

April 10, 2014

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

Dear Sir/Madam,

In accordance with the requirements of the Listing Agreement, we are enclosing FORM B along with a copy of Annual Report for the financial year 2012-13.

Kindly take the above on your records.

Thanking you,

Yours faithfully,




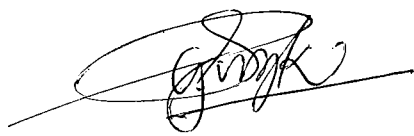


L Chandrasekar
Executive V P – Finance & Secretary

Encl.: a/a

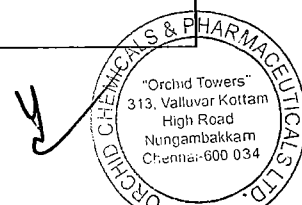
Orchid Chemicals & Pharmaceuticals Limited

FORM B

1.	Name of the Company	Orchid Chemicals & Pharmaceuticals Ltd
2.	Annual financial statements for the year ended	30 th September 2013 (18 Months Ended)
3.	Type of Audit qualification	Qualified Opinion
4.	Frequency of qualification	Appeared first time
5.	Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors report:	<p>Qualification by Auditors – Please refer to Page 41 of the Annual Report 2012-13</p> <p>Management Response in the Director's Report with respect to the Qualifications of the Auditors – Please refer to Page 14 of the Annual Report 2012-13</p>
6.	Additional comments from the board/audit committee chair:	Please find enclosed the audit observations and management response
7.	Signed by	
	<input type="checkbox"/> CEO /Managing Director	
	<input type="checkbox"/> CFO	
	<input type="checkbox"/> Auditor of the Company	<p>We confirm the qualifications made</p> 
	<input type="checkbox"/> Audit Committee Chairman	

Auditor's qualifications in standalone Audited Financials for the 18months period ended on September 30, 2013 (FY 2012-13)

Sl. No.	Auditor's Observation	Management Response
1.	The company has given advances amounting to Rs 524.69 Cr to various parties and are outstanding as on September 30, 2013. The company has not received any materials /capital goods during the current period of 18 months against these advances. As per information and explanations given, the company is not able to take delivery of materials due to financial constraints. The auditors are not able to express any opinion on the recoverability of these amounts.	<p>Note Ref: Note No: 14 (Long Term Loans & Advances) and Note No: 19 (Short Term Loans & Advances) of the Financial Statements.</p> <p>For meeting a) the future business expansions, b) for sustaining the current regulatory approvals and customer expectations and c) also to meet the demand for some of the existing products which are increasing both in regulated markets and emerging markets, the company has given advances to Vendors for supply of capital goods and materials. The Company has already been admitted for Corporate Debt Restructuring (CDR) scheme and the final approval for the scheme is expected. Due to financial constraints, the Company was not able to take delivery of materials /capital goods and the Company is confident that with the CDR approval, the Company would be able to take delivery of these materials in due course.</p>
2.	The company has investments of Rs 94.82 Cr and loans of Rs 34.25 Cr in a wholly owned subsidiary Bexel Pharmaceuticals Inc. The subsidiary has not been spending any money on the research on the molecule during the current period as no financial support is given by the parent company and the parent company has not allocated funds for the future development. In view of the above, it is necessary to impair the value of this investment as no information is available with the company regarding the value that can be recovered from the sale of rights over the molecule possessed by the subsidiary.	<p>Note No: 13 (Non-Current Investments) of the Financial Statements:</p> <p>As far as the diminution in value of investments is concerned, the Company is confident that the value of molecules held by the foreign subsidiary will be more than the investment.</p>



<p>3. The company has gone for debt restructuring process and in view of the same, the company has not received confirmation of balance relating to Loans and other funded and non-funded dues from various Banks as on 30.09.2013. Books have been closed on the basis of the information provided by various banks to the CDR EG. Moreover, interest has been accounted to the extent debited by the banks/information provided by the Banks. No provisions have been made in respect of dues to Banks where such debit/information have not been made /provided by the Banks.</p>	<p>Note No: 23 (Finance Costs) of the Financial Statements.</p> <p>With the approval for the CDR scheme, the interest liability will come down and hence there will be no need for any provision for penal interest. The Management confirms that there will be no impact on the financials on account of the matters referred to in the Auditor's report.</p>
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