



ANNEXURE V TO THE DIRECTORS' REPORT

Report on Corporate Governance

1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

At Orchid, we are committed to practicing good Corporate Governance norms. Orchid firmly believes in adhering to Corporate Governance code to ensure protection of its investor's interest as well as healthy growth of the Company. The Company has been complying with Corporate Governance norms right from its inception. We endeavor to enhance the long term stake holding value of our investors. The Company complies with the Corporate Governance Code as enshrined in Clause 49 of the Listing agreement.

2. BOARD OF DIRECTORS

o Composition of Board

The Chairman of the Board of Directors is an Executive Director. As on March 31, 2012 the Board had a composition of six Directors, comprising of two Executive Directors and four Non-executive & Independent Directors. None of the Directors are related to each other.

The composition of Board and the details of the Directors with regard to Directorships in other Companies and Committee positions during the year ended March 31, 2012 are as follows:

S.No	Name	Category	Number of Directorships held in other companies [@]	Number of Board Committee positions in other companies held as *	
				Member	Chairman
1	Shri K Raghavendra Rao	Promoter & Executive Director	1	None	None
2	Shri S Krishnan	Executive Director	1	None	None
3	Shri Deepak Vaidya	Non-Executive – Independent	4	2	3
4	Shri T A Ganesh	Non-Executive – Independent (Nominee of IDBI Bank Ltd)	None	None	None
5	Shri Bharat D Shah	Non-Executive– Independent	5	None	3
6	Prof Bala V Balachandran	Non-Executive– Independent	2	None	None
7	Dr M R Girinath [§]	Non-Executive– Independent	None	None	None
8	Dr I Seetharam Naidu [§]	Non-Executive– Independent	None	None	None
9	Shri R Sankaran [#]	Non-Executive– Independent	4	2	None

@ Excludes foreign companies, private limited companies, Section 25 Companies and alternate Directorships.

* Includes only membership/Chairmanship in Audit and Investor Grievance Committee across all public limited companies

§ Resigned from the Board with effect from July 29, 2011.

Resigned from the Board with effect from January 09, 2012.

o Board Meetings & Attendance Record of the Directors

The Board meets at least once in a quarter to review the quarterly financial results and operations of your Company. It also meets as and when necessary to address specific issues relating to the business of your Company. During the year the Board met 5 times on May 18, 2011, July 29, 2011, November 01, 2011, January 07, 2012 and February 08, 2012. The attendance records of all the Directors are as under:

Name	Number of Board Meetings Attended	Last AGM Attendance
Shri K Raghavendra Rao	5	Present
Shri S Krishnan	5	Present
Dr M R Girinath ¹	2	Not Present
Dr I Seetharam Naidu ¹	2	Not Present
Shri Deepak Vaidya	4	Present
Shri T A Ganesh	5	Present
Shri R Sankaran ²	2	Present
Shri Bharat D Shah	4	Not Present
Prof Bala V Balachandran ³	2	Present

1. Resigned from the Board with effect from July 29, 2011.

2. Resigned from the Board with effect from January 09, 2012.

3. Appointed as Additional Director with effect from May 18, 2011.

4. REMUNERATION COMMITTEE

The Company has a Remuneration Committee which determines and recommends the remuneration payable to the Executive Directors/Whole Time Directors on the basis of their performance as well as Company's performance, subject to consents as may be required. The remuneration to the Executive Directors consists of a fixed salary and other perquisites. Wherever applicable the perquisites are considered as a part of remuneration and taxed as per the Income Tax laws.

The Non-Executive Directors are not paid any remuneration except sitting fees for attending the Board Meetings/Committee Meetings. The Remuneration Committee deals with all elements of remuneration package, stock options, service contracts, etc. of all Executive Directors/Whole Time Directors.

During the year the committee met once on May 18, 2011 and all the members of the committee attended the meeting.

The composition of the Committee and the attendance of each member of the Committee to the meeting are given below:

Name	Category	Number of Meetings Attended
Dr M R Girinath ¹	Non-Executive – Independent	1
Dr I Seetharam Naidu ¹	Non-Executive – Independent	1
Shri Deepak Vaidya	Non-Executive - Independent	1
Shri T A Ganesh	Non-Executive – Independent	1
Shri Bharat D Shah ²	Non-Executive – Independent	*
Shri R Sankaran ³	Non-Executive – Independent	*

1. Resigned w.e.f. July 29, 2011.

2. Appointed w.e.f. May 18, 2011

3. Appointed w.e.f. May 18, 2011 and resigned w.e.f. January 09, 2012

* Were not in the Committee at the time of the meeting held on May 18, 2011.

Details of remuneration paid to Directors for the year 2011-12 are given below:

Name	Remuneration paid during the year 2011-12 (Rs In lakhs)				No. of Stock Options
	Salary	Commission/ bonus	Sitting fees	Total	
Shri K Raghavendra Rao	527.60	0.10	-	527.70	-
Shri S Krishnan	130.00	0.10	-	130.10	4,00,000
Dr M R Girinath ¹	-	-	1.00	1.00	-
Dr I Seetharam Naidu ¹	-	-	1.00	1.00	-
Shri Deepak Vaidya	-	-	2.00	2.00	50,000
Shri T A Ganesh	-	-	2.40	2.40*	-
Shri R Sankaran ²	-	-	1.00	1.00	50,000
Shri Bharat D Shah	-	-	1.20	1.20	50,000
Prof Bala V Balachandran	-	-	0.80	0.80	50,000

* Sitting fees of Rs 2.40 lakhs paid directly to IDBI Limited

1. Resigned w.e.f. July 29, 2011.

2. Resigned w.e.f. January 09, 2012.

The shares held by Directors as on March 31, 2012 are given below:

Name	Number of Shares
Shri K Raghavendra Rao	6,925,173
Shri S Krishnan	9,200
Shri Deepak Vaidya	Nil
Shri T A Ganesh	Nil
Shri Bharat D Shah	Nil
Prof Bala V Balachandran	Nil

5. COMPENSATION COMMITTEE

Pursuant to the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999, a Compensation Committee was constituted in the year 1999 to consider the following matters:

1. Quantum of options to be granted to each employee and in aggregate.
2. The conditions under which options vested in employees may lapse in case of termination of employment due to misconduct.
3. The exercise period within which the employee should exercise the option.
4. The specified time period within which the employee shall exercise the vested options in the event of termination or resignation of an employee.
5. The right of an employee to exercise all the options vested in him at once or at various points of time within the exercise period.
6. The procedure for making a fair and reasonable adjustment to the number of options and to the exercise price in case of rights issue, bonus issues and other corporate actions.
7. The grant, vest and exercise of option in case of employees who are on long leave.
8. The procedure for cashless exercise of options, if any.

The Compensation Committee has met two times during the year i.e. on May 18, 2011 and November 01, 2011. The composition of the Committee and the attendance of each member of the Committee to the meetings are as given below:

Name	Category	Number of Meetings Attended
Shri K Raghavendra Rao	Promoter & Executive Director	2
Shri S Krishnan	Executive Director	1
Shri T A Ganesh	Non-Executive – Independent	2
Shri Deepak Vaidya ¹	Non-Executive – Independent	1

1. Appointed w.e.f. November 01, 2011

6. ALLOTMENT COMMITTEE

The Allotment committee of the Board was constituted in the year 2001. The purpose of this committee is to consider allotment of equity shares whenever the need arises. Consequent to the resignation of Dr M R Girinath and Dr I Seetharam Naidu from the Board with effect from July 29, 2011, the Board appointed Shri S Krishnan and Shri R Sankaran as members of the Committee. At present, the Committee comprises of Shri K Raghavendra Rao and Shri S Krishnan as Shri R Sankaran has resigned from the Board with effect from January 09, 2012. The committee has not met during the year under review.

7. SHARE TRANSFER AND INVESTORS' GRIEVANCE COMMITTEE

The Company has a Share Transfer and Investors Grievance Committee of Directors to look into the redressal of complaints of investors such as share transfers or credit of shares, non-receipt of dividend/notices/annual reports, etc. During the year 2011-12, the committee met 13 times to consider the transfers in the physical segment.

Name	Category	Number of meetings Attended
Shri K Raghavendra Rao	Promoter & Executive Director	13
Shri S Krishnan	Executive Director	13
Shri R Sankaran ¹	Non-Executive – Independent	3
Shri Bharat D Shah ²	Non-Executive – Independent	-

1. Resigned w.e.f. January 09, 2012.

2. Appointed w.e.f. February 08, 2012

The Board has designated Smt. Bhoomijha Murali, Company Secretary as the Compliance Officer.

The following table shows the nature of complaints received from shareholders during 2010-2011 and 2011-2012, all of which have been responded within one month.

S.No	Nature of complaints	Received and Resolved	
		2011-2012	2010-2011
1.	Non-receipt of share certificates sent for transfer/bonus shares	10	11
2.	Non-receipt of dividend warrants	35	73
3.	Complaints from SEBI, Stock exchanges and Government departments	5	2
TOTAL		50	86

8. DETAILS OF ANNUAL/EXTRAORDINARY GENERAL MEETINGS AND LOCATION AND TIME OF THE GENERAL MEETINGS HELD IN THE PAST THREE (3) YEARS

Year	AGM / EGM	Location	Special resolutions passed	Date	Time
2011	AGM	The Music Academy Old No.306, New No.168 TTK Road, Chennai – 600 014	1. ORCHID - ESOP Senior Management 2011 Scheme 2. ORCHID - ESOP Directors 2011 Scheme 3. Alteration of Articles of Association of the Company	July 29, 2011	10.00 AM
2010	AGM	Sathguru Gnanananda Hall, Narada Gana Sabha, 314,TTK Road,Alwarpet Chennai-600018.	Employees Stock Option Scheme 2010	July 21, 2010	11.00 AM
2009	AGM	Kalaingar Arangam, "Anna Arivalayam", 367-369, Anna Salai, Teynampet, Chennai – 600 018	Nil	September 30, 2009	10.00 AM

All the resolutions including the special resolutions set out in the respective notices were passed by the shareholders unanimously. None of the resolutions passed at the above meetings were required to be passed through postal ballot.

Postal Ballot

There were two postal ballots conducted during the year 2011-2012 pursuant to Section 192A of the Companies Act, 1956. The Postal Ballot was conducted by Ms S Lalitha, practising Company Secretary who was appointed by the Board of Directors as the Scrutiniser.

l) Postal Ballot Notice dated May 18, 2011 contained the following resolutions:

Item No.1: Special Resolution for raising of Long term funds under Section 81(1A) of the Companies Act, 1956

Item No.2: Ordinary Resolution for Increase of Authorised Capital under Section 94(1)(a) of the Companies Act, 1956

Item No.3: Special Resolution for Amendments to Memorandum and Articles of Association consequent to the increase of Authorised capital under Section 16 and 31 of the Companies Act, 1956

Results of the aforesaid Postal Ballot are here under:

Particulars	Resolution No. 1 u/s 81(1A) of Companies Act, 1956		Resolution No. 2 u/s 94(1)(a) of Companies Act, 1956		Resolution No.3 u/s 16 and 31 of Companies Act, 1956	
	No of postal ballot forms	No of shares	No of postal ballot forms	No of shares	No of postal ballot forms	No of shares
A No of valid postal ballot forms and shares	1,110	32,587,007	1,059	32,570,117	1,054	32,569,702
B Total Postal Ballots / votes in favor of resolutions	1,040	29,467,162	997	30,255,748	996	29,632,127
Percentage (B/A)	-	90.43%	-	92.89%	-	90.98%
C Total Postal Ballot / votes against the resolution	70	3,119,845	62	2,314,369	58	2,937,575
Percentage (C/A)	-	9.57%	-	07.11%	-	9.02%
D Invalid Postal Ballots / Votes	42	6,374	93	23,264	98	23,679

The resolutions have, therefore, been approved by the shareholders with requisite majority

- II) Postal Ballot Notice dated November 01, 2011 contained only one Special Resolution for variation in terms by revising the price of options granted under ORCHID – ESOP 2010 Scheme, in accordance with Securities & Exchange Board of India (Employee Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999:

Results of the aforesaid Postal Ballot are here under:

Particulars	SPECIAL RESOLUTION	
	No of postal ballot forms	No of shares
A No of valid postal ballot forms and shares	943	25,237,589
B Total postal ballots / votes in favor of the resolution	746	21,886,416
Percentage of (B/A)	-	86.72%
C Total postal ballot / votes against the resolution	197	3,351,173
Percentage of (C/A)	-	13.28%
D Invalid postal ballots / votes	57	15,060

The resolution has therefore been approved by the shareholders with requisite majority

9. DISCLOSURES

- o No transaction of material nature conflicting with the Company's interest was entered into by the Company with related parties i.e. Company's subsidiaries, Directors or management or relatives.
- o Transactions with the related parties are disclosed in Note no. 34 to the financial statements in the Annual Report.
- o There were no instances of non-compliance by the Company on any matter related to capital markets during the preceding three years. Hence, there were no penalties, strictures imposed by SEBI / Stock Exchanges or any other statutory authorities against the Company.
- o Presently the Company does not have a whistleblower policy. No employee has been denied access to approach the Audit Committee to report any serious concerns.
- o No differential treatment from the Accounting Standards was followed in preparation of the financial statements of the Company.
- o The Company complies with all mandatory requirements and has also adopted some of the non-mandatory requirements / Corporate Governance Voluntary Guidelines 2009, as detailed below.

10. MEANS OF COMMUNICATION

- o Financial Results are published by the Company in Financial Express, Economic Times and Makkal Kural.
- o Results are also displayed in URL www.orchidpharma.com. Official news releases are also updated in the site.
- o Presentations made during the year are available on the Company's website www.orchidpharma.com.
- o The Company has an intranet portal to communicate with its employees.
- o Key developments are communicated to the Stock Exchanges and media as and when they occur.

11. MANAGEMENT DISCUSSION & ANALYSIS (MD&A) REPORT

The MD&A Report has been appended to this Report. All matters pertaining to industry structure, developments, opportunities and threats, segment/product wise performance, outlook, risks and concerns, internal control and systems, etc. are discussed in the said report

12. GENERAL SHAREHOLDER INFORMATION:

Registered Office

'Orchid Towers', 313, Valluvar Kottam High Road, Nungambakkam, Chennai - 600 034, Tamil Nadu, India.

Date, time and venue of 20th Annual General Meeting (AGM)

Thursday, September 20, 2012, 10.30 AM at Sathguru Gnanananda Hall, Narada Gana Sabha, No.314, TTK Road, Chennai - 600 018.

Dividend Payment Date for fiscal 2012

Fourth week of September 2012 subject to approval of shareholders

Dates of book closure

September 15, 2012 to September 20, 2012 (both days inclusive)

Financial Calendar

Financial reporting for

Quarter ending June 30, 2012
Quarter ending September 30, 2012
Quarter ending December 31, 2012
Year ending March 31, 2013

Second week of August 2012
First week of November 2012
First week of February 2013
Last week of May 2013

The equity shares of Rs 10/- each are listed at

Madras Stock Exchange Limited

No.30, Second Line Beach, Chennai - 600 001, Tamil Nadu, India
Tel : 91-44-25228951, Fax : 91-44-25244897

National Stock Exchange of India Limited

"Exchange Plaza", Plot No.C/1, G Block, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051, Maharashtra, India
Tel : 91-22-26598100, Fax : 91-22-26598120

Bombay Stock Exchange Limited

Phiroze Jeejeebhoy Towers, Dalal Street
Mumbai - 400 001, Maharashtra, India
Tel : 91-22-22721233, Fax : 91-22-22721919

Global Depository Receipts

Global Depository Receipts (GDRs) are listed at

Luxembourg Stock Exchange
Bourse de Luxembourg, BP 165, L-2011 Luxembourg
Tel : +352 47 79 36-1; Telefax: +352 47 32 98

London Stock Exchange
Registered Office: 10, Paternoster Square, London EC4M 7LS

Listing Fees

Listing Fees have been paid for all the above Stock Exchanges for the year 2011-2012 and 2012-2013.

Stock Exchange Security Code and other related information

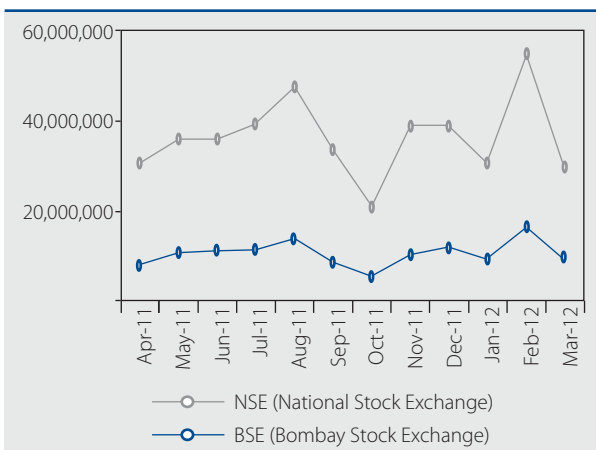
Madras Stock Exchange Limited	OCL
Bombay Stock Exchange Limited	524372
National Stock Exchange of India Limited	ORCHIDCHEM
Depository ISIN No.	INE191A01019
Corporate Identification Number (CIN)	L24222TN1992PLC022994

Stock Market data

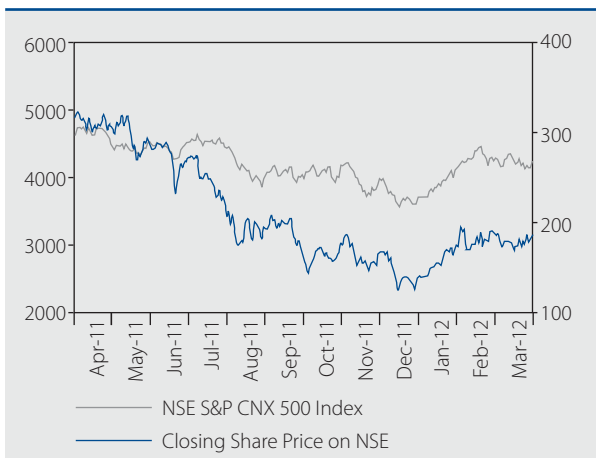
i) Monthly high and low quotations along with the volume of shares traded at NSE and BSE for 2011-2012 are:

Month	NSE			NSE S&P CNX 500 INDEX (Avg)	BSE			BSE 500 INDEX (Avg)
	High (Rs)	Low (Rs)	Volume of Shares (Nos)		High (Rs)	Low (Rs)	Volume of Shares (Nos)	
Apr-11	324.70	291.55	30,435,174	4681	324.65	291.40	8,349,851	7534
May-11	321.50	265.65	36,207,710	4424	321.50	265.65	10,955,933	7124
Jun-11	293.95	215.05	35,575,091	4420	293.75	214.50	11,390,802	7113
Jul-11	275.75	201.70	39,040,882	4517	275.00	201.95	11,330,931	7263
Aug-11	214.00	165.00	47,152,646	4109	213.00	165.00	13,585,867	6606
Sep-11	210.40	156.30	33,590,895	4054	210.45	156.60	8,548,640	6513
Oct-11	173.95	143.05	21,066,517	4060	174.00	143.20	5,375,269	6477
Nov-11	189.10	142.55	39,012,194	3962	188.65	142.70	10,177,471	6360
Dec-11	171.00	112.40	38,910,420	3736	171.00	112.25	11,932,706	5999
Jan-12	174.25	124.25	30,653,251	3849	174.20	124.30	9,549,410	6180
Feb-12	197.40	163.20	54,754,799	4274	197.20	165.75	16,444,461	6853
Mar-12	192.15	165.65	29,787,322	4214	192.20	165.50	10,083,294	6756
TOTAL			436,186,901				127,724,635	

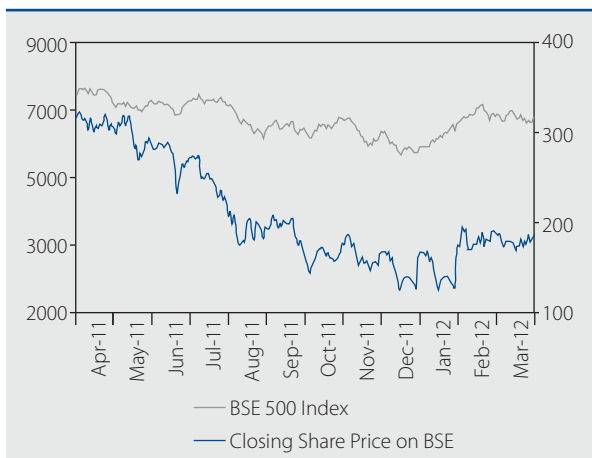
ii) Graphical representation of Volume of Shares traded of Orchid during April 2011 - March 2012:



iii) Comparison - NSE Index vs Share Price of Orchid



iv) Comparison - BSE Index vs Share Price of Orchid



Management Discussion & Analysis

Directors' Report

Report on Corporate Governance

Build Up of Equity Share Capital of the Company since Incorporation

Date	Particulars	Number of Shares	
		Issued	Cumulative
13-Jul-92	Subscribers to Memorandum	70	70
26-Nov-92	Issued to Promoters on Private Placement basis	249,930	250,000
27-Feb-93	Issued on Private Placement basis	1,451,800	1,701,800
04-Nov-93	Issued on Private Placement basis	1,798,200	3,500,000
08-Nov-93	Public Issue	2,500,000	6,000,000
18-Jul-94	Issued on Private Placement basis	1,200,000	7,200,000
01-Nov-94	Issued to Foreign Institutional Investors on Private Placement basis	250,000	7,450,000
03-Nov-94	Issued on Private Placement basis	1,223,000	8,673,000
21-Apr-95	Rights Issue (1:1)	8,673,000	17,346,000
09-Dec-99	Issued to Foreign Companies on Private Placement basis	10,653,192	27,999,192
21-Nov-02	Allotment pursuant to conversion of FCCBs	4,382,727	32,381,919
01-Mar-05	Allotment pursuant to conversion of warrants	1,750,000	34,131,919
27-Apr-05	Allotment pursuant to exercise of ESOS	11,800	34,143,719
02-Aug-05	Allotment pursuant to exercise of ESOS	59,485	34,203,204
02-Aug-05	Allotment pursuant to conversion of warrants	180,000	34,383,204
31-Aug-05	Allotment pursuant to exercise of ESOS	300,676	34,683,880
31-Aug-05	Allotment pursuant to conversion of warrants	70,000	34,753,880
21-Sep-05	Bonus Issue (1:2)	17,376,940	52,130,820
13-Oct-05	Allotment pursuant to conversion of warrants	105,000	52,235,820
02-Nov-05	Allotment pursuant to conversion of GDRs	9,250,000	61,485,820
23-Dec-05	Allotment pursuant to exercise of ESOS	19,649	61,505,469
01-Mar-06	Allotment pursuant to conversion of FCCBs	184,330	61,689,799
07-Mar-06	Allotment pursuant to conversion of FCCBs	460,827	62,150,626
20-Mar-06	Allotment pursuant to conversion of FCCBs	1,751,146	63,901,772
20-Mar-06	Allotment pursuant to conversion of warrants	50,000	63,951,772
31-Mar-06	Allotment pursuant to conversion of FCCBs	652,531	64,604,303
31-Mar-06	Allotment pursuant to conversion of FCCBs	13,879	64,618,182
18-Apr-06	Allotment pursuant to conversion of FCCBs	414,744	65,032,926
28-Apr-06	Allotment pursuant to conversion of FCCBs	737,325	65,770,251
28-Apr-06	Allotment pursuant to exercise of ESOS	3,475	65,773,726
31-May-06	Allotment pursuant to conversion of warrants	35,000	65,808,726
31-May-06	Allotment pursuant to exercise of ESOS	3,015	65,811,741
19-Oct-06	Allotment pursuant to exercise of ESOS	4,000	65,815,741
19-Jan-07	Allotment pursuant to exercise of ESOS	550	65,816,291
03-May-07	Allotment pursuant to exercise of ESOS	6,085	65,822,376
17-Jul-07	Allotment pursuant to exercise of ESOS	5,650	65,828,026
18-Oct-07	Allotment pursuant to exercise of ESOS	6,000	65,834,026
20-Dec-07	Allotment pursuant to exercise of ESOS	3,000	65,837,026
17-Jan-08	Allotment pursuant to exercise of ESOS	13,750	65,850,776
26-Apr-08	Allotment pursuant to exercise of ESOS	9,425	65,860,201
29-May-08	Allotment pursuant to exercise of ESOS	16,375	65,876,576
13-Aug-08	Allotment pursuant to conversion of warrants	381,000	66,257,576
13-Aug-08	Allotment pursuant to exercise of ESOS	4,000	66,261,576
29-Aug-08	Allotment pursuant to conversion of warrants	4,179,000	70,440,576
29-Aug-08	Allotment pursuant to exercise of ESOS	1,500	70,442,076
	TOTAL	70,442,076	

Changes in the Authorised Share Capital of the Company since Incorporation

S.No	Particulars
1	Increased Authorised Capital from Rs 2,500,000 to Rs 60,000,000 in the Extra-ordinary General Meeting of shareholders held on December 04, 1992
2	Increased Authorised Capital from Rs 60,000,000 to Rs 160,000,000 in the Annual General Meeting of shareholders held on July 06, 1994
3	Increased Authorised Capital from Rs 160,000,000 to Rs 180,000,000 in the Extra-ordinary General Meeting of shareholders held on October 31, 1994
4	Increased Authorised Capital from Rs 180,000,000 to Rs 300,000,000 in the Extra-ordinary General Meeting of shareholders held on October 21, 1999
5	Increased Authorised Capital from Rs 300,000,000 to Rs 340,000,000 in the Extra-ordinary General Meeting of shareholders held on February 23, 2001
6	Increased Authorised Capital from Rs 340,000,000 to Rs 450,000,000 in the Extra-ordinary General Meeting of shareholders held on April 10, 2004
7	Increased Authorised Capital from Rs 450,000,000 to Rs 550,000,000 in the Annual General Meeting of shareholders held on July 18, 2005
8	Increased Authorised Capital from Rs 550,000,000 to Rs 900,000,000 in the Extra-Ordinary General Meeting of shareholders held on August 18, 2005
9	Increased Authorised Capital from Rs 900,000,000 to Rs 1,000,000,000 in the Annual General Meeting of shareholders held on June 02, 2006
10	Increased Authorised Capital from Rs 1,000,000,000 to Rs 1,250,000,000 through Postal Ballot Notice Dated May 18, 2011
11	Increased Authorised Capital from Rs 1,250,000,000 to Rs 1,500,000,000 pursuant to Scheme of Amalgamation of wholly owned subsidiary, Orchid Research Laboratories Limited with the Company and as approved by the Honorable High Court of Madras Vide its order dated March 20, 2012.

Dematerialisation of Shares

The shares of the Company are in compulsory demat segment and are available for trading in both the depository systems, namely, National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Shares dematerialised upto March 31, 2012 are as under:

No. of Shares	% of Shares	No. of Shareholders	% of Shareholders
70,105,072	99.52	70,179	97.23

Reconciliation of Share Capital Audit:

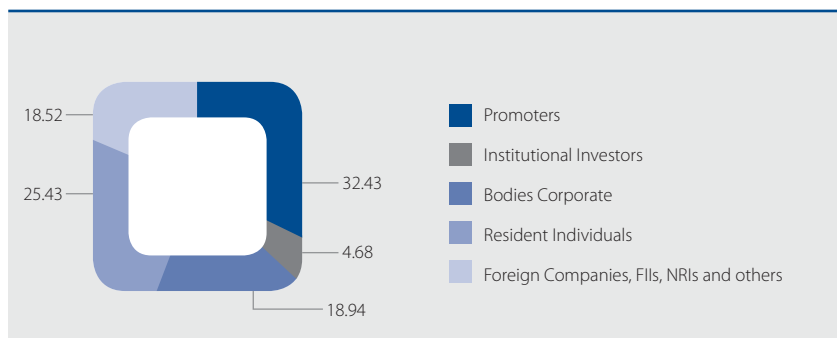
A qualified practising Company Secretary carries out reconciliation of share capital audit every quarter to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The audit confirms that the total issued / paid-up capital is in agreement with the aggregate total number of shares in physical form and the total number of dematerialised shares held with NSDL and CDSL.

Shareholding Pattern as on March 31, 2012

Category	No of Shares Held	Percentage of Shareholding
A PROMOTER HOLDING		
1 Promoters / Promoter Group		
a) Indian	22,840,781	32.43
b) Foreign	Nil	Nil
Sub-Total (1)	22,840,781	32.43

Category	No of Shares Held	Percentage of Shareholding
B NON-PROMOTER HOLDING		
2 Institutional Investors		
a) Mutual Funds	97,500	0.14
b) Banks, Financial Institutions, Insurance Companies (Central / State Govt. Institutions / Non-government Institutions)	3,198,840	4.54
c) Foreign Institutional Investors (FIIs)	9,181,598	13.03
Sub-Total (2)	12,477,938	17.71
3 Others		
a) Private Corporate Bodies	13,342,559	18.94
b) Indian Public (Resident Individuals)	17,911,417	25.43
c) Non Resident Indians / Overseas Corporate Bodies	627,693	0.89
d) Foreign Companies (including Depository Receipts (GDRs))	3,241,688	4.60
Sub Total (3)	35,123,357	49.86
GRAND TOTAL (1+2+3)	70,442,076	100.00

Shareholding Pattern Chart (%)



Distribution of Shareholding as on :

No of equity shares held	March 31, 2012			March 31, 2011		
	No of Shares	No of Shareholders	% of Shareholders	No of shares	No of Shareholders	% of Shareholders
1-500	6,682,345	67,495	93.51	5,719,489	58,347	93.45
501-1000	2,006,009	2,528	3.50	1,653,541	2,088	3.34
1001-2000	1,594,801	1,058	1.47	1,404,591	931	1.49
2001-3000	879,047	342	0.47	764,808	295	0.47
3001-4000	619,727	173	0.24	539,486	150	0.24
4001-5000	570,011	121	0.17	541,673	115	0.18
5001-10000	1,566,344	209	0.29	1,614,721	215	0.34
10001 & above	56,523,792	250	0.35	58,203,767	294	0.47
TOTAL	70,442,076	72,176	100.00	70,442,076	62,435	100.00

Outstanding GDRs/FCCBs and conversion dates :

Name of the Instrument	Total Issued	Converted into equity so far	Bought Back/ Redeemed upto March 31, 2012	Outstanding as on March 31, 2012	Likely Conversion Date
Foreign Currency Convertible Bonds (FCCBs) (issued during 2006-07)	US\$ 175,000,000 *	Nil	US\$ 175,000,000*	Nil**	N.A

* FCCBs are represented in value till the time they are converted into equity shares.

** FCCBs including yield-to-maturity, aggregating to US\$ 167.64 million (Rs 82408.00 lakhs) that were outstanding were fully redeemed on the due date i.e February 28, 2012.

Global Depository Receipts (GDRs)

The number of GDRs outstanding as on March 31, 2012 are 3,226,688 out of the total number of 70,442,076 equity shares of the Company . Each GDR is represented by an underlying equity share.

Legal Proceedings

There are a few pending cases relating to the disputes on the title of the shares. The Company has been made a party to the disputes but these, however, are not material in nature.

Share Transfer System

M/s Integrated Enterprises (India) Limited are the Registrar and Share Transfer Agents for servicing activities relating to both physical and electronic segments. The share transfer committee met 13 times during the year 2011-2012 to consider physical share transfers.

Unclaimed Dividends

Pursuant to Section 205A of the Companies Act, 1956, the unclaimed dividend amounting to Rs.5,91,920 pertaining to the financial year 2003-04 was transferred to the Investor Education and Protection Fund (IEPF) in September 2011.

Unclaimed dividend for the financial year 2004-2005 is due for transfer to IEPF in September 2012. The dividends for the years from 2004-2005 onwards, which remain unclaimed for seven years will be transferred to IEPF established by the Central Government under Section 205C of the Companies Act, 1956 as and when they become due. Shareholders who have not encashed their dividends for these periods are requested to write to the Company.

Equity Shares in the Suspense Account

As per Clause 5A(II) of the Listing Agreement, the Company reports the following details in respect of equity shares lying in the suspense account which were issued pursuant to the public issue/Bonus Issue/Rights Issue of the Company and unclaimed as on March 31, 2012:

Particulars	Number of Shares holders	Number of equity shares
Aggregate Number of shareholders and the outstanding shares in the suspense account lying as on April 1, 2011	---	---
Number of shareholders who approached the Company for transfer of shares from suspense account during the year	---	---
Number of shareholders to whom shares were transferred from the suspense account during the year	---	---
Aggregate Number of shareholders and the outstanding shares in the suspense account lying as on March 31, 2012	208	12,391

The voting rights on the shares outstanding in the suspense account as on March 31, 2012 shall remain frozen till the rightful owner of such shares claims the shares. As per Clause 5A(II) of the Listing Agreement, three reminders were issued for shares issued in physical form, which remain unclaimed. The Company has transferred these shares into one folio in the name of "Unclaimed Suspense Account" and dematerialised the same with one of the Depository participant as on 31st March, 2012.

ECS Mandate

To service the investors better, the Company requests all its members who hold shares in electronic form to update their bank particulars with their respective depository. However in respect of members who hold shares in physical form they are requested to update their addresses and Bank account details in which they wish their dividend to be credited with the Registrar & Share Transfer agents of the Company for better services.

Plant Locations:

a) Active Pharmaceutical Ingredient Facilities

i) Alathur Works

Plot Nos. 85-87, 98-100, 126-131, 138-151 and 159-164
SIDCO Industrial Estate, Alathur
Kancheepuram Dist,
Pin 603 110 Tamil Nadu, India

ii) Aurangabad Works

L-8 & L-9 MIDC Industrial Area
Waluj, Aurangabad District, Pin 431 136
Maharashtra, India

b) Formulations (Finished Dosage Form) Facilities

i) A10/A11, SIDCO Industrial Estate, Alathur, Kancheepuram Dist, Pin 603 110, Tamil Nadu, India

ii) Plot Nos. B5 (Part) and B6 (Part), SIPCOT Industrial Park, Irungattukottai, Sriperumbudur, Kancheepuram Dist, Pin 602 105, Tamil Nadu, India

iii) B-77, SIDCO Industrial Estate, Alathur, Kancheepuram Dist, Pin 603 110 Tamil Nadu, India

c) Research and Development Centre

Plot No. 476/14, Old Mahabalipuram Road, Shozhanganallur, Chennai 600 119, Tamil Nadu, India

Investor Contacts:

a) Corporate Communications & Investor Relations

Mr Ch Ram
Head, Corporate Communications & Investor Relations
Orchid Chemicals & Pharmaceuticals Ltd
'Orchid Towers', 313, Valluvarkottam High Road, Nungambakkam, Chennai-600034
Phone: (044)-28244908;
Fax: 91-44-28211002
E-mail : ram@orchidpharma.com

b) Investor Correspondence/Compliance Officer

Ms Bhoomijha Murali
Sr. GM - Legal & Company Secretary
Orchid Chemicals & Pharmaceuticals Ltd
'Orchid Towers', 313, Valluvarkottam High Road, Nungambakkam, Chennai-600034
Phone : (044) - 28284232
Fax : (044) - 28275960
E-mail : bhoomijha@orchidpharma.com

c) Registrar and Share Transfer Agent(s)

Integrated Enterprises (India) Limited
2nd Floor, Kences Towers,
No.1 Ramakrishna Street,
North Usman Road. T.Nagar,
Chennai - 600 017,
Tel : 91-44-28140801 - 03
Fax : 91-44-28142479
E-mail : corpserv@iepindia.com
Website : www.iepindia.com

13. CEO/CFO CERTIFICATION:

In terms of Clause 49 of the Listing Agreement the Chairman & Managing Director and the Executive Director-Finance give annual certification on financial reporting and internal controls to the Board. The Chairman & Managing Director and the Executive Director-Finance also give quarterly certification on financial results while placing the financial results before the Board in terms of Clause 41 of the Listing Agreement. Accordingly the Chairman & Managing Director and Executive Director-Finance have certified to the Board inter alia the accuracy of financial statements and adequacy of internal controls for the financial reporting purpose for the year ended March 31, 2012.

COMPLIANCE OF NON-MANDATORY REQUIREMENTS AS PER CLAUSE 49 OF THE LISTING AGREEMENT AND CORPORATE GOVERNANCE VOLUNTARY GUIDELINES 2009

1. Audit Committee

The Company has an Audit Committee functioning with the constitution, roles and responsibilities as envisaged under the Corporate Governance Voluntary Guidelines 2009. The terms of reference of the Committee have been described at Serial No.3 herein above.

2. Remuneration Committee

The Company has constituted a Remuneration Committee. The terms of reference of the Committee have been described at Serial No.4 herein above.

3. Independent Directors

None of the Independent Directors are involved in the day to day affairs of the Company.

4. Number of Companies in which an Individual may become a Director

The Company has appraised its Board Members about the restriction on number of other Directorships and the same is being complied with.

5. Statutory Auditors

The Company does not advocate rotation of Auditors as envisaged in these guidelines in view of the domain knowledge acquired by the Auditors over a period of time.

6. Internal Control

The Board ensures the effectiveness of the Company's system of internal controls including financial, operational and compliance controls and risk management systems.

7. Shareholders' Rights

The quarterly financial results are published in the newspapers as mentioned in Serial No.10 above. The results are also displayed on the web site of the Company.

**CODE OF CONDUCT CERTIFICATION
(Under Clause 49 of the Listing Agreement)**

In accordance with Clause 49 sub-clause I(D) of the Listing Agreement with the Stock Exchanges, I hereby confirm that, all the Directors and the Senior Management personnel of the Company have affirmed compliance to their respective Codes of Conduct, as applicable to them for the Financial Year ended March 31, 2012.

For and on behalf of the Board

Place: Chennai

Date: May 14, 2012

K Raghavendra Rao

Chairman & Managing Director

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To

The Members of

ORCHID CHEMICALS & PHARMACEUTICALS LIMITED

We have examined the compliance of conditions of Corporate Governance by Orchid Chemicals & Pharmaceuticals Limited (the Company), for the year ended on March 31, 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with the stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of management. Our examination was limited to procedures and implementation thereof, adopted by the Company to ensure compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above-mentioned Listing Agreement.

We state that in respect of investor grievances received during the year ended March 31, 2012, no investor grievances are pending against the Company for more than one month as per the records maintained by the Company and presented to the Investor Grievance/ Share Transfer Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **SNB ASSOCIATES**

Chartered Accountants

Firm Registration No. 015682N

(B Mahalingam)

Partner

Membership No. 210408

Place: Chennai

Date: May 14, 2012