






Forward – looking statements

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



Corporate Information

Board of Directors

Shri K Raghavendra Rao
Managing Director

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IDBI Bank Ltd has withdrawn his Nomination w.e.f 18.09.2018

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

Resolution Professional

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

Management Team

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

Auditors

Statutory Auditors

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

Secretarial Auditors

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

Cost Auditors

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

Banks / Financial Institutions

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



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Board's Report

Dear Members,

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

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

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

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

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

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

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

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

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

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

Financial summary / Performance /State of Company's affairs

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

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

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

Business Overview

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

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

Future Prospects

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

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

Management Discussion and Analysis report

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

Corporate Governance Report and Additional Shareholder's information

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

Audit Committee

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

Adequacy of Internal Financial Control System

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

Regulatory Filings and Approvals

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

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

In the API (Active Pharmaceutical Ingredients) domain, Orchid's cumulative filings of US DMF stand at 76. The break-up of the total filings is 28 in the Cephalosporin Segment and 48 in NPNC segment. In European market space the cumulative filings of COS (Certificate of Suitability) count remained at 19 which includes 14 in cephalosporin segment, 5 in NPNC segment. In Japan market, the cumulative filings of JDMFs count remained at 7 only in Cephalosporin segment.

Intellectual Property Rights

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

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

Dividend & Reserves


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

Issue of Equity Shares

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

Employees Stock Option Plan

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



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

Subsidiaries

Bexel Pharmaceuticals Inc., USA (Bexel)

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

Orchid Pharmaceuticals Inc., USA

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

Diakron Pharmaceuticals Inc., USA

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

Orchid Europe Limited, United Kingdom

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

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

Your Company's wholly owned subsidiary, Orchid Pharmaceuticals (South Africa) Pty Ltd., was incorporated mainly to register and market your Company's products in South Africa.

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

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

Consolidated Financial Statements

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

Key & Senior Managerial Personnel

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

Extract of Annual Return

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

Board / RP Meetings held during the year

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

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

Board's Responsibility Statement

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

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

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

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

Nomination & Remuneration policy

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

Appointment and Remuneration of Non- Executive Directors

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

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

Related Party Transaction Policy

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


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

Corporate Social Responsibility (CSR)

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

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

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



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

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

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

Conservation of Energy

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

Technology Absorption

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

Foreign Exchange Earnings and Outgo

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

Risk Management Policy

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

Annual evaluation of Board, its Committees and individual Directors

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

Change in the Nature of Business:

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

Details regarding deposits, covered under Chapter V of the Act

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

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

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

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

Vigil Mechanism (Whistle Blower Policy)

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

Policy for determining material subsidiaries

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

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

The Company has in place an anti-sexual harassment Policy in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. Grievance Redressal Cell within the Human Resource Department has been set up to redress complaints regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy. The Company has not received complaints on sexual harassment during the financial year ended 31st March, 2019.