

SNB ASSOCIATES

CHARTERED ACCOUNTANTS

12, 3rd Floor, Gemini Parsn Complex, 121, Mount Road, Chennai - 600 006 Phone 28224382

AUDITORS' REPORT

TO THE BOARD OF DIRECTORS OF ORCHID CHEMICALS AND PHARMACEUTICALS LIMITED ON LIMITED REVIEW OF UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30, 2015

We have reviewed the accompanying statement of unaudited financial results of **ORCHID CHEMICALS AND PHARMACEUTICALS LIMITED** ("the Company") for the quarter ended 30th June 2015 except for the disclosures regarding "Public Shareholding" and "Promoter and Promoter Group Shareholding", which have been traced from disclosures, made by the management and have not been audited by us. This statement is the responsibility of the Company's management and has been approved by the Board of Directors. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

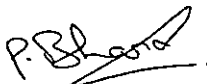
- I. ***The Company has given advances amounting to Rs. 679 crores to various parties and are outstanding as on June 30, 2015. The Company has not received any materials/ capital goods against these advances. As per information and explanation given, the Company is not able to take delivery of materials due to financial constraints. We are not able to express any opinion on the recoverability of these amounts.***
- II. ***The Company has investments of Rs. 123.07 Crores and loans of Rs. 34.66 Crores in two subsidiaries carrying on research and development activities. These subsidiaries have 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 debt restructuring process has been approved. The Company as at 30th June 2015, has not received final confirmation of balances from some of the banks/ institution relating to the loan and interest funded. The entries have been passed based on the information available with the company and the interest so accounted are subject to effect of final reconciliation and confirmation of all the banks.*
- IV. *The company has an exposure of Rs.39.11 Crores towards receivables from one of its marketing subsidiary whose net worth is negative Provision has not been made for same.*

Based on our review conducted as stated above, subject to the previous paragraphs (I to IV) above, nothing has come to our notice that causes us to believe that the accompanying statement of unaudited financial results, prepared in accordance with Accounting Standards specified under section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014 and other recognised accounting practices and policies, has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreement including the manner in which it is to be disclosed, or that it contains any material misstatements .

For SNB ASSOCIATES
Chartered Accountants
Firm Registration No. 015682N


P Bharath Kumar
Partner
M.No: 222579



Date: August 13, 2015
Place: Chennai