

CIN: L24222TN1992PLC022994

Regd. Office: "Orchid Towers", 313, Valluvar Kottam High Road
Nungambakkam, Chennai – 600 034, India

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NOTICE OF VOTING THROUGH POSTAL BALLOT

Pursuant to Section 110 of the Companies Act, 2013

To

The Members of Orchid Chemicals & Pharmaceuticals Limited

Notice is hereby given, pursuant to Section 110 of the Companies Act, 2013 ("the Act") read with The Companies (Management and Administration) Rules, 2014, the company is seeking the consent of its members for the below mentioned resolutions by way of Postal Ballot which includes voting by electronic means.

The Explanatory Statement pertaining to the resolutions proposed in this notice setting out all material facts and reasons thereof along with Postal Ballot Form is annexed herewith.

The Company has appointed Mr. S. Dhanapal, Senior Partner of M/s. S Dhanapal & Associates, Practising Company Secretaries, Chennai as Scrutinizer for conducting the postal ballot process in a fair and transparent manner.

You are requested to carefully read the instructions printed in the Postal Ballot Form and return the Form duly completed in the attached self addressed postage pre-paid envelope so as to reach the Scrutinizer on or before the close of working hours i.e. 5.30 P.M on, Monday, the 25th day of August, 2014. The Scrutinizer after completion of the scrutiny will submit his report to the Managing Director of the Company on Tuesday, the 26th day of August, 2014. The results of the postal ballot will be declared by the Managing Director or in his absence by any Director authorised by the Board in this regard on Tuesday, the 26th day of August, 2014 at 5.00 P.M. at the Registered Office of the Company. The results will also be posted on the website of the Company www.orchidpharma.com. The results shall be intimated to the Stock Exchange where the shares of the company are listed and also to the general public through press release in newspapers.

Members may note that as required under Clause 35B of the Listing Agreement, the Company has engaged the services of National Securities Depository Limited (NSDL) to provide e-voting facility to members of the Company. Accordingly the Company is providing e-voting facility for the Postal Ballot as an alternate, which would enable the members to cast their votes electronically, instead of casting their votes and dispatching Postal Ballot forms physically. Please read and follow the instructions on e-voting enumerated in the Notes to this Notice. Only members entitled to vote are entitled to fill in the Postal Ballot Form and send it to the Scrutinizer or vote under the e-voting facility offered by the Company, and any other recipient of the Notice who has no voting rights should treat the Notice as an intimation only. Detailed instructions to use the facility are given separately.

The Resolutions, if approved, will be taken as passed effectively on the date of declaration of results.

Proposed Resolutions:

ITEM NO.1: TO AMEND MAIN OBJECTS OF THE MEMORANDUM OF ASSOCIATION

To consider and, if thought fit, to assent / dissent the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 13 and all other applicable provisions, if any, of the Companies Act, 2013 (including any amendment thereto or re-enactment thereof), and subject to necessary approval(s) if any, from the competent authorities, Clause III (A) (1), III (A) (2), III (A) (3) of main Objects of the Memorandum of Association of the Company be altered by replacing with following clauses III(A) 1 , III (A) (2), III (A) (3).

1. To carry on the business as dealers, manufacturers, contractors and loan licence manufacturers, agents, distributors of Drugs, Bulk Drugs and Pharmaceuticals of every description and application with indigenous and/or imported technology, pharmaceutical formulations like liquids, capsules, tablets, powders, mixtures, antibiotics enzymes and fluids of every description, all intermediates and by-products of any of the above, surgical and health aids of varied nature like syringes, gloves, surgical & sanitary towels, napkins, Pharma based cosmetics.
2. To carry on the business as manufacturers, contractors and loan licence manufacturers, distributors, dealers and agents analytical chemists in chemical and medicinal preparations, articles, compounds, surgical and scientific apparatus, equipment, appliances, instruments and medical engineering goods of varied descriptions and also to act as consultants in environment management systems.
3. To carry on the business as manufacturers, contractors and loan licence manufacturers, dealers and distributors of fine chemicals, organic, inorganic and biochemical substances or formulation, alkalies, acids, bases, solvents, alcohols, ethers, aromatics etc., employing any process of halogenation, hydrogenation, sulphonation, nitration, oxidation, reduction, calcination, extraction, separation, distillation, dehydration, evaporation, condensation, crystallisation, ionidation, fermentation etc."

ITEM NO.2: DELETION OF THE OTHER OBJECTS CLAUSE OF THE MEMORANDUM OF ASSOCIATION

To consider and, if thought fit, to assent / dissent the following resolution as a **Special Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 13 and all other applicable provisions, if any, of the Companies Act, 2013 (including any amendment thereto or re-enactment thereof), and subject to necessary approval(s) if any, from the competent authorities, the Other Objects Clause of the Memorandum of Association of the Company be altered by completely deleting all the existing clauses III(C) 1 to III(C) 52.”

ITEM NO.3 – AMENDMENT OF THE LIABILITY CLAUSE OF MEMORANDUM OF ASSOCIATION

To consider and, if thought fit, to assent / dissent the following resolution as a **Special Resolution**:

“RESOLVED THAT pursuant to provisions of Section 4, Section 13 and all other applicable provisions, if any, of the Companies Act, 2013, Clause IV of the Memorandum of Association be and is hereby altered by replacing the existing Clause IV with the following new Clause IV:

Clause IV. *“The liability of members is limited and this liability is limited to the amount unpaid, if any, on shares held by them.”*

ITEM NO.4: AMENDMENT OF INCIDENTAL OR ANCILLARY OBJECTS CLAUSE OF THE MEMORANDUM OF ASSOCIATION

To consider and, if thought fit, to assent / dissent the following resolution as a **Special Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 13 and all other applicable provisions, if any, of the Companies Act, 2013 (including any amendment thereto or re-enactment thereof), and subject to necessary approval(s) if any, from the competent authorities, the existing clause (III)(B) 12 of the Incidental or Ancillary Objects clause of the Memorandum of Association of the Company be altered by replacing it with the following clause (III)(B) 12:

(III)(B) 12 *“To distribute any of the Company’s property among the members in specie, subject to the provisions of the Companies Act, 2013 in the event of winding up.”*

ITEM NO.5 - ADOPTION OF NEW SET OF ARTICLES:

To consider and if thought fit, to assent / dissent the following resolution as a **Special Resolution**:

“RESOLVED THAT, pursuant to provisions of Section 14 and other applicable provisions, if any, of the Companies Act, 2013, the Articles of Association of the Company be and are hereby altered by replacing all the existing regulations 1 to 133 with the new regulations 1 to 133 and adopted as the Articles of Association of the Company.”

ITEM NO.6: BORROWING POWERS OF THE COMPANY

To consider and if thought fit, to assent / dissent the following resolution as a **Special Resolution**:

“RESOLVED THAT in supersession of the earlier resolution passed through Postal ballot on March 07, 2009, the consent of the Company be and is hereby accorded, in terms of Section 180(1)(C) of the Companies Act, 2013 and other applicable provisions, if any, to the Board of Directors of the Company (which term shall be deemed to include any Committee which the Board may constitute for this purpose) for borrowing, from time to time, as it may consider fit, any sum or sums of monies, on such terms and conditions as the Board may deem fit notwithstanding that the money(ies) to be borrowed together with the money(ies) already borrowed by the Company (apart from temporary loan obtained or to be obtained from the Company’s Bankers in the ordinary course of business and Foreign Currency Convertible Bonds or other securities in the nature of Borrowings, issued or to be issued by the Company) may exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, by an amount not exceeding Rs.2,500 crores (Rupees Two thousand five hundred crores only).

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to finalise the terms and conditions for all such borrowings with respect to the interest, repayment, security or otherwise as it may deem fit in its absolute discretion and to do and perform all such acts, deeds and things as may be required to give effect to the above resolution, from time to time.”

ITEM NO.7: MORTGAGING/CHARGING OF THE PROPERTIES OF THE COMPANY

To consider and if thought fit, to assent / dissent the following resolution as a **Special Resolution**:

“RESOLVED THAT in supersession of the earlier resolution passed through Postal ballot on March 07, 2009, the consent of the Company be and is hereby granted, in accordance with Section 180(1)(a) and all other applicable provisions, if any, of the Companies Act, 2013, to the Board of Directors (which term shall be deemed to include any Committee which the Board may constitute for this purpose) to mortgage and/or charge, in addition to the mortgages and/or charges created/to be created by the Company, in such form and manner and with such ranking as to priority and for such time and on such terms as the Board may determine, all or any of the movable and /or immovable, tangible and/or intangible properties of the Company, both present and future and/or the whole or any part of the undertaking(s) of the Company together with the power to take over the management of the business and concern of the Company in certain events of default, in favour of the lender(s), agent(s), trustee(s) for securing the borrowings of the Company availed/to be availed by way of loan(s) (in foreign currency and/or rupee currency) and securities (comprising fully/partly convertible debentures and /or non-convertible debentures with or without detachable or non-detachable warrants and/or secured premium notes and/or floating rates notes/ bonds or other debt instruments), issued /to be issued by the Company, from time to time, subject to the limits

approved under Section 180(1)(C) of the Companies Act, 2013, together with interest at the respective agreed rates, additional interest, compound interest in case of default, accumulated interest, liquidated damages, commitment charges, premium on pre-payment, remuneration of agent(s)/ trustee(s), premium (if any) on redemption, all other costs, charges and expenses, including any increase as a result of devaluation/revaluation /fluctuation in the rates of exchange and all other monies payable by the Company in terms of loan agreement(s), heads of agreement(s), debenture trust deed or any other document entered into/to be entered into between the Company and the lender(s)/agent(s)/trustees, in respect of the said loans/ borrowings/ debentures and containing such specific terms and conditions and covenants in respect of enforcement of security as may be stipulated in that behalf and agreed to between the Board of Directors or Committee thereof and the lender(s)/ agent(s)/trustee(s).

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board or Committee thereof be and is hereby authorized to finalize, settle and execute such documents / deeds / writings / papers/agreements as may be required and to do all acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to creating mortgage/charge as aforesaid and also to delegate all or any of the above powers to the Committee of Directors or the Managing Director or the Principal Officer of the Company and generally to do all acts, deeds and things that may be necessary, proper, expedient or incidental for the purpose of giving effect to the aforesaid Resolution.”

ITEM NO 8 – ISSUE OF SHARES ON PREFERENTIAL BASIS TO PROMOTERS

To consider and, if thought fit, to assent / dissent the following Resolution as a **Special Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Section 62 and other applicable provisions, if any of the Companies Act, 2013 and its rules (including any statutory amendments thereto and all modifications or re-enactments thereof for the time being in force) and in accordance with the provision of the Memorandum and Articles of Association of the Company and subject to the rules/regulations/guidelines/clarifications issued by the Securities and Exchange Board of India (hereinafter referred to as “SEBI”), including the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 on Preferential Issue (hereinafter referred to as “SEBI Regulations for Preferential Issue”), Listing Agreements entered into by the Company with the Bombay Stock Exchange Limited, Madras Stock Exchange Limited and National Stock Exchange of India Limited, where the equity shares of the company are listed and all other applicable laws and regulations and subject to the company obtaining all such approvals, permissions, sanctions and consents as may be required from any Government or Regulatory Authorities and/or other institutions and bodies including banks, provided that such terms, conditions, alterations, modifications, corrections, changes and variations, if any, that may be stipulated or imposed or prescribed under such approvals, permissions, sanctions and consents, are acceptable to the Board of Directors (which term shall include any duly constituted and authorized “Committee of Directors” thereof) and in terms of and in furtherance to the scheme of Corporate Debt Restructuring (CDR Package) by and between the Company and the lenders of the Company (CDR lenders) that is governed by the Corporate Debt Restructuring Guidelines, which has been approved by the Corporate Debt Restructuring Empowered Group (CDR EG) on February 17, 2014 and communicated to the Company by the Corporate Debt Restructuring Cell (CDR Cell) vide its letter of approval dated March 10, 2014 (CDR LOA) and any modifications to the terms thereof as approved by the CDR lenders and the Company, the consent of the Company be and is hereby accorded to the Board to offer, issue and allot fully paid-up equity shares of Rs.10/- each at a price determined in accordance with ICDR regulations in consideration of the Promoter contribution under the CDR package to be brought in / brought in by the Promoters from time to time as per the CDR package and also for any other amount as may be brought in by the Promoters, in accordance with their obligations under the CDR package, by way of preferential allotment in one or more tranches to Orchid Healthcare Private Limited, a Promoter Group Company for an aggregate consideration of upto Rs. 92,17,25,000/- (Rupees Ninety Two Crores Seventeen Lakhs and Twenty Five Thousand only) in such manner and on such other terms and conditions, as the Board may in its absolute discretion think fit.

RESOLVED FURTHER THAT the Equity Shares to be allotted in terms of this resolution shall rank in all respects pari passu with the existing Equity Shares of the Company.

RESOLVED FURTHER THAT the said equity shares shall be subject to the lock-in as per the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 for Preferential Issue.

RESOLVED FURTHER THAT without prejudice to the generality of the above, the relevant date for the determination of price for the above mentioned Equity Shares to be issued as per SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 is February 17, 2014, the date of approval of the Debt Restructuring Package by the Corporate Debt Restructuring Empowered Group under the Corporate Debt Restructuring framework of the Reserve Bank of India.

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution and matters flowing there from, connected with and incidental to any of the matters mentioned in the aforesaid resolution, the Board be and is hereby authorized on behalf of the Company to take all actions and to do all such deeds, matters and things as it may, in its absolute discretion, deem necessary, desirable or expedient to the issue / offer or allotment of the aforesaid equity shares, listing thereof with the stock exchange(s) and to resolve and settle all questions and difficulties that may arise in the proposed issue /offer, including pricing, number of shares to be allotted, allotment of aforesaid shares, , utilization of the issue proceeds and to do all acts, deeds and things in connection there with and incidental thereto as the Board may in its absolute discretion deem fit and consent or approval shall be deemed to have been given.

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers herein conferred by this resolution to any Director or Directors or to any Committee of Directors or any other officer or officers of the Company to give effect to the aforesaid resolutions including to execute any documents on behalf of the Company and to represent the Company before any governmental authorities, and to appoint any professional adviser /consultants /lawyers.”

/By Order of the Board/
For ORCHID CHEMICALS & PHARMACEUTICALS LIMITED

Place: Chennai
Date: 14.07.2014

L.CHANDRASEKAR
COMPANY SECRETARY

NOTE:

1. The explanatory statement as required under Section 102 of the Companies Act, 2013, is annexed to this notice.
2. The Company has appointed Mr. S. Dhanapal, Senior Partner, S Dhanapal & Associates, Practising Company Secretaries, Chennai, to act as the Scrutinizer, for conducting the postal ballot process, in a fair and transparent manner.
3. The Notice is being sent to all the Members, whose names appear in the Register of Members/List of Beneficial Owners, received from National Securities Depository Limited (NSDL)/Central Depository Services (India) Limited (CDSL) as on Friday, 11th July 2014.
4. In compliance with provisions of Section 108 and 110 of the Act read with the Companies (Management and Administration) Rules, 2014, the Company is pleased to offer e-voting facility as an alternate, to all the Shareholders of the Company. For this purpose, the Company has entered into an agreement with NSDL for facilitating e-voting to enable the Shareholders to cast their votes electronically instead of dispatching Postal Ballot Form. **E-voting is optional.**

The instructions for Shareholders for e-voting are as under:

(a) In case of Shareholders receiving intimation by e-mail from NSDL and opting to vote through e-voting process:

- (i) Open e-mail and open PDF file viz; “Orchid e-Voting.pdf” with your Client ID or Folio No. as password. The said PDF file contains your user ID and password for e-voting. Please note that the password is an initial password.
- (ii) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>
- (iii) Click on Shareholder - Login.
- (iv) Insert user ID and password as initial password noted in step (i) above. Click Login.
- (v) Password change menu appears. Change the password with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (vi) Home page of e-Voting opens. Click on e-Voting: Active Evoting Cycles.
- (vii) Select “EVEN” of Orchid Chemicals & Pharmaceuticals Limited.
- (viii) Now you are ready for e-Voting as Cast Vote page opens.
- (ix) Cast your vote by selecting appropriate option and click on “Submit” and also “Confrm” when prompted.
- (x) Upon confirmation, the message “Vote cast successfully” will be displayed.
- (xi) Once you have voted on the resolutions, you will not be allowed to modify your vote.
- (xii) For the votes to be considered valid, the institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority Letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail at csdhanapal@gmail.com with a copy marked to evoting@nsdl.co.in.

(b) In case of Shareholders receiving Postal Ballot Form by Post and opting to vote through e-voting process:

- (i) Initial password is provided at the bottom of the enclosed Postal Ballot Form in the following format

EVEN (E-Voting Event Number)	USER ID	PASSWORD/PIN

- (ii) Please follow all steps from Sl. No. 4 (a) (ii) to Sl. No. 4 (a) (xii) above, to cast your vote.

- (c) In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the Downloads section of www.evoting.nsdl.com.
- (d) If you are already registered with NSDL for e-voting then you can use your existing user ID and password for casting your vote.
- (e) You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).

5. Kindly note that the Shareholders can opt only one mode of voting, i.e., either by Physical Ballot or e-voting. If shareholders are opting for e-voting, then do not vote by Physical Ballot or vice versa. However, in case Shareholders cast their vote by Physical Ballot and e-voting both, then voting done through valid Physical Ballot shall prevail and voting done by e-voting will be treated as invalid.
6. Shareholders desiring to exercise vote by physical Postal Ballot are requested to carefully read the instructions printed in the Postal Ballot Form and return the Form duly completed and signed in the enclosed self addressed business reply envelope to the Scrutinizer so as to reach the Scrutinizer on or before the close of working hours on Monday, 25th August, 2014. The postage cost will be borne by the Company. However, envelopes containing Postal Ballot Form(s), if deposited in person or sent by courier or registered/speed post at the expense of the shareholder will also be accepted.
7. The voting period for e-voting module ends on Monday, 25th August, 2014. The e-voting module will be disabled by NSDL at 5.30 p.m. on the same day.
8. In cases where the Postal Ballot Form has been signed by an Authorised Representative of a Body Corporate, certified copy of the relevant authorisation to vote on the Postal Ballot should accompany the Postal Ballot Form.
9. Voting rights shall be reckoned on the paid-up value of the shares registered in the name(s) of the Member(s) on the cut-off date i.e. Friday, 11th July, 2014.
10. The Postal Ballot Forms received after 25th August 2014 will be treated as if reply from the member has not been received.
11. The Scrutinizer will submit his report addressed to the Managing Director of the Company, after completion of scrutiny of Postal Ballot in a fair and transparent manner. The results of the Postal Ballot will be announced on Tuesday, 26th August, 2014 at the Registered Office of the Company and communicated to the Stock Exchanges where the Company's shares are listed. The results of the Postal Ballot will also be displayed on the Company's website www.orchidpharma.com.
12. The Board of Directors of the Company has appointed Shri L Chandrasekar, Company Secretary as the person responsible for the entire Postal Ballot process.
13. Documents specifically stated in the Explanatory Statement are open for inspection at the Registered Office of the Company between 02.00 pm and 5.00 pm on all working days (except Saturdays, Sundays and Public Holidays) up to the date of announcement of result.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No.1

Consequent to the proposed deletions of the entire Other Objects Clause in the Memorandum of Association, the main objects clause has been suitably modified to include contract and loan license manufacturing and for engaging in consultancy and advisory services in environment management and other associated systems. The proposed memorandum of association of the Company is available in the Company's website. The shareholders can also obtain a copy of the same from the Secretarial Department at the Registered Office of the Company.

None of the Directors, Key Managerial Personnel and their relatives are in any way concerned or interested in the said resolution.

The Directors recommend the aforesaid resolution for the approval by the members as Special Resolution.

Item No. 2

In order to comply with the provisions of Section 4(1)(c), Section 13 and other applicable provisions, if any, of the Companies Act, 2013, the Company needs to delete the Other Objects Clause from the Memorandum of Association. The modification in Memorandum of Association is carried out to give effect to provisions of the Companies Act, 2013. Consent of the shareholders by passing a Special Resolution is required in this regard. The entire set of proposed memorandum of association is available in the website of the Company. The shareholders of the Company can also obtain a copy of the same from the Secretarial Department at the Registered Office of the Company.

None of the Directors, Key Managerial Personnel and their relatives are in any way concerned or interested in the said resolution.

The Directors recommend the aforesaid resolution for the approval by the members as Special Resolution.

Item No. 3

In order to comply with the provisions of Section 4(1)(d)(i), 13 and other applicable provisions, if any, of the Companies Act, 2013, the Company needs to alter the Liability Clause of Memorandum of Association. The modification in Memorandum of Association is carried out to give effect to the provisions of the Companies Act, 2013. Consent of the shareholders by way of a Special Resolution is required in this regard.

None of the Directors, Key Managerial Personnel and their relatives are in any way concerned or interested in the said resolution.

The Directors recommend the aforesaid resolution for the approval by the members as a Special Resolution.

Item No.4

With the passing of the Companies Act, 2013, the Company needs to alter some of the clauses of Incidental or Ancillary Objects Clause of Memorandum of Association of the Company. The modification in Memorandum of Association is carried out to remove references to the Companies Act, 1956. Consent of the shareholders by passing a Special Resolution is required in this regard. The entire set of proposed memorandum of association is available in the website of the Company. The shareholders of the Company can also obtain a copy of the same from the Secretarial Department at the Registered Office of the Company.

None of the Directors, Key Managerial Personnel and their relatives are in any way concerned or interested in the said resolution.

The Directors recommend the aforesaid resolution for the approval by the members as Special Resolution.

Item No.5

The Existing regulations 1 to 133 of the Articles of Association are replaced by the new set of regulations 1 to 133 and adopted as new set of Articles of Association as per the requirements of Table F of First Schedule in the Companies Act, 2013. The modification in Articles of association is carried out to give effect to provisions of the Companies Act, 2013. Consent of the shareholders by way of a Special Resolution is required in this regard. The entire set of proposed articles of association is available in the website of the company.

The shareholders of the Company can also obtain a copy of the same from the Secretarial Department at the registered office of the Company.

None of the Directors, Key Managerial Personnel and their relatives are in any way concerned or interested in the said resolution.

The Directors recommend the aforesaid resolution for the approval by the members as a Special Resolution.

Item No.6 & 7

The members had on earlier occasions accorded their consent to the Board of Directors for borrowings up to Rs.1500 Crores under Section 293(1)(d) of the Companies Act, 1956. However, with the passing of the Companies Act, 2013 (Act), resolution passed under Section 293(1)(d) of the Companies Act, 1956 are valid only upto 12th September 2014.

The consent of the members is now sought in accordance with the provisions of Section 180(1)(c) of the Act, to enable the Board of Directors to borrow monies, by an amount not exceeding Rs.2,500 Crores (Rupees Two Thousand Five Hundred Crores only) in excess of the paid up capital and free reserves. The revision in borrowing powers is sought for to ensure compliance on account of the revision in the loan profile due to restructuring of the debt as per the CDR regulations and to meet any long term funds requirements.

The proposed borrowings of the Company may, if necessary, be secured by way of charge/ mortgage /hypothecation on the Company's assets in favour of the lenders /holders of securities /trustees for the holders of the said securities as mentioned in the Resolution under Item No.7. As the documents to be executed between the lenders/security holders/trustees for the holders of the said securities and the Company may contain provisions to take over substantial assets of the Company in certain events, it is necessary to pass a resolution under Section 180(1)(a) of the Act, for creation of charges/mortgages/ hypothecations subject to the limits approved under Section 180(1)(c) of the Companies Act, 2013.

The above proposals are in the interest of the Company and the Directors recommend the Resolutions in Item Nos.6 and 7 of the Notice for approval by the members as a special resolution.

None of the Directors, Key Managerial Personnel and their relatives are in any way concerned or interested in the said resolution.

Item No .8

A. Material Facts relating to the Issue of Shares on Preferential Basis to Promoters.

- (i) To comply with the requirements of Corporate Debt Restructuring programme approved by the Consortium of Bankers and Corporate Debt Restructuring Empowered Group, Promoter Mr. K.Raghavendra Rao / Promoter Group has to contribute a sum of Rs.92,17,25,000/- (Rupees Ninety Two Crores Seventeen Lakhs and Twenty Five Thousand only) to the Company.
- (ii) The proposed issue of equity shares on preferential basis to the Promoters would be strictly in accordance with Chapter VII of the SEBI (Issue of Capital and Disclosure Requirements) Regulations 2009 ("SEBI ICDR Regulations 2009") and the following parameters would be subject to such changes as may be required to conform to the SEBI ICDR Regulations 2009. Such proposed issue of securities to the Promoter / Promoter Group would comprise of such number of equity shares at such price which shall not be lower than the price determined in accordance with the SEBI ICDR Regulations 2009. The total subscription amount including premium on shares upto which shares to be issued is Rs. 92,17,25,000/- (Rupees Ninety Two Crores Seventeen Lakhs and Twenty Five Thousand) only.
- (iii) The Company is proposing to allot the above Equity Shares to Orchid Healthcare Private Limited, a "Promoter Group" Company.

- (iv) The pricing of the equity shares to be allotted on preferential basis to the Promoter shall not be lower than the price determined in accordance with the SEBI ICDR Regulations 2009. Currently, SEBI ICDR Regulations 2009 provide that the issue of securities on preferential basis can be made at a price not less than higher of the following:
- The average of the weekly high and low of the closing prices of the related equity shares quoted on the recognized stock exchange during the twenty six weeks preceding the relevant date;

or

- The average of the weekly high and low of the closing prices of the related equity shares quoted on a recognized stock exchange during the two weeks preceding the relevant date.

The Relevant Date for the determination of the price of the Equity Shares has been considered to be February 17, 2014, being the date on which the CDR EG approved the Corporate Debt Restructuring Package of the Company. "Stock Exchange" for this purpose shall mean any of the recognized stock exchanges and on which the highest trading volume in respect of the shares of the Company has been recorded during the preceding six months prior to the Relevant Date.

- (v) The Equity Shares arising out of issue of shares to be allotted to the Promoters pursuant to the proposed special resolution shall be subject to lock-in as per SEBI ICDR Regulations 2009.
- (vi) The Equity Shares allotted pursuant to the above Resolution shall rank in all respects pari passu with the existing Equity Shares of the Company.
- (vii) Pursuant to the provisions of Section 62 of the Companies Act, 2013 and as per the requirements of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, issue of equity shares requires prior approval of the shareholders by a Special Resolution. Under Section 110 of the Companies Act, 2013, a listed company may obtain the approval of the shareholders through Postal Ballot /e-voting. This resolution is proposed for the approval of the Members by way of Postal Ballot /e-voting, in accordance with the rules prescribed under the Companies Act, 2013.

B. Disclosures prescribed under the SEBI ICDR Regulations 2009

a) Object of the issue:

To comply with the requirements of Corporate Debt Restructuring programme as approved by the CDR Empowered Group.

b) Intention of the Promoters to subscribe to the offer:

Mr. K. Raghavendra Rao, Promoter had intended and has also brought a portion of the subscription money through Orchid Healthcare Private Limited, a "Promoter Group" Company for the proposed issue of equity shares. The remaining amount shall be brought in by the Promoters in accordance with the terms of the CDR package.

The existing executive director and promoter of the Company shall continue to hold his respective position and there will be no change consequent to the allotment of equity shares to "Promoter Group".

The allotment would not result in any change in control over the Company or the Management of the affairs of the Company, or in the Board of Directors of the Company and the Promoters will continue to be in control with increased holdings.

c) Shareholding pattern before and after the proposed preferential issue:

S.No.	Class of shareholders	Pre allotment		Pre allotment	
		No. shares	%	No. shares	%
A	Promoters Holdings				
1.	Indian :				
	Individual	19,094,457	27.10	19,094,457	21.46
	Bodies Corporate	3,646,324	5.18	22,158,575	24.91
	Sub Total (1)	22,740,781	32.28	41,253,032	46.37
2.	Foreign Promoters	-			
	Sub Total (2)	-			
B.	Non-Promoters Holding				
1.	Institutional Investors	3,134,960	4.45	3,134,960	3.52
2.	Non – Institution :				
	Private Corporate Bodies	16,616,193	23.59	16,616,193	18.68
	Directors and Relatives	11,100	0.02	11,100	0.01
	Indian Public	22,849,362	32.43	22,849,362	25.69
	Others (including NRIs)	5,099,680	7.24	5,099,680	5.73
	Sub-Total (3)	47,711,295	67.72	47,711,295	53.63
	Grand Total (1+2+3)	70,452,076	100.00	88,964,327	100.00

d) Proposed time within which the allotment shall be completed:

The Board proposes to allot the above equity shares in one or more tranches in accordance with SEBI ICDR, 2009 regulations.

e) The Identity of the proposed allottees and the percentage of post preferential issue capital that may be held by them:

Name of the Proposed Allottee	Category	Pre-issue Holding	No. of equity shares proposed to be allotted*	Issue Price (INR) of equity shares*	Post-issue Holding*
Orchid Healthcare Pvt. Ltd. (OHPL)	Promoter Indian Company	36,46,324	1,85,12,251	49.79	2,21,58,575

Note:

1. The post issue capital has been provided considering the total allotments proposed under this Postal Ballot notice.
2. The Relevant Date for the determination of the price of the Equity Shares has been considered to be February 17, 2014, being the date on which the CDR EG approved the Corporate Debt Restructuring Package of the Company.

f) Undertaking to recompute price

The same is not applicable to the present case.

g) Undertaking to continue lock-in till the recomputed price is paid

The same is not applicable to the present case.

h) The Auditors' Certificate required under Clause 73(2) of the SEBI ICDR Regulations 2009 will be made available for inspection at the Registered Office of the Company between 02:00 p.m. and 05.00 p.m. on any working day upto the last date for voting under Postal Ballot. The Auditors' Certificate will also be displayed on the website of the Company – www.orchidpharma.com

The above proposals are in the interest of the Company and the Directors recommend the Resolution in Item No. 8 of the Notice for approval by the members.

None of the Directors, Key Managerial Personnel and their relatives are in any way concerned or interested in the said resolution except OHPL, Shri K. Raghavendra Rao and his relatives.

The Directors recommend the aforesaid resolution for the approval by the members as a Special Resolution.

/By Order of the Board/
For ORCHID CHEMICALS & PHARMACEUTICALS LIMITED

L.CHANDRASEKAR
COMPANY SECRETARY

Place: Chennai
Date: 14.07.2014

Encl:

1. Postal Ballot Form
2. Pre-paid self-addressed Envelope