OrchidPharma

(Formerly known as Orchid Chemicals & Pharmaceuticals Limited)
Corp. Off.: **Orchid Pharma Ltd.**, 'Orchid Towers' 313, Valluvarkottam High Road, Nungambakkam, Chennai - 600 034. India.
CIN: L24222TN1992PLC022994

October 27, 2016

Listing Department
National Stock Exchange of India Ltd
Exchange Plaza, 5th Floor, Plot No: C/1
G - Block, Bandra - Kurla Complex
Bandra (East), Mumbai – 400051

Sub: Statement on Impact of Audit Qualifications for the 18 months period ended 31.03.2015

Dear Sir/Madam,

This has reference to the e - mail received from BSE Limited pertaining to submission of Statement on Impact of Audit Qualifications for Audit Report with modified opinion for the Financial Year 2014-15 as per the format prescribed in the SEBI Circular No. CIR/CFD/CMD/56/2016 dated May 27, 2016 by companies which have filed Form B for the financial year 2014-15.

In this regard, we would like to inform you that the Company had prepared financial statements for 18 months period ended March 31,2015 (i.e. October 1, 2013 - March 31,2015) and accordingly submitted Form B for the 18 months period ended March 31,2015 (i.e. October 1, 2013- March 31,2015).

Further, to ensure compliance with the SEBI directives, we enclose the Statement on Impact of Audit Qualifications for Audit Report with modified opinion for the 18 months period ended March 31, 2015 (i.e. October 1, 2013- March 31, 2015) as per the format prescribed in the SEBI Circular No. CIR/CFD/CMD/56/2016 dated May 27, 2016.

Kindly take the above information on your records.

Thanking you,

Yours faithfully,

L Chandrasekar
Executive V P– Finance & Secretary

Encl.: a/a

Statement on Impact of Audit Qualifications Submitted for the 18 Months Ended March 31, 2015 – 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) (Rs. In Lakhs)	Audited figures (audited figures after adjusting for qualifications) (Rs. In Lakhs)
	1	Turnover / Total Income (including other income)	177856.93	177856.93
	2	Total Expenditure (Including finance cost and exceptional items)	227471.60	227471.60
	3	Net Profit / (Loss)	(19104.02)	(19104.02)
	4	Earnings per Share (In Rs.)	(26.11)	(26.11)
	5	Total Assets	415602.06	415602.06
	6	Total Liabilities	371662.22	371662.22
	7	Net worth	43939.84	43939.84
	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 Rs. 679.50 crores to various parties and are outstanding as on March 31, 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.	
	(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 Note Ref: Note No: 14 (Long Term Loans & Advances) and Note No: 19 (Short Term Loans & Advances) of the Financial Statements. The Company has already implemented the approved CDR package and is gearing its operations. Upon scaling up the operations and achieving higher volume of business, Company would be able to take delivery of materials / capital goods and complete the projects
	(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 documented information
	II(2)(a)	**Details of Audit Qualification:**	The Company has investments of Rs. 123.07 Crores and loans of Rs. 32.37 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 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:**	With regard to diminution in value of investments, the Company is confident that the value of intellectual property of the molecules held by the foreign subsidiaries 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 Rs.36.11 Crores towards receivables from one of its marketing subsidiary whose net worth is negative. Provision has not been made for

			the same.
	(b)	**Type of Audit Qualification :**	Qualified opinion
	(c)	**Frequency of Qualification :**	18 months ended 31st March 2015
	(d)	**For Audit Qualification(s) where the impact is quantified by the auditor, Management Views:**	In view of the inventory level of the marketing subsidiary and based on the demand and the prevailing prices for the products in those markets, the Company is confident that the subsidiary will be in a position to settle the outstanding payments in a phased manner. Hence, no adjustment is required
	(e)	**For Audit Qualification(s) where the impact is not quantified by the auditor:**	**N.A**
	II(4)(a)	**Details of Audit Qualification:**	Bank loans amounting to Rs. 81.26 Crores are subject to confirmation and bank balances amounting to Rs.1.76 Crores are subject to confirmation.
	(b)	**Type of Audit Qualification :**	Qualified opinion
	(c)	**Frequency of Qualification :**	18 months ended 31st March 2015
	(d)	**For Audit Qualification(s) where the impact is quantified by the auditor, Management Views:**	The Company was not able to obtain bank statements for two of the loan accounts due to the legal proceedings initiated by them for recovery which are still pending. No adjustments is required
	(e)	**For Audit Qualification(s) where the impact is not quantified by the auditor:**	**N.A**
II I	Signatories		
	CEO/ Managing Director		
	CFO		
	Audit Committee Chairman		
	Statutory Auditor		
	Place: Chennai		
	Date: 27/10/2016		

Statement on Impact of Audit Qualifications Submitted for the 18 Months Ended March 31, 2015 – 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) (Rs. In Lakhs)	Audited figures (audited figures after adjusting for qualifications) (Rs. In Lakhs)
	1	Turnover / Total Income (including other income)	1,78,907.76	1,78,907.76
	2	Total Expenditure (Including finance cost and exceptional items)	2,29,102.45	2,29,102.45
	3	Net Profit / (Loss)	(19,665.27)	(19,665.27)
	4	Earnings per Share (In Rs.)	(26.88)	(26.88)
	5	Total Assets	4,06,139.51	4,06,139.51
	6	Total Liabilities	3,73,200.94	3,73,200.94
	7	Net worth	32,938.57	32,938.57
	8	Any Other Financial item(s) (as felt appropriate by the management)	-	-
II		**Audit Qualification**		
	II(1)(a)	**Details of Audit Qualification:**	The consolidated financial statements carries an intangible asset of Rs 94.82 Crores representing goodwill relating to one of the Company's wholly owned subsidiary viz., Bexel Pharmaceuticals Inc. The subsidiary has not been spending any money on the research on the molecule as no financial support is given by the parent Company and the parent Company has not allocated any funds for the future development. In view of the above, it is necessary to impair the value of this intangible asset 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	

	(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:**	Note No: 13 (Non -Current Investments) of the Financial Statements. With regard to the diminution in value of investments, the Company is confident that the value of Intellectual Property of the molecules held by the foreign subsidiaries will be more than the investment.
	(e)	**For Audit Qualification(s) where the impact is not quantified by the auditor:**	**N.A.**
	II(2)(a)	**Details of Audit Qualification:**	The Company has given advances amounting to Rs.679.50 Crores to various parties and are outstanding as on March 31, 2015. The Company has not received any materials/capital goods during the current period of 18 months. 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 Note Ref: Note No: 14 (Long Term Loans & Advances) and Note No: 19 (Short Term Loans & Advances) of the Financial Statements. The Company has already implemented the approved CDR package and is gearing its operations. Upon scaling up the operations and achieving higher volume of business, Company would be able to take delivery of materials / capital goods and complete the projects

	(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 documented information
III	Signatories		
	CEO/ Managing Director		
	CFO		
	Audit Committee Chairman		
	Statutory Auditor		
	Place: Chennai		
	Date: 27/10/2016		