sc., FCMA, as Cost Auditor for the FY 2016-17 and 2017-18, for the audit of the cost accounts maintained by the Company in respect of both bulk drugs and formulations .

For the year ended March 31, 2016, the due date for filing the cost audit report was September 27, 2016 and the cost audit report was filed on August 31, 2016.

Acknowledgements

Your Directors are grateful and thankful to all the Banks, Financial Institutions both in public sector and private sector who have fully supported your company's initiatives during the

stressed financial situation and for their continuous support for meeting the working capital needs of your Company's businesses.

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

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

For and on behalf of the Board

Place: Chennai
Date: May 26, 2017

K N Venkatasubramanian
Chairman

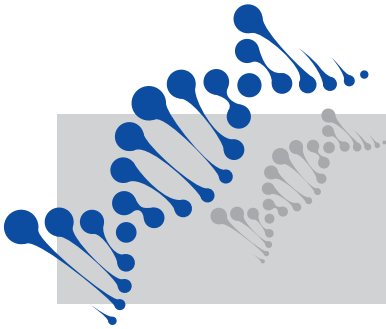
Addendum to Directors' Report

In respect of the Settlement application filed with Securities and Exchange Board of India (SEBI) as per Regulation 78(6) of SEBI (Issue of Capital & Disclosure Requirements) Regulation, 2009, the High Powered Advisory Committee of SEBI at a meeting held on May 29, 2017 considered the settlement terms proposed by your Company and recommended the case for settlement upon payment of ₹5,25,000/-. The Final Order on this matter is awaited.

For and on behalf of the Board

Place: Chennai
Date: June 29, 2017

K N Venkatasubramanian
Chairman



Management Discussion and Analysis

Economic Overview - Global

The Global economy is picking up in 2017-18



World growth, estimated as in the October 2016 World Economic Outlook (WEO), at 3.1 percent in 2016, is projected to increase to 3.5 percent in 2017 and 3.6 percent in 2018 – an upward revision of 0.1 percentage point for 2017 relative to October. Together with the modest change in the forecast for the overall global growth rate, projections of the strength of economic activity across country groups have also shifted. In line with the stronger-than-expected pickup in growth in advanced economies and weaker-than-expected activity in some emerging market economies in the latter half of 2016, the forecast for 2017-18 envisions a rebound in activity in advanced economies that is faster than previously expected, while growth in 2017 is forecast to be marginally weaker in emerging market and developing economies relative to the October 2016 WEO. These revisions notwithstanding, the broad story remains unchanged: over the near and medium term, most of the projected pickup in global growth will stem from stronger activity in emerging market and developing economies.

Economic activity in advanced economies as a group is now forecast to grow by 2.0 percent in 2017 and 2018, 0.2 percentage point higher than expected in October 2016. The stronger outlook in advanced economies reflects a projected cyclical recovery in global manufacturing, signs of which were already visible at the end of 2016, and an uptick in confidence, especially after the U.S. elections, which are expected to fuel the cyclical momentum. Growth in the group of emerging market and developing economies is forecast to rise to 4.5 percent and 4.8 percent, respectively, in 2017 and 2018, from an estimated outturn of 4.1 percent in 2016. This projected upturn reflects, to an important extent, a stabilization or recovery in a number of commodity exporters, some of which underwent painful adjustments following the drop in commodity prices, and strengthening growth in India, partially offset by a gradual slowdown of the Chinese economy. Nevertheless, as emphasized in previous WEOs, the outlook for emerging market and

developing economies remains uneven and generally below these economies' average performance in 2000-15. As variety of factors weigh on their outlooks, including China's transition to a more sustainable pattern of growth that is less reliant on investment and commodity imports; a protracted adjustment to structurally lower commodity revenues in some commodity exporters; high debt levels everywhere; sluggish medium-term growth prospects in advanced economies; and domestic strife, political discord, and geopolitical tensions in a number of countries.

In the second half of 2016, the stronger global momentum in demand – investment in particular – resulted in marked improvements in manufacturing and trade, which were very weak in late 2015 and early 2016. Production of both consumer durables and capital goods rebounded in the second half of 2016. A number of factors contributed to these developments:

- A gradual global recovery in investment, supported by infrastructure and real estate investment in China.
- Reduced drag from adjustment to lower commodity prices, and
- End of an inventory cycle in United States.

Forward looking indicators, such as Purchasing Managers' Indices (PMI), suggest continued strength in manufacturing activity into early 2017. Consistent with indications of firming global manufacturing activity, global trade is showing some signs of recovery after a long period of weakness.

Economic performance across emerging market and developing economies has remained mixed. Whereas China's growth remained strong, reflecting continued policy support, activity has slowed in India because of the impact of the currency exchange initiative, as well as in Brazil, which has been mired in a deep recession. Activity remained weak in fuel and nonfuel commodity exporters more generally, while geopolitical factors held back growth in parts of the Middle East and Turkey.

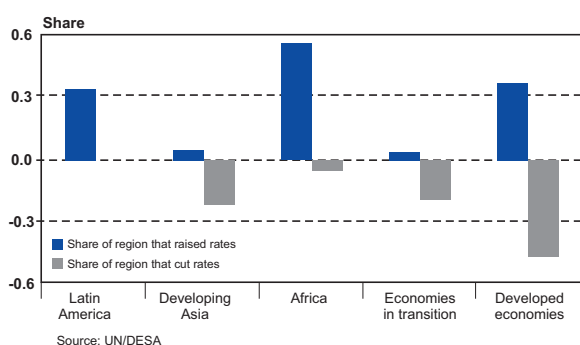
Global trade flows weakened further in 2016. At the slowest pace since the Great Recession of 2009, the volume of world trade is estimated to have grown by a meagre 1.2 percent. The downward shift in world trade growth in recent years has been significant in the two decades prior to the global financial crisis, the average growth of the volume of world trade was about 7 percent, but it slowed down to below 3 percent between 2012 and 2016. More worrisome is the substantial decline in the ratio



of global trade growth to World Gross Product (WGP) growth, dropping from an average of 2:1 in 1980-2008 to 1:1 recently, and even lower in 2016.

Monetary policy in major developed economies is expected to remain broadly accommodative in 2017-18, despite further divergence in interest rates among these economies. Monetary policy stances vary significantly among developing countries and economies in transition. The following figure illustrates the share of each major global region that has increased and reduced interest rates since the Federal Reserve's first interest rate rise in December 2015.

Global divergence in policy rates since December 2015



Economic Overview - India

The year 2016-17 has been marked by several historic economic policy developments. On the domestic side, a constitutional amendment paved the way for the long-awaited and transformational Goods and Services Tax (GST) while demonetisation of the large currency notes signalled a regime shift to punitively raise the costs of illicit activities.

The expected GDP growth in FY 2018 is projected to be in the range of 6.75 percent to 7.50 percent and even under this forecast, India would remain the fastest growing major economy in the world.

According to the Economic Survey 2016-17, the real GDP growth in the first of 2016-17 was 7.2 percent, on the weaker side of the 7.0 – 7.75 percent projection in the Economic Survey 2015-16 and somewhat lower than the 7.6 percent rate recorded in the second half of 2015-16. The main problem was fixed investment, which declined sharply as stressed balance sheets in the corporate sector continued to take a toll on firms' spending plans. On the positive side, the economy was buoyed by Government consumption, as the 7th Pay Commission salary recommendations were implemented, and by the long-awaited start of an export recovery as demand in advanced countries began to accelerate. Normal GDP growth recovered to respectable levels, reversing the sharp and worrisome dip that had occurred in the first half of 2015-16.

The major highlights of the sectoral growth outcome of the first half of 2016-17 were:

- i) Moderation in industrial and non-government service sectors;
- ii) The modest pick-up in agricultural growth on the back of improved monsoon; and
- iii) Strong growth in public administration and defence services

This dampeners on and catalysts to growth almost balancing each other and producing a real Gross Value Addition (GVA) growth (7.2 percent), quite similar to the one (7.1 percent) in H2 2015-16.

Inflation this year has been characterized by two distinctive features. The Consumer Price Index (CPI) – New Series inflation, which averaged 4.9 percent during April-December 2016, has displayed a downward trend since July 2016. The second distinctive feature has been the reversal of WPI inflation, from a trough of (-) 5.1 percent in August 2015 to 3.4 percent at end-December 2016, on the back of rising international oil prices. Core inflation has, however, been more stable, hovering around 4.5 percent to 5 percent for the year. The outlook for the year as a whole is for CPI inflation to be below the RBI's target of 5 percent, a trend likely to be assisted by demonetisation.

According to data furnished by the Reserve Bank of India (RBI), the Current Account Deficit for last fiscal narrowed to 0.7 percent of the GDP from 1.1 percent in 2015-16 on the back of the contraction in trade deficit.

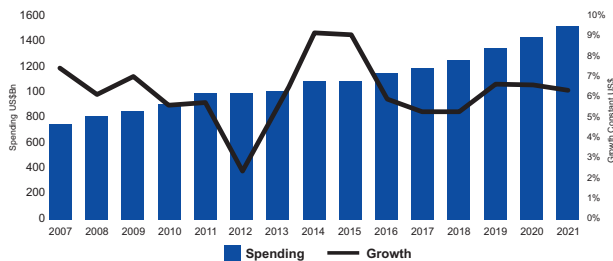
The Pharmaceutical Space

Global Overview, Trends and Prospects

Global spending on medicines will reach nearly \$1.5 trillion in 2021 growing at 4-7 percent - only slightly slower than the 5.9 percent growth over the past five years, but with growth expected to be more uniform and predictable in nature. The last five years included two of the most unusual events in the history of the industry – the so called "patent cliff" and the launch in quick succession of effective cures for Hepatitis C (Sovaldi and Harvoni), which became the two most successful new medicine launches of all time. The next five years will see the market growing at a more consistent rate but with much more attention focussed on spending, growth and specifically pricing.

The continued growth of global medicine spending over the past decade and the next five years will more than double the amount spent on medicines over that fifteen year period. Over that timeframe the drivers of medicine spending and growth have shifted from the blockbuster drugs of the late 1990's, to the volume-driven growth in pharmerging markets and the developed markets patent cliff, and over the next five years to a continued boom in innovation-driven spending growth for breakthrough immunology treatments across a range of diseases.

Global Market Spending and Growth 2007-2021



Source: IMS Market Prognosis, Sept 2016, Quintiles IMS Institute, Oct 2016

Key therapy areas driving spending and growth over the next five years will be led by oncology, reaching \$120–135 billion in spending in major developed and pharmerging markets (see Exhibit 2). Oncology spending will grow at 9–12 percent, largely similar to the last five years, driven by continued wave of immune-oncology treatments with dramatically improved outcomes and tolerability for patients.

Diabetes treatments continue to evolve with new more convenient formulations, combinations and delivery systems expected in the next five years as well as the wider adoption of biosimilars in major developed markets. The combination of continued innovation, disease prevalence and biosimilars will see diabetes spending reach \$95–110 billion by 2021, up an average 8–11 percent over the next five years.

Biologic treatments for autoimmune diseases, including treatments for rheumatoid arthritis, psoriasis, ulcerative colitis, Crohn's disease and a range of related disorders continue to see increasing usage across geographies and will reach \$75–90 billion in spending by 2021, up 11–14 percent. There are a range of new treatments in development which will stretch the definition of autoimmune diseases to include additional dermatological, gastrointestinal and pain related conditions. In addition, biosimilar products—those approved as similar to an originator reference biologic product—will be available for several of the leading autoimmune products by 2021, potentially allowing wider use of these medicines with the same or lower overall spending.

The US is the leading global market, growing at 6.9 percent over the past five years and expected to grow by 6–9 percent over the next five years. China has broadly kept pace with US market growth and is expected to grow at a more modest 5–8 percent rate to 2021. Generally over the past decade and forecast for the next five years, developed markets have gradually slid down the rankings of country spending as pharmerging markets have risen. Considering the vastly largest populations in pharmerging markets, where 4 of the world's 7 billion people live, this growth also brings attention to the remaining inequality in access to healthcare globally.

A summary of the Global spending and growth by region and product type is given below:

Spending and Growth by Region and Product Type					
Spending 2021 US\$	Original Brands	Non-original Brands	Unbranded	Other Products	Total US\$Bn
Global	56%	22%	12%	10%	\$1,455-1,485Bn
Developed	69%	14%	12%	5%	\$975-1,005Bn
Pharmerging	22%	42%	14%	22%	\$315-345Bn
Rest of World	51%	27%	8%	14%	\$130-160Bn

2017-2021 CAGR Constant US\$	Original Brands	Non-original Brands	Unbranded	Other Products	Total
Global	3-6%	9-12%	3-6%	3-6%	4-7%
Developed	3-6%	13-16%	1-4%	0-3%	4-7%
Pharmerging	4-7%	7-10%	8-11%	5-8%	6-9%
Rest of World	2-5%	4-7%	3-6%	3-6%	3-6%

Source: IMS Market Prognosis, Sept 2016; Quintiles IMS Institute, Oct 2016

Notes: Spending Share point values for guidance, Growth estimates +/-1.5%; Other Products includes OTC Product and other non-categorized products.

Global medicine spending and growth will be driven by divergent patterns over the next five years. Developed markets will balance a substantial surge in spending on new medicines with cost controls, a focus on pricing and transparency across markets and the impact of patent expiries at \$ 170 billion (one third greater than in the last five years). Pharmerging markets will grow more slowly in dollar terms than in the last five years as China (the

largest market and largest growth driver) slows to 5–8 percent growth from an average 12.4 percent in the last five years. Pharmerging countries have widely varying economic, social and healthcare environments and while they share a common theme of being driven by lower-cost non-original medicines, they retain significant variations in the mechanisms with which they fund, manage and oversee healthcare and medicines.

India: Overview, trends and prospects

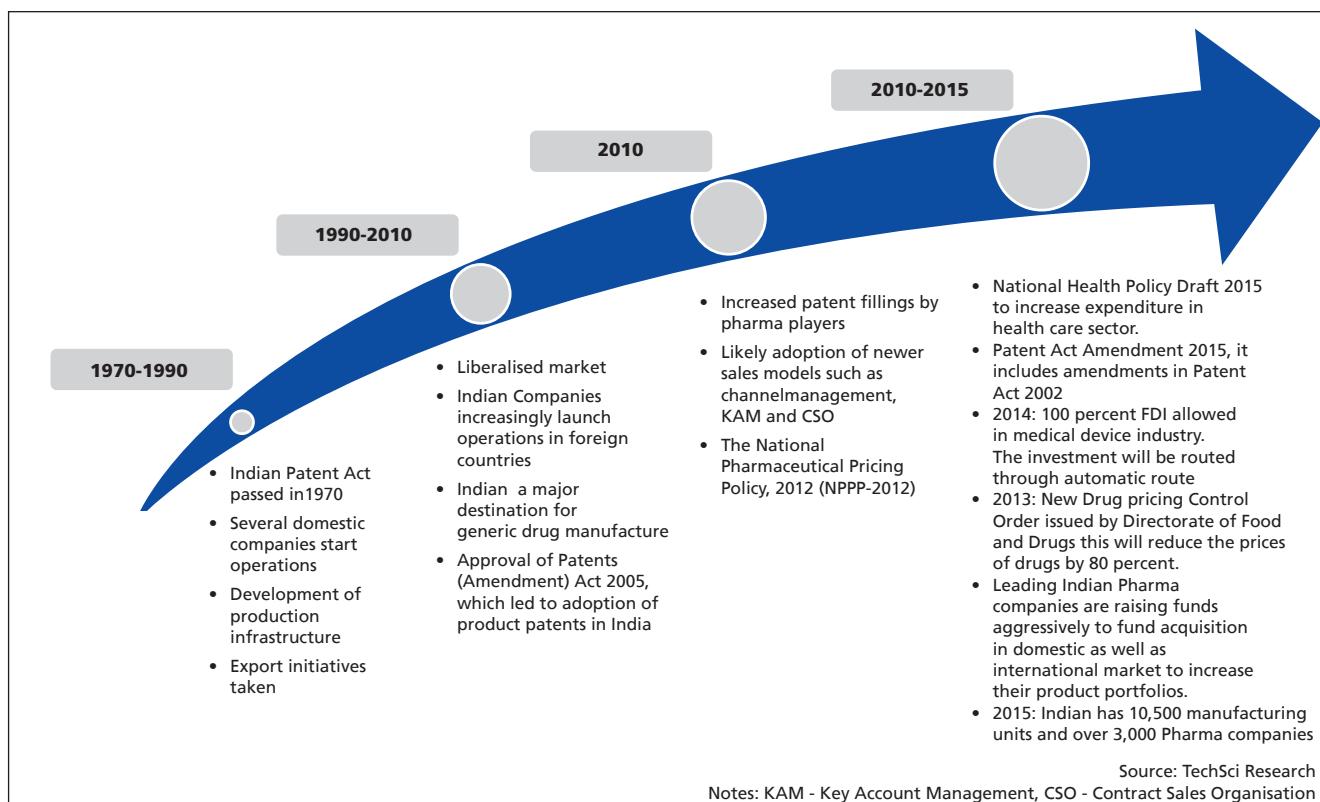
According to the United Nations Report, India is projected to grow by 7.7 percent in fiscal 2017, remaining as the fastest growing large developing economy as it benefits from strong private consumption and gradual introduction of significant domestic reforms. The International Monetary Fund has indicated that India's growth is expected to rebound to 7.2 per cent in the 2017-18 fiscal and 7.7 percent in 2018-19.

The Indian Pharmaceutical Market (IPM) accounts for approximately 1.4 percent of the global pharmaceutical industry in value terms and 20 percent in the volume terms. The IPM is valued at ₹860 bn for the year ending March 2016. The IPM is highly fragmented with about 24,000 players (330 in the organised sector). The top ten companies including domestic and MNC companies make up for more than a third of the market. The market is dominated majorly by branded generics, which constitutes nearly 70 percent of the overall market. Over the counter (OTC) medicines and patented drugs constitute 21 percent and 9 percent respectively.

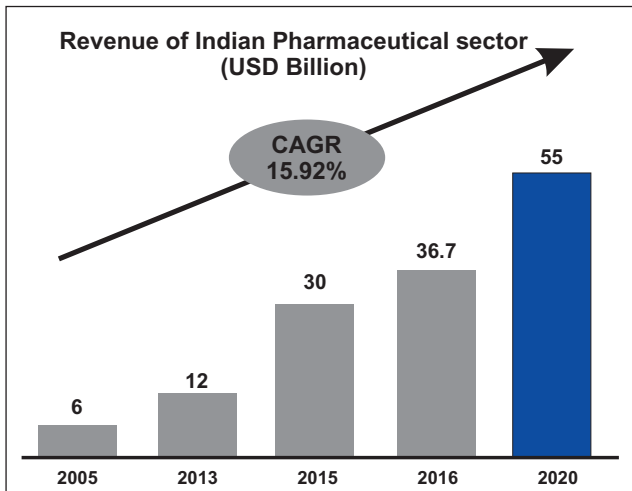
Besides the domestic market, Indian pharma companies also has a large chunk of their revenues coming from exports. Major companies have revenues coming in from the sale of intermediates, Active Pharmaceutical Ingredients (APIs), and formulations in various global markets. These include developed markets like US, Europe and Japan and semi developed markets across the world. Some companies also derive revenues by providing custom research and manufacturing services to innovator companies. Biopharmaceuticals is also increasingly becoming an area of interest given the complexity in manufacture and limited competition. Despite the growth potential, the industry continued to face bigger challenges on the regulatory front as number of leading companies faced issues from the USFDA.

Globally India is currently eleventh largest in terms of value of medicine spending and the following chart depicts the evaluation of Indian Pharmaceutical sector.

EVOLUTION OF INDIAN PHARMACEUTICAL SECTOR



According to the study carried out by McKinsey, the Indian Pharmaceutical market is expected to grow to USD 55 billion by 2020 driven by a steady increase in affordability and a step jump in market access. At the projected scale, this market will be comparable to all developed markets other than the US, Japan and China. In terms of volumes, India will be at the top, a close second only to the US market. This combination of value and volume is expected to provide interesting opportunities for upgrading therapy and treatment levels. From a market size of USD 12.6 billion in 2009, the Indian pharmaceutical market will grow to USD 55 billion by 2020.



Source: Department of Pharmaceuticals, PWC, McKinsey, TechSci Research

With market diversity on the rise, the drivers of growth have proliferated and become more nuanced. According to the study, the following are the major likely drivers of growth:

- Population growth at around 1.3 percent every year and a steady rise in disease prevalence with a probability to increase the patient pool by nearly 20 percent by 2020.
- Rise in affordability of drugs due to sustained growth in income and increase in insurance coverage.
- Increased accessibility to drugs due to growth in medical infrastructure, new business models for Tier-II towns and rural areas, launches of patented products and greater government spending on healthcare.
- Increase in acceptability of modern medicine and newer therapies due to aggressive market creation by players, an increased acceptance of biologics and preventive medicine and a greater propensity to self-medicate.

The life style segments such as cardiovascular, anti-diabetes, anti-depressants and anti-cancers will continue to be lucrative and fast growing owing to increased urbanisation and change in lifestyle patterns. Going forward, better growth in domestic

sales will depend on the ability of companies to align their product portfolio towards these chronic therapies (cardiovascular, anti-diabetes, anti-depressants and anti-cancer) as these diseases are on the rise.

The Company

Orchid Pharma Ltd., is one of the leading pharmaceutical companies in India headquartered 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.

Financial Overview

Profitability

- During the year ended on March 31, 2017, the Company has achieved an EBITDA of ₹111.56 Crore (15 percent of operating revenues) as against ₹198.66 Crore (23 percent of the Operating revenues) during the previous year ending on March 31, 2016.
- The net loss of the Company before Extra-ordinary items & Tax for the year ended on March 31, 2017 stood at ₹445.42 Crore as against ₹291.52 Crore during the previous year ending on March 31, 2016.
- EPS for the year ending on March 31, 2017 (before extra-ordinary items) stood at a negative ₹44.67 as compared to a negative ₹31.51 for the previous year ending on March 31, 2016.

Components of Revenue & Expenditure

- The operating revenues for the year 2016-17 was ₹755 Crore as against ₹879 Crore during the previous year ending on March 31, 2016.
- Material cost for the year ended March 2017 was ₹367.47 Crore (48.6 percent of the Operating revenues) as compared to ₹419.31 Crore (47.6 percent of the Operating revenue) during the previous year ending on March 31, 2016.
- The other operating cost, including employee cost for the year ended March 2017 was ₹295.81 Crore as against ₹285.97 Crore during the previous year ending on March 31, 2016.



- The interest cost for the year ended March 2017 was ₹331.10 Crore as compared to an effective interest cost of ₹294.23 crore during the previous year ending on March 31, 2016.
- The Depreciation & Amortisation for the year ending March 2017 was ₹139.42 Crore as compared to ₹143.41 Crore during the previous year ending on March 31, 2016.
- Exceptional items (Loss) for the year ending on March 31, 2017 amounted to ₹86.45 Crore as against ₹52.54 Crore during the previous year ending on March 31, 2016.

Balance Sheet

- The Equity and Reserves as at March 31, 2017 stood at a negative of ₹263.83 Crore as compared to ₹171.13 Crore as at March 31, 2016.
- The total borrowings as at March 31, 2017 stood at ₹3,170 Crore as compared to ₹3,215 Crore as at March 31, 2016.

Human resources and industrial relations

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

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

As at March 31, 2017, Orchid had 1574 permanent employees including corporate, managerial, sales and manufacturing staff, who continue to strive for meeting various stakeholders' expectations.

Risks and their management

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

Foreign exchange risk

A significant part of the Orchid's revenue, costs, assets and liabilities are denominated in foreign currencies. Unhedged trade and financial exposure thus creates potential to adversely impact its operations and overall profitability. Risks are recognized at the contractual juncture under natural hedge process at

various stages of operations depending upon the nature of the transactions and in accordance with the hedging policy and strategy of the Company. During the year, risk management practices continued to focus on minimising the economic impact on Company's profitability arising from fluctuations in exchange rates.

Interest rate risk

Risks associated with interest rate fluctuation have been substantially mitigated with implementation of the CDR Package wherein the interest rate on all restructured Rupee loans/ facilities has been fixed at SBI rate plus 100 Bps.

Credit risk

Prevailing liquidity constraints may lead to delay in debt service obligations. However, the company is closely monitoring these risks and is continuously taking appropriate action such as comprehensive restructuring of business operations / finances including identification of strategic investments into the company.

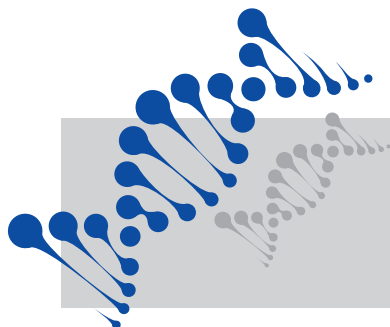
Internal audit and control

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 Management and the Audit committee review, suitable steps are being taken periodically to strengthen the adequacy of the internal control systems in various functions.

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

Cautionary statement

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimate, expectations may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include, among others, economic conditions affecting demand/ supply and price conditions in the domestic and overseas markets in which the Company operates, changes in the Government regulations, tax laws and other statutes and incidental factors.



Annexure to the Directors' 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]

Steps taken or impact on conservation of energy

(a) Energy Conservation measures taken

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

- Light load reduction by the conversion of High Rating Lights to its equivalent LED.
- Batch cycle time reduced in Cyclohexane distillation process in MPDU results in steam savings.
- Reduction of reflux ratio of first distillation in MPSR from 3.0 to 1.0 reduced the steam consumption.
- Power consumption reduced by utilizing CT water instead of chilled water in recovery area.
- By reduction of cleaning and changeover process in MPDU water consumption was reduced.

Due to the various energy conservation activities implemented, mentioned in (a) above, there was a reduction in power consumption by around 404 UPD and 13.68TPD, leading to a saving of around ₹23.60 Lakhs annually with the investment of ₹2.73lakhs.

(b) Proposed energy conservation measures

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

- Conversion of -40'B' chiller from single stage to double stage.
- Improving the performance of -70 chillers.
- Utilizing the geothermal energy for chiller in +10 system
- Conversion of tube lights and CFL lamps to LED lamps
- Provision of Hot and Cold insulation.
- Effective utilization of cold room compressors.
- Timer provision for process blowers.
- Improving condensate recovery.
- Stopping of one -25 system by improving the efficiency of another -25 system.

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 ₹132.89 lakhs annually with the investment of ₹120 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 capital investment was made on energy conservation equipment during the Financial Year 2016-17.



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 focused on the development of manufacturing process for selected APIs (Active Pharmaceutical Ingredients) in non-penicillin non-cephalosporin segment. For few approved products, R&D Centre has pursued cost reduction research for manufacturing APIs through review of technology and improvement in process of APIs and API Intermediates to improve competitiveness. R&D Centre has also generated scientific data, new validations, and experimental support to respond to the queries from various regulatory agencies related to review of ANDA (Abbreviated New Drug Application), and support the approval process of dossiers. R&D ensured the availability of impurities through synthesis and isolation to meet the requirement of commercial supply of APIs and developing new customers. R&D team supported the investigations required for continuing the production of the approved APIs for commercial supply. R&D team supported manufacturing location through demonstration of the process with appropriate modification on manufacturing scale for few APIs. R&D has transferred technology of APIs to new manufacturing site and produced APIs for formulation development.

In Drug Discovery Research, the Malaysian regulatory has approved the renewal of Clinical trial application for NAFLD/ NASH. In the anti-infective area, with the new findings of the collaborative research work, a patent application was filed now in collaboration with Merck.

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 Centre has enabled to get approval or progress towards approval of ANDA dossiers filed with various regulatory agencies, pave way for commercialization of APIs, and supply of APIs for developing in house formulation for generic business. Cost reduction improvements for APIs and API intermediates, generation of impurity standards, and investigations required at the manufacturing locations have enabled to prepare for 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.

Orchid's IP review and FTF positioning challenging the Orange Book patents have enabled to launch earlier than patent expiry as first-to-file generic firm.

3. Future plan of action

R&D will focus its efforts in the development of manufacturing process of APIs of new drug products which have potential to be launched in next few years. 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 case of high cost KSMs (Key Starting Materials), R&D will focus on developing manufacturing process to produce it at an economic cost.

Drug Discovery Research (DDR) would, in addition to progressing promising NCEs to the next stage in the clinical studies, also take-up new leads to the next level of proof of concept evaluation studies and out-licensing opportunities. Efforts have been taken-up further to continue research on metabolic disorders/diseases to develop back-up compound for clinical stage NCEs. Drug Discovery R & D has initiated developmental activities towards positioning the lead anti-inflammatory candidate to other indications also.

4. Expenditure on R& D

The R&D outlay was as follows (₹ in Lakhs)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
a) Capital	-	-
b) Recurring	3532.47	2883.53
c) Total	3532.47	2883.53
d) Total R&D expenditure as a percentage of the total turnover	4.68%	3.28%

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 evaluated new facilities and subsequently transferred the manufacturing technology to a new facility. 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.

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. Scientific and technical inputs with respect to manufacturing of APIs at the manufacturing location and manufacturing of KSMs by the KSM manufacturers have helped maintain the manufacturing of API and KSM 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 thereof and future plans of action.	Not applicable.

Annexure III - FOREIGN EXCHANGE EARNINGS & OUTGO

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

The company is focusing to increase the sale and distribution of its cephalosporin and the non-penicillin non cephalosporin APIs and generics in regulated markets.

b) Total foreign exchange earnings and outgo

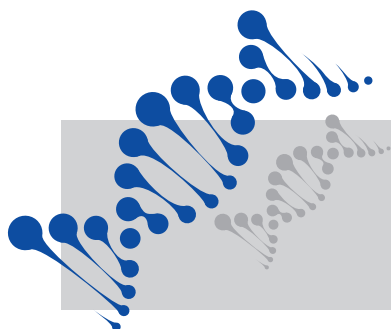
₹ in Lakhs

	Year ended March 31, 2017	Year ended March 31, 2016
1. Earnings in foreign exchange during the year		
F.O.B value of exports	55876.18	58659.17
Export of services (net of TDS)	-	-
2. C.I.F. value of imports (on cash basis)		
Raw materials & Packing materials	19494.20	17341.74
Capital goods	90.85	57.15
Spare parts, components and consumables	1675.84	1496.38
3. Expenditure in foreign currency during the year (on cash basis)		
Travelling expenses	21.90	29.72
Interest and bank charges	3988.05	3726.65
Professional / Consultancy fees	846.16	469.46
Others	2328.32	2475.19
4. Total foreign exchange used (2+3)	28445.32	25596.29

For and on behalf of the Board

Place: Chennai
Date: May 26, 2017

K N Venkatasubramanian
Chairman



Annexure IV to the Directors' Report

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

Orchid ESOP 2010 Scheme

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

Considering the fall in the price of the shares of the Company and in the interest of the employees, the Compensation Committee of the Board of Directors at its meeting held on November 1, 2011 considered repricing of 8,64,500 options in force on the said date from ₹329.55 to ₹166.15 as per the closing share price of Orchid at the National Stock Exchange of India Ltd on October 31, 2011. As at March 31, 2017, the outstanding options yet to be exercised under the said scheme is Nil

Orchid ESOP – Directors 2011 Scheme

In terms of the resolution passed by the company at the AGM held on July 29, 2011, the shareholders approved a scheme formulated as "ORCHID ESOP – DIRECTORS 2011 SCHEME" for allotting 5,00,000 options to Directors of the Company.

Accordingly 3,00,000 options were granted to the Directors of the Company including the Whole Time Director but excluding the Promoter Director, by the Compensation Committee of the Board of Directors at a meeting held on November 1, 2011. Each option is convertible into one equity share of ₹10/- each at a price of ₹166.15 per share, being the closing share price of Orchid at the National Stock Exchange of India Ltd on October 31, 2011, the day prior to the date of the meeting. As at March 31, 2017, the outstanding options yet to be exercised under the said scheme is Nil.

Orchid ESOP – Senior Management 2011 Scheme

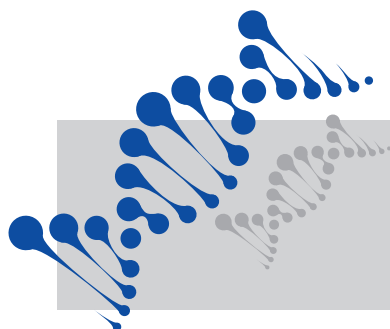
In terms of the resolution passed by the company at the AGM held on July 29, 2011, the shareholders approved a scheme formulated as "ORCHID ESOP – SENIOR MANAGEMENT 2011 SCHEME" for allotting 10,00,000 options to senior employees of the Company out of which 7,50,000 options will be granted to the employees of the Company and 2,50,000 options will be granted to the employees of its subsidiary companies. Accordingly 42,700 options were granted to the Employees of the Company by the Compensation Committee of the Board of Directors at a meeting held on November 01, 2011. Each option is convertible into one equity share of ₹10/- each at a price of ₹10/- each (i.e. At Par). 10,675 options are in force as at March 31, 2017 under ORCHID ESOP – SENIOR MANAGEMENT 2011 Scheme.

S. No	DESCRIPTION	ORCHID ESOP - 2010 SCHEME	ORCHID ESOP - DIRECTORS 2011 SCHEME	ORCHID ESOP - SENIOR MANAGEMENT 2011 SCHEME
a.	No. of shares available under ORCHID ESOP	10,00,000	5,00,000	10,00,000
b.	Options granted during the year (Net of Lapses)	Nil	Nil	Nil
c.	Pricing formula	The closing prices for the Company's Equity shares quoted on the BSE Limited and / or National Stock Exchange of India limited preceding the date of granting options		₹10/-

S. No	DESCRIPTION	ORCHID ESOP - 2010 SCHEME	ORCHID ESOP - DIRECTORS 2011 SCHEME	ORCHID ESOP - SENIOR MANAGEMENT 2011 SCHEME
d.	Options Vested during FY 2016-17	Nil	Nil	Nil
e.	Options exercised during FY 2016-17	Nil	Nil	Nil
f.	Total no. of shares arising out of Exercise of options	Nil	Nil	Nil
g.	Options lapsed during FY 2016-17	Nil	40,000	10,675
h.	Variation of terms of Options	Due to the fall in the share price the compensation committee revised the price of the options from ₹329.55 to ₹166.15 as per the closing price of Orchid at NSE on October 31, 2011.		Nil
i.	Money realized by exercise of options	Nil	Nil	Nil
j.	Total no. of options in force as on March 31, 2017	Nil	Nil	10,675
k.	Grant details to			
	i) Members of Senior Managerial personnel/Director during the year	Nil	Nil	Nil
	ii) Any other employees receives a grant in any one year of option amounting to 5% or more of option granted during the year.	Nil	Nil	Nil
	iii) Identified employees who were granted option during the year equal to or exceeding 1% of issued Capital of the company at the time of the grant.	Nil	Nil	Nil
l.	Diluted EPS as per Accounting Standard 20	(₹54.36)		
	i) Method of calculation of employee compensation cost	Not Applicable		
	ii) Difference between the employee compensation cost so computed at (i) above and the employee compensation cost that shall have been recognized if it had used the fair value of the options	Nil		
m.	iii) The impact of this difference on profits and on EPS of the company on the current year profits (Amortized Amount)	Profit /(Loss) after Tax		(₹48,363.09) lakhs
		Add: Employee cost of intrinsic value over fair value		Nil
		Adjusted PAT (loss)		(₹48,363.09) lakhs
		Adjusted EPS		(₹54.36)



S. No	DESCRIPTION	ORCHID ESOP - 2010 SCHEME	ORCHID ESOP - DIRECTORS 2011 SCHEME	ORCHID ESOP - SENIOR MANAGEMENT 2011 SCHEME
n.	Weighted average exercise price and fair value of stock options granted:			
	Stock options granted on	Weighted average Exercise price (₹)	Weighted average fair value (₹)	Closing Market price at NSE on the preceding day of the date of grant (₹)
	October 28, 2010 (Employees)	166.15	NA	166.15
	November 01, 2011 (Directors)	166.15	NA	166.15
	November 01, 2011 (Senior Management)	10.00	NA	166.15
o.	Description of the method and significant assumptions used during the year to estimate the fair value of the options, including the following weighted average information	Since there was no exercise of options by any employees during the year, assumptions for estimating the fair value of options exercised does not arise.		
p.	The main assumptions used in The Black and Scholes Option Pricing Model model during the year were as follows	Not applicable		
	i) Risk free interest rate			
	ii) Expected Life of Options			
	iii) Expected Volatility			
	iv) Dividend yield (average based on option price)			



Annexure V to the Directors' Report

Corporate Governance Report

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 Company has been complying with Corporate Governance norms right from its inception. The Company complies with the Corporate Governance Regulations as enumerated in Regulation 15-27, 46 and Schedule II of SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2015 (herein after called as "Listing Regulations").

B. Board of Directors

1. Composition of Board

The Chairman of the Board of Directors is a Non –Executive, Independent Director. During the year the Board had optimum combination of Executive and Non-Executive Directors. None of the directors are related to each other. Board consists of 5 Directors, out of whom 4 are Non-Executive Directors. Non-Executive Directors constitutes 80% of the total Strength which is more than the requirement of Regulation 17 of Listing Regulations. Out of 4 Non-Executive Directors, two are Independent Directors which is equal to 1/3rd of the total strength and a woman director as required under the Companies Act, 2013 and Listing Regulations. All the Directors of the company are Resident Indians.

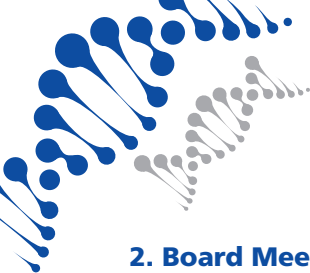
The composition of Board and the details of directorships in other Companies and Committee positions during the year ended March 31, 2017 are as follows:

S. No	Name(s) of the Director(s)	Category	Number of Directorship held in other listed companies	Number of Board committee positions in other companies held as	
				Member *	Chairman *
1	Shri K N Venkatasubramanian	Non - Executive, Independent	3	5	2
2	Shri K Raghavendra Rao	Promoter and Executive Director	-	1	-
3	Shri R Kannan	Non - Executive, Independent	2	5	1
4	Smt Soundara Kumar	Non - Executive, Non Independent (Nominee of SBI Ltd)	3	2	-
5	Shri Rabinarayan Panda	Non - Executive, Non Independent (Nominee of IDBI Bank Ltd)	1	1	-
6	Shri S Krishnan#	Non - Executive, Non Independent	-	-	-

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

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

Shri S Krishnan resigned from Office of Director with effect from May 31, 2016.



2. Board Meetings & Attendance Record of the Directors

The Board meets at least once in a quarter to review the quarterly financial results and operations of your Company. It also meets as and when necessary to address specific issues relating to the business of your Company. During the year ended March 31, 2017, the Board met 6 (Six) times on May 27, 2016, August 13, 2016, November 09, 2016, January 04, 2017, February 07, 2017 & March 28, 2017. The attendance records of the Directors are as under:

Name(s) of the Director(s)	Number of Board Meetings Attended	Last AGM Attendance
Shri K N Venkatasubramanian	6	Present
Shri K Raghavendra Rao	6	Present
Shri R Kannan	6	Not Present
Shri Rabinarayan Panda	6	Present
Smt Soundara Kumar	6	#
Shri S Krishnan	1	@
@ Not a member of the Board on the date of AGM. # Observer was present at the meeting.		

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

Name of the Director	Number of Shares
Shri K N Venkatasubramanian	3,000

5. Meeting of Independent Directors

During the year 2016-17, the meeting of Independent directors was held on March 28, 2017. The Independent Directors review the performance of non-independent directors and the Board of Directors as a whole and also reviews the performance of the chairperson of the Company after considering the views of Executive directors and Non-executive directors. They also assess the quality, content & timeliness of flow of Information between the management and the Board of Directors.

Familiarisation Programme for Independent Directors:

The Company has formulated a Familiarisation Programme for Independent Directors. The Familiarization Programme is posted on your Company's Website under the Weblink <http://www.orchidpharma.com/downloads/Familiarization%20Programme%20for%20Independent%20Directors.pdf>

6. Audit Committee

The Constitution of Audit Committee are in line with the provisions of section 177 of the Companies Act, 2013 and Listing Regulations. The Audit Committee of the Board consists of three directors with Independent Directors forming a majority. All the members of the committee are financially literate with ability to read and understand the financial statements.

The Terms of reference specified by Board are described:

- The recommendation for appointment, remuneration and terms of appointment of Auditors of the Company;
- Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- Examination of financial statements and the Auditors' report thereon;
- Approval or any subsequent modification of transactions of the company with related parties;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;
- 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 and the provisions of Section 177 of the Companies Act, 2013.

The Audit Committee met 4 (Four) times during the year ended March 31, 2017 on May 27, 2016, August 13, 2016, November 09, 2016 & February 07, 2017.

The composition of the Committee and the attendance record are given below:

Name(s) of the Director(s)	Category	Number of Meetings Attended
Shri K N Venkatasubramanian	Non -Executive, Independent Director - Chairperson	4
Shri Rabinarayan Panda	Non - Executive, Non - Independent (Nominee of IDBI Bank Ltd)	4
Shri R Kannan	Non-Executive, Independent	4

The Company Secretary is the Secretary of the Audit Committee.

7. Nomination and Remuneration Committee

Nomination and Remuneration Committee determines and recommends the remuneration payable to the Executive Directors/Whole Time Directors and Senior Management on the basis of their performance as well as Company's performance, subject to consents as may be required. The remuneration to the Executive Directors consists of a fixed salary and other perquisites, allowances & benefits. Wherever applicable the perquisites are considered as a part of remuneration and taxed as per the Income Tax laws.

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

Role of Nomination and Remuneration Committee:

- (1) formulation of criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;
- (2) formulation of criteria for evaluation of performance of independent directors and the board of directors;
- (3) devising a policy on diversity of board of directors;
- (4) identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal;
- (5) whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;

Further details of evaluation of performance of the Board, its Committees and Individual Directors are provided in the Boards' Report.

The Nomination and Remuneration Committee met twice during the year ended March 31, 2017 on May 27, 2016 & March 28, 2017.

The composition of the Committee and the attendance record are given below:

Name(s) of the Director(s)	Category	Number of Meetings Attended
Shri R Kannan	Non - Executive, Independent Director - Chairperson	2
Shri K N Venkatasubramanian	Non - Executive, Independent	2
Shri S Krishnan#	Non - Executive, Non - Independent	1
Shri Rabinarayan Panda#	Non - Executive, Non - Independent (Nominee of IDBI Bank Ltd)	1

Shri Rabinarayan Panda was appointed in place of Shri S Krishnan, who has resigned with effect from May 31, 2016.



Performance Evaluation of Board and the Directors:

Pursuant to the Provisions of Companies Act, 2013 and the relevant rules made there under and Regulation 19(4) of Listing Regulations, the Nomination & Remuneration Committee of the Board has laid down criteria for evaluation of performance of the directors. In this regard, a questionnaire was prepared by the Committee covering various aspects such as Attendance and Active Participation, Level of Independence & Confidentiality, Compliance with Code of conduct, etc.,

The Performance evaluation of Independent Director was carried out by the Non – Independent Directors and the Performance of the Managing Director and Other Non – Executive Directors were carried out by the Independent Director.

Details of the Remuneration and Sitting Fees paid to the Directors for the Year 2016-17 are given below:

Name(s) of the Director(s)	Remuneration paid during the year 2016-17 (In ₹)				No. of Stock Options
	Salary & Perquisites	Commission/ bonus	Sitting fees	Total	
Shri K Raghavendra Rao	77,45,727	-	-	77,45,727	-
Shri K N Venkatasubramanian	-	-	3,40,000	3,40,000	-
Shri S Krishnan	-	-	80,000	80,000	-
Shri R Kannan	-	-	2,80,000	2,80,000	-
Shri Rabinarayan Panda	-	-	2,60,000	2,60,000	-
Smt Soundara Kumar	-	-	1,40,000	1,40,000	-

Pursuant to section 178 of Companies act, 2013 and the Listing Regulations, 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)

@ The Board appointed Shri K N Venkatasubramanian as the Member & Chairperson of the committee on the meeting held on August 13, 2016.

Shri R Kannan was temporarily appointed in place of Shri S Krishnan, who had resigned with effect from May 31, 2016.

The Board has designated Shri L Chandrasekar, Executive VP – Finance & Secretary as the Compliance Officer.

8. 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. The Stakeholders Relationship Committee met 4 (Four) times during the year ended March 31, 2017 on May 27, 2016, August 13, 2016, November 09, 2016 & on February 07, 2017.

Name(s) of the Director(s)	Category	Number of Meetings Attended
K N Venkatasubramanian@	Non - Executive, Independent - Chairperson	2
R Kannan#	Non - Executive, Independent	1
Shri K Raghavendra Rao	Promoter and Executive Director	4
Shri S Krishnan#	Non -Executive, Non - Independent - Chairperson	1

The following table shows the nature of complaints received from shareholders during the financial year 2016-17, all of which have been responded within one month.

S. No	Nature of Complaints	Received and Resolved	
		2016 -17	2015 - 16
1.	Non-receipt of share certificates sent for transfer/bonus shares	2	-
2.	Non-receipt of dividend warrants	-	4
3.	Complaints from SEBI, Stock exchanges and Government departments	5	3
	TOTAL	7	7

No. of Complaints not solved to the satisfaction of shareholders during the financial year 2016-17: Nil

No of Pending Complaints as at the year end: Nil

9. Corporate Social Responsibility Committee

As per Section 135 of the Companies Act, 2013, a CSR committee has been formed by the Company. The Committee met on March 28, 2017 during the financial year 2016-17. A complete report on various initiatives and programmes undertaken by your Company in CSR areas has been provided in the Directors' Report.

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

Name(s) of the Director(s)	Category	Number of Meetings Attended
Shri K N Venkatasubramanian	Non - Executive, Independent - Chairperson	1
Smt Soundara Kumar	Non - Executive, Non Independent - (Nominee of SBI Ltd)	1
Shri Rabinarayan Panda	Non - Executive, Non - Independent - (Nominee of IDBI Bank Ltd)	1

10. Allotment Committee

The Committee considers allotment of equity shares whenever the need arises. The Committee comprises of Shri K N Venkatasubramanian and K Raghavendra Rao. The Committee has not met during the financial year 2016-17.

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. The Committee comprises of Shri K Raghavendra Rao and Shri Rabinarayan Panda. The Committee has not met during the financial year 2016-17.

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 unanimously.

Year	AGM / EGM	Location	Special resolutions passed	Date	Time
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
2015	AGM	Kamaraj Memorial Hall, TNCC Charitable Trust, New No 492, Anna Salai, Teynampet West, Chennai – 600 006.	a) Approval sought for the revised terms and remuneration of the Managing Director. b) To change the Name of the Company to "Orchid Pharma Limited".	September 15, 2015	10.30 AM
2013	AGM	Sathguru Gnanananda Hall, Narada Gana Sabha, 314, TTK Road, Alwarpet Chennai-600018.	- NIL -	March 19, 2014	10.30 AM



Postal Ballot

The Company has not conducted any postal ballot during the year ended March 31, 2017, pursuant to Section 110 of the Companies Act, 2013.

13. Means of Communication:

- Financial Results are published by the Company in Financial Express 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 2016 - 17.

14. General Shareholder Information

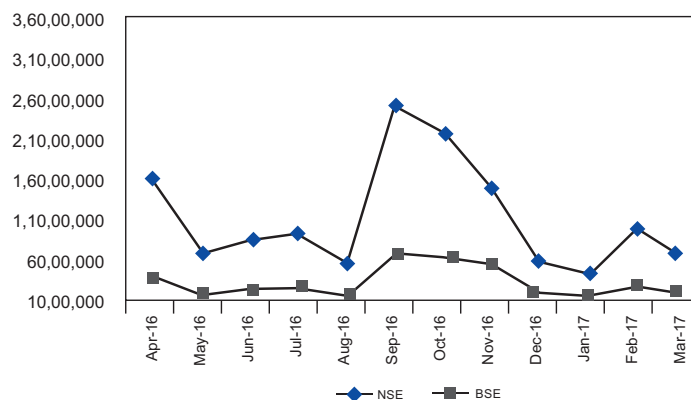
1	Registered Office	'ORCHID TOWERS', 313, Valluvar Kottam High Road, Nungambakkam, Chennai - 600 034, Tamil Nadu, India.
2	Date, Time and Venue of 24th Annual General Meeting (AGM)	Wednesday, September 13, 2017, 10.30 A.M at The Music Academy, Old No.306, New No.168, TTK Road, Royapettah, Chennai - 600 014, Tamil Nadu, India .
3	Book Closure Date	Thursday, September 07, 2017 to Wednesday, September 13, 2017 (both days inclusive)
4	Financial Calendar	1st April to 31st March
	Financial reporting for -	
	Quarter ending June 30, 2017	Second week of September 2017
	Quarter ending September 30, 2017	Second week of December 2017
	Quarter ending December 31, 2017	Second week of February 2018
	Quarter ending March 31, 2018	Last week of May 2018
5	Dividend Payment Date	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 BBoursede 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 2016 -17 & 2017-18.

Stock Market Data

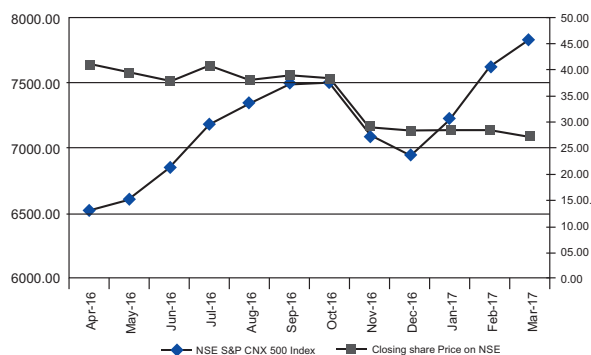
a) Monthly high and low quotations along with the volume of shares traded at NSE and BSE for 2016-17 are:

Month	NSE			NSE S&P CNX 500 INDEX (Avg)	BSE			BSE 500 INDEX (Avg)
	High (₹)	Low (₹)	Volume of Shares (Nos)		High (₹)	Low (₹)	Volume of Shares (Nos)	
Apr-16	45.75	37.30	1,60,66,182	6,526.31	45.90	37.30	38,46,792	10,308.39
May-16	42.15	36.75	69,43,770	6,605.71	42.15	36.70	18,34,961	10,436.80
Jun-16	40.90	35.25	84,32,087	6,853.98	40.85	35.15	22,69,219	10,831.88
Jul-16	43.15	39.50	93,58,251	7,184.43	43.05	39.55	25,11,517	11,350.38
Aug-16	40.80	35.55	57,73,527	7,352.02	40.85	35.60	14,95,570	11,614.36
Sep-16	45.85	36.20	2,52,82,213	7,503.26	45.85	36.30	67,35,936	11,860.64
Oct-16	41.00	36.50	2,19,19,599	7,506.49	41.00	36.65	65,14,495	11,876.64
Nov-16	37.15	23.90	1,50,08,583	7,091.70	37.45	23.70	52,46,797	11,214.21
Dec-16	31.10	26.20	56,87,571	6,947.94	31.20	26.00	18,81,395	10,987.80
Jan-17	30.20	26.80	44,04,912	7,221.75	30.20	26.90	13,21,934	11,415.72
Feb-17	31.50	26.60	1,00,60,787	7,632.58	31.50	26.70	26,52,883	12,059.19
Mar-17	29.35	26.00	63,79,896	7,838.67	29.35	26.00	18,92,127	12,380.54
TOTAL			13,53,17,378				3,82,03,626	

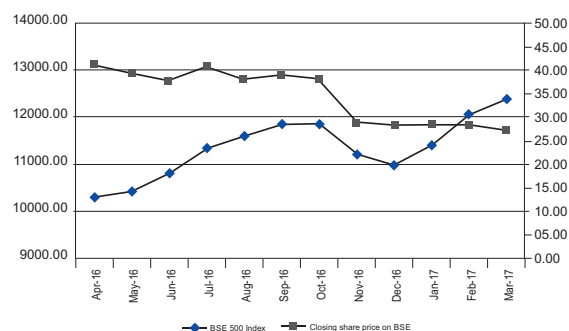
b) Graphical representation of volume of shares traded of Orchid during April 2016- March 2017



c) Comparison of broad based indices of NSE with share price of Orchid Pharma Ltd during April 01, 2016- March 31, 2017



d) Comparison - BSE Index vs Share price of Orchid Pharma Ltd.





Stock Exchange Security Code and other related Information

BSE 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, 2017

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

Date	Particulars	Number of Shares	
		Issued	Cumulative
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:

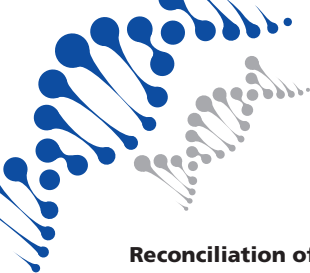
No of equity Shares held	March 31, 2017			March 31, 2016		
	No of shares	No of Shareholders	% of Shareholders	No of shares	No of Shareholders	% of Shareholders
1-500	1,04,86,626	75,167	83.79	99,17,347	75,428	86.97
501-1000	59,87,524	7,312	8.15	48,97,467	6,043	6.97
1001-2000	57,98,386	3,771	4.20	42,96,316	2,841	3.28
2001-3000	31,93,294	1244	1.39	21,79,489	850	0.98
3001-4000	20,43,903	563	0.63	14,18,417	390	0.45
4001-5000	22,39,547	472	0.53	15,33,654	324	0.37
5001-10000	49,63,104	671	0.75	34,84,596	478	0.55
10001 & above	5,42,51,943	506	0.56	6,12,37,041	370	0.43
TOTAL	8,89,64,327	89,706	100	8,89,64,327	86,724	100

Dematerialization of Shares

The shares of the Company are in compulsory demat segment and are available for trading in both the depository systems, namely, National Securities Depository Limited and Central Depository Services (India) Limited. Shares dematerialised upto March 31, 2017 are :

No. of Shares	% of Shares	No. of Shareholders	% of Shareholders
8,49,74,175	95.51	87,850	97.93

The Equity shares of the company are traded in National Stock Exchange of India Ltd and BSE Ltd. The Equity shares of the company has not been suspended from trading during the financial year 2016-17.

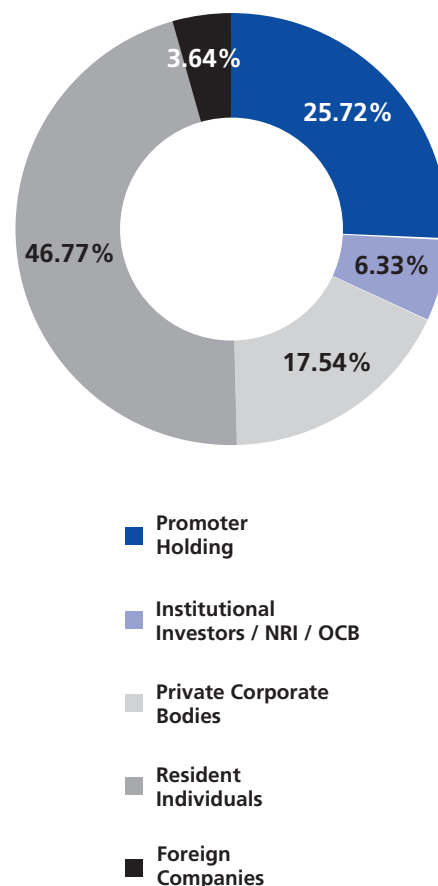


Reconciliation of Share Capital Audit

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, 2017

	Category	No of Shares Held	Percentage of Shareholding
A	PROMOTER HOLDING		
1	Promoters / Promoter Group		
	(a) Indian	2,28,78,897	25.72
	(b) Foreign	-	-
	Sub-Total (1)	2,28,78,897	25.72
B	NON-PROMOTER HOLDING		
2	Institutional Investors		
	(a) Mutual Funds	4,850	0.01
	(b) Banks, Financial Institutions, Insurance Companies (Central / State Govt. Institutions / Non-government Institutions)	35,82,523	4.02
	(c) Foreign Institutional Investors (FIIs)	9,76,663	1.10
	Sub-Total (2)	45,64,036	5.13
3	OTHER INVESTORS		
	(a) Private Corporate Bodies	1,55,99,094	17.54
	(b) Indian Public (Resident Individuals)	4,16,09,003	46.77
	(c) Non Resident Indians / Overseas Corporate Bodies	10,71,609	1.20
	(d) Foreign Companies	32,41,688	3.64
	Sub Total (3)	6,15,21,394	69.15
	GRAND TOTAL (1+2+3)	8,89,64,327	100.00



Global Depository Receipts (GDRs)

The number of GDRs outstanding as on March 31, 2017 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

Pursuant to the approved demerger of Registry business of M/s Integrated Enterprises (India) Limited, M/s Integrated Registry Management Services Private Limited was incorporated to carry out the business relating to registry activities. Accordingly, 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 met 4 times during the year 2016-17. 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. 9,83,577/- pertaining to the financial year 2007-08 was transferred to the Investor Education and Protection Fund (IEPF) in December 2015 and the unclaimed dividend amounting to Rs.4,61,816/- pertaining to the financial year 2008-09 was transferred to the Investor Education and Protection Fund (IEPF) in December 2016.

Unclaimed dividend for the financial year 2009-10 is due for transfer to IEPF in August 2017. The dividends for the years from 2010-11 onwards, which remain unclaimed for seven years will be transferred to IEPF established by the Central Government under Section 125 of the Companies Act, 2013 as and when they become due. Shareholders who have not encashed their dividends for these periods are requested to write to the Company.

Equity Shares in the Suspense Account

As per 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, 2017:

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, 2016	205	12,086
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	Aggregate Number of shareholders and the outstanding shares in the suspense account lying as on March 31, 2017	205	12,086

The voting rights on the shares outstanding in the suspense account as on March 31, 2017 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

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

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

c) Research and Development Centre

Survey Nos. 476/14, 15A, 16A, 17A, 17B1, 24A & 25A, Old Mahabalipuram Road, Shozhanganallur Chennai - 600 119, Tamil Nadu, India.



Investor Contacts

a) Investor Correspondence / Compliance Officer

Shri L Chandrasekar
Executive VP – Finance & Secretary
Phone: +91-44-2824 4330 / 2824 4305 / 308; Fax: +91-44-28211002
E-mail: corporate@orchidpharma.com
Website: www.orchidpharma.com

b) Registrar and Share Transfer Agent

Integrated Registry Management Services Private Limited
(Pursuant to demerger of Registry Business of
M/s. Integrated Enterprises (India) Ltd.)
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 : corpserve@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 2016-17. The Transactions with related parties that are recorded in the Register of Contracts maintained under section 189 of the Companies Act, 2013 are entered in the ordinary course of business and does not qualify as materially Significant Related Party transactions. These transactions does not cause potential conflict with the interests of the Company.

● Details of Non-Compliance by the Company

The Company has complied with all the statutory regulations except the following-

The Company had allotted 37,02,450 shares as part of second tranche under preferential allotment to the promoter group Company (Orchid Healthcare Private Limited) as per Corporate Debt Restructuring Programme. Subsequent to the preferential allotment, there was an inadvertent violation of Regulation 78 (6) of the SEBI (ICDR) Regulations, 2009 due to sale of shares held by promoter group which were pledged to institutions. In this regard, the Company had filed a Settlement Application with SEBI under the SEBI (Settlement of Administrative and Civil Proceedings) Regulations, 2014 on May 11, 2016. The Company, through its authorized representative had attended the Internal Committee Meeting held on April 27, 2017 at SEBI Bhavan, Mumbai. The final order from SEBI is awaited. (Refer Addendum to Directors' Report).

● 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. Risks are recognized at the contractual juncture under natural hedge process at various stages of operations depending upon the nature of the transactions and in accordance with the hedging policy and strategy of the Company. During the year, risk management practices continued to focus on minimising the economic impact on Company's profitability arising from fluctuations in exchange rates.

Details of Compliance with Mandatory Requirements of Corporate Governance for the financial year 2016-17:

S.No	Particulars	Regulation Number	Compliance status (Yes/No/NA)
1	Independent director(s) have been appointed in terms of specified criteria of 'independence' and/or 'eligibility'	16(1)(b) & 25(6)	Yes
2	Board composition	17(1)	Yes
3	Meeting of Board of Directors	17(2)	Yes
4	Review of Compliance Reports	17(3)	Yes
5	Plans for orderly succession for appointments	17(4)	Yes
6	Code of Conduct	17(5)	Yes
7	Fees/compensation	17(6)	Yes
8	Minimum Information	17(7)	Yes
9	Compliance Certificate	17(8)	Yes
10	Risk Assessment & Management	17(9)	Yes
11	Performance Evaluation of Independent Directors	17(10)	Yes
12	Composition of Audit Committee	18(1)	Yes
13	Meeting of Audit Committee	18(2)	Yes
14	Composition of Nomination & Remuneration Committee	19(1) & (2)	Yes
15	Composition of Stakeholder Relationship Committee	20(1) & (2)	Yes
16	Composition and role of Risk Management Committee	21(1),(2), (3) & (4)	Yes
17	Vigil Mechanism	22	Yes
18	Policy for Related Party Transaction	23(1), (5), (6), (7) & (8)	Yes
19	Prior or Omnibus approval of Audit Committee for all related party transactions	23(2) & (3)	Yes
20	Approval for material related party transactions	23(4)	Yes
21	Composition of Board of Directors of unlisted material Subsidiary	24(1)	NA
22	Other Corporate Governance requirements with respect to subsidiary of listed entity	24(2), (3), (4), (5) & (6)	Yes
23	Maximum Directorship & Tenure	25(1) & (2)	Yes
24	Meeting of independent directors	25(3) & (4)	Yes
25	Familiarization of independent directors	25(7)	Yes
26	Memberships in Committees	26(1)	Yes
27	Affirmation with compliance to code of conduct from members of Board of Directors and Senior management personnel	26(3)	Yes
28	Disclosure of Shareholding by Non-Executive Directors	26(4)	Yes
29	Policy with respect to Obligations of directors and senior management	26(2) & (5)	Yes



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's equity shares are 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**

Shri K N Venkatasubramanian, Independent Director is the Chairman and Shri. K Raghavendra Rao is the Managing Director of the Company.

- **Reporting of Internal Auditor**

During the year, the Company's Internal Auditor have made presentations to the Audit Committee of the Board on various Departments / Areas audited by them.

- **Disclosure of Compliance on Requirements of para (2) to (10) of Schedule V, Part C of SEBI (LODR) Regulations, 2015**

The Company has complied with the mandatory requirements as specified in sub-para (2) to (10) of schedule V, Part C of SEBI (LODR) 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 SEBI (LODR) Regulations, 2015**

The Company has complied with the Corporate Governance requirements as specified in regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 of SEBI (LODR) Regulations, 2015.

15 CEO/CFO Certification

To
The Board of Directors
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, 2017 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 existing 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
Date : May 26, 2017

L Chandrasekar
Chief Financial Officer

K Raghavendra Rao
Managing Director

Code of Conduct Certification

In accordance with Regulation 26(3) of Listing Regulation, I hereby confirm that, all the Directors and the Senior Management personnel of the Company have affirmed compliance to their respective Codes of Conduct, as applicable to them for year ended March 31, 2017.

Place: Chennai
Date : May 26, 2017

K Raghavendra Rao
Managing Director



CERTIFICATE ON CORPORATE GOVERNANCE

TO

**THE MEMBERS OF
ORCHID PHARMA LIMITED
CIN: L24222TN1992PLC022994**

We have examined the compliance of conditions of Corporate Governance by M/s. Orchid Pharma Limited ("the Company") for the year ended 31st March, 2017 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, 2016 to 31st March, 2017.

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.

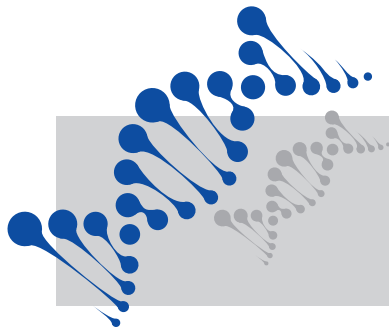
In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and Management, we certify that the Company has complied with the conditions of Corporate Governance as per relevant provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the period 1st April, 2016 to 31st March, 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
Membership No. F6665
CP No. 11084

Place: Chennai
Date: 26.05.2017



Annexure VI

Form No.MGT-9 - Extract of Annual Return

As on the financial year ended on 31st March, 2017

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies Management and Administration) Rules, 2014]

I. Registration And Other Details

I	CIN	L24222TN1992PLCO22994
II	Registration date	1 July, 1992
III	Name of the Company	Orchid Pharma Limited (Formerly known as Orchid Chemicals & Pharmaceuticals Limited)
IV	Category / Sub - category of the Company	Indian Non-Government Company
V	Address of the Registered office and contact details	'ORCHID TOWERS', 313, Valluvarkottam High Road, Nungambakkam, Chennai 600034, Tamil Nadu, India Ph no.+91-44-2821 1000, Fax No.+91-44-2821 1002 Email- corporate@orchidpharma.com
VI	Whether Listed Company	Yes
VII	Name, Address and Contact details of Registrar and Transfer Agent, if any	M/s.Integrated Registry Management Services Private Limited 2 nd floor, Kences towers, 1, Ramakrishna street, North Usman Road, T Nagar, Chennai- 600 017, Tamil Nadu Ph. +91-44-2814 0801, Fax : +91-44-28142479 E-mail : corperserv@integratedindia.in

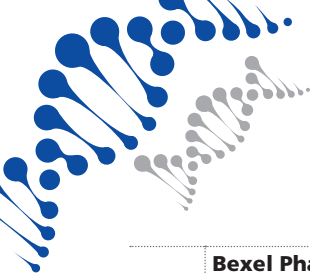
II. Principal Business Activities of the Company

All the business activities contributing 10% or more of the total turnover of the company are given below :

Sl. No	Name and description of main product / Services	NIC code of the product / service	% to total turnover of the Company
1	Manufacturing - Pharmaceuticals	C6	100

III. Particulars Of Holding, Subsidiary and Associate Companies

Sl no.	Name and address of the Company	CIN/ GNL	Holding / Subsidiary / Associates	% of shares held	Applicable Section
1	Orchid Europe Limited Building 3, Chiswick Park, 566, Chiswick High Road, Chiswick, London W4 5YA	NA	Subsidiary	100	2 (87)
2	Orchid Pharmaceuticals Inc 2711, Centreville Road, Suite 400 Wilmington de 19808 - 1645 USA	NA	Subsidiary	100	2 (87)
3	Orchid Pharmaceuticals SA (Proprietary Limited) Inc Jankara Building, 3 Greyling Street, Potchefstroom 2531, South Africa	NA	Subsidiary	100	2 (87)



4	Bexel Pharmaceuticals Inc 29552, Union City Blvd. Union City California 94587 USA	NA	Subsidiary	100	2 (87)
5	Diakron Pharmaceutical Inc 4570, Executive Drive Suite, 100 San Diego, California, USA	NA	Subsidiary	76.65	2 (87)

IV. Shareholding Pattern (Equity Share capital breakup as percentage of total equity)

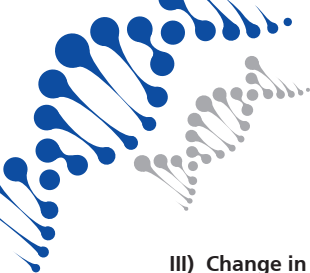
a) Category-wise shareholding

Sl. no	Categories of Share holders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% of Change during the year
		Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of total shares	
A.	Promoter									
1	Indian									
a	Individual/Hindu Undivided Family	13380222	-	13380222	15.04	3469322	-	3469322	3.90	(11.14)
b	Central Government /State Government	-	-	-	-	-	-	-	-	-
c	Bodies Corporate	16886160	3702450	20588610	23.14	15707125	3702450	19409575	21.82	(1.32)
d	Financial institutions/Banks	-	-	-	-	-	-	-	-	-
e	Any other (Specify)	-	-	-	-	-	-	-	-	-
	Sub-total (A)(1)	30266382	3702450	33968832	38.18	19176447	3702450	22878897	25.72	(12.46)
2	Foreign									
a	Individuals (Non-Resident Individuals / Foreign individuals)	-	-	-	-	-	-	-	-	-
b	Bodies corporate	-	-	-	-	-	-	-	-	-
c	Institutions	-	-	-	-	-	-	-	-	-
d	Qualified Foreign Investors (QFIs)	-	-	-	-	-	-	-	-	-
e	Any other (Specify)	-	-	-	-	-	-	-	-	-
	Sub-total (A)(2)	-	-	-	-	-	-	-	-	-
	Total Shareholding of Promoter and Promoter Group (A)=(A)(1) + (A)(2)	30266382	3702450	33968832	38.18	19176447	3702450	22878897	25.72	(12.46)
B.	Public Shareholding									
1	Institutions									
a	Mutual Funds / UTI	1000	4450	5450	0.01	400	4450	4850	0.01	0.00
b	Financial Institutions/Banks	245894	400	246294	0.28	447163	400	447563	0.50	0.22
c	Central Government /State Government	-	-	-	-	-	-	-	-	-
d	Venture Capital Funds	-	-	-	-	-	-	-	-	-
e	Insurance Companies	3134660	300	3134960	3.52	3134660	300	3134960	3.52	-
f	Foreign Institutional Investors	973863	1800	975663	1.10	-	1800	1800	0.00	(1.10)
g	Foreign venture capital investors	-	-	-	-	-	-	-	-	-
h	Foreign Portfolio Investor	152374	-	152374	0.17	974863	-	974863	1.10	0.93
i	Any other (Specify)									
	Limited Liability Partnership	6150	-	6150	0.01	7016	-	7016	0.01	-
	Sub-total (B)(1)	4513941	6950	4520891	5.08	4564102	6950	4571052	5.13	0.05

Sl. no	Categories of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% of Change during the year
		Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of total shares	
2	Non-Institutions									
a	Bodies corporate	14907025	1836	14908861	16.76	15590242	1836	15592078	17.53	0.77
b	Individuals									
	i) Individual shareholders holding nominal share capital upto ₹1 Lakh	27211578	285436	27497014	30.91	32228512	278166	32506678	36.54	5.63
	ii) Individual shareholders holding nominal share capital in excess of ₹1 Lakh	3923486	-	3923486	4.41	9102325	-	9102325	10.23	5.82
c	Any other									
	NRI (R)	756410	300	756710	0.85	866399	300	866699	0.97	0.12
	NRI (NR)	146395	150	146545	0.16	204460	150	204610	0.23	0.07
	Overseas Corporate Bodies	-	300	300	0.00	-	300	300	0.00	-
	Foreign companies	15000	-	15000	0.02	15000	-	15000	0.02	-
	Sub-total (B)(2)	46959894	288022	47247916	53.11	58006938	280752	58287690	65.52	12.41
	Total Public Shareholding (B)=(B)(1) + (B)(2)	51473835	294972	51768807	58.19	62571040	287702	62858742	70.65	12.46
	Total (A)+(B)	81740217	3997422	85737639	96.37	81747487	3990152	85737639	96.37	-
C.	Shares held by Custodians and against which Depository Receipts have been issued									
	1) Promoter group	-	-	-	-	-	-	-	-	-
	2) Public	3226688	-	3226688	3.63	3226688	-	3226688	3.63	-
	Sub-total (C)	3226688	-	3226688	3.63	3226688	-	3226688	3.63	-
	GRAND TOTAL (A)+(B)+(C)	84966905	3997422	88964327	100.00	84974175	3990152	88964327	100.00	-

b) Shareholding of Promoters / Promoter Group & PAC

Sl. no.	Promoters name	Shareholding at the beginning of the year 01.04.2016			Shareholding at the end of the Year 31.03.2017			% Change in shareholding during the year
		No. of shares	% of total shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of shares	% of total shares of the Company	% of Shares Pledged/ encumbered to total shares	
1	K RAGHAVENDRA RAO	6336173	7.12	4.88	1066173	1.20	1.20	(5.92)
2	R VIJAYALAKSHMI	3096155	3.48	3.48	2390755	2.69	2.69	(0.79)
3	ORCHID HEALTH CARE PRIVATE LTD	20588610	23.14	17.88	19409575	21.82	17.65	(1.32)
4	DIVYA R	2050499	2.30	2.30	499	0.00	-	(2.30)
5	SOWMYA R	1890000	2.12	1.85	-	-	-	(2.12)
6	BHUVANA MANI	6000	0.01	0.00	6000	0.01	-	-
7	KOTA SWARNALATHA	615	0.00	0.00	5115	0.01	-	0.01
8	RAJAGOPAL K	780	0.00	0.00	780	0.00	-	-
	Total	33968832	38.18	30.40	22878897	25.72	21.54	(12.46)



III) Change in Promoters / Promoter group Shareholdings (Please specify, if there is no change)

S. No	Promoters Name	Opening Balance (No. of Shares)	% of total shares of the company*	Date of Increase or decrease	Reasons for increase or decrease	No. of Shares	% of total shares of the company*	Cumulative Shareholding during the Financial Year 2016-17		Closing Balance as on 31.03.2017	
								No. of Shares	% of total shares of the company*	No. of Shares	% of total shares of the company*
1	K Raghavendra Rao	6336173	7.12	17.06.2016	Sale	15000	0.02	6321173	7.11	1066173	1.20
				21.06.2016	Sale	20000	0.02	6301173	7.08		
				22.06.2016	Sale	1910	0.00	6299263	7.08		
				24.06.2016	Sale	20000	0.02	6279263	7.06		
				29.06.2016	Sale	7500	0.01	6271763	7.05		
				30.06.2016	Sale	5000	0.01	6266763	7.04		
				1.07.2016	Sale	5000	0.01	6261763	7.04		
				19.07.2016	Sale	20000	0.02	6241763	7.02		
				20.07.2016	Sale	10000	0.01	6231763	7.00		
				21.07.2016	Sale	50000	0.06	6181763	6.95		
				22.07.2016	Sale	50000	0.06	6131763	6.89		
				18.08.2016	Sale	70100	0.08	6061663	6.81		
				19.08.2016	Sale	20000	0.02	6041663	6.79		
				22.08.2016	Sale	50000	0.06	5991663	6.73		
				23.08.2016	Sale	11082	0.01	5980581	6.72		
				24.08.2016	Sale	5000	0.01	5975581	6.72		
				24.08.2016	Sale	15000	0.02	5960581	6.70		
				01.09.2016	Sale	10000	0.01	5950581	6.69		
				07.09.2016	Sale	16240	0.02	5934341	6.67		
				08.09.2016	Sale	27000	0.03	5907341	6.64		
				09.09.2016	Sale	102500	0.12	5804841	6.52		
				14.09.2016	Sale	625000	0.70	5179841	5.82		
				15.09.2016	Sale	215040	0.24	4964801	5.58		
				16.09.2016	Sale	59500	0.07	4905301	5.51		
				20.09.2016	Sale	40000	0.04	4865301	5.47		
				21.09.2016	Sale	48356	0.05	4816945	5.41		
				27.09.2016	Sale	163655	0.18	4653290	5.23		
				30.09.2016	Sale	300000	0.34	4353290	4.89		
				3.10.2016	Sale	525000	0.59	3828290	4.30		
				4.10.2016	Sale	581117	0.65	3247173	3.65		
				14.10.2016	Sale	531000	0.60	2716173	3.05		
				19.10.2016	Sale	800000	0.90	1916173	2.15		
				25.10.2016	Sale	130000	0.15	1786173	2.01		
				30.01.2017	Sale	200000	0.22	1586173	1.78		
				06.02.2017	Invocation	200000	0.22	1386173	1.56		

S. No	Promoters Name	Opening Balance (No. of Shares)	% of total shares of the company*	Date of Increase or decrease	Reasons for increase or decrease	No. of Shares	% of total shares of the company*	Cumulative Shareholding during the Financial Year 2016-17		Closing Balance as on 31.03.2017	
								No. of Shares	% of total shares of the company*	No. of Shares	% of total shares of the company*
				13.02.2017	Invocation	200000	0.22	1186173	1.33		
				20.02.2017	Invocation	100000	0.11	1086173	1.22		
				29.03.2017	Invocation	20000	0.02	1066173	1.20		
2	R Vijayalakshmi	3096155	3.48	25.01.2017	Sale	100000	0.11	2996155	3.37	2390755	2.69
				23.02.2017	Invocation	150000	0.17	2846155	3.20		
				28.02.2017	Invocation	100000	0.11	2746155	3.09		
				02.03.2017	Invocation	100000	0.11	2646155	2.97		
				07.03.2017	Invocation	100000	0.11	2546155	2.86		
				16.03.2017	Invocation	100000	0.11	2446155	2.75		
				28.03.2017	Invocation	55400	0.06	2390755	2.69		
3	Orchid Health Care Private Ltd	20588610	23.14	4.10.2016	Sale	16345	0.02	20572265	23.12	19409575	21.82
				05.10.2016	Sale	962690	1.08	19609575	22.04		
				19.10.2016	Sale	200000	0.22	19409575	21.82		
4	Divya R	2050499	2.30	28.10.2016	Sale	2050000	2.30	499	0.00	499	0.00
5	Sowmya R	1890000	2.12	06.06.2016	Sale	35000	0.04	1855000	2.09	-	-
				07.06.2016	Sale	30000	0.03	1825000	2.05		
				08.06.2016	Sale	20000	0.02	1805000	2.03		
				09.06.2016	Sale	12000	0.013	1793000	2.02		
				10.06.2016	Sale	5000	0.01	1788000	2.01		
				13.06.2016	Sale	3000	0.00	1785000	2.01		
				14.06.2016	Sale	10000	0.01	1775000	2.00		
				15.06.2016	Sale	20000	0.02	1755000	1.97		
				16.06.2016	Sale	100000	0.11	1655000	1.86		
				20.06.2016	Sale	5000	0.01	1650000	1.85		
				28.10.2016	Sale	1100000	1.24	550000	0.62		
				28.10.2016	Sale	550000	0.62	-	-		
6	Bhuvana mani	6000	0.01	No change in shareholding during the financial year 2016-17						6000	0.01
7	Kota Swarnalatha	615	0.00	13.05.2016	Purchase	3000	0.00	3615	0.00	5115	0.01
				20.05.2016	Purchase	900	0.00	4515	0.01		
				10.06.2016	Sale	900	0.00	3615	0.00		
				29.07.2016	Purchase	700	0.00	4315	0.00		
				19.08.2016	Sale	100	0.00	4215	0.00		
				30.09.2016	Sale	1600	0.00	2615	0.00		
				07.10.2016	Purchase	1500	0.00	4115	0.00		
				11.11.2016	Purchase	6500	0.01	10615	0.01		
				18.11.2016	Sale	5500	0.01	5115	0.01		
8	Rajagopal K	780	0.00	No change in shareholding during the financial year 2016-17						780	0.00

* The Percentage is calculated based on the issued capital: 8,89,64,327 shares.



IV) Shareholding pattern of Top Ten Shareholders (Other than Directors , Promoters and Holders of GDRs and ADRs)

S. No	Top 10 Shareholders	Opening Balance (No. of Shares)	Date of Increase or decrease	Reasons for increase or decrease	No. of Shares	% of total shares of the company*	Cumulative Shareholding during the Financial Year 2016-17		Closing Balance as on 31.03.2017	
							No. of Shares	% of total shares of the company*	No. of Shares	% of total shares of the company*
1	Serum Institute of India Ltd	57,01,524	-	-	-	-	57,01,524	6.41	57,01,524	6.41
2	Life Insurance Corporation of India	23,08,053	-	-	-	-	23,08,053	2.59	23,08,053	2.59
3	Adurjee & Bros Private Ltd	17,56,750	17.03.2017	Sale	50000	0.06	17,06,750	1.92		
			24.03.2017	Purchase	50000	0.06	17,56,750	1.97	17,56,750	1.97
4	Fortune Intercontinental Private Ltd	12,83,311	03.03.2017	Sale	35000	0.04	12,48,311	1.40		
			10.03.2017	Purchase	165000	0.19	14,13,311	1.59	14,13,311	1.59
5	Cobra India (Mauritius) Ltd	9,53,263	-	-	-	-	9,53,263	1.07	9,53,263	1.07
6	Dr. Cyrus S. Poonawalla	7,20,000	-	-	-	-	7,20,000	0.81	7,20,000	0.81
7	Chhaganbhai Parsottambhai Patel HUF	60,557	24.06.2016	Purchase	3000	0.00	63,557	0.07		
			30.06.2016	Purchase	20000	0.02	83,557	0.09		
			16.09.2016	Purchase	30000	0.03	1,13,557	0.13		
			18.11.2016	Purchase	89546	0.10	2,03,103	0.23		
			25.11.2016	Purchase	110454	0.12	3,13,557	0.35		
			02.12.2016	Purchase	40811	0.05	3,54,368	0.40		
			09.12.2016	Purchase	63189	0.07	4,17,557	0.47	4,17,557	0.47
8	General Insurance Corporation of India	3,99,006	-	-	-	-	3,99,006	0.45	3,99,006	0.45
9	Chakan investment private ltd	5,05,759	03.03.2017	Sale	160000	0.18	3,45,759	0.39		
			10.03.2017	Purchase	40000	0.04	3,85,759	0.43		
			31.03.2017	Sale	25000	0.03	3,60,759	0.41	3,60,759	0.41
10	The Oriental Insurance Company limited	3,27,601	-	-	-	-	3,27,601	0.37	3,27,601	0.37

* The Percentage is calculated based on the issued capital: 8,89,64,327 shares

e) Shareholding of Directors and Key Managerial Personnel (KMP)

S. No	Name of the Director / KMP	Opening Balance (No. of Shares)	Date of Increase or decrease	Reasons for increase or decrease	No. of Shares	% of total shares of the company*	Cumulative Shareholding during the Financial Year 2016-17		Closing balance as on 31.03.2017	
							No. of Shares	% of total shares of the company*	No. of Shares	% of total shares of the company*
1	Shri K Raghavendra Rao	6336173	17.06.2016	Sale	15000	0.02	6321173	7.11	1066173	1.20
			21.06.2016	Sale	20000	0.02	6301173	7.08		
			22.06.2016	Sale	1910	0.00	6299263	7.08		
			24.06.2016	Sale	20000	0.02	6279263	7.06		
			29.06.2016	Sale	7500	0.01	6271763	7.05		
			30.06.2016	Sale	5000	0.01	6266763	7.04		
			1.07.2016	Sale	5000	0.01	6261763	7.04		
			19.07.2016	Sale	20000	0.02	6241763	7.02		
			20.07.2016	Sale	10000	0.01	6231763	7.00		
			21.07.2016	Sale	50000	0.06	6181763	6.95		
			22.07.2016	Sale	50000	0.06	6131763	6.89		
			18.08.2016	Sale	70100	0.08	6061663	6.81		
			19.08.2016	Sale	20000	0.02	6041663	6.79		
			22.08.2016	Sale	50000	0.06	5991663	6.73		
			23.08.2016	Sale	11082	0.01	5980581	6.72		
			24.08.2016	Sale	5000	0.01	5975581	6.72		
			24.08.2016	Sale	15000	0.02	5960581	6.70		
			01.09.2016	Sale	10000	0.01	5950581	6.69		
			07.09.2016	Sale	16240	0.02	5934341	6.67		
			08.09.2016	Sale	27000	0.03	5907341	6.64		
			09.09.2016	Sale	102500	0.12	5804841	6.52		
			14.09.2016	Sale	625000	0.70	5179841	5.82		
			15.09.2016	Sale	215040	0.24	4964801	5.58		
			16.09.2016	Sale	59500	0.07	4905301	5.51		
			20.09.2016	Sale	40000	0.04	4865301	5.47		
			21.09.2016	Sale	48356	0.05	4816945	5.41		
			27.09.2016	Sale	163655	0.18	4653290	5.23		
			30.09.2016	Sale	300000	0.34	4353290	4.89		
			3.10.2016	Sale	525000	0.59	3828290	4.30		
			4.10.2016	Sale	581117	0.65	3247173	3.65		
			14.10.2016	Sale	531000	0.60	2716173	3.05		
			19.10.2016	Sale	800000	0.90	1916173	2.15		
			25.10.2016	Sale	130000	0.15	1786173	2.01		
			30.01.2017	Sale	200000	0.22	1586173	1.78		



e) Shareholding of Directors and Key Managerial Personnel (KMP)

S. No	Name of the Director / KMP	Opening Balance (No. of Shares)	Date of Increase or decrease	Reasons for increase or decrease	No. of Shares	% of total shares of the company*	Cumulative Shareholding during the Financial Year 2016-17		Closing Balance Balce as on 31.03.2017	
							No. of Shares	% of total shares of the company*	No. of Shares	% of total shares of the company*
	Shri K Raghavendra Rao		6.02.2017	Invocation	200000	0.22	1386173	1.56		
			13.02.2017	Invocation	200000	0.22	1186173	1.33		
			20.02.2017	Invocation	100000	0.11	1086173	1.22		
			29.03.2017	Invocation	20000	0.02	1066173	1.20		
2.	Shri K N Venkatasubramanian - Chairman & Independent Director	1000	29.04.2016	Purchase	2000	0.00	3000	0.00	3000	0.00
3.	Shri S Krishnan Non Executive Director (Resigned with effect from May 31,2016)	2000	-	-	-	-	2000	0.00	2000	0.00
4.	Shri R Kannan - Independent Director	-	-	-	-	-	-	-	-	-
5.	Smt. Soundara Kumar - Nominee Director, SBI	-	-	-	-	-	-	-	-	-
6.	Shri Rabinarayan Panda - Nominee Director, IDBI Bank Ltd	-	-	-	-	-	-	-	-	-
7.	Shri L Chandrasekar - Company Secretary & CFO	14564	-	-	-	-	14564	0.02	14564	0.02

*The percentage is calculated based on the issued capital :8,89,64,327 shares

5. Indebtedness

Indebtedness of the Company including interest outstanding /accrued but not due for payment

(₹ in Crores)

Particulars	Secured loans excluding deposits	Unsecured loans	Deposits	Total indebtedness
Indebtedness at the beginning of the financial year				
i) Principal amount	3,070.60	138.87	-	3,209.47
ii) Interest due but not paid	54.21	-	-	54.21
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	3,124.81	138.87	-	3,263.68
Change in indebtedness during the financial year				
Addition	-	-	-	-
(Reduction)	(19.98)	(40.95)	-	(60.93)
Net change	(19.98)	(40.95)	-	(60.93)
Indebtedness at the end of the financial year				
i) Principal amount	2,993.83	97.92	-	3,091.75
ii) Interest due but not paid	111	-	-	111
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	3,104.83	97.92	-	3,202.74

VI) Remuneration of Directors and Key Managerial Personnel

a) Remuneration to Managing Director / Whole Time Director/ Manager

₹ in Lakhs

Sl. No.	Particulars of remuneration	Shri K Raghavendra Rao Managing Director	Total amount
Gross salary			
1	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	60.00	60.00
	(b) Value of perquisites under Section 17(2) of the Income Tax Act, 1961	10.00	10.00
	(c) Profits in lieu of salary under Section 17 (3) of the Income Tax Act, 1961	-	-
2	Stock options	-	-
3	Sweat equity	-	-
4	Commission as % of profit	-	-
5	Others, Please Specify	-	-
	Employer contribution to Provident Fund and Super Annuation fund	6.33	6.33
	Other benefits	1.13	1.13
	Total (A)	77.46	77.46
6	Ceiling as per the Act	Since the Company does not have profits for the financial year 2016-17, the ceiling limit as per Section II of part II of the Schedule V of the Companies Act, 2013 and as approved by shareholders as Special resolution in the 22 nd Annual General Meeting held on September 15, 2015 would be ₹1,20,00,000 (Rupees One Crore and Twenty Lakhs Only)	

b) Remuneration to other Directors

1. Independent Directors

₹ in Lakhs

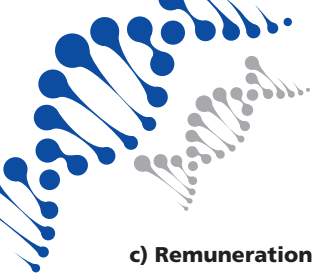
Sl. No.	Particulars of remuneration	Name of Directors		
		Shri K N Venkatasubramanian	Shri R Kannan	Total amount
1	Sitting fee for attending Board and Committee meetings	3.40	2.80	6.20
2	Commission	-	-	-
3	Others , Please specify	-	-	-
	Total B(1)	3.40	2.80	6.20

2. Other Non Executive Directors

₹ in Lakhs

Sl. No.	Particulars of remuneration	Name of Directors			
		Shri S Krishnan*	Shri Rabinarayan Panda	Smt Soundara Kumar	Total amount
1	Sitting fee for attending Board and Committee meetings	0.80	2.60	1.40	4.80
2	Commission	-	-	-	-
3	Others , Please specify	-	-	-	-
	Total B(2)	0.80	2.60	1.40	4.80
		Total B= B(1)+ B(2)			11.00

*Shri S Krishnan resigned with effect from May 31, 2016



c) Remuneration to Key Managerial Personnel (KMP) other than Managing Director / Manager/ Whole Time Director

₹ in Lakhs

Sl. No.	Particulars of remuneration	Shri L Chandrasekar Company Secretary & CFO	Total
Gross salary			
1	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	42.39	42.39
	(b) Value of perquisites under Section 17(2) of the Income Tax Act, 1961	-	-
	(c) Profits in lieu of salary under Section 17 (3) of the Income Tax Act, 1961	-	-
2	Stock options	-	-
3	Sweat equity	-	-
4	Commission as % of profit	-	-
5	Others , Please Specify	-	-
6	Employer contribution to Provident Fund and Super Annuation fund	3.24	3.24
	Total (C)	45.63	45.63

VII. Penalties / Punishment / Compounding of Offences:

Type	Section of the Companies Act	Brief description	Details of penalty/Late fees/ punishment/Compounding fees imposed	Authority (RD/NCLT/ Court)	Appeal made, if any (Give details)
A. Company					
Penalty / Late fees	NA	Late fees for delay in submission of Shareholding Pattern to Stock Exchanges for the quarter ended Dec 31, 2015	₹ 8,68,619/-	NSE	The Company has paid late fees of ₹15000/- (₹1000 per day of Delay upto first 15 days) and made an application to NSE to waive the additional fees imposed on the paid up capital of the Company
			₹17,175/-	BSE	NA
Punishment			NIL		
Compounding	NA	Non compliance of Regulation 78(6) of SEBI (ICDR) Regulations, 2009	NIL	SEBI	The company has made a settlement application with SEBI
B. Director					
Penalty					
Punishment					
Compounding					
C. Other Officer in default					
Penalty					
Punishment					
Compounding					

For and on behalf of the Board

Place: Chennai
Date: May 26, 2017

K N Venkatasubramanian
Chairman

Annexure VII

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.

Ratio of remuneration of Managing Director, Shri. K Raghavendra Rao to the median remuneration of the employees of the company for the financial year 2016-17 is 15.38 times.

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

The details pertaining to the percentage 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 2017 as compared to 2016
Shri K Raghavendra Rao - Managing Director	There was no increase in the remuneration of the Managing Director, and there was an increase of 4% in the remuneration of CFO and CS during the Financial Year 2016-17
Shri L Chandrasekar - CFO & Company Secretary	

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

There has been an increase of 16.07% in the median remuneration of employees during the FY 2016-17

d) Number of permanent employees on the rolls of Company (as of 31st March, 2017): 1574

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.

The average percentile increase made in the salaries of employees other than the managerial personnel in the last financial year 2016-17 was 2.40%.

The percentage increase in the remuneration of Key Managerial Personnel during the FY 2016-17 was:

Shri K Raghavendra Rao- Managing Director- NIL

Shri L Chandrasekar – Chief Financial Officer and Company Secretary – 4 %

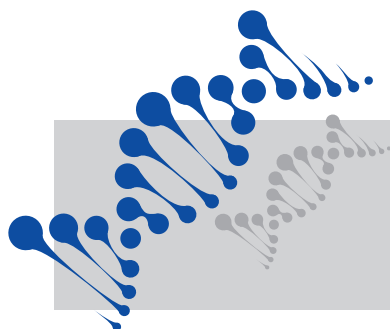
f) Affirmation that the remuneration is as per the Remuneration policy of the Company

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

For and on behalf of the Board

Place: Chennai
Date: May 26, 2017

K N Venkatasubramanian
Chairman



Annexure VIII FORM NO. MR-3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED MARCH 31, 2017

[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, 2017, 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, 2017 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 there under 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;
- d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guide lines, 1999; Not applicable as the Company has not issued any shares/options to directors/employees under the said guide lines / 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 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 and 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, etc. mentioned above except delay in filing / non filing of returns with relevant authorities in certain occasions.

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 Board of Directors of the Company is constituted as applicable with proper balance of Executive Directors, Non-Executive Directors and Independent Directors and the changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

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, the company is under corporate debt restructuring programme.

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, which the management of the company informed is being taken care off at their end.

We further report that, the company has made a settlement application in May 2016 to Securities and Exchange Board of India, Mumbai relating to violation of Regulation 78 (6) of the SEBI (ICDR) Regulations, 2009 due to sale of pledged shares by lenders.

We further report that during the audit period the Company has sought the approval of its members for following major events:

- Ratification of remuneration of Cost Auditor

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.

Place: Chennai
Date : 26.05.2017

For S Dhanapal & Associates

S.Dhanapal
(Partner)
FCS 6881
CP No. 7028

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 it 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

Place: Chennai
Date : 26.05.2017

S.Dhanapal
(Partner)
FCS 6881
CP No. 7028

Annexure - IX
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 ventures

Part "A": Subsidiaries

S. No.	Name of the subsidiary	Orchid Europe Ltd, UK	Orchid Pharmaceuticals Inc and Subsidiaries, USA	Bexel Pharmaceuticals Inc USA	Orchid Pharmaceuticals SA (Proprietary) Limited, South Africa	Diakron Pharmaceuticals Inc, USA
1	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Apr 16 - Mar 17	Apr 16 - Mar 17	Apr 16- Mar 17	Mar 16 - Feb 17	Apr 16 - Mar 17
2	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	GBP, £81.79	US, \$;65.30	US, \$;65.30	South African Rand, 4.98	US, \$;65.30
3	Share capital	£ 10,000	₹ In Lakhs 8.18	\$ 100.00	₹ In Lakhs 0.07	\$ 23.44
4	Reserves & surplus	2,39,675.32	196.03	(64,97,497.00)	(4,242.87)	(3,460.00)
5	Total assets	4,85,442.34	397.04	60,47,334.93	3,948.91	251.40
6	Total Liabilities	4,85,442.34	397.04	60,47,334.93	3,948.91	251.40
7	Investments	-	-	-	-	-
8	Turnover	85,791.57	70.17	1,24,38,305.00	8,122.21	-
9	Profit before taxation	(1,23,926.44)	(101.36)	1,78,743.00	116.72	-
10	Provision for taxation	-	-	-	-	-
11	Profit after taxation	(1,23,926.44)	(101.36)	1,78,743.00	116.72	-
12	Proposed Dividend	-	-	-	-	-
13	% of shareholding	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 £ = ₹81.79, 1 South African Rand = ₹ 4.98 and 1 US \$ = ₹65.30 and do not form part of the reports of Orchid Europe Limited , Orchid Pharmaceuticals Inc., Bexel Pharmaceuticals Inc., Orchid Pharmaceuticals SA (Proprietary) Limited and Diakron Pharmaceuticals Inc.



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	<p>Not Applicable</p> <p>The Company did not have any investments in Associates or Jointventures as at March 31,2017</p>
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	
4. Reason why the associate/joint venture is not consolidated	
5. Networth attributable to Shareholding as per latest audited Balance Sheet	
6. Profit / Loss for the year	
i. Considered in Consolidation	
ii. Not Considered in Consolidation	

1. Names of Associates or Joint ventures which are yet to commence operations-NIL

2. Names of Associates or Joint ventures which have been liquidated / sold / redemption of shares during the year-
Allegra Therapeutics GmbH

Your Company was holding 16,094 fully paid equity shares of Euro 1 each in Allegra Therapeutics GmbH. Subsequent to the implementation of CDR scheme, Allegra has, within the meaning of the redemption clause contained in the Articles of Association, redeemed the shares held by your Company.

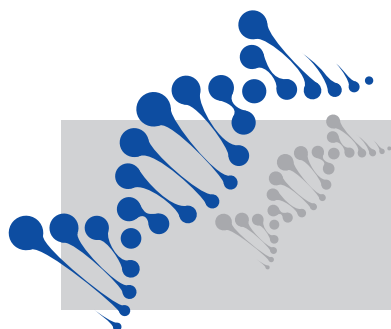
On behalf of the Board

K.N. Venkatasubramanian
Chairman

K. Raghavendra Rao
Managing Director

Place : Chennai
Date : May 26, 2017

L. Chandrasekar
EVP - Finance & Secretary



Annexure X

Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Companies Act, 2013 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 arms 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 - Subsidiary
2. Orchid Europe Ltd., UK - Subsidiary

b) Nature of contracts/arrangements/transactions

Details of transaction with the above related parties are provided in Note No. 32 to the accounts of financial year 2016-17.

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

As the value of transactions with the above related parties are less than 10% of the total income for the financial year 2016-17, the details of such contracts / arrangements have not been furnished.

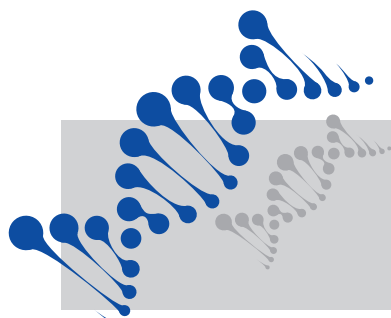
d) Amounts paid as advances, if any

Details of transaction with the above related parties are provided in Note No. 32 to the accounts of financial year 2016-17.

On behalf of the Board

Place : Chennai
Date : May 26, 2017

K N Venkatasubramanian
Chairman

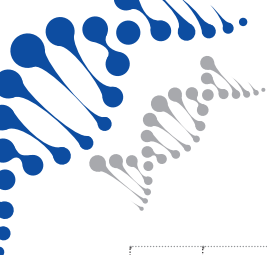


Annexure XI

Statement on Impact of Audit Qualifications Submitted for the Financial Year ended March 31, 2017 – Standalone Basis [Pursuant to Regulation 33 & 52 of the SEBI (LODR) (Amendment) Regulations, 2016]

I	Sl.No	Particulars	Audited figures (as reported before adjusting for qualifications) (₹ In Lakhs)	Audited figures (audited figures after adjusting for qualifications) (₹ In Lakhs) *
	1	Turnover / Total Income (including other income)	78108.44	78108.44
	2	Total Expenditure (Including finance cost, exceptional and extra-ordinary items)	131275.87	131275.87
	3	Net Profit / (Loss)	(48363.11)	(48363.11)
	4	Earnings per Share (In Rs.)	(54.36)	(54.36)
	5	Total Assets	347395.32	347395.32
	6	Total Liabilities	373778.63	373778.63
	7	Net worth	(26383.31)	(26383.31)
	8	Any Other Financial item(s) (as felt appropriate by the management)	-	-
II		Audit Qualification		
	II(1) (a)	Details of Audit Qualification:	The Company has given advances amounting to ₹ 726 crores to various parties and are outstanding as on March 31, 2017. The Company has not received any materials/ capital goods against these advances. As per information and explanation given, the Company is not able to take delivery of materials due to financial constraints. We are not able to express any opinion on the recoverability of these amounts.	
	(b)	Type of Audit Qualification :	Qualified opinion	
	(c)	Frequency of Qualification :	Repetitive from period 18 months ended 30th September 2013	
	(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:		

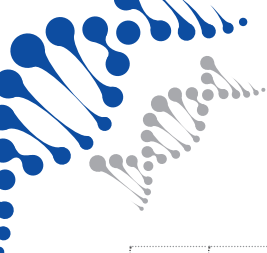
	(i)	Management's estimation on the impact of audit qualification:	NIL The Company is currently under the Corporate Debt Restructuring (CDR) scheme. The Corporate Debt Restructuring scheme has been implemented in July 2014. Due to financial constraints, the Company was not able to take delivery of materials /capital goods and the company is confident that it would be able to take delivery of these materials/capital goods in due course, based on its performance.
	(ii)	If management is unable to estimate the impact, reason for the same	N.A
	(iii)	Auditor's Comment on (i) or (ii) above:	We are not able to express any opinion on the recoverability of these amounts in the absence of full information
	II(2)(a)	Details of Audit Qualification:	The Company has investments of ₹ 28.25 Crores in a subsidiary carrying on research and development activities. The subsidiary has not been spending any money on the research during the current period as no financial support is given by the parent Company and the parent Company has not allocated any funds for the future development. No information is also available with the company regarding the value of molecules available with the subsidiary. In view of the above, it is necessary to impair the value of this investment.
	(b)	Type of Audit Qualification :	Qualified opinion
	(c)	Frequency of Qualification :	Repetitive from period 18 months ended 30th September 2013
	(d)	For Audit Qualification(s) where the impact is quantified by the auditor, Management Views:	As far as the diminution in value of investments is concerned, the Management is confident that the value of intellectual property of molecules held by the foreign subsidiary will be more than the investment.
	(e)	For Audit Qualification(s) where the impact is not quantified by the auditor:	N.A
	II(3)(a)	Details of Audit Qualification:	The Company has an exposure of ₹27.35 crores towards receivables from one of its marketing subsidiary whose net worth is negative. Provision has not been made for same.
	(b)	Type of Audit Qualification :	Qualified opinion
	(c)	Frequency of Qualification :	Repetitive from period 18 months ended March 31,2015
	(d)	For Audit Qualification(s) where the impact is quantified by the auditor, Management Views:	In respect of dues from the marketing subsidiary, the Company is exporting and selling profitable products through its marketing subsidiary and the profit generated by the marketing subsidiary from the operations will be available for settlement of past dues.
	(e)	For Audit Qualification(s) where the impact is not quantified by the auditor:	N.A



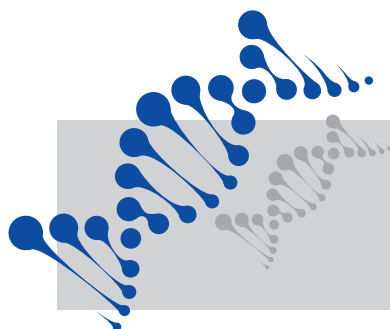
	II(4)(a)	Details of Audit Qualification:	The Company has not received confirmation of balance from banks for loans amounting to ₹290.89 crores
	(b)	Type of Audit Qualification :	Qualified opinion
	(c)	Frequency of Qualification :	Repetitive from period 18 months ended March 31,2015
	(d)	For Audit Qualification(s) 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:	In view of the delay in payment of interest and principal, few banks have not provided balance confirmation. However the interest on the outstanding with such banks has been provided at the applicable rates.
	(ii)	If management is unable to estimate the impact, reason for the same	N.A.
	iii)	Auditor's Comment on (i) or (ii) above:	N.A
III	Signatories		
	CEO/ Managing Director		
	CFO		
	Audit Committee Chairman		
	Statutory Auditor		
	Place: Chennai		
	Date: 26/05/2017		

Statement on Impact of Audit Qualifications Submitted for the Financial Year ended March 31, 2017 – Consolidated Basis [Pursuant to Regulation 33 & 52 of the SEBI (LODR) (Amendment) Regulations, 2016]

I	Sl.No	Particulars	Audited figures (as reported before adjusting for qualifications) (₹ In Lakhs)	Audited figures (audited figures after adjusting for qualifications) (₹ In Lakhs)*
	1	Turnover / Total Income (including other income)	82223.63	82223.63
	2	Total Expenditure (Including finance cost, exceptional and extra-ordinary items)	136077.09	136077.09
	3	Net Profit / (Loss)	(49049.14)	(49049.14)
	4	Earnings per Share (In Rs.)	(55.13)	(55.13)
	5	Total Assets	337119.66	337119.66
	6	Total Liabilities	375886.26	375886.26
	7	Net worth	(38766.60)	(38766.60)
	8	Any Other Financial item(s) (as felt appropriate by the management)		
II	II(1)(a)	Details of Audit Qualification:	The Company has given advances amounting to ₹726 crores to various parties and are outstanding as on March 31, 2017. The Company has not received any materials/ capital goods against these advances. As per information and explanation given, the Company is not able to take delivery of materials due to financial constraints. We are not able to express any opinion on the recoverability of these amounts	
	(b)	Type of Audit Qualification :	Qualified opinion	
	(c)	Frequency of Qualification :	Repetitive from period 18 months ended 30th September 2013	
	(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:	<p>Nil</p> <p>The Company is currently under the Corporate Debt Restructuring (CDR) scheme. The Corporate Debt Restructuring scheme has been implemented in July 2014. Due to financial constraints, the Company was not able to take delivery of materials /capital goods and the company is confident that it would be able to take delivery of these materials/capital goods in due course, based on its performance.</p>	



	(ii)	If management is unable to estimate the impact, reason for the same	N.A.
	(iii)	Auditor's Comment on (i) or (ii) above:	We are not able to express any opinion on the recoverability of these amounts in the absence of full information
	II(2)(a)	Details of Audit Qualification:	The Company has not received confirmation of balance from banks for loans amounting to ₹290.89 crores
	(b)	Type of Audit Qualification :	Qualified opinion
	(c)	Frequency of Qualification :	Repetitive from period 18 months ended March 31,2015
	(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:	In view of the delay in payment of interest and principal, few banks have not provided balance confirmation. However the interest on the outstanding with such banks has been provided at the applicable rates.
	(ii)	If management is unable to estimate the impact, reason for the same	N.A.
	iii)	Auditor's Comment on (i) or (ii) above:	N.A
III	Signatories		
	CEO/ Managing Director		
	CFO		
	Audit Committee Chairman		
	Statutory Auditor		
	Place: Chennai		
	Date: 26/05/2017		
	* Without considering impact of qualification referred to II(1)(a) and II(2)(a)		



Independent Auditor's Report

To the Members of

M/s.Orchid Pharma Limited

Report on the Standalone Financial Statements

1. We have audited the accompanying standalone financial statements of Orchid Pharma Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies(Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Basis of qualified opinion

- I. The Company has given advances amounting to ₹726 crores to various parties and are outstanding as on March 31, 2017. The Company has not received any materials / capital goods against these advances. As per information and explanation given, the Company is not able to take delivery of materials due to financial constraints. We are not able to express any opinion on the recoverability of these amounts.
- II. The Company has investments of ₹28.25 Crores in one of its subsidiary carrying on research and development activities. The subsidiary has not been spending any money on the research during the current period as no financial support is given by the parent Company and the parent Company has not allocated any funds for the future development. No information is also available with the company regarding the value of molecules available with the company. In view of the above, it is necessary to impair the value of this investment.
- III. The Company has an exposure of ₹27.35 crores towards receivable from one of its marketing subsidiary whose net worth is negative. Provision has not been made for same
- IV. The Company has not received confirmation of balance from banks for loans amounting to ₹290.89 crores

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us except for the effects of the matter described in the Basis of Qualified



Opinion paragraph, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2017, and its Loss and its cash flows for the year ended on that date.

Emphasis of Matter

As on March 31, 2017, the Company has negative net worth of ₹26383.31 lakhs and the Current Liabilities exceeds Current Assets by ₹56661.08 Lakhs. The Company has been continuously incurring cash losses. Plants have been operating in much lower capacities. The Company's ability to continue as going concern depends upon the satisfactory resolution of the above said uncertainties. However, the Company has continued to prepare accounts on going concern basis. We were informed that the management is in the process of comprehensively restructuring its business operations/ finances including identification of strategic investor to overcome the above uncertainties.

Our opinion is not modified in respect of this matter

Report on Other Legal and Regulatory Requirements

9. 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 Act, we give in Annexure "A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
10. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) Except for the effects of the matter described in the Basis for Qualified Opinion Paragraph, in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

- (e) In respect of matter having adverse effect on functioning of Company refer Basis of Qualified Opinion
- (f) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act;
- (g) 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 "AnnexureB", and
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 28 to the financial statements;
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
 - iv. The Company has provided requisite disclosures in the standalone financial statements as to holding as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to December, 2016, on the basis of information available with the Company. Based on audit procedures, and relying on management's representation, we report that disclosures are in accordance with the books of accounts maintained by the Company and as produced to us by the Management - Refer Note 43 to the standalone financial statements;

For SNB ASSOCIATES
Chartered Accountants
Firm Registration No: 015682N

P. Bharath Kumar
Partner
Membership No.222579

Place: Chennai
Date: May 26, 2017

Annexure “A” to Auditor’s Report

Referred to in paragraph 9 of our report of even date

- i). a) The company has maintained proper records, showing full particulars including quantitative details and situation of fixed assets.
- b) Fixed assets have been physically verified by the Management during the year based on a phased programme of verifying all the assets over three years, which in our opinion is reasonable having regard to the size of the company and the nature of its Fixed Assets. The discrepancies noticed on such verification were not material and have been properly dealt with in the books of account.
- c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company
- ii) The Management has conducted physical verification of inventory at reasonable intervals and no material discrepancies were noticed on physical verification.
- iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered by clause (76) of Section 2 of the Companies Act, 2013. Accordingly, sub-clauses (a), (b) and (c) of clause (iii) of paragraph 3 of the Order are not applicable.
- iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made. The Company has not provided any guarantees / security.
- v) The Company has not accepted any deposits from the public.
- vi) We have reviewed the cost records maintained by the Company as prescribed by the Central Government under Section 148(1) of the Companies Act, 2013 and are of the opinion that prima facie the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- vii) a. According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not been regular in depositing undisputed statutory dues including Provident Fund,

Employees’ State Insurance, Income Tax, Sales Tax, Service tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and other statutory dues during the year with the appropriate authorities. There has been continuous delay in payment of the dues.

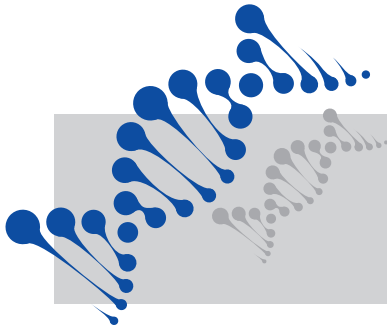
- b. As at the Balance Sheet date, the following are the details of disputed Income Tax, Excise Duty, Customs Duty, Service tax, Sales Tax and Cess that have not been deposited with the concerned authorities;

Nature of Dues	Amount (₹ in Lakhs)	Forum where dispute is pending
Excise Duty		
For the year financial year 2005-06 to 2014-15	334.50	CESTAT
For the financial year 2007-08 to 2015-16	19.37	Commissioner (Appeals)
For the financial year 2010-11 to 2012-13	0.50	Deputy Commissioner
Service Tax		
For the year financial year 2005-06 to 2010-11	77.50	CESTAT
For the year financial year 2007-08 to 2011-12	7.76	Commissioner (Appeals)
Sales tax		
For the year 2008-09 – 2012-13	498.89	Appellate Deputy Commissioner of Commercial taxes, Chennai

- viii) According to the information and explanations given to us, the company has defaulted in certain repayments of Principal amount to banks and Financial Institution as per details given in Annex to Audit report.
- ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.



- x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
 - xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration during the financial year in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act 2013.
 - xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
 - xiii) 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 sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
 - xiv) 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 preferential allotment of shares to parties covered in the register maintained under Section 42 of the Companies Act, 2013
 - xv) Based on the representation received by the Company and declaration given by the Directors, the Company has not entered into non-cash transactions with directors or persons connected with them
 - xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.
- For SNB ASSOCIATES**
Chartered Accountants
Firm Registration No: 015682N
- P. Bharath Kumar**
Partner
Membership No.222579
- Place: Chennai
Date: May 26, 2017



Annexure “B” to Auditor’s Report

Referred to in paragraph 9 of our report of even date

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

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

1. We have audited the internal financial controls over financial reporting of Orchid Pharma Limited (“the Company”) as of 31 March 2017 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

2. The Company’s management is 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 (‘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, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors’ Responsibility

3. Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting 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”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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.

4. 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

6. 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 (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company;



and (3) 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.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, 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 SNB ASSOCIATES

Chartered Accountants

Firm Registration No: 015682N

P. Bharath Kumar

Partner

Membership No.222579

Place: Chennai

Date: May 26, 2017

Bank Name	Amount (₹ In lakhs)	Period of Default (in days)
Allahabad Bank	286.98	91
Allahabad Bank	286.98	1
Andhra Bank	333.16	91
Andhra Bank	333.16	1
Axis Bank Limited - ECB	660.4	275
Axis Bank Limited - ECB	568.18	183
Axis Bank Limited - ECB	731.1	91
Axis Bank Limited - ECB	731.1	1
Bank of Baroda	14.37	275
Bank of Baroda	14.37	183
Bank of Baroda	14.37	91
Bank of Baroda	14.37	1
Bank of India	238.62	1
Canara Bank	74.54	275
Canara Bank	74.54	183
Canara Bank	74.54	91
Canara Bank	74.54	1
City Union Bank	45.7	275
City Union Bank	45.7	183
City Union Bank	45.7	91
City Union Bank	45.7	1
Deutsche Bank	13.25	641
Deutsche Bank	13.25	549
Deutsche Bank	13.25	457
Deutsche Bank	13.25	366
Deutsche Bank	39.75	275
Deutsche Bank	39.75	183
Deutsche Bank	39.75	91
Deutsche Bank	39.75	1

Bank Name	Amount (₹ In lakhs)	Period of Default (in days)
Edelweiss - (Central Bank)	42.85	275
Edelweiss - (Central Bank)	42.85	183
Edelweiss - (Central Bank)	42.85	91
Edelweiss - (Central Bank)	42.85	1
Edelweiss - (Federal)	103.16	275
Edelweiss - (Federal)	103.16	183
Edelweiss - (Federal)	103.16	91
Edelweiss - (Federal)	103.16	1
EXIM Bank	64.49	275
EXIM Bank	64.49	183
EXIM Bank	64.49	91
EXIM Bank	64.49	1
ICICI Bank	13.35	1
IDBI Bank	197.04	1
IFCI Limited	173.91	275
IFCI Limited	173.91	183
IFCI Limited	173.91	91
IFCI Limited	173.91	1
Indian Bank	48.36	1
Indian Overseas Bank	90.48	1
Punjab National Bank	262.43	91
Punjab National Bank	262.43	1
State Bank of Hyderabad	149.76	1
State Bank of India	347.88	1
State Bank of Mysore	46.68	1
State Bank of Travancore	22.79	1
Union Bank of India	287.08	1
State Bank of India-ECB	352.62	1



Balance Sheet As At March 31, 2017

₹ in Lakhs

PARTICULARS	Note	As at 31.03.2017	As at 31.03.2016
I EQUITY AND LIABILITIES			
1 SHAREHOLDERS' FUNDS			
a Share capital	4	8,896.43	8,896.43
b Reserves and Surplus	5	(35,279.74)	8,217.04
		(26,383.31)	17,113.47
2 NON- CURRENT LIABILITIES			
a Long term borrowings	6	2,15,677.97	2,37,753.66
b Deferred tax liabilities (Net)	33	4,609.91	9,414.23
c Long term provisions	7	206.67	373.09
		2,20,494.55	2,47,540.98
3 Current liabilities			
a Short term borrowings	8	59,952.38	63,362.38
b Trade payables - MSME	9	83.51	82.61
- Others		40,284.45	35,226.19
c Other current liabilities	10	47,600.21	28,505.36
d Short term provisions	11	4,043.57	4,421.59
		1,51,964.12	1,31,598.13
TOTAL		3,46,075.36	3,96,252.58
II ASSETS			
1 Non current assets			
a Fixed Assets	12		
Tangible assets		1,37,601.22	1,51,248.08
Intangible assets		2,569.40	2,788.17
Capital work in progress		27,399.86	26,539.12
Intangible assets under development		1,431.00	1,500.93
b Non current investments	13	12,466.09	12,464.72
c Long term loans and advances	14	55,955.83	56,598.08
d Other non -current assets	15	13,348.92	12,701.07
		2,50,772.32	2,63,840.17
2 Current assets			
a Inventories	16	19,745.37	21,034.45
b Trade receivables	17	24,641.57	37,544.03
c Cash and Bank Balances	18	25,604.34	31,311.22
d Short term loans and advances	19	25,311.76	32,022.71
e Other Current Assets	20	-	10,500.00
		95,303.04	1,32,412.41
TOTAL		3,46,075.36	3,96,252.58

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

P. Bharath Kumar
Partner
M.No: 222579

Place : Chennai
Date : May 26, 2017

K.N. Venkatasubramanian
Chairman

On behalf of the Board

K. Raghavendra Rao
Managing Director

L. Chandrasekar
EVP - Finance & Secretary

Profit & Loss Statement For The Year Ended March 31, 2017

₹ in Lakhs

PARTICULARS	Note	Year ending 31.03.2017	Year ending 31.03.2016
I Revenue from operations	21	75,535.51	87,933.85
II Other income	22	1,948.26	2,460.41
Total Revenue		77,483.77	90,394.26
III Expenses			
Cost of materials consumed		33,954.60	36,701.01
Purchases of stock in trade		2,601.75	3,701.23
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade		190.04	1,528.82
Employee benefits expense	23	7,544.30	8,263.08
Finance costs	24	33,110.23	29,423.18
Depreciation and amortization expenses	12	13,941.89	14,341.22
Other expenses	25	22,036.93	20,333.53
Total Expenses		1,13,379.74	1,14,292.07
IV Profit / (Loss) before exceptional and extraordinary items and tax		(35,895.97)	(23,897.81)
V Exceptional items - (Gains)/Loss	26	8,645.59	5,254.53
VI Profit / (Loss) before extraordinary items and tax		(44,541.56)	(29,152.34)
VII Extraordinary items (Net of Taxes)		8,625.85	-
VIII Profit / (Loss) before tax		(53,167.41)	(29,152.34)
IX Tax expense			
Current tax		-	-
Deferred tax		(4,804.32)	(1,725.07)
X Net Profit / (Loss) for the period		(48,363.09)	(27,427.27)
XI Earnings per share (EPS) before extra-ordinary item			
Basic		(44.67)	(31.51)
Diluted		(44.67)	(31.51)
XII Earnings per share (EPS) after extra-ordinary item			
Basic		(54.36)	(31.51)
Diluted		(54.36)	(31.51)

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

P. Bharath Kumar
Partner
M.No: 222579

Place : Chennai
Date : May 26, 2017

K.N. Venkatasubramanian
Chairman

On behalf of the Board

K. Raghavendra Rao
Managing Director

L. Chandrasekar
EVP - Finance & Secretary



Notes to the Accounts As At March 31, 2017

1 Significant Accounting Policies

a) (i) Accounting Convention

The Financial Statements are prepared under historical cost convention on the basis of a going concern following the accrual system of accounting and comply with the applicable mandatory accounting standards specified under section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant portions of the Companies Act, 2013.

(ii) Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities as at the date of the financial statements and the reported amounts of revenue and expenses during the period. Although these estimates are based upon management's knowledge of current events and actions, actual results could differ from those estimates and revisions, if any, are recognised in the current and future periods.

b) Fixed Assets

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

(iv) INTERNALLY GENERATED INTANGIBLE ASSETS - DMF & ANDA

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

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

- (v) Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013.
- (vi) Leasehold assets cost is amortised over the period of the Lease.
- (vii) Depreciation on assets added/disposed off during the year is provided on pro-rata basis from the month of addition or up to the month preceeding the month of disposal, as applicable.
- (viii) Impairment of assets:

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

c) Borrowing Costs

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

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

Notes to the Accounts As At March 31, 2017

d) Treatment of expenditure during construction period.

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

e) Investments

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

f) Inventories

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

@ After adjustment of unrealised profits on inter division transfer.

g) Revenue Recognition

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

Export incentives are accounted in the year in which exports are made.

h) Retirement Benefits

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

i) Translation of Foreign Currency items

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

The company has exercised the option provided under the amendment to the Companies (Accounting Standards) Amendment Rules, 2006 dated 31st March, 2009 (AS 11). The Ministry of Company Affairs vide notification dated 29th December 2011 has extended the amortisation of gains or losses arising on reporting of Foreign Currency Monetary items over the balance period of such long term asset / liability. Accordingly Exchange loss on Long term foreign currency loans have been amortised over the balance period of such loans. Adoption of this option has resulted in (a) amount remaining unamortised in the financial statements as on March 31, 2017 is ₹5498.74/- Lakhs (previous year (₹10365.05/- Lakhs)).

Notes to the Accounts As At March 31, 2017

j) Subsidy on Fixed Assets

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

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

4 Share Capital

₹ in Lakhs

	As at 31.03.2017	As at 31.03.2016
AUTHORISED:		
Equity shares		
15,00,00,000 (Previous year 15,00,00,000) Equity Shares of ₹10/- each	15,000.00	15,000.00
ISSUED, SUBSCRIBED AND PAID-UP		
889,64,327 (Previous year - 889,64,327) equity Shares of Rs.10/- each fully paid. of the above 1,73,76,940 Equity shares of Rs10/- each were allotted as fully paid bonus shares by capitalisation of reserves.	8,896.43	8,896.43
The reconciliation of the number of shares outstanding as at March 31, 2017 and March 31, 2016 is set out below:		
Number of shares at the beginning	8,89,64,327	8,52,61,877
Add: Allotments during the period	-	37,02,450
Number of shares at the end	8,89,64,327	8,89,64,327
Share Allotments during the preceeding five years		
	No. of shares	No. of shares
2015-16	37,02,450	37,02,450
2013-15	1,48,09,801	1,48,09,801
2012-13	10,000	10,000
2011-12	Nil	Nil
2010-11	Nil	Nil

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

Name of the Shareholder	As at March 31, 2017		As at March 31, 2016	
	No of shares	% held	No of shares	% held
Orchid Healthcare Pvt. Ltd.	1,94,09,575	21.82%	2,05,88,610	23.14%
Serum Institute of India	57,01,524	6.41%	57,01,524	6.41%

a) ORCHID ESOP 2010 SCHEME

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

Notes to the Accounts As At March 31, 2017

Considering the fall in the price of the shares of the Company and in the interest of the employees, the Compensation Committee of the Board of Directors at its meeting held on November 1, 2011 considered repricing of 8,64,500 options in force on the said date from Rs.329.55 to Rs.166.15 as per the closing share price of Orchid at the National Stock Exchange of India Ltd on October 31, 2011. As at March 31, 2017, the outstanding options yet to be exercised under the said scheme is Nil.

b) ORCHID ESOP – DIRECTORS 2011 SCHEME

In terms of the resolution passed by the company at the AGM held on July 29, 2011, the shareholders approved a scheme formulated as “ORCHID ESOP – DIRECTORS 2011 SCHEME” for allotting 5,00,000 options to Directors of the Company. Accordingly 3,00,000 options were granted to the Directors of the Company including the Whole Time Director but excluding the Promoter Director, by the Compensation Committee of the Board of Directors at a meeting held on November 1, 2011. Each option is convertible into one equity share of Rs. 10/- each at a price of Rs. 166.15 per share, being the closing share price of Orchid at the National Stock Exchange of India Ltd on October 31, 2011, the day prior to the date of the meeting. As at March 31, 2017, the outstanding options yet to be exercised under the said scheme is Nil.

c) ORCHID ESOP – SENIOR MANAGEMENT 2011 SCHEME

In terms of the resolution passed by the company at the AGM held on July 29, 2011, the shareholders approved a scheme formulated as “ORCHID ESOP – SENIOR MANAGEMENT 2011 SCHEME” for allotting 10,00,000 options to senior employees of the Company out of which 7,50,000 options will be granted to the employees of the Company and 2,50,000 options will be granted to the employees of its subsidiary companies. Accordingly 42,700 options were granted to the Employees of the Company by the Compensation Committee of the Board of Directors at a meeting held on November 01, 2011. Each option is convertible into one equity share of Rs.10/- each at a price of Rs. 10/- each (i.e. At Par). 10,675 options are in force as at March 31, 2017 under ORCHID ESOP – SENIOR MANAGEMENT 2011 Scheme.

5 Reserves & Surplus

₹ in Lakhs

	As at 31.03.2017		As at 31.03.2016	
Capital Reserve		894.68		894.68
Securities Premium Account	46,447.86		44,974.66	
Add: Premium on issue of Shares	-	46,447.86	1,473.20	46,447.86
Capital Reserve on Amalgamation		9,004.21		9,004.21
General Reserve	55,851.90		57,533.71	
Less: Depreciation on transition to Schedule II of the Companies Act, 2013 on tangible Fixed Assets with nil remaining useful life	-	55,851.90	1,681.81	55,851.90
Foreign currency Monetary item Translation difference Account		(5,498.74)		(10,365.05)
Surplus in Profit & Loss Account	(93,616.56)		(66,189.29)	
Add: Surplus / (Deficit) in Profit & Loss account	(48,363.09)		(27,427.27)	
Balance available for appropriation		(1,41,979.65)		(93,616.56)
		(35,279.74)		8,217.04

6 Long Term borrowings (Refer Note 42)

Secured				
Rupee Term loans	1,87,051.20		1,87,809.89	
Foreign currency Term loans	73,270.83		75,240.91	
Less:- Current maturities transferred to Current liabilities	(44,644.06)	2,15,677.97	(25,297.14)	2,37,753.66
		2,15,677.97		2,37,753.66

Notes to the Accounts As at March 31, 2017

	Repayment terms	Balance No of instalments due	Rate of interest	Amt due @
Rupee Term Loan	Quarterly	24	SBI Base rate Plus 100 BPS	1,74,209.80
Foreign Currency Term Loan	Quarterly	24	LIBOR + 3 to 4.6%	67,915.28

@ amount due includes for all installments in the respective category

As per the terms of the CDR package ,all Indian rupee loan from bank carries interest @10.30% p.a (SBI Base Rate + 100 Basis points). These loans are repayable in 32 quarterly installments from 01/04/2015. These loans are secured by Pari Passu charge by way of joint mortgage on immovable and movable assets situated at Factory premises at SIDCO Industrial Area, Alathur, SIPCOT Industrial Park, Irungattukottai, Corporate Office Premises, Nungambakkam and current assets, subject to prior charges created/ to be created on current assets in favour of bankers and financial institutions for securing working capital borrowings. All term loans are additionally secured by personal guarantee of Shri K.Raghavendra Rao, Managing Director of the Company.

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

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

7 Long Term provisions

₹ in Lakhs

	As at 31.03.2017	As at 31.03.2016
Provision for employee benefits- Leave encashment	206.67	373.09
	206.67	373.09

8 Short Term Borrowings

a) Secured

Other loans and advances

- Working Capital Facilities / Borrowings

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

b) Unsecured

- from Banks

- from Others

c) Unsecured advances from Related parties

	50,160.61	49,475.39
	4,000.00	6,499.95
	2,500.00	2,500.00
	3,291.77	4,887.04
	59,952.38	63,362.38

Notes to the Accounts As at March 31, 2017

₹ in Lakhs

	As at 31.03.2017	As at 31.03.2016
9 Trade payables (Refer Note : 30)		
Supplies - MSME	80.13	65.72
- Others	21,514.68	17,191.65
Expenses - MSME	3.38	16.89
- Others	18,769.77	18,034.54
	40,367.96	35,308.80

10 Other current liabilities

Current maturities of Term loans (Refer Note no.6)	34,985.76	20,325.99
Interest accrued on borrowings	9,658.31	4,971.15
Advance received from Customer	1,959.87	2,070.58
Unpaid dividends	53.54	58.32
Share Application money refundable	5.42	5.42
Security Deposits received from Agents	433.00	433.00
Statutory liabilities	504.31	640.90
	47,600.21	28,505.36

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

11 Short term provisions

Provision for employee benefits- Gratuity & Leave encashment	517.50	416.49
Rebates/Discounts	3,526.07	4,005.10
	4,043.57	4,421.59

12 FIXED ASSETS

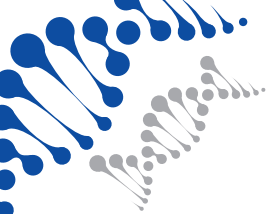
S. No	Asset Description	GROSS BLOCK (AT COST)				DEPRECIATION				WRITTEN DOWN VALUE		
		As at 01-04-2016	Additions during the year	Deletions during the year	As at 31-03-2017	Up to 31-03-2016	For the year	TRANSITION ADJUSTMENT #	On Deletions	As at 31-03-2017	As at 31-03-2017	As at 31-03-2016
1	Freehold Land & Site Development @	2,608.52	-	-	2,608.52	-	-	-	-	-	2,608.52	2,608.52
2	Leasehold Land	60.77	-	-	60.77	7.33	0.61	-	-	7.94	52.83	53.44
3	Buildings	22,650.26	-	-	22,650.26	6,274.20	751.73	-	-	7,025.93	15,624.33	16,376.06
4	Plant & Machinery	2,43,532.79	6.70	-	2,43,539.49	1,13,810.64	12,222.88	-	-	1,26,033.52	1,17,505.97	1,29,722.15
5	Factory Equipment	545.34	-	-	545.34	432.65	26.00	-	-	458.65	86.69	112.69
6	Laboratory Equipment	5,778.14	-	-	5,778.14	3,817.61	509.57	-	-	4,327.18	1,450.96	1,960.53
7	Office Equipment	970.05	-	1.32	968.73	912.05	57.63	-	0.95	968.73	-	58.00
8	Furniture & Fittings	1,559.76	-	-	1,559.76	1,217.39	83.57	-	-	1,300.96	258.80	342.37
9	Vehicles	225.57	-	-	225.57	211.25	1.20	-	-	212.45	13.12	14.32
10	(Intangible Assets Disclosure as per AS 26)											
	Acquired Brands & Trademarks *	2,778.16	-	-	2,778.16	2,778.16	-	-	-	2,778.16	-	-
	Internally Generated DMF and ANDA **	6,364.59	-	-	6,364.59	3,640.47	179.84	-	-	3,820.31	2,544.28	2,724.12
	Computer Software	2,245.54	-	-	2,245.54	2,181.49	38.93	-	-	2,220.42	25.12	64.05
	TOTAL	2,89,319.49	6.70	1.32	2,89,324.87	1,35,283.24	13,871.96	-	0.95	1,49,154.25	1,40,170.62	1,54,036.25
	PREVIOUS YEAR'S FIGURES	2,88,970.26	349.23	-	2,89,319.49	1,19,260.21	14,341.22	1,681.81	-	1,35,283.24	1,54,036.25	1,69,710.05

The total area in which the API facility at Alathur is situated includes a portion of land taken on lease from a third party.

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

** Refer Note 1 (b) (iv)

@ Assets acquired pending for registration in favour of the Company.		
	March 31, 2017	March 31, 2016
Freehold Land	59.09	59.09



Notes to the Accounts As at March 31, 2017

13 Non-Current Investments

₹ in Lakhs

	As at 31.03.2017	As at 31.03.2016
Quoted investments		
Others-Non-trade		
Bank of India -		
18,600 fully paid up Equity shares of ₹10/- each	8.37	8.37
Aggregate market value of quoted investments	25.90	17.29
Unquoted investments		
Subsidiary Companies		
Traded		
Orchid Europe Limited, UK	6.42	6.42
10000 Common stock of GBP 1 each fully paid up		
Orchid Pharmaceuticals Inc., USA	85.07	85.07
200,000 Common stock of US\$ 1 each fully paid up		
Bexel Pharmaceutical Inc.*	8,883.24	8,883.24
9,999,990 Series A & 48,93,750 Series B Convertible Preferred Stock par value USD 0.001 per share and 9,001,090 Common stock of par value USD 0.001 per share		
11,000,000 Common stock of Par value of USD 0.125 per share	599.09	599.09
Each Series A & B Preferred stock is convertible into One Common stock, at any time, at the option of the Company and will have voting rights equal to one common stock and has the same value as common stock.		
Orchid Pharmaceuticals SA(Proprietary)Limited.South Africa	17.69	17.69
303,639 Ordinary shares each Rand 1 fully paid up		
Diakron Pharmaceuticals, Inc. USA	2,825.01	2,825.01
7,140,378 Series A Preferred stock & 322,986 Common stock par value of 0.83595 USD per share		
Others		
Sai Regency Power Corporation Pvt.Ltd.-Traded 6,00,000 fully paid up equity shares of ₹10 each	60.00	45.00
Madras Stock Exchange-Non Traded 911,430 fully paid up equity shares of ₹10/- each	23.99	23.99
MSE Financial services Ltd	3.83	3.83
31,936 fully paid up equity shares of Rs.10/- each		
Associate Companies		
Allegra Therapeutics GmbH**	-	13.63
16094 fully paid up equity shares of Euro 1 each		
Total	12,504.34	12,502.97
Aggregate provision for diminution in value of investments	(46.62)	(46.62)
Aggregate value of Un-quoted investments	12,457.72	12,456.35
Grand Total of Investments	12,466.09	12,464.72

* 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. **Shares in dispute and cancelled during the current year.

Notes to the Accounts As at March 31, 2017

14 Long term loans and advances

₹ in Lakhs

	As at 31.03.2017	As at 31.03.2016
Unsecured, considered good		
Capital advances	54,580.96	54,593.82
Prepaid Financial charges	588.83	1,132.36
Deposits with Govt. Agencies	445.52	535.93
Other Deposits	340.52	335.97
Doubtful		
Others	202.66	202.66
Less: Provision for Doubtful	(202.66)	(202.66)
	55,955.83	56,598.08

15 Other Non current assets

Secured, considered good		
Earmarked balance transferred from Other Bank balances	198.78	67.32
Unsecured, considered good		
Advance Payment of Tax	13,150.14	12,633.75
	13,348.92	12,701.07

16 Inventories

Raw materials	5,376.39	5,083.13
Intermediates & WIP	7,383.21	7,247.95
Finished Goods	3,759.88	4,479.82
Traded Goods	390.77	696.97
Stores and Spare parts	1,885.83	1,847.15
Chemicals and Consumables	151.62	1,021.18
Packing Materials	797.67	658.25
	19,745.37	21,034.45

17 Trade Receivables

Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	8,425.13	16,969.67
Other receivables		
Secured, considered good	263.90	293.56
Unsecured, considered good	15,952.54	20,280.80
	24,641.57	37,544.03

Notes to the Accounts As at March 31, 2017

18 Cash and Bank Balances

₹ in Lakhs

	As at 31.03.2017		As at 31.03.2016	
Cash and Cash Equivalents				
Cash on hand	4.68		9.49	
Balances with Banks				
In current accounts	985.22		748.33	
Others - Term Deposits	24,614.44	25,604.34	30,553.40	31,311.22
Other Bank balances				
Ear-marked balances				
Margin Money deposit	145.24		9.00	
Unpaid Dividend	53.54		58.32	
Less:- Ear-marked balance transferred to non- current assets	(198.78)	-	(67.32)	-
		25,604.34		31,311.22

19 Short term loans and advances

Unsecured, considered good		
Loans & Advances to related parties (Refer Note no.32)	5,211.01	5,003.18
Advances to Suppliers	31,444.52	33,114.92
Prepaid expenses	889.80	1,140.83
Balances with Statutory agencies	3,013.81	2,671.76
Rent advances	62.26	62.26
Employees advances	23.66	29.76
Doubtful		
Loans & Advances to related parties	99.25	99.25
	40,744.31	42,121.96
Less: Provision for Doubtful	(15,432.55)	(10,099.25)
	25,311.76	32,022.71

20 Other current assets

Unsecured and considered good:		
Retention money receivable towards sale of undertaking	-	10,500.00

	Year ended 31.03.2017	Year ended 31.03.2016
21 Revenue from operations		
Sale of products	74,602.00	87,666.17
Other operating revenues		
Sale of other materials	1,202.76	1,230.12
Others	824.00	92.27
Less: Excise duty	(1,093.25)	(1,054.71)
	75,535.51	87,933.85

Notes to the Accounts As at March 31, 2017

22 Other income

₹ in Lakhs

	Year ended 31.03.2017	Year ended 31.03.2016
Dividend income	6.48	1.03
Profit on sale of assets	0.38	-
Net gain on foreign currency translation and transaction	468.57	1,543.72
Other non-operating income	1,472.83	915.66
	1,948.26	2,460.41

23 Employee benefits expense

Salaries & Wages	6,449.56	7,119.77
Contribution to provident and other funds	437.96	466.28
Staff Welfare expenses	656.78	677.03
	7,544.30	8,263.08

24 Finance costs

Interest expenses	32,059.03	28,849.38
Other borrowing costs	1,051.20	573.80
	33,110.23	29,423.18

25 Other expenses

Power and Fuel	5,432.91	5,527.74
Conversion Charges	696.78	1,295.57
Consumption of Stores, Spares & Chemicals	2,389.37	2,926.28
Rent	92.23	21.34
Repairs to buildings	180.63	175.40
Repairs to Machinery	137.07	221.47
Factory maintenance	1,555.74	1,620.38
Insurance	675.74	648.10
Rates & Taxes	268.09	69.35
Postage, Telephone & Telex	57.69	66.46
Printing & Stationery	99.96	98.79
Vehicle Maintenance	19.84	25.18
Research & Development Expenses (Refer Note no. 39)	3,532.47	2,883.53
Advertisement	2.72	4.03
Recruitment expenses	17.00	31.68
Auditors' Remuneration		
Auditor	40.00	57.25
Taxation	7.50	9.75
for other services	2.50	8.00
Cost Audit fee	14.00	14.00

Notes to the Accounts As at March 31, 2017

25 Other expenses

₹ in Lakhs

	Year ended 31.03.2017	Year ended 31.03.2016
Travelling and Conveyance	214.36	315.99
Directors' Remuneration & perquisites	77.46	68.20
Directors' travelling		
Inland	6.17	7.50
Overseas	0.18	19.10
Directors' sitting fees	11.00	9.40
Freight outward	778.47	990.50
Commission on Sales	715.69	1,057.54
Business Promotion and Selling Expenses	92.12	83.36
Lease Rentals	1,126.92	1,108.75
Consultancy & Professional Fees	1,131.32	250.24
Provision for Diminution in value of Investments	13.63	-
Provision for Rebates & Discounts	1,954.16	-
Miscellaneous expenses	693.21	718.65
	22,036.93	20,333.53

26 Exceptional Items

Exchange rate loss on Foreign Currency Term Loans	3,312.29	5,254.53
Provision for Contingencies	5,333.30	-
	8,645.59	5,254.53

27 Estimated amounts of contracts remaining to be executed on capital account (net of advances) and not provided for.

	1,357.20	3,687.99
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28 a. Other monies for which company is contingently liable:

- Unexpired Letters of Credit	11,488.13	4,706.66
- Bank Guarantees outstanding	553.03	561.89
- Claims against the company not acknowledged as debts		
Excise demands under dispute pending before Excise authorities	354.37	690.70
Service Tax dispute pending before Service Tax authorities	85.26	77.50
Sales Tax dispute pending before Sales Tax authorities	498.89	121.62
Self Generation Tax under dispute with State Electricity Board	1086.42	973.82
b. Provision and contingencies in accordance with AS 29:		
Opening Balance	14,005.00	14,005.00
Additions/(deletions) during the year	7,287.46	-
	21,292.46	14,005.00
Deletions during the year	2,433.18	-
Closing Balance	18,859.27	14,005.00

Notes to the Accounts As At March 31, 2017

₹ in Lakhs

	Year ended 31.03.2017	Year ended 31.03.2016
29 Other Interest and Finance Charges is after crediting interest receipts	1,480.33	1,876.42
TDS on interest receipts	130.90	174.96

30 Amounts Due to Micro, Small and Medium Enterprises

The Identification of Micro, Small and Medium Enterprises Suppliers as defined under "The Micro, Small and Medium Enterprises Development Act 2006" is based on the Information available with the management.

Particulars	Year ended 31.03.2017	Year ended 31.03.2016
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	67.81	74.20
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	15.70	8.41
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-
(iv) The amount of interest due and payable for the year	15.70	8.41
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	15.70	8.41
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-

31 Derivative Instruments and unhedged Foreign currency Exposure :

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

		Currency	As at 31.03.2017		As at 31.03.2016	
			Foreign Currency	₹ Lakhs	Foreign Currency	₹ Lakhs
i)	Receivables Outstanding					
		USD	2,49,30,415	16,067.65	3,73,62,361	24,629.27
		EUR	4,97,670	340.80	18,44,402	1,367.81
ii)	Payables Outstanding					
		USD	2,79,52,775	18,253.16	1,52,98,882	10,215.06
		EUR	3,92,737	275.03	4,14,427	314.05
		GBP	2,67,476	218.77	2,53,840	244.07
		Others	7,92,40,594	73.50	7,88,77,196	72.46
iii)	Advance Paid					
		GBP	73,423	60.05	73,423	70.60
		USD	2,57,06,671	16,786.46	2,56,94,009	17,155.89
		EUR	2,00,12,232	14,014.57	2,00,59,084	15,200.77
		Others	4,17,285	20.58	7,38,030	16.04
iv)	Loans availed					
		USD	11,22,06,480	73,270.83	11,26,86,701	75,240.91



Notes to the Accounts As at March 31, 2017

32 a) Related Party Transactions

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

₹ in Lakhs

Nature of Transaction		Subsidiary	Associ- ate / Joint Ventures	Key Management Personnel	Companies in which Directors'/ Key Management Personnel are interested / exercise signifi- cant influence.
Repayment of Unsecured advance	Orchid Healthcare (P) Ltd.	-	-	-	1,595.27
		-	-	-	(1,684.72)
Sale of goods	Orchid Pharma Inc.	4,007.31	-	-	-
		(6,720.96)	-	-	-
Availment of services/reimbursement	Orchid Europe	97.44	-	-	-
		(280.03)	-	-	-
Remuneration - Managing Director				77.46	-
				(68.20)	-
Remuneration - CFO				45.63	-
				(43.90)	-
Amounts due at the end of the year - Debit		11,262.78	-	-	-
		(12,461.62)	-	-	-
Amounts due at the end of the year - Credit		355.66	-	-	3,291.77
		-	-	-	(4,887.04)

(Figures in brackets are for previous year)

Notes to the Accounts As at March 31, 2017

Names of the related parties and description of relationship.

1	Subsidiary	Orchid Europe Limited, UK
		Orchid Pharmaceuticals Inc., USA
		Orgenus Pharma Inc., USA (Subsidiary of Orchid Pharmaceuticals Inc USA.)
		Orchid Pharma Inc / Karalex Pharma USA, (Subsidiary of Orchid Pharmaceuticals Inc, USA)
		Orchid Pharmaceuticals SA (Proprietary) Limited, South Africa
		Bexel Pharmaceuticals Inc., USA
		Diakron Pharmaceuticals Inc., USA
2	Key Management Personnel	Mr. K Raghavendra Rao, Managing Director
		Mr. L. Chandrasekar, Executive VP-Finance & Secretary
3	Relatives of Key Management Personnel	Mrs. R Vijayalakshmi (wife of Mr. K Raghavendra Rao)
		Ms R Divya and Ms R Sowmya (daughters of Mr.K.Raghavendra Rao)
4	Companies in which relatives of Key Management personnel exercise significant influence.	Orchid Healthcare (Private) Ltd.

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

₹ in Lakhs

		Balance as on 31.03.2017	Maximum amount outstanding during the year
Subsidiary - Orchid Pharmaceuticals Inc., USA	Dr	1,634.85	1,634.85
Bexel Pharmaceuticals Inc, USA	Dr	3,341.89	3,341.89
Diakron Pharmaceuticals Inc., USA	Dr	3.26	3.26
Orchid Europe Limited, UK	Cr	(63.71)	(63.71)
Orgenus Pharma Inc., USA	Cr	(60.96)	(60.96)

	As at 31.03.2017	As at 31.03.2016
33 Provision for Deferred tax for the year (₹ 4,804.32/- Lakhs) (Previous year (₹ 1,725.07/- Lakhs) Deferred Tax liability represents the following		
Timing Difference on account of Depreciation	4,609.91	9,414.23

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

34 Segmental Reporting

The Company was disclosing segment information classifying the business as Bulk drugs and Formulations till the financial year 2004-05. However in view of integration of bulk actives and formulations business, with the commissioning of Generics formulation facilities from the financial year 2005-06, the Company considers the business as one interrelated and integrated business of "Pharmaceutical products" and hence no separate segmental reporting is provided.

Notes to the Accounts As at March 31, 2017

₹ in Lakhs

35 Disclosure on Lease Rentals as per AS 19 :

A	The total of future minimum lease payments under non-cancellable operating leases for each of the following periods;	
	Not later than 1 year	-
	Later than 1 year and not later than 5 years	-
	later than 5 years	-
B	The total of future minimum sublease payments expected to be received under non-cancellable sub-leases at the balance sheet date	Nil
C	Lease payments recognised in the statement of profit and loss for the period.	1,126.92
D	Sub lease payment received (or Receivable) recognised in the statement of profit and loss for the period	Nil
E	A general description of the lessee's significant leasing arrangements including, but not limited to the following ;	
	(1) The basis on which contingent rent payments are determined - The future rent payments are determined as per the lease agreement executed.	

36 ADDITIONAL INFORMATION PURSUANT TO THE PROVISIONS OF PARAGRAPH 5 (ii) and (viii) OF PART II OF SCHEDULE II TO THE COMPANIES ACT, 2013

A) Major Raw materials / Goods Consumed:

Description	Year ended 31.03.2017	Year ended 31.03.2016
7 Amino Cephalosporanic Acid	5,027.65	6,231.01
GCLE	4,391.08	4,719.10
Others	27,327.66	30,980.94
	36,746.39	41,931.05

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

	Year ended 31.03.2017		Year ended 31.03.2016	
	Percentage	Amount	Percentage	Amount
		₹ in Lakhs		₹ in Lakhs
Raw Materials & Packing Material				
Imported	51.78%	19,026.00	51.80%	21,721.27
Indigenous	48.22%	17,720.39	48.20%	20,209.78
	100.00%	36,746.39	100.00%	41,931.05
Stores ,Spare Parts & Consumables				
Imported	17.43%	416.50	16.78%	490.98
Indigenous	82.57%	1,972.87	83.22%	2,435.31
	100.00%	2,389.37	100.00%	2,926.29

Notes to the Accounts As at March 31, 2017

₹ in Lakhs

Description	Year ended 31.03.2017	Year ended 31.03.2016
C) Earnings In Foreign Exchange during the year		
F.O.B. Value of Exports	55,876.18	58,659.17
Export of Services including royalty /knowhow (net of withholding tax)	-	-
D) C.I.F Value of Imports		
Raw Materials & Packing Materials	19,494.20	17,341.74
Capital Goods	90.85	57.15
Spare Parts, Components , Consumables	1,675.84	1,496.38
E) Expenditure in Foreign Currency		
Travelling Expenses	21.90	29.72
Interest & Bank Charges	3,988.05	3,726.65
Professional/Consultancy Fees	846.16	469.46
Others	2,328.32	2,475.19

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

		Year ended	
		March 31, 2017	March 31, 2016
Profit After Tax before extra ordinary item	₹ Lakhs	(39,737.24)	(27,427.27)
Profit After Tax after extra ordinary item	₹ Lakhs	(48,363.09)	(27,427.27)
No of Shares Outstanding	Nos.	8,89,64,327	8,89,64,327
Weighted Average Number of shares	Nos.	8,89,64,327	8,70,32,174
Earnings per Share - Basic before extra ordinary item	₹	(44.67)	(31.51)
Earnings per Share - Basic after extra ordinary item	₹	(54.36)	(31.51)
Total No of Equity shares to compute diluted EPS	Nos.	8,89,64,327	8,70,32,174
Earnings per Share - Diluted before extraordinary item	₹	(44.67)	(31.51)
Earnings per Share - Diluted after extraordinary item	₹	(54.36)	(31.51)

Notes to the Accounts As at March 31, 2017

38 (a.) Details of Group Companies

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

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

39 Expenditure on Research and Development

₹ in Lakhs

	Year ended 31.03.2017	Year ended 31.03.2016
Revenue expenditure charged to the Profit & Loss account (excluding depreciation)	3,532.47	2,883.53
	3,532.47	2,883.53
Research and Development Expenses include:		
Power and Fuel	119.53	182.31
Consumption of Stores, Spares & Chemicals	240.28	364.47
Salaries, Wages and Bonus	1,364.13	1,294.83
Contribution to Provident & other funds	122.40	118.26
Staff Welfare	112.04	103.66
Rates & Taxes	5.39	2.19
Insurance	14.74	14.49
Postage, Telephone & Telex	3.96	6.07
Printing & Stationery	4.59	5.87
Vehicle Maintenance	0.72	0.54
Recruitment expenses	6.81	7.18
Traveling and Conveyance	11.57	8.07
Filing & Registration Expenses	7.01	32.64
Testing Charges	0.94	40.69
Consultancy & Professional Fees	225.24	614.05
Others	1,293.14	88.21
	3,532.47	2,883.53

Notes to the Accounts As at March 31, 2017

40 Disclosure as required by Accounting Standard 15 (Revised) on Employee Benefits

A Defined Contribution Plan

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

B Defined Benefit Plan

₹ in Lakhs

		31/03/2017	31/03/2016	31/03/2017	31/03/2016
		Gratuity (Funded)		Leave Encashment (Unfunded)	
1)	Reconciliation of opening and closing balances of Defined Benefit obligation				
	Defined Benefit Obligation at the beginning of the year	978.94	1,020.18	374.50	420.03
	Current Service Cost	113.41	86.45	35.20	33.52
	Interest Cost	72.66	66.89	28.99	32.59
	Actuarial (gain)/ loss	312.23	130.73	(93.97)	(107.55)
	Benefits paid	(94.84)	(325.31)	(5.41)	(4.10)
	Defined Benefit Obligation at the year end	1,382.38	978.94	339.30	374.49
2)	Reconciliation of opening and closing balances of fair value of plan assets				
	Fair Value of plan assets at the beginning of the year	563.84	849.27		
	Adjustment to last valuation assets	-	-		
	Expected return on plan assets	49.05	68.66		
	Actuarial (gain / (loss))	52.80	(28.78)		
	Employer contribution	426.68	-		
	Benefits paid	(94.84)	(325.31)		
	Fair value of plan assets at year end	997.52	563.84		
	Actual return on plan assets	101.85	39.88		
3)	Reconciliation of fair value of assets and obligations				
	Fair value of plan assets	997.52	563.84	-	-
	Present value of obligation	1,382.38	978.94	339.30	374.49
	Amount recognised in Balance Sheet	384.86	415.09	339.30	374.49
4)	Expense recognised during the year				
	Current Service Cost	113.41	86.45	35.20	33.52
	Interest Cost	72.66	66.89	28.99	32.59
	Expected return on plan assets	(49.05)	(68.66)	-	-
	Actuarial (gain) / loss	259.43	159.51	(93.97)	(107.55)
	Net Cost	396.45	244.18	(29.79)	(41.44)
5)	Investment Details	% Invested			
	Funds Managed by Insurer	100%	100%		
6)	Actuarial assumptions				
	Discount rate (per annum)	6.72%	7.82%	6.72%	7.80%
	Expected rate of return on plan assets (per annum)	6.72%	8.00%		
	Rate of escalation in salary (per annum)	5.00%	5.00%	5.00%	5.00%

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



Notes to the Accounts As at March 31, 2017

41 During the year, the shares held by the Company in the associate, M/s Allecra Therapeutics GmbH had been cancelled on account of a legal dispute decided against the Company and accordingly the value of investment in the books has been written off.

42 Period and amount of continuing default as on the Balance sheet date

₹ in Lakhs

Due date	Principal Due	Interest Due
Up to 31/03/2016	-	392.44
06-04-2016	-	77.88
06-05-2016	-	225.11
06-06-2016	-	284.86
06-07-2016	-	308.40
06-08-2016	-	393.87
06-09-2016	-	395.65
06-10-2016	-	989.60
06-11-2016	-	391.16
06-12-2016	-	381.72
06-01-2017	-	1,068.52
06-02-2017	-	1,808.20
06-03-2017	-	1,634.93
Up to 31/03/2016	53.00	-
30-06-2016	1,219.18	-
30-09-2016	1,126.95	-
31-12-2016	2,172.44	-
31-03-2017	3,697.08	-

43 Details of Specified Bank Notes (SBN) held and transacted during the period 08/11/2016 to 30/12/2016 pursuant to clause K of paragraph 6 in Division II of Part I of Schedule III to the Companies Act, 2013. For the purpose of this clause, the term "Specified Bank Notes" shall have the same meaning provided in the notification of the Government of India, in the ministry of finance, Department of Economic Affairs S.O.3407(E), dated the 8th November, 2016.

	SBN	Other denomination Notes	Total
Closing cash in hand as on 08/11/2016	2,00,500.00	3,61,069.00	5,61,569.00
(+) Permitted receipts	-	7,62,793.00	7,62,793.00
(-) Permitted payments	-	7,10,232.00	7,10,232.00
(-) Amount deposited in Banks	2,00,500.00	-	2,00,500.00
Closing cash in hand as on 30/12/2016	-	4,13,630.00	4,13,630.00

44 Previous year's figures have been re-grouped wherever necessary to conform to current year's classification.

As per our report of even date

For **SNB Associates**

Chartered Accountants

Firm Registration No. 015682N

On behalf of the Board

P. Bharath Kumar

Partner

M.No: 222579

K.N. Venkatasubramanian

Chairman

K. Raghavendra Rao

Managing Director

Place : Chennai

Date : May 26, 2017

L. Chandrasekar

EVP - Finance & Secretary

Cash Flow Statement For The Year Ended March 31, 2017

₹ in Lakhs

PARTICULARS	Year ended 31.03.2017	Year ended 31.03.2016
A. Cash Flow from Operating Activities		
Net Profit / (Loss) before taxation	(44,541.56)	(29,152.34)
Adjustment for :		
Depreciation	13,941.89	14,341.22
Dividend Income	(6.48)	(1.03)
Provision for Rebates & Discounts	1,954.16	-
Provision for Doubtful advances	5,333.30	-
Loss on cancellation of shares - Investments	13.63	-
Loss / (profit) on sale of Fixed Assets	(0.38)	-
Foreign Exchange Rate Fluctuations - Unrealised	3,206.52	5,792.90
Interest Expense (net of interest credit considered as exceptional)	33,110.24	29,423.18
Operating Profit before Working Capital Changes	13,011.32	20,403.93
Adjustments for:		
Trade and other Receivables	16,435.42	(7,830.65)
Inventories	1,289.09	3,193.37
Trade Payables	1,031.87	5,363.07
Cash generated from Operations	31,767.70	21,129.72
Income Taxes Paid	-	-
Cash Flow before Extraordinary item	31,767.70	21,129.72
Extraordinary item	-	-
Net Cash from Operating Activities	31,767.70	21,129.72
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets, including Capital advances	(854.58)	(124.29)
Proceeds from Sale / Deletion of Fixed Assets	0.77	-
Increase in Investments	(15.00)	-
Dividends received	6.48	1.03
Net cash used in Investing Activities	(862.33)	(123.26)



Cash Flow Statement For The Year Ended March 31, 2017

₹ in Lakhs

PARTICULARS	Year ended As at 31.03.2017	Year ended As at 31.03.2016
C. Cash Flow from Financing Activities		
Proceeds from issuance of Share Capital (net of expenses)	-	1,843.45
Increase / (Decrease) in Short Term Borrowings	(1,901.76)	382.94
Proceeds from Long Term Borrowings	-	1,270.27
Repayment of Long Term Borrowings	(12,822.07)	(3,968.05)
Proceeds from / (Reduction) in Short Term Borrowings (Unsecured)	-	(1,684.72)
Interest paid	(21,888.42)	(26,495.78)
Net cash from Financing Activities	(36,612.25)	(28,651.89)
D. Net Increase/(Decrease) in Cash and Cash equivalents	(5,706.88)	(7,645.43)
Cash and Cash equivalents at the beginning of period	31,311.22	38,956.65
Cash and Cash equivalents at the end of period	25,604.34	31,311.22

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

P. Bharath Kumar
Partner
M.No: 222579

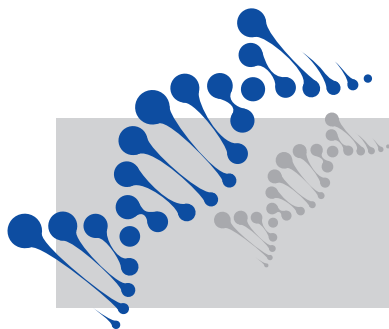
Place : Chennai
Date : May 26, 2017

K.N. Venkatasubramanian
Chairman

On behalf of the Board

K. Raghavendra Rao
Managing Director

L. Chandrasekar
EVP - Finance & Secretary



Independent Auditor's Report

To the Members of Orchid Pharma Limited

Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of Orchid Pharma Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company, and its subsidiaries together referred to as "the Group"), comprising of the Consolidated Balance Sheet as at 31st March, 2017, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement 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").

Management's Responsibility for the Consolidated Financial Statements

2. The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the rules made thereunder.
4. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those standards required that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Holding Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.
6. We believe that the audit evidence obtained by us and the audit evidence obtained by other auditors in terms of their reports referred to in sub-paragraph 8 of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Basis of Qualified Opinion

- a) The Company has given advances amounting to ₹726 crores to various parties and are outstanding as on March 31, 2017. The Company has not received any materials/ capital goods against these advances. As per information and explanation given, the Company is not able to take delivery of materials due to financial constraints. We are not able to express any opinion on the recoverability of these amounts.
- b) The Company has not received confirmation of balance from banks for loans amounting to ₹290.89 crores

Opinion

7. In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis of Qualified Opinion paragraph, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March, 2017, and their consolidated loss and their consolidated cash flows for the year ended on that date.

Emphasis of Matter

As on March 31, 2017, the Company has negative net worth of ₹38766.60 lakhs and the Current Liabilities exceeds Current Assets ₹66158.19 Lakhs. The Company has continuously incurring cash losses. Plants have been operating in much lower capacities. The Company's ability to continue as going concern depends upon the satisfactory resolution of the above said uncertainties. However, the Company has continued to prepare accounts on going concern basis. We were



informed that the management is in the process of comprehensively restructuring its business operations/ finances including identification of strategic investor to overcome the above uncertainties.

Our opinion is not modified in respect of this matter

Other Matters

8. We did not audit the financial statements/ financial information of five subsidiaries, whose financial statements/ financial information reflect total assets (net) of ₹(9160.56 Lakhs) as at 31st March, 2017, total revenues of ₹4083 Lakhs and net cash flows amounting to ₹(80.73 Lakhs) for the year ended on that date, as considered in the consolidated financial statements.
9. The financial statements/financial information are unaudited and have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiaries, and our report in terms of sub section (3) and (11) of section 143 of the act, in so far as it relates to the aforesaid subsidiaries, is based solely on such unaudited financial statements / financial information. In our opinion and according to the information and explanation given to us by the management, these financial statements/ financial information are not material to the group.

Our opinion on the consolidated financial statements and our report on other legal and Regulatory Requirement below, is not modified in respect of the above matters

Report on Other Legal and Regulatory Requirements

10. As required by Section 143(3) of the Act, we report, to the extent applicable, that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
 - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
 - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
 - d) Except for the effects of the matter described in the Basis for Qualified Opinion Paragraph, in our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

- e) In respect of matter having adverse effect on functioning of Company refer Basis of Qualified Opinion
- f) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2017 taken on record by the Board of Directors of the Holding Company incorporated in India, none of the directors of the holding company is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
- g) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A", 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 Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - (i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the holding company and its subsidiaries - Refer Note 29 of the consolidated financial statements.
 - (ii) The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
 - (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company
 - (iv) The Group has provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016, on the basis of information available with the company. Based on the audit procedures, and relying on management representation, we report that disclosures are in accordance with the books of accounts maintained by the Holding Company and its subsidiary company incorporated in India and as produced to us by the management. Refer Note 40 to the financial statements.

For SNB ASSOCIATES

Chartered Accountants

Firm Registration No: 015682N

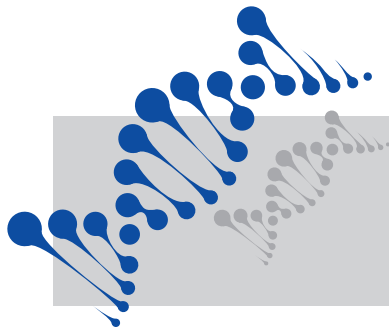
P. Bharath Kumar

Partner

Membership No.222579

Place: Chennai

Date: May 26, 2017



Annexure “A” to Auditors’ Report

Referred to in paragraph 10 of our report of even date

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2017, we have audited the internal financial controls over financial reporting **Orchid Pharma Limited** (hereinafter referred to as “the Holding Company”) which is a company incorporated in India, as of that date.

Management’s Responsibility for Internal Financial Controls

The Board of Directors of the Holding Company which is incorporated in India, 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 (‘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, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors’ Responsibility

Our responsibility is to express an opinion on the Holding Company’s internal financial controls over financial reporting 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”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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 judgment, including the assessment of the risks of material misstatement of 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 audit opinion on the Company’s internal financial controls 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 (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) 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.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Holding Company which is incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, 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 SNB ASSOCIATES

Chartered Accountants

Firm Registration No: 015682N

P. Bharath Kumar

Partner

Membership No.222579

Place: Chennai

Date: May 26, 2017



Consolidated Balance Sheet As at March 31, 2017

₹ in Lakhs

PARTICULARS	Note	As at 31.03.2017	As at 31.03.2016
I EQUITY AND LIABILITIES			
1 SHAREHOLDERS' FUNDS			
a Share capital	5	8,896.43	8,896.43
b Reserves and Surplus	6	(47,663.03)	(3,991.94)
		(38,766.60)	4,904.49
2 NON- CURRENT LIABILITIES			
a Long term borrowings	7	2,15,677.96	2,37,753.65
b Deferred tax liabilities (Net)	32	4,609.91	9,414.23
c Long term provisions	8	206.67	373.09
		2,20,494.54	2,47,540.97
3 Current liabilities			
a Short term borrowings	9	59,952.38	63,379.07
b Trade payables - MSME	10	83.51	82.61
- Others		42,368.07	37,344.02
c Other current liabilities	11	47,624.22	28,534.46
d Short term provisions	12	4,043.57	4,421.59
		1,54,071.75	1,33,761.75
TOTAL		3,35,799.69	3,86,207.21
II ASSETS			
1 Non current assets			
a Fixed Assets	13		
Tangible assets		1,37,602.57	1,51,250.87
Intangible assets		12,051.76	12,432.35
Capital work in progress		27,399.86	26,539.12
Intangible assets under development		1,431.00	1,500.93
b Non current investments	14	96.19	81.19
c Long term loans and advances	15	55,955.83	56,581.90
d Other non -current assets	16	13,348.92	12,701.07
		2,47,886.13	2,61,087.43
2 Current assets			
a Inventories	17	21,125.13	24,184.91
b Trade receivables	18	20,299.86	31,007.45
c Cash and Bank Balances	19	25,706.40	31,494.01
d Short term loans and advances	20	20,782.17	27,933.41
e Other Current Assets	21	-	10,500.00
		87,913.56	1,25,119.78
TOTAL		3,35,799.69	3,86,207.21

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

On behalf of the Board

P. Bharath Kumar
Partner
M.No: 222579

K.N. Venkatasubramanian
Chairman

K. Raghavendra Rao
Managing Director

Place : Chennai
Date : May 26, 2017

L. Chandrasekar
EVP - Finance & Secretary

Consolidated Profit & Loss Statement FOR THE YEAR ENDED MARCH 31, 2017

₹ in Lakhs

PARTICULARS	Note	Year ending	Year ending
		31.03.2017	31.03.2016
I Revenue from operations	22	79,650.41	87,343.91
II Other income	23	1,916.80	2,490.58
Total Revenue		81,567.21	89,834.49
III Expenses			
Cost of materials consumed		34,082.37	37,051.89
Purchases of stock in trade		2,601.75	3,701.23
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade		2,661.58	(656.66)
Employee benefits expense	24	8,025.10	8,680.93
Finance costs	25	33,110.89	29,424.49
Depreciation and amortization expenses	13	14,101.58	14,526.65
Other expenses	26	23,565.96	21,487.77
Total Expenses		1,18,149.23	1,14,216.30
IV Profit / (Loss) before exceptional and extraordinary items and tax		(36,582.02)	(24,381.81)
V Exceptional items	27	8,645.59	5,254.53
VI Profit / (Loss) before extraordinary items and tax		(45,227.61)	(29,636.34)
VII Extraordinary items (Net of Taxes)		8,625.85	-
VIII Profit / (Loss) before tax		(53,853.46)	(29,636.34)
IX Tax expense			
Current tax		-	-
Deferred tax	32	(4,804.32)	(1,725.07)
XII Net Profit / (Loss) for the period		(49,049.14)	(27,911.27)
XIII Earnings per share (EPS) before extra-ordinary item			
Basic		(45.44)	(32.07)
Diluted		(45.44)	(32.07)
XIV Earnings per share (EPS) after extra-ordinary item			
Basic		(55.13)	(32.07)
Diluted		(55.13)	(32.07)

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

On behalf of the Board

P. Bharath Kumar
Partner
M.No: 222579

K.N. Venkatasubramanian
Chairman

K. Raghavendra Rao
Managing Director

Place : Chennai
Date : May 26, 2017

L. Chandrasekar
EVP - Finance & Secretary



Notes to the Consolidated Accounts As at March 31, 2017

1 a) The Company and description of business

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

- a) Orchid Europe Limited, a company formed in the United Kingdom initially to market nutraceuticals through mail order/ direct marketing in the United Kingdom and Europe.
- b) Bexel Pharmaceuticals Inc., USA engaged in Pharmaceutical research and development.
- c) Orchid Pharmaceuticals Inc., USA to provide services in USA. It has a wholly owned subsidiaries "Orgenus Pharma Inc, USA" which provides services in USA and "Orchid Pharma Inc./Karalex Pharma, USA" which sells pharmaceutical products in USA.
- d) Orchid Pharmaceuticals SA (Proprietary) Limited, South Africa to register and market formulations in South Africa.
- e) Diakron Pharmaceuticals Inc., USA engaged in Pharmaceutical research and development.

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

b) Consolidation

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

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

*** Preferred stock has been considered as common stock for the purpose of calculating the percentage of holding since Preferred stock has the same voting rights as common stock. The consolidated statements have been prepared on the basis of unaudited financial results of subsidiaries and associates.

Notes to the Consolidated Accounts As at March 31, 2017

c) Convenience Translation

The accounts of the subsidiary companies and the Associate company have been prepared in their respective currencies.. For the purpose of convenience the balances are translated into Indian currency, being the reporting currency in the consolidated financial statements, at the closing rate as at March 31, 2017.

2 Significant Accounting Policies

a) Accounting Convention

The Financial Statements are prepared under historical cost convention on the basis of a going concern following the accrual system of accounting and comply with the applicable mandatory accounting standards specified under section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant portions of the Companies Act, 2013..

b) Fixed Assets

- (i) Fixed Assets are stated at the original cost inclusive of inward freight, incidental expenses related to acquisition and related pre-operational expenses and technical knowhow fees where applicable.
- (ii) Machinery spares which can be used only in connection with specific fixed assets and the use of which are irregular, are charged over the period of the life of such fixed asset, in accordance with Accounting Standard 10.
- (iii) Brands represent brands acquired by the company and includes IPR & Licences purchased for a consolidated consideration. The cost of brands, patents and trademarks are amortised over a period of 60 months from the month of acquisition.
- (iv) The cost of patents / registrations acquired by subsidiaries / joint ventures are amortised over their useful life after they are put to use.
- (v) INTERNALLY GENERATED INTANGIBLE ASSETS - DMF & ANDA
DMF and ANDA costs represents expenses incurred on development of processes and compliance with regulatory procedures of the US FDA, in filing Drug Master Files("DMF") and Abbreviated New Drug Applications("ANDA"), in respect of products for which commercial value has been established by virtue of third party agreements/arrangements. This is in accordance with the requirements of Accounting Standard 26.
- (vi) Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013.
- (vii) Leasehold assets cost is amortised over the period of the Lease.
- (viii) Depreciation on assets added/disposed off during the year is provided on pro-rata basis from the month of addition or up to the month preceding the month of disposal, as applicable.
- (ix) Impairment of assets:
Management periodically assesses using external and internal sources whether there is an indication that an asset may be impaired. An impairment occurs where the carrying value exceeds the present value of future cash flows expected to arise from the continuing use of the assets and its eventual disposal. The impairment loss to be expensed is determined as the excess of the carrying amount over the higher of the asset's net sales price or present value as determined above.

c) Borrowing Costs

Borrowing costs includes interest, amortisation of ancillary cost incurred in connection with borrowings. Cost incurred for raising long term borrowings have been amortized over the period of the loan. Interest cost on qualifying asset being an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, is capitalised at the weighted average rate of the funds borrowed and utilised for acquisition of such assets.

d) Treatment of expenditure during construction period.

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

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



Notes to the Consolidated Accounts As at March 31, 2017

f) Investments

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

g) Inventories

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

@ After adjustment of unrealised profits on inter division transfer.

g) Revenue Recognition

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

h) Retirement Benefits

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

i) Translation of Foreign Currency items

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

The company has exercised the option provided under the amendment to the Companies (Accounting Standards) Amendment Rules, 2006 dated 31st March, 2009 (AS 11). The Ministry of Company Affairs vide notification dated 29th December 2011 has extended the amortisation of gains or losses arising on reporting of Foreign Currency Monetary items over the balance period of such long term asset / liability. Accordingly Exchange loss on Long term foreign currency loans have been amortised over the balance period of such loans. Adoption of this option has resulted in (a) amount remaining unamortised in the financial statements as on March 31, 2017 is Rs. 5498.74/- Lakhs (previous year (Rs. 10365.05/- Lakhs)).

j) Subsidy on Fixed Assets

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

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

Notes to the Consolidated Accounts As at March 31, 2017

5 Share Capital

₹ in Lakhs

	As at 31.03.2017	As at 31.03.2016
AUTHORISED:		
Equity shares		
15,00,00,000 (Previous year 15,00,00,000) Equity Shares of ₹10/- each	15,000.00	15,000.00
ISSUED, SUBSCRIBED AND PAID-UP		
889,64,327 (Previous year - 889,64,327) equity Shares of Rs.10/- each fully paid.	8,896.43	8,896.43
of the above 1,73,76,940 Equity shares of Rs10/- each were allotted as fully paid bonus shares by capitalisation of reserves.		
The reconciliation of the number of shares outstanding as at March 31, 2017 and March 31, 2016 is set out below:		
Number of shares at the beginning	8,89,64,327	8,52,61,877
Add: Allotments during the period	-	37,02,450
Number of shares at the end	8,89,64,327	8,89,64,327

Share Allotments during the preceeding five years		
ESOP	No. of shares	No. of shares
2015-16	37,02,450	37,02,450
2013-15	1,48,09,801	1,48,09,801
2012-13	10,000	10,000
2011-12	Nil	Nil
2010-11	Nil	Nil

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

Name of the Shareholder	As at March 31, 2017		As at March 31, 2016	
	No of shares	% held	No of shares	% held
Orchid Healthcare Pvt. Ltd.	1,94,09,575	21.82%	2,05,88,610	23.14%
Serum Institute of India	57,01,524	6.41%	57,01,524	6.41%

a) ORCHID ESOP 2010 SCHEME

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

Considering the fall in the price of the shares of the Company and in the interest of the employees, the Compensation Committee of the Board of Directors at its meeting held on November 1, 2011 considered repricing of 8,64,500 options in force on the said date from Rs.329.55 to Rs.166.15 as per the closing share price of Orchid at the National Stock Exchange of India Ltd on October 31, 2011. As at March 31, 2017, the outstanding options yet to be exercised under the said scheme is Nil.

b) ORCHID ESOP – DIRECTORS 2011 SCHEME

In terms of the resolution passed by the company at the AGM held on July 29, 2011, the shareholders approved a scheme formulated as "ORCHID ESOP – DIRECTORS 2011 SCHEME" for allotting 5,00,000 options to Directors of the Company. Accordingly 3,00,000 options were granted to the Directors of the Company including the Whole Time Director but excluding the Promoter Director, by the Compensation Committee of the Board of Directors at a meeting held on November 1, 2011. Each option is convertible into one equity share of Rs. 10/- each at a price of Rs. 166.15 per share, being the closing share price of Orchid at the National Stock Exchange of India



Notes to the Consolidated Accounts As at March 31, 2017

Ltd on October 31, 2011, the day prior to the date of the meeting. As at March 31, 2017, the outstanding options yet to be exercised under the said scheme is Nil."

c) ORCHID ESOP – SENIOR MANAGEMENT 2011 SCHEME

In terms of the resolution passed by the company at the AGM held on July 29, 2011, the shareholders approved a scheme formulated as "ORCHID ESOP – SENIOR MANAGEMENT 2011 SCHEME" for allotting 10,00,000 options to senior employees of the Company out of which 7,50,000 options will be granted to the employees of the Company and 2,50,000 options will be granted to the employees of its subsidiary companies. Accordingly 42,700 options were granted to the Employees of the Company by the Compensation Committee of the Board of Directors at a meeting held on November 01, 2011. Each option is convertible into one equity share of Rs.10/- each at a price of Rs. 10/- each (i.e. At Par). 10,675 options are in force as at March 31, 2017 under ORCHID ESOP – SENIOR MANAGEMENT 2011 Scheme."

6 Reserves & Surplus

₹ in Lakhs

	As at 31.03.2017		As at 31.03.2016	
Capital Reserve		894.68		894.68
Securities Premium Account	46,447.86		44,974.66	
Add: Premium on issue of Shares	-	46,447.86	1,473.20	46,447.86
Capital Reserve on Amalgamation		9,004.21		9,004.21
General Reserve	62,030.26		63,712.07	
Less: Depreciation on transition to Schedule II of the Companies Act, 2013 on tangible Fixed Assets with nil remaining useful life	-	62,030.26	1,681.81	62,030.26
Foreign currency Monetary item Translation difference Account		(5,498.74)		(10,365.05)
Foreign Currency Fluctuation Reserve	1,977.65		1,158.74	
Add : Adjustments	(109.91)	1,867.74	818.91	1,977.65
Surplus in Profit & Loss Account	(1,01,850.50)		(73,939.24)	
Add: Surplus / (Deficit) in Profit & Loss account	(49,049.14)		(27,911.26)	
Balance available for appropriation		(1,50,899.64)		(1,01,850.50)
Adjustment on consolidation		(11,509.40)		(12,131.05)
		(47,663.03)		(3,991.94)

7 Long Term borrowings

Secured				
Rupee Term loans	1,87,051.20		1,87,809.89	
Foreign currency Term loan	73,270.83		75,240.91	
Less:- Current maturities transferred to Current liabilities	(44,644.07)	2,15,677.96	(25,297.15)	2,37,753.65
		2,15,677.96		2,37,753.65

	Repayment terms	Balance No of instalments due	Rate of interest	Amt due @
Rupee Term Loan	Quarterly	24	SBI Base rate plus 100 BPS	1,74,209.80
Foreign Currency Term Loan	Quarterly	24	LIBOR + 3 to 4.6%	67,915.28

@ amount due includes for all installments in the respective category

Notes to the Consolidated Accounts As at March 31, 2017

As per the terms of the CDR package ,all Indian rupee loan from bank carries interest @10.30% p.a (SBI Base Rate + 100 Basis points). These loans are repayable in 32 quarterly installments from 01/04/2015. These loans are secured by Pari Passu charge by way of joint mortgage on immovable and movable assets situated at Factory premises at SIDCO Industrial Area, Alathur, SIPCOT Industrial Park, Irungattukottai, Corporate Office Premises, Nungambakkam and current assets, subject to prior charges created/ to be created on current assets in favour of bankers and financial institutions for securing working capital borrowings. All term loans are additionally secured by personal guarantee of Shri K.Raghavendra Rao, Managing Director of the Company.

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

8 Long Term provisions

₹ in Lakhs

	As at 31.03.2017	As at 31.03.2016
Provision for employee benefits- Leave encashment	206.67	373.09
	206.67	373.09

9 Short Term Borrowings

a) Secured		
- Working Capital Facilities / Borrowings	50,160.61	49,475.39
Packing Credit and Cash Credit from Banks are secured by first charge on all current assets namely, Stocks of Raw materials, Semi-finished & Finished Goods, Stores and Spares not relating to Plant & Machinery (Consumable Stores and Spares), Bills Receivable, Book Debts & all other movable property both present and future excluding such movables as may be permitted by the Banks/ financial institutions from time to time and by second charge on immovable properties after charges created/ to be created on immovable assets in favour of Financial Institutions/Banks for securing Term Loans. The borrowings from banks are additionally secured by personal guarantee of Shri. K. Raghavendra Rao, Managing Director of the Company.		
b) Unsecured		
- from Banks	4,000.00	6,499.95
- from Others	2,500.00	2,516.69
c) Unsecured advances from Related parties	3,291.77	4,887.04
	59,952.38	63,379.07

10 Trade payables

Supplies - MSME	80.13	65.72
- Others	23,303.99	18,792.00
Expenses - MSME	3.38	16.89
- Others	19,064.08	18,552.02
	42,451.58	37,426.63



Notes to the Consolidated Accounts As at March 31, 2017

11 Other current liabilities

₹ in Lakhs

	As at 31.03.2017	As at 31.03.2016
Current maturities of Term loans (Refer Note no.7)	34,985.76	20,325.99
Interest accrued on borrowings	9,658.31	4,971.16
Advance received from Customer	1,959.87	2,070.59
Unpaid dividends	53.54	58.32
Share Application money refundable	5.42	5.42
Security Deposits received from Agents	433.00	433.00
Statutory liabilities	528.32	669.98
	47,624.22	28,534.46

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

12 Short term provisions

Provision for employee benefits- Gratuity & Leave encashment	517.50	416.49
Interest accrued on borrowings	3,526.07	4,005.10
	4,043.57	4,421.59

13 FIXED ASSETS

₹ in Lakhs

S. No	Asset Description	Gross Block (at Cost)			Depreciation					Written Down Value		
		As at 01-04-2016	Additions during the year	Deletions during the year	As at 31-03-2017	Up to 31-03-2016	For the year	Transition Adjust-ment #	On Deletions	As at 31-03-2017	As at 31-03-2017	As at 31-03-2016
1	Goodwill on Consolidation *	10,060.88	-	-	10,060.88	578.56	-	-	-	578.56	9,482.32	9,482.32
2	Freehold Land & Site Development @	2,608.52	-	-	2,608.52	-	-	-	-	-	2,608.52	2,608.52
3	Leasehold Land	60.77	-	-	60.77	7.33	0.61	-	-	7.94	52.83	53.44
4	Buildings	22,650.26	-	-	22,650.26	6,274.22	751.73	-	-	7,025.95	15,624.31	16,376.04
5	Plant & Machinery	2,43,536.86	6.74	-	2,43,543.60	1,13,814.82	12,222.96	-	-	1,26,037.78	1,17,505.82	1,29,722.04
6	Factory Equipment	545.34	-	-	545.34	432.63	26.00	-	-	458.63	86.71	112.71
7	Laboratory Equipment	5,782.64	-	-	5,782.64	3,822.08	509.57	-	-	4,331.65	1,450.99	1,960.56
8	Office Equipment	987.68	-	1.32	986.36	929.39	57.85	-	0.93	986.31	0.05	58.29
9	Furniture & Fittings	1,617.64	-	-	1,617.64	1,272.64	84.73	-	-	1,357.37	260.27	345.00
10	Vehicles	225.55	-	-	225.55	211.28	1.20	-	-	212.48	13.07	14.27
11	Intangible Assets											-
	(Disclosure as per AS 26)											-
	INTANGIBLE ASSETS											-
	ACQUIRED											-
	Brands & Trademarks **	2,778.16	-	-	2,778.16	2,778.16	-	-	-	2,778.16	-	-
	Patents & Registrations	1,122.36	-	-	1,122.36	960.54	161.82	-	-	1,122.36	-	161.82
	'Internally Generated DMF and ANDA ***	6,364.59	-	-	6,364.59	3,640.47	179.84	-	-	3,820.31	2,544.28	2,724.12
	Computer Software	2,245.57	-	-	2,245.57	2,181.48	38.93	-	-	2,220.41	25.16	64.09
	TOTAL	3,00,586.82	6.74	1.32	3,00,592.24	1,36,903.60	14,035.24	-	0.93	1,50,937.91	1,49,654.33	1,63,683.22
	PREVIOUS YEAR'S FIGURES	3,00,215.27	371.55	-	3,00,586.82	1,20,695.14	14,526.65	1,681.81	-	1,36,903.60	1,63,683.22	1,79,520.13

The total area in which the API facility at Alathur is situated includes a portion of land taken on lease from a third party.

* Refer Note 2 (e)

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

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

@ Assets acquired pending for registration in favour of Company.

	Mar 31, 2017	Mar 31, 2016
Freehold Land	59.09	59.09

Notes to the Consolidated Accounts As at March 31, 2017

14 Non-Current Investments

₹ in Lakhs

	As at 31.03.2017	As at 31.03.2016
Quoted investments		
Others- Non-trade		
Bank of India - 18,600 fully paid up Equity shares of ₹10/- each	8.37	8.37
Aggregate market value of quoted investments	25.90	17.29
Unquoted Investments		
Sai Regency Power Corporation Pvt.Ltd.- Traded 450,000 fully paid up equity shares of ₹10 each	60.00	45.00
Madras Stock Exchange- Non Traded 911,430 fully paid up equity shares of ₹10/- each	23.99	23.99
MSE Financial services Ltd 31,936 fully paid up equity shares of ₹10/- each	3.83	3.83
Total	87.82	72.82
Aggregate provision for diminution in value of investments	-	-
Aggregate value of Un-quoted investments	87.82	72.82
Grand Total of Investments	96.19	81.19

* 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.



Notes to the Consolidated Accounts As at March 31, 2017

15 Long term loans and advances

₹ in Lakhs

	As at 31.03.2017	As at 31.03.2016
Un Secured, considered good		
Capital advances	54,580.96	54,593.82
Prepaid Financial charges	588.83	1,132.36
Deposits with Govt. Agencies	445.52	519.75
Other Deposits	340.52	335.97
Doubtful		
Others	202.66	202.66
Less: provision for doubtful	(202.66)	(202.66)
	55,955.83	56,581.90

16 Other Non current assets

Secured, considered good		
Ear-marked balance transferred from Other Bank balances	198.78	67.32
Unsecured, considered good		
Advance Payment of Tax	13,150.14	12,633.75
	13,348.92	12,701.07

17 Inventories

Raw materials	5,376.39	5,083.13
Intermediates & WIP	7,383.21	7,247.95
Finished Goods	5,139.64	7,630.28
Traded Goods	390.77	696.97
Stores and Spare parts	1,885.83	1,847.15
Chemicals and Consumables	151.62	1,021.18
Packing Materials	797.67	658.25
	21,125.13	24,184.91

18 Trade Receivables

Outstanding for a period exceeding six months from the date they are due for payment		
Un Secured, considered good	6,398.27	15,466.09
Other receivables		
Secured, considered good	263.90	309.68
Un Secured, considered good	13,637.69	15,231.68
	20,299.86	31,007.45

Notes to the Consolidated Accounts As at March 31, 2017

19 Cash and Bank Balances

₹ in Lakhs

	As at 31.03.2017		As at 31.03.2016	
Cash and Cash Equivalents				
Cash on hand	4.68		9.50	
Balances with Banks				
In current accounts	1,087.28		929.00	
Others- Term Deposits	24,614.44	25,706.40	30,555.51	31,494.01
Other Bank balances				
Ear-marked balances				
Margin Money deposit	145.24		9.00	
Unpaid Dividend	53.54		58.32	
Others- Term Deposits	-		-	
Less:- Ear-marked balance transferred to non- current assets	(198.78)	-	(67.32)	-
		25,706.40		31,494.01

20 Short term loans and advances

Un Secured, considered good	-	
Advances to Suppliers	32,059.69	33,970.13
Prepaid expenses	946.24	1,171.78
Balances with Statutory agencies	3,013.81	2,687.94
Rent advances	62.26	62.26
Employees advances	33.47	41.30
Less: Provision for doubtful	(15,333.30)	(10,000.00)
	20,782.17	27,933.41

21 Other current assets

Unsecured and considered good:		
Retention money receivable towards sale of undertaking	-	10,500.00

	Year ended 31.03.2017	Year ended 31.03.2016
22 Revenue from operations		
Sale of products	78,716.90	87,004.70
Other operating revenues		
Sale of other materials	1,202.76	1,230.12
Development & License fee	-	71.53
Others	824.00	92.27
Less: Excise duty	(1,093.25)	(1,054.71)
	79,650.41	87,343.91



Notes to the Consolidated Accounts As at March 31, 2017

23 Other income

₹ in Lakhs

	Year ended 31.03.2017	Year ended 31.03.2016
Dividend income	6.48	1.03
Profit on sale of assets	0.38	-
Net gain on foreign currency translation and transaction	436.83	1,573.89
Other non-operating income	1,473.11	915.66
	1,916.80	2,490.58

24 Employee benefits expense

Salaries & Wages	6,916.65	7,514.60
Contribution to provident and other funds	451.67	479.41
Staff Welfare expenses	656.78	686.92
	8,025.10	8,680.93

25 Finance costs

Interest expenses	32,059.45	28,849.38
Other borrowing costs	1,051.44	575.11
	33,110.89	29,424.49

26 Other expenses

Power and Fuel	5,432.91	5,527.74
Conversion Charges	696.78	1,295.57
Consumption of Stores, Spares & Chemicals	2,389.37	2,926.28
Rent	161.56	87.33
Repairs to buildings	180.64	175.41
Repairs to Machinery	137.07	221.47
Factory maintenance	1,555.74	1,620.38
Insurance	731.08	703.47
Rates & Taxes	312.17	131.25
Postage, Telephone & Telex	60.06	69.77
Printing & Stationery	100.45	99.22
Vehicle Maintenance	19.84	29.19
Research & Development Expenses (Refer Note no. 36)	3,760.15	3,165.10
Advertisement	2.72	4.03
Recruitment expenses	17.00	31.68

Notes to the Consolidated Accounts As at March 31, 2017

26 Other expenses

₹ in Lakhs

	Year ended 31.03.2017	Year ended 31.03.2016
Auditors' Remuneration	42.31	61.10
Auditor	7.50	9.75
Taxation	2.50	8.00
for other services	14.00	14.00
Cost Audit fee		
Travelling and Conveyance	220.41	318.31
Directors' Remuneration & perquisites	77.46	68.20
Directors' travelling		
Inland	6.17	7.50
Overseas	0.18	19.10
Directors' sitting fees	11.00	9.40
Freight outward	1,420.46	1,399.73
Commission on Sales	1,056.20	1,249.87
Business Promotion and Selling Expenses	139.48	119.51
Lease Rentals	1,126.92	1,108.75
Consultancy & Professional Fees	1,208.36	362.72
Provision for Rebates & Discounts	1,954.16	-
Miscellaneous expenses	721.31	643.94
	23,565.96	21,487.77

27 Exceptional Items

Exchange rate loss on Foreign Currency Term Loans	3,312.29	5,254.53
Provision for Contingencies	5,333.30	-
	8,645.59	5,254.53

28 Estimated amounts of contracts remaining to be executed on account of capital account (net of advances) and not provided for.

	1,357.20	3,687.99
--	-----------------	-----------------

29 a. Other monies for which company is contingently liable :

- Unexpired Letters of Credit	11,488.13	4,706.66
- Bank Guarantees outstanding	553.03	561.89
- Claims against the company not acknowledged as debts		
Excise demands under dispute pending before Excise authorities	354.37	690.70
Service Tax dispute pending before Service Tax authorities	85.26	77.50
Sales Tax dispute pending before Sales Tax authorities	498.89	121.62
Self Generation Tax under dispute with State Electricity Board	1,086.42	973.82



₹ in Lakhs

	Year ended 31.03.2017	Year ended 31.03.2016
b. Provision and contingencies in accordance with AS 29 :		
Opening Balance	14,005.00	14,005.00
Additions during the year	7,287.46	-
	21,292.46	14,005.00
Deletions during the year	2,433.18	-
Closing Balance	18,859.28	14,005.00
30 Other Interest and Finance Charges is after crediting interest receipts	1,480.33	1,876.42
TDS on interest receipts	130.90	174.96

31 Related Party Transactions

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

Nature of Transaction		Subsidiary	Associate	Key Management Personnel	Companies in which Directors / Key Management personal are interested / exercise significant influence
Repayment of Unsecured advance	Orchid Healthcare (P) Ltd.	-	-	-	1,595.27
		-	-	-	(1,684.72)
Remuneration - Managing Director				77.46	
				(68.20)	
Remuneration - CFO				45.63	
				(43.90)	
Amounts Due at the end of the year - Credit					3,291.77
					(4,887.04)

Figures in brackets are for previous year

Names of the related parties and description of relationship.

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

Notes to the Consolidated Accounts As at March 31, 2017

	As at 31.03.2017	As at 31.03.2016
32 Provision for Deferred Tax for the year (₹4804.32) Lakhs (Previous year (₹1725.07) Lakhs).		
Deferred Tax liability represents the following		
Timing Difference on account of Depreciation	4,609.91	9,414.23
Timing Difference on account of Losses	-	(17.85)

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

33 Segmental Reporting

The Company was disclosing segment information classifying the business as Bulk drugs and Formulations till the financial year 2004-05. However in view of integration of bulk actives and formulations business, with the commissioning of Generics formulation facilities from the financial year 2005-06, the Company considers the business as one interrelated and integrated business of "Pharmaceutical products" and hence no separate segmental reporting is provided.

34 Disclosure on Lease Rentals as per AS 19 :

A	The total of future minimum lease payments under non-cancellable operating leases for each of the following periods;	
	Not later than 1 year	-
	Later than 1 year and not later than 5 years	-
	later than 5 years	-
B	The total of future minimum sublease payments expected to be received under non-cancellable subleases at the balance sheet date	Nil
C	Lease payments recognised in the statement of profit and loss for the period.	1,126.92
D	Sub lease payment received (or Receivable) recognised in the statement of profit and loss for the period	Nil
E	A general description of the lessee's significant leasing arrangements including, but not limited to the following	
	(1) The basis on which contingent rent payments are Determined - The future rent payments are determined as per the lease agreement executed.	



Notes to the Consolidated Accounts As at March 31, 2017

35 Reconciliation of Basic and Diluted shares used in computing Earnings per share

(Equity shares of ₹10/-each fully paid-up)

₹ in Lakhs

		Year ended 31.03.2017	Year ended 31.03.2016
Profit After Tax before extra ordinary item	₹ Lakhs	(40,423.27)	(27,911.26)
Profit After Tax after extra ordinary item	₹ Lakhs	(49,049.14)	(27,911.26)
No of Shares Outstanding	Nos.	8,89,64,327	8,89,64,327
Weighted Average Number of shares	Nos.	8,89,64,327	8,70,32,174
Earnings per Share - Basic before extra ordinary item	.	(45.44)	(32.07)
Earnings per Share - Basic after extra ordinary item	.	(55.13)	(32.07)
Total No of Equity shares to compute diluted EPS	Nos.	8,89,64,327	8,70,32,174
Earnings per Share - Diluted before extraordinary item	.	(45.44)	(32.07)
Earnings per Share - Diluted after extraordinary item	.	(55.13)	(32.07)

36 Expenditure on Research and Development

Revenue expenditure charged to the Profit & Loss account (excluding depreciation)	3,760.15	3,165.10
	3,760.15	3,165.10
Research and Development Expenses includes :		
Power and Fuel	119.53	182.31
Consumption of Stores, Spares & Chemicals	240.28	364.47
Salaries,Wages and Bonus	1,364.12	1,312.18
Contribution to Provident & other funds	122.40	118.26
Staff Welfare	112.04	103.66
Rates & Taxes	5.39	2.19
Insurance	14.74	14.49
Postage, Telephone & Telex	3.96	6.07
Printing & Stationery	4.59	5.87
Vehicle Maintenance	0.72	0.54
Recruitment expenses	6.81	7.18
Traveling and Conveyance	11.57	8.07
Filing & Registration Expenses	7.01	32.64
Testing Charges	0.94	67.53
Consultancy & Professional Fees	401.55	794.33
Others	1,344.50	145.31
	3,760.15	3,165.10

Notes to the Consolidated Accounts As at March 31, 2017

37 Derivative Instruments and unhedged Foreign currency Exposure :

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

₹ in Lakhs

		2016-17			2015-16	
		Currency	Foreign Currency	₹ Lakhs	Foreign Currency	₹ Lakhs
i)	Receivables Outstanding					
		USD	2,49,30,415	16,067.65	3,73,62,361	24,629.27
		EUR	4,97,670	340.80	18,44,402	1,367.81
ii)	Payables Outstanding	USD	2,79,52,775	18,253.16	1,52,98,882	10,215.06
		EUR	3,92,737	275.03	4,14,427	314.05
		GBP	2,67,476	218.77	2,53,840	244.07
		Others	7,92,40,594	73.50	7,88,77,196	72.46
iii)	Advance Paid	GBP	73,423	60.05	73,423	70.60
		USD	2,57,06,671	16,786.46	2,56,94,009	17,155.89
		EUR	2,00,12,232	14,014.57	2,00,59,084	15,200.77
		Others	4,17,285	20.58	7,38,030	16.04
iv)	Loans availed	USD	11,22,06,480	73,270.83	11,26,86,701	75,240.91

38 Period and amount of continuing default as on the Balance sheet date

Due date	Principal Due	Interest Due
Up to 31/03/2016	-	392.44
06-04-2016	-	77.88
06-05-2016	-	225.11
06-06-2016	-	284.86
06-07-2016	-	308.40
06-08-2016	-	393.87
06-09-2016	-	395.65
06-10-2016	-	989.60
06-11-2016	-	391.16
06-12-2016	-	381.72
06-01-2017	-	1,068.52
06-02-2017	-	1,808.20
06-03-2017	-	1,634.93
Up to 31/03/2016	53.00	-
30-06-2016	1,219.18	-
30-09-2016	1,126.95	-
31-12-2016	2,172.44	-
31-03-2017	3,967.08	-



Notes to the Consolidated Accounts As at March 31, 2017

39 Additional information as required by Paragraph 2 of the General instructions for preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013

S.No	Name of the Entity	Net Assets		Share in Profit or Loss	
		As % of consolidated net assets	Amount	As % of consolidated Profit or Loss	Amount
1	Parent				
	Orchid Pharma Ltd.	67.9%	(26,341.78)	98.6%	(48,349.49)
2	Subsidiaries				
	Foreign				
i)	Bexel Pharmaceuticals Inc.	8.9%	(3,436.56)	0.0%	-
	USA				
ii)	Orchid Pharma Inc.	12.0%	(4,657.10)	0.4%	(212.52)
	USA				
iii)	Diakron Pharmaceuticals Inc.	11.6%	(4,511.80)	0.8%	(385.96)
	USA				
iv)	Orchid Pharmaceuticals SA (Proprietary) Ltd.	0.0%	(17.69)	0.0%	0.19
	South Africa				
v)	Orchid Europe Ltd.	-0.5%	198.33	0.2%	(101.36)
	United Kingdom				
	Germany				
		100.0%	(38,766.60)	100.0%	(49,049.14)

The financials of the associate was not considered for consolidation as the same is not available on account of pending arbitration proceedings.

40 Details of Specified Bank Notes (SBN) held and transacted during the period 08.11.2016 to 30.12.2016 pursuant to clause K of paragraph 6 in Division II of Part I of Schedule III to the Companies Act, 2013. For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8th November, 2016.

	SBN	Other denomination Notes	Total
Closing each in hand as on 08/11/2016	2,00,500	3,61,069	5,61,569
(+) Permitted receipts	-	7,62,793	7,62,793
(-) Permitted payments	-	7,10,232	7,10,232
(-) Amount deposited in Banks	2,00,500	-	2,00,500
Closing cash in hand as on 31/12/2016	-	4,13,630	4,13,630

41 Previous year's figures have been re-grouped wherever necessary to conform to current year's classification.

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

On behalf of the Board

P. Bharath Kumar
Partner
M.No: 222579

K.N. Venkatasubramanian
Chairman

K. Raghavendra Rao
Managing Director

Place : Chennai
Date : May 26, 2017

L. Chandrasekar
EVP - Finance & Secretary

Consolidated Cash Flow Statement For The Year Ended March 31, 2017

₹ in Lakhs

PARTICULARS	Year ended 31.03.2017	Year ended 31.03.2016
A. Cash Flow from Operating Activities		
Net Profit / (Loss) before taxation	(45,227.59)	(29,618.48)
Adjustment for		
Depreciation	14,101.58	14,526.65
Dividend Income	(6.48)	(1.03)
Provision for Rebates & Discounts	1,954.16	-
Provision for doubtful advances	5,333.30	-
Loss / (profit) on sale of Fixed Assets	(0.38)	-
Foreign Exchange Rate Fluctuations - Unrealised	3,718.29	5,069.18
Interest Expense	33,110.88	29,424.49
Operating Profit before Working Capital Changes	12,983.76	19,400.81
Adjustments for:		
Trade and other Receivables	14,664.65	(5,142.50)
Inventories	3,059.78	1,007.89
Trade Payables	992.59	5,953.40
Income Taxes Paid	-	-
Cash Flow before extraordinary item	31,700.78	21,219.60
Extraordinary item	-	-
Net Cash from Operating Activities	31,700.78	21,219.60
B Cash Flow from Investing Activities		
Purchase of Fixed Assets	(851.06)	(146.63)
Proceeds from Sale / Deletion of Fixed Assets	0.77	-
Increase in Investments	(15.00)	-
Dividends received	6.48	1.03
Net cash used in Investing Activities	(858.81)	(145.60)



Consolidated Cash Flow Statement For The Year Ended March 31, 2017

₹ in Lakhs

PARTICULARS	Year ended As at 31.03.2017	Year ended As at 31.03.2016
C. Cash Flow from Financing Activities		
Proceeds from issuance of Share Capital (net of expenses)	-	1,843.45
Proceeds from /(Repayment)Working Capital Borrowings	(1,918.45)	382.94
Proceeds from Long Term Borrowings	-	1,270.28
Repayment of Long Term Borrowings	(12,822.07)	(3,968.05)
Proceeds from Short Term Borrowings (Unsecured)	-	(1,668.03)
Interest paid	(21,889.06)	(26,497.08)
Net cash from Financing Activities	(36,629.58)	(28,636.49)
D. Net Increase/(Decrease) in Cash and Cash equivalents	(5,787.61)	(7,562.49)
Cash and Cash equivalents at the beginning of period	31,494.01	39,056.50
Cash and Cash equivalents at the end of period	25,706.40	31,494.01

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

On behalf of the Board

P. Bharath Kumar
Partner
M.No: 222579

K.N. Venkatasubramanian
Chairman

K. Raghavendra Rao
Managing Director

Place : Chennai
Date : May 26, 2017

L. Chandrasekar
EVP - Finance & Secretary

KEY FINANCIAL PARAMETERS

₹ in Lakhs

S.No	Particulars	2016-17 (12 Months)	2015-16 (12 Months)	2013-15 (18 Months)	2012-13 (18 Months)	2011-12 (12 Months)
1)	Financial Results Summary:					
a	Total Sales & Operating Income	75,535.51	87,933.85	1,73,619.46	1,90,658.45	1,73,633.06
b	Other income	1,948.26	2,460.41	4,237.47	3,976.94	5,581.17
c	Total Income	77,483.77	90,394.26	1,77,856.93	1,94,635.39	1,79,214.23
d	Operating Expenditure	66,327.62	70,527.67	1,41,633.49	1,77,673.75	1,38,041.30
e	Earnings before Interest, Depreciation, Tax, Exceptional & Extra-ordinary items	11,156.15	19,866.59	36,223.44	16,961.64	41,172.93
f	Depreciation	13,941.89	14,341.22	32,137.24	24,386.87	14,905.56
g	Interest	33,110.23	29,423.18	53,700.87	52,038.06	17,905.29
h	Earnings before Tax, Exceptional & Extra-ordinary items	(35,895.97)	(23,897.81)	(49,614.67)	(59,463.29)	8,362.08
i	Exceptional (Income)/Expenditure	8,645.59	5,254.53	15,726.30	(5,111.08)	8,388.14
j	Earnings before Tax, & Extra-ordinary items	(44,541.56)	(29,152.34)	(65,340.97)	(54,352.21)	(26.06)
k	Tax	(4,804.32)	(1,725.07)	(19,175.17)	(1,329.56)	(2,337.22)
l	Earnings before Extra-ordinary items	(39,737.24)	(27,427.27)	(46,165.80)	(53,022.65)	2,311.16
m	Extra-ordinary (Gain)/Loss	8,625.85	-	(27,061.78)	-	(8,000.00)
n	Net Profit / (Loss)	(48,363.09)	(27,427.27)	(19,104.02)	(53,022.65)	10,311.16
2)	Profitability Ratios:					
a	EBITDA Margin - %	15%	23%	21%	9%	24%
b	Net Profit Margin - %	-64%	-31%	-11%	-28%	6%
3)	Share holder related:					
a	EPS - Basic - Rs/Share (after Extra-ordinary Items)	(54.36)	(31.51)	(26.11)	(75.26)	14.64
b	Net worth	(26,383.31)	17,113.47	43,939.84	48,816.54	1,14,630.96



GLOSSARY

ADR	American Depository Receipt	IPM	Indian Pharmaceutical market
ANDA	Abbreviated New Drug Application	ISO	International Organization for Standardization
APIs	Active Pharmaceutical Ingredients	JDMFs	Japanese Drug Master Files
BPs	Basis Point	KMP	Key Managerial Personnel
CAGR	Compound Annual Growth Rate	KSMs	Key Starting Materials
CDR	Corporate Debt Restructuring	MA	Marketing Authorisation
CDR EG	CDR Empowered Group	MSA	Master Services Agreement
CIF	Cost, Insurance and Freight	NAFLD	Non Alcoholic Fatty Liver Disease
CIN	Corporate Identity Number	NASH	Non Alcoholic Steato Hepatitis
COS	Certificate of Suitability	NCEs	New Chemical Entities
CPI	Consumer Price Index	NDDS	Novel Drug Delivery System
CSR	Corporate Social Responsibility	NFEE	Net Foreign Exchange Earnings
CT	Cooling Tower	NPNC	Non-Penicillin, Non-Cephalosporin
DDR	Drug Discovery Research	OHSAS	Occupational Health and Safety Assessment Series
ERP	Enterprises Resource Planning	OTC	Over The Counter
ESOP	Employee Stock Option Plan	PAC	Person Acting In Concert
ESOS	Employee Stock Option Scheme	PMI	Purchasing Managers' Indices
FCCB's	Foreign Currency Convertible Bond	R&D	Research and Development
FDF	Finished Dosage Formulations	TPD	Tonnes Per Day
FOB	Freight on Board / Free on Board	UPD	Units Per Day
FTF	First To File	USDMF	United States Drug Master File
GDP	Gross Domestic Product	USFDA	United States Food and Drug Administration
GDR	Global Depository Receipt	WEO	World Economic Outlook
GLP	Good Laboratory Practices	WGP	World Gross Product
GST	Goods and Service Tax	WPI	Wholesale Price Index
GVA	Gross Value Addition		
IPR	Intellectual Property Rights		

NOTES



Export Excellence Award

Shri K Raghavendra Rao, Managing Director received the Export Excellence Award for 2014-15 from Shri M C Sampath, Minister for Industries, Tamil Nadu



Safety is a way of life

Dr. R J Sarangdhar, Senior General Manager - Manufacturing received the Safety Award from Shri D Jayakumar - Minister for Finance and Fisheries, Tamil Nadu



Safe environment – Safe life

Park maintained by Orchid Pharma Ltd., through Orchid Trust at Alathur Village, Kancheepuram District, Tamil Nadu



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