

42<sup>nd</sup>  
Annual Report 2014-15



# The New Destination of Possibilities

A large, three-dimensional sign spelling out "DAHEJ" in blue and white letters, set against a background of a modern industrial building and a paved plaza. The letters are thick and blocky, with a blue color and white highlights, giving them a 3D appearance. They are positioned in the foreground, with a paved plaza leading up to them. In the background, there is a large, modern industrial building with a flat roof and several windows. The sky is clear and blue. The overall scene is bright and clean, suggesting a modern and professional environment.



Its unique design,  
in which flexibility and  
scale are inbuilt,  
can manage  
**small to large batches,  
greater complexity,  
and ever-increasing  
quality expectations.**



Spread across 70 acres at Dahej SEZ, Torrent Pharma's new manufacturing facility with a capacity of 14.5 billion tablets and 81 MT of API is set to redefine the manufacturing scale in the Indian pharmaceutical industry. Once fully commissioned, the facility would be one of the largest pharma manufacturing facilities in India at a single location. This would almost double Torrent's existing capacity.

This highly automated facility is equipped to deliver consistent quality in reduced cycle times. Its unique design, in which flexibility and scale are inbuilt, can manage small to large batches, greater

complexity, and ever-increasing quality expectations. Further, use of environmentally sound practices to conserve natural resources reflects Torrent's concern for society and environment; one of its core values.

This facility would mainly cater to the key regulated markets like US and Europe.

Located strategically at Dahej SEZ, District Bharuch, Gujarat, the facility has close proximity to the port & is also well connected to the National Highway (NH-8).

Dahej, in its true sense, is much more than just an SEZ for us; it's our New Destination of Possibilities.

The New  
Destination of  
Possibilities  
Dahej

42<sup>nd</sup>

Annual Report 2014-15



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## CORPORATE INFORMATION

### DIRECTORS

1. Shri Sudhir Mehta  
*Chairman Emeritus*
2. Shri Samir Mehta  
*Executive Chairman*
3. Shri Markand Bhatt
4. Shri Shailesh Haribhakti
5. Shri Haigreve Khaitan
6. Shri Pradeep Bhargava
7. Smt. Bhavna Doshi  
(Ceased to be Director w.e.f. 15<sup>th</sup> May, 2015)
8. Prof. Ashish Nanda
9. Dr. Chaitanya Dutt  
*Director (Research and Development)*

### AUDIT AND RISK MANAGEMENT COMMITTEE

1. Shri Shailesh Haribhakti  
*Chairman*
2. Shri Haigreve Khaitan
3. Shri Pradeep Bhargava

### SECURITIES TRANSFER AND STAKEHOLDERS RELATIONSHIP COMMITTEE

1. Shri Sudhir Mehta  
*Chairman*
2. Shri Markand Bhatt
3. Shri Samir Mehta

### NOMINATION AND REMUNERATION COMMITTEE

1. Prof. Ashish Nanda  
*Chairman*
2. Shri Markand Bhatt
3. Shri Pradeep Bhargava
4. Smt. Bhavna Doshi  
(Ceased to be Member w.e.f. 15<sup>th</sup> May, 2015)

### CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

1. Shri Pradeep Bhargava  
*Chairman*
2. Smt. Bhavna Doshi  
(Ceased to be Member w.e.f. 15<sup>th</sup> May, 2015)
3. Dr. Chaitanya Dutt

### COMMITTEE OF DIRECTORS

1. Shri Markand Bhatt  
*Chairman*
2. Shri Samir Mehta

### EXECUTIVE DIRECTOR & CHIEF FINANCIAL OFFICER

Shri Ashok Modi

### VP (LEGAL) & COMPANY SECRETARY

Shri Mahesh Agrawal

### AUDITORS

Deloitte Haskins & Sells, Ahmedabad  
*Chartered Accountants*

### REGISTERED OFFICE

Torrent House,  
Off Ashram Road,  
Ahmedabad – 380 009,  
Gujarat, India  
Phone: + 91 79 26585090 / 26583060  
Fax: + 91 79 26582100

### MANUFACTURING FACILITIES

1. Village Indrad, Taluka Kadi,  
Dist. Mehsana (Gujarat)
2. Village Bhud, Baddi, Teh. Nalagarh,  
Dist. Solan (Himachal Pradesh)
3. 32 No. Middle Camp, NH – 31 A,  
East District, Gangtok (Sikkim)

### DAHEJ PROJECT SITE

Plot No. Z104-106, Dahej SEZ Phase II,  
Taluka Vagra, Dist. Bharuch (Gujarat)

### RESEARCH & DEVELOPMENT FACILITY

Village Bhat, Dist. Gandhinagar (Gujarat)

### WEBSITE

[www.torrentpharma.com](http://www.torrentpharma.com)

### REGISTRARS & TRANSFER AGENTS

Karvy Computershare Private Limited  
Unit: Torrent Pharmaceuticals Limited  
Karvy Selenium Tower-B,  
Plot No. 31 & 32, Financial District, Gachibowli,  
Hyderabad – 500 008  
Phone: + 91 40 67162222  
Fax: + 91 40 23001153  
Email Id: [einward.ris@karvy.com](mailto:einward.ris@karvy.com)

### INVESTOR SERVICES EMAIL ID

[investorservices@torrentpharma.com](mailto:investorservices@torrentpharma.com)

## NOTICE

NOTICE IS HEREBY GIVEN THAT THE FORTY SECOND ANNUAL GENERAL MEETING OF THE MEMBERS OF TORRENT PHARMACEUTICALS LIMITED will be held on Monday, 27<sup>th</sup> July, 2015 at 09:30 AM at J. B. Auditorium, Torrent AMA Centre, Ground Floor, Ahmedabad Management Association, Vastrapur, Ahmedabad – 380 015, Gujarat, India, to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Standalone and Consolidated Financial Statements as at 31<sup>st</sup> March, 2015 including the Audited Balance Sheet as at 31<sup>st</sup> March, 2015, the Statement of Profit and Loss for the year ended on that date and reports of the Directors' and Auditors' thereon.
2. To confirm the payment of interim dividend on equity shares already paid during the financial year ended 31<sup>st</sup> March, 2015 and to declare final dividend on equity shares for the said financial year.

The Board of Directors at its meeting held on 28<sup>th</sup> January, 2015 had declared the normal annual dividend as interim dividend of ₹ 5.00 per equity share of fully paid up face value of ₹ 5.00 each for the financial year ended 31<sup>st</sup> March, 2015 and in its meeting held on 15<sup>th</sup> May, 2015 recommended a special dividend as final dividend of ₹ 6.25 per equity share of fully paid up face value of ₹ 5.00 each for the said financial year.

3. To appoint a Director in place of Shri Markand Bhatt (holding DIN 00061955), Director, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint Deloitte Haskins & Sells, Chartered Accountants, Ahmedabad (Firm Registration No. 117365W), as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorise the Board to fix their remuneration.

### SPECIAL BUSINESS

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

#### **RATIFICATION OF REMUNERATION OF COST AUDITORS OF THE COMPANY FOR THE YEAR 2015-16**

“**RESOLVED THAT** pursuant to provisions of Section 148(3) of the Companies Act, 2013 read with Companies (Cost Audit and Record) Rules, 2014 (including any statutory modification(s) or re-enactment thereof) (“the Act”) and on the recommendation of the Audit and Risk Management Committee and approval by the Board of Directors at their meeting dated 15<sup>th</sup> May, 2015, the consent of the Company be and is hereby accorded for ratification of the below remuneration to M/s. Kirit Mehta & Co., Cost Accountants as the Cost Auditors of the Company for the financial year 2015-16:

₹ 6,00,000/- plus out of pocket expenses & service tax as applicable to conduct the audit of the cost accounting records for all the manufacturing facilities of the Company.”

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

#### **RE-APPOINTMENT OF DR. CHAITANYA DUTT AS A WHOLE TIME DIRECTOR AND FIXATION OF REMUNERATION**

“**RESOLVED THAT** in supersession of the ordinary resolution passed in the Annual General Meeting (AGM) held on 30<sup>th</sup> July, 2014 and pursuant to the provisions of Sections 196, 197, 203 and Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder and subject to the provisions of Section 152(6) of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof) and any other approval as may be required, the consent of the Company be and is hereby accorded for re-appointment of Dr. Chaitanya Dutt (holding DIN 00110312) as a Whole-time Director of the Company, to be designated as Director (Research & Development) with effect from 1<sup>st</sup> January, 2015 for a period of 3 (three) years on the following terms of remuneration:

1.	BASIC SALARY	:	a) ₹ 20,75,000 per month with effect from 1 <sup>st</sup> January, 2015. Salary shall be revised as under :	
			b) ₹ 24,25,000 per month with effect from 1 <sup>st</sup> January, 2016.	
			c) ₹ 28,00,000 per month with effect from 1 <sup>st</sup> January, 2017.	
2.	COMMISSION	:	In any situation of extraordinary nature, a landmark discovery and / or a significant development having a positive long term impact on the business and operations of the Company, he may be paid commission, not exceeding 0.5% of the profits of the company of the relevant year, subject to the provisions of the Companies Act, 2013. He would be eligible for this commission only once during his proposed term of 3 years. The actual amount shall be reviewed and recommended by the Nomination and Remuneration Committee and finally approved by the Board of Directors.	
3.	PERQUISITES	:	The appointee will be also allowed the perquisites as under:	
	A.		(i)	The Company shall pay House Rent Allowance @ 60% of the salary.
			(ii)	The Company shall reimburse annual fees for two clubs.
			(iii)	The Company shall pay the premium on personal accident insurance policy as per Company rules.
			(iv)	The Company shall pay the premium on medical insurance for self and family as per the Company rules.
	B.		(i)	The Company shall provide a car with driver for official and personal use.
			(ii)	The Company shall provide telephones at his residence, the cost of which will be borne by the Company.
	C.		(i)	Company's contribution to the provident fund will be as per applicable laws and rules of the Company.
4.	OTHER TERMS	:	(i)	His entitlement for leave and its accumulation and encashment shall be as per prevailing Company rules.
			(ii)	The total remuneration for any year shall not exceed 5% of the profits of the Company as calculated in accordance with Section 198 of the Companies Act, 2013, as existing or modified or re-enacted from time to time.

”**RESOLVED FURTHER THAT** in the event of loss or inadequacy of profit in any financial year, the Company shall pay Dr. Chaitanya Dutt, in respect of such financial year, by way of salary, allowances, perquisites, benefits and contributions, as the Board of Directors may deem fit, subject to the limits prescribed here in and in Section II of Part II of Schedule V of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof), or such other amount as may be approved by the Central Government from time to time as minimum remuneration.”

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

#### **APPOINTMENT OF SMT. RENU CHALLU AS AN INDEPENDENT DIRECTOR**

”**RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof) (“the Act”) read with Schedule IV of the Act, Smt. Renu Challu (holding DIN 00157204), in respect of whom the Company has received a notice in writing from a member proposing her candidature for the office of Director, be and is hereby appointed as an Independent Director on the Board of Directors of the Company to hold office for a term of three (3) consecutive years effective from 27<sup>th</sup> July, 2015, not liable to retire by rotation.”

8. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

**REMUNERATION TO NON-EXECUTIVE DIRECTORS (NEDs)**

“**RESOLVED THAT** in supersession of all the earlier resolutions passed in the matter, if any, and pursuant to the provisions of Section 197 and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification or re-enactment thereof), the approval of the Company be and is hereby accorded, subject to such other permissions and approvals, if any, as may be required, to pay commission to the Directors of the Company who are neither in the whole time employment nor managing director(s) of the Company (hereinafter referred as ‘eligible Directors’), in accordance with and up to the limit laid down under the provisions of Section 197(1) of the Companies Act, 2013 (including any statutory modification or reenactment thereof), computed in the manner specified in Section 198 of the Companies Act, 2013 or such other limit as may be approved by the Central Government or the relevant authority for a period of 5 years from the financial year commencing 01<sup>st</sup> April, 2015, in such manner and up to such extent as the Board of Directors or the Committee of Board specifically authorised for this purpose may, from time to time, determine, such commission being divisible amongst the eligible Directors in such proportion and in such manner as may be decided by the Board or the Committee of Board specifically authorized for this purpose.”

“**RESOLVED FURTHER THAT** subject to provisions of the Companies Act, 2013 (including any statutory modification or re-enactment thereof) and such other approvals and permissions, if any, as may be required from the Central Government or from any other authorities, in case of inadequacy of profits of the Company for any financial year, such remuneration, as approved by the Board or the Committee of Board specifically authorized for this purpose, subject to such approval as may be necessary shall be paid to each of eligible Directors.”

“**RESOLVED FURTHER THAT** the Board be and is hereby authorised to do and perform and / or to authorise any Committee of Directors or any other person to do or perform all such acts, deeds, matters and things as may be considered necessary, desirable or expedient for giving effect to this resolution, including submitting application and making representation to the Central Government, if required.”

9. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

**ADOPTION OF NEW SET OF ARTICLES OF ASSOCIATION**

“**RESOLVED THAT** pursuant to the provisions of Section 14 and all other applicable provisions of the Companies Act, 2013 read with Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the draft regulations contained in the Articles of Association submitted to this meeting be and are hereby approved and adopted in substitution, and to the entire exclusion, of the regulations contained in the existing Articles of Association of the Company.”

“**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

Registered Office:  
Torrent House,  
Off Ashram Road,  
Ahmedabad – 380 009, Gujarat, India  
(CIN: L24230GJ1972PLC002126)  
Phone: + 91 79 26585090 / 26583060  
Fax: + 91 26582100  
Website: www.torrentpharma.com  
Email Id: investorservices@torrentpharma.com

Ahmedabad  
15<sup>th</sup> May, 2015

By Order of the Board of Directors  
**For Torrent Pharmaceuticals Limited**

**Mahesh Agrawal**  
VP (Legal) & Company Secretary



## NOTES:

1. The Explanatory Statement pursuant to Section 102(1) and (2) of the Companies Act, 2013 in respect of Item No. 3 and Special Business i.e. Item Nos. 5 to 9 is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF / HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
3. A member registered under Section 8 of the Companies Act, 2013 shall not be entitled to appoint any other person as his / her proxy unless such other person is also a member of the Company.
4. A person can act as proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. Provided that member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or member.
5. Proxies, in order to be effective should be duly stamped, completed, signed and must be sent to the Company so as to receive at its registered office not later than 48 hours before the commencement of the AGM.
6. Corporate members intending to send their authorised representatives to attend the AGM are requested to send a duly certified copy of the board resolution authorizing their representatives to attend and vote on their behalf at the AGM.
7. The members are requested to bring duly filled attendance slip along with their copy of Annual Report at the AGM.
8. Register of Directors and Key Managerial Personnel of the Company and their shareholding maintained under Section 170 of the Companies Act, 2013 will be available for inspection by the members at the AGM.
9. The Register of Contracts and Arrangements in which the Directors are interested maintained under Section 189 of the Companies Act, 2013 will be available for inspection by the members at the AGM.
10. In compliance with the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, substituted by the Companies (Management and Administration) Amendment Rule, 2015 and Clause 35B of the Listing Agreement, the Company is pleased to provide members facility to exercise their right to vote at the 42<sup>nd</sup> AGM by electronic means and all the items of the business may be transacted through e-voting services provided by Karvy Computershare Private Limited (Karvy). Members of the Company holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. 20<sup>th</sup> July, 2015, may cast their vote by electronic means or in the AGM. The user id and password alongwith detailed instructions for e-voting through the e-voting platform provided by Karvy, forming part of the Notice, is enclosed with this Annual Report.
11. The Company shall also arrange for the physical voting by use of ballot or polling paper at the AGM for the members who have not cast their vote through remote e-voting.
12. The members who have cast their vote by remote e-voting may also attend the AGM but shall not be entitled to cast their vote again.
13. The Notice of 42<sup>nd</sup> AGM, details and instructions for e-voting and the Annual Report of the Company for the year ended 31<sup>st</sup> March, 2015 is uploaded on the Company's website [www.torrentpharma.com](http://www.torrentpharma.com) and may be accessed by the members. The physical copies of the aforesaid documents will also be available at the Company's registered office for inspection during normal business hours on working days.

Copies of the above documents are being sent by electronic mode to the members whose email addresses are registered with the Company / Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email addresses, physical copies of the aforesaid documents are being sent by the permitted mode.

14. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date i.e. 20<sup>th</sup> July, 2015 only shall be entitled to avail the remote e-voting facility as well as voting in the AGM.
15. Any person who becomes a member of the Company after dispatch of the Notice of the Meeting and holding shares as on the cut-off date i.e. 20<sup>th</sup> July, 2015 (“Incremental Members”) may obtain the User ID and password by either sending an e-mail request to [evoting@karvy.com](mailto:evoting@karvy.com) or calling on Tollfree No. 1800-345-4001.

If the member is already registered with Karvy e-voting platform then he can use his existing User ID and password for casting the vote through remote e-voting.

16. The Scrutinizer shall, immediately after the conclusion of voting at the AGM, count the votes cast at the AGM and thereafter unblock the votes cast through remote e-voting in the presence of at least 2 witnesses not in employment of the Company. The Scrutinizer shall submit a consolidated Scrutinizer’s Report of the total votes cast in favour of or against, if any, not later than 3 days after the conclusion of the AGM to the Chairman of the Company. The Chairman, or any other person authorised by the Chairman, shall declare the result of the voting forthwith.
17. The members are requested to intimate to the Company, queries, if any, at least 10 days before the date of the meeting to enable the management to keep the required information available at the meeting.
18. As per SEBI Circular No. CIR/MRD/DP/10/2013 dated 21<sup>st</sup> March, 2013, listed companies are required to use, either directly or through their RTA, any RBI approved electronic mode of payment like ECS, NECS, NEFT etc. for distribution of dividends or providing other cash benefits to the investors. Accordingly, the members, holding shares in physical form, are requested to update their address or provide / update their bank mandate (including details of MICR, IFSC etc.) with the Company or its Registrars & Transfer Agents (RTA), Karvy Computershare Private Limited and members holding shares in dematerialized form are requested to intimate any change in their address or to change / update bank mandate with their Depository Participants (DP) to enable the Company or RTA for making arrangements for electronic credit of dividend and other cash benefits to members.
19. The Company has decided to close the Register of Members and the Share Transfer Register for a period of three days from 17<sup>th</sup> June, 2015 to 19<sup>th</sup> June, 2015 (both days inclusive) for determining the name of members eligible for final dividend on equity shares, if declared at this AGM.

The final dividend on equity shares, if declared at the AGM, will be paid / dispatched on or around 31<sup>st</sup> July, 2015 to those members whose names appear on the Company’s Register of Members or on records of National Securities Depository Limited or Central Depository Services (India) Limited as beneficial owners as on 19<sup>th</sup> June, 2015.

20. Trading in the shares of the Company can be done in dematerialized form only. Dematerialization would facilitate paperless trading through state-of-the-art technology, quick transfer of corporate benefits to members and avoid inherent problems of bad deliveries, loss in postal transit, theft and mutilation of share certificate and will not attract any stamp duty. Hence, we request all those members who have still not dematerialized their shares to get their shares dematerialized at the earliest.
21. The members who have not encashed their Dividend Warrants for previous financial years are requested to send the same for revalidation to the Company’s RTA.

Members wishing to claim dividends for previous financial years, which remain unclaimed, are requested to correspond with the RTA.

During the year, the Company has requested those members, whose dividends for previous financial years remaining unclaimed / unpaid, for claiming said dividend amount before transfer thereof to Investor Education Protection Fund (IEPF).

Members are requested to note that dividends not encashed or claimed within seven years from the date of transfer to the Company’s Unpaid Dividend Account, will, as per Section 124 of the Companies Act, 2013, be transferred to the IEPF.

22. Pursuant to Section 72 of the Companies Act, 2013, members holding shares in physical form may file nomination in the prescribed Form SH-13 and for cancellation / variation in nomination in the prescribed Form SH-14 with the Company’s RTA.

In respect of shares held in electronic / demat form, the nomination form may be filed with the respective Depository Participant.

23. As required in terms of Clause 49 of the Listing Agreement with the Stock Exchanges, the information (including profile and expertise in specific functional areas) pertaining to Directors recommended for appointment / re-appointment in the AGM is forming part of the Explanatory Statement given below. The Directors have furnished the requisite consent / declarations for their appointment / re-appointment as required under the Companies Act, 2013 and the Rules thereunder.
24. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their DPs with whom they are maintaining their demat accounts and members holding shares in physical form to the Company / RTA.
25. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal business hours (10:00 a.m. to 06:00 p.m.) on all working days except second and fourth Saturdays, up to the date of the AGM of the Company.
26. Members, who have not registered their e-mail addresses so far, are requested to register their e-mail address with the Company / Depository Participant(s) for receiving all communication including Annual Report, Notices, Circulars, etc. from the Company electronically.

## **EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) AND (2) OF THE COMPANIES ACT, 2013**

### **Item No. 3**

Pursuant to Section 152 (6) of the Companies Act, 2013, Shri Markand Bhatt retires by rotation at this AGM and being eligible, is proposed for re-appointment. He was last re-appointed as Director on 30<sup>th</sup> July, 2011. Shri Bhatt has expressed his intention to act as a Director, if reappointed.

Shri Markand Bhatt, aged 68 years, a Post Graduate of IIM, Ahmedabad, is the Group Chief Executive Officer of Torrent Group. He has more than 46 years of professional managerial experience in multi disciplinary areas dominated by more than two decades of principal involvement in power sector projects. He has been a member of Board of the Company since 2000.

Over the past several years he has been providing valuable guidance in formulation of strategy and implementation thereof. As part of Torrent Power, a group company, Shri Bhatt has played a pivotal role in the entire journey of the SUGEN Mega Power Project – from concept to commissioning of that project, which is unique in many respects. The project was completed within the budgeted cost resulting in the lowest per MW cost due to his sustained efforts. Shri Bhatt is also responsible for implementation of 382.5 MW UNOSUGEN Project and 1200 MW DGEN Project which have also been commissioned. He also oversees other generation project initiatives which are in the pipeline such as Torrent Pipavav etc.

He was also the Managing Director of erstwhile Gujarat Torrent Energy Corporation Limited (GTEC) which set up 655 MW Gas based fuel Combined Cycle Power Project within budgeted cost and timelines. He spearheaded divestment of GTEC by Torrent Group, which was the biggest ever deal in the country at that point of time. Earlier, he practiced as a Management Consultant and was associated with various premier government organizations and private groups such as Torrent, Nirma, Cama, Raymonds etc.

His other directorship includes that of Torrent Power Limited. He is a member of Nomination and Remuneration Committee and Securities Transfer and Stakeholders Relationship Committee of the Company. He holds 10200 shares jointly with Shri Gunjan Bhatt (son of Shri Markand Bhatt) in the Company.

### **Item No. 5**

Section 148(3) of the Companies Act, 2013 read with Rule 14(a) of the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof) (“the Act”), requires the Board to appoint an individual, who is a Cost Accountant in practice or a firm of Cost Accountants in practice, as Cost Auditor on the recommendations of the Audit Committee, which shall also recommend remuneration for such Cost Auditor and such remuneration shall be considered and approved by the Board of Directors and ratified subsequently by the members.

The Board of Directors at their meeting held on 15<sup>th</sup> May, 2015, on recommendation of the Audit and Risk Management Committee, approved the appointment of M/s. Kirit Mehta & Co., Cost Accountants, as the Cost Auditors of the Company for the financial year 2015-16 at fees of ₹ 600,000/- plus out of pocket expenses and service tax as applicable for conducting the audit of the cost accounting records of all the manufacturing facilities of the Company.

The resolution contained in Item no. 5 of the accompanying Notice, accordingly, seek members' approval for ratification of remuneration of Cost Auditors of the Company for the financial year 2015-16.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the ordinary resolution set out at Item No. 5 of the Notice.

The Board commends this resolution for your approval.

#### **Item No. 6**

On recommendation of Nomination and Remuneration Committee, the Board of Directors of the Company at their meeting held on 28<sup>th</sup> January, 2015, revised the terms of appointment of Dr. Dutt as Whole-time Director of the Company, to be designated as Director (R & D), for a period of three years effective from 1<sup>st</sup> January, 2015, subject to approval of the members. Earlier, his tenure was extended for two years till 31<sup>st</sup> December, 2016 as per the members resolution passed at the AGM held on 30<sup>th</sup> July, 2014.

Dr. Chaitanya Dutt, has been working as Director (R & D) of the Company. Dr. Dutt is one of the key functionaries in the top management team and has been associated with the Company for more than three decades. He holds MD in Medicine and had practiced as a consulting physician before joining the Company in 1982.

Dr. Dutt leads the R & D initiatives and Company's foray in the areas of discovery and product development, in addition to quality and regulatory matters.

R & D is one of the key drivers of growth for the Company, particularly in developed and regulated markets such as US, Europe etc. The tightening of regulatory requirements, the IPR regime and the severe stress which it is undergoing and the specific issues arising there from, have significantly increased the criticality of the R & D and quality assurance functions. The Company has been able to maintain its competitive strength on account of critical inputs provided by these functional areas. In view of this, it was thought prudent to continue to avail the benefit of the vast experience and knowledge of Dr. Dutt.

Dr. Chaitanya Dutt holds 800 shares of the Company.

This ordinary resolution, accordingly, seeks members' approval for appointment of Dr. Chaitanya Dutt as Director (R & D) of the Company for a period of three years effective from 1<sup>st</sup> January, 2015 on such remuneration and other terms and conditions as mentioned in the said resolution.

None of the Directors / Key Managerial Personnel of the Company / their relatives except Dr. Dutt, are, in any way, concerned or interested, financially or otherwise, in the ordinary resolution set out at Item No. 6 of the Notice.

The copies of relevant resolutions of the Board with respect to the re-appointment is available for inspection by members at the registered office of the Company during working hours on any working day till the date of this Annual General Meeting.

The Board commends this resolution for your approval.

#### **Item No. 7**

Pursuant to the recommendations of Nomination and Remuneration Committee of the Board, your Board has at their meeting held on 15<sup>th</sup> May, 2015 recommended the appointment of Smt. Renu Challu as an Independent Director (ID) on the Board of the Company for a term of three (3) consecutive years effective from 27<sup>th</sup> July, 2015 to 26<sup>th</sup> July, 2018.

As per Schedule IV of the Companies Act, 2013 and the rules made thereunder ("the Act"), the appointment of IDs shall be approved at the meeting of the members. As per the provisions of Section 149(13) read with explanation to Section 152(6) of the Act, the period of office of IDs will not be liable to determination by retirement of directors by rotation at the AGM.

The Company has received a Notice in writing under the provisions of Section 160 of the Act from a member along with deposit of ₹ 1,00,000/- proposing the candidature of Smt. Renu Challu for the office of ID.

Smt. Renu Challu has given her consent and the declaration regarding her independence in terms of the provisions of the Act.

Smt. Renu Challu, aged 63 years, is a Gold Medalist in MA Economics and is an Associate of the Indian Institute of Bankers. She has served in the State Bank of India Group for about 39 years and her stellar career culminated in her being the Deputy Managing Director of Corporate Strategy and New Businesses. She is also a Director on the Board of SMS Infrastructure Limited.

Some of her path breaking initiatives in her entire career of more than 39 years are captured below:

- (a) Identified, developed and implemented new business areas as member of the Corporate Management Committee of SBI
- (b) Recorded the highest ROE amongst large banks in India as on March 2011 through technology and BPR initiatives, HR development programmes, employee motivation, repositioning of the Bank through rebranding exercise and innovative outdoor visibility
- (c) At SBI DFHI, launched the 1<sup>st</sup> country-wide web based platform with two way quotes for liquid scrips, to enable retail customers to trade in G-Secs
- (d) At SBI, Bhopal, launched Cyber Treasury with Madhya Pradesh and Chhattisgarh Governments (through e-challans), which has been replicated by other State Govts.
- (e) At SBI, Lucknow, reduced turnaround time to 3 weeks for credit sanctions
- (f) At SBI Corporate Centre, taken technology initiatives like the 1<sup>st</sup> one million online ATM cards, internet banking, Maestro Debit Card, etc.

While focusing on such path breaking initiatives, she have continued to played an inestimable role in the illustrious growth of the organisations she worked with. Various awards and recognitions were received by State Bank of Hyderabad under her leadership.

Sr. No.	Directorship in Companies / Organizations (excluding alternate directorship)	Name of Committees
1.	Reliance Life Insurance Company Limited	Audit Committee – Member
2.	Fag Bearings India Limited	Audit Committee – Chairman Stakeholders Relationship Committee – Chairman
3.	Minda Industries Limited	Audit Committee – Member
4.	Fullerton India Credit Company Limited	-
5.	NCC Limited	-
6.	Graphite India Limited	-
7.	LT Foods Limited	-
8.	Torrent Cables Limited	-
9.	SMS Infrastructure Limited	-

In the opinion of the Board, she fulfills the conditions specified in the Act for her appointment as ID of the Company.

Your Board considers that the Company will benefit from Smt. Renu Challu's valuable, experience, knowledge and counsel.

The resolution contained in Item no. 7 of the accompanying Notice, accordingly, seek members' approval for appointment of Smt. Renu Challu as ID on the Board of the Company on the terms and conditions as specified in the draft letter of appointment.

Copy of the draft letter of appointment of Smt. Renu Challu as ID setting out the terms and conditions is available for inspection by the members at the registered office of the Company during working hours on any working day till the date of this AGM.

None of the Directors / Key Managerial Personnel of the Company / their relatives except Smt. Challu, are, in any way, concerned or interested, financially or otherwise, in the ordinary resolution set out at Item No. 7 of the Notice.

The Board commends this resolution for your approval.

#### **Item No. 8**

The members of the Company at their 38<sup>th</sup> AGM held on 30<sup>th</sup> July, 2011 approved by way of a Special Resolution under Section 309 of the Companies Act, 1956, the payment of remuneration by way of commission to the Non-Executive Directors of the Company, of a sum not exceeding one percent per annum of the net profits of the Company, calculated in accordance with the provisions of the Companies Act 1956, for a period of five years commencing from 1<sup>st</sup> April, 2010.

Section 197 of the Companies Act, 2013 provides, inter alia, remuneration to its directors (other than the managing director or whole time director), by way of commission, if the Company by resolution authorize such payments. Clause 49 of the Listing Agreement also provides that all fees / commission paid to Non-Executive Directors shall be fixed by the Board and shall require the previous approval of the members. In this context, it is proposed to take this special resolution for payment of commission to the Non-Executive Directors for a period of 5 years effective from 1<sup>st</sup> April, 2015 as may be determined by the Board or its Committee authorised for the purpose for each financial year at a rate such that the total remuneration does not exceed percentage limits of the net profit of the Company as specified in the Companies Act, 2013 (presently 1% of the net profit), calculated in accordance with Section 197 read with Section 198 and any other applicable provisions of the Companies Act, 2013.

The payment of commission would be in addition to the sitting fees payable for attending meeting of the Board and Committees thereof, if any.

Further, in case of inadequacy of profits of the Company for any financial year, the Non-Executive Directors shall be paid such remuneration as approved by the Board or its Committee authorised for the purpose for such financial year, subject to such approval as may be necessary.

The Board commends this resolution for your approval.

The Managing Director, Whole-time Directors and Key Managerial Personnel of the Company and their relatives are not concerned or interested, financial or otherwise, in the resolution set out at Item No. 8 of the Notice. The Non-Executive Directors may be deemed to be concerned or interested in the Special resolution set out at Item No. 8 of the Notice to the extent of the remuneration that may be received by them.

#### **Item No. 9**

The Articles of Association (“AoA”) of the Company as presently is in force since 1989. The existing AoA are based on the Companies Act, 1956 and several regulations in the existing AoA contain references to specific sections of the Companies Act, 1956 and some regulations in the existing AoA are no longer in conformity with the Companies Act, 2013 and the rules made thereunder (“the Act”). The Act is now largely in force.

With the coming into force of the Act, several regulations of the existing AoA of the Company require alteration or deletions. Given this position, it is considered expedient to wholly replace the existing AoA by a new set of Articles.

The members’ attention is invited to certain salient features of the proposed AoA of the Company viz:

- a) The proposed AoA is based on Table ‘F’ of the Act which sets out the model articles of association for a company limited by shares.
- b) Existing articles have been streamlined and aligned with the Act.
- c) The statutory provisions of the Act which permit a company to do some acts “if so authorized by its articles” or provisions which require a company to do acts in a prescribed manner “unless the articles otherwise provide” have been specifically included.

- d) Provisions of the existing AoA which are already part of statute in the Act have not been reproduced in the proposed AoA as they would only lead to duplication – their non-inclusion makes the proposed AoA crisp, concise and clear and aids ease of reading and understanding.

None of the Directors / Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in the Special Resolution set out at Item No. 9 of the Notice.

The Board commends the Special Resolution set out at Item No. 9 of the Notice for approval by the members.

Registered Office:  
Torrent House,  
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Ahmedabad – 380 009, Gujarat, India  
(CIN: L24230GJ1972PLC002126)  
Phone: + 91 79 26585090 / 26583060 Fax: + 91 26582100  
Website: [www.torrentpharma.com](http://www.torrentpharma.com)  
Email Id: [investorservices@torrentpharma.com](mailto:investorservices@torrentpharma.com)

By Order of the Board of Directors  
**For Torrent Pharmaceuticals Limited**

**Mahesh Agrawal**  
VP (Legal) & Company Secretary

Ahmedabad  
15<sup>th</sup> May, 2015

## DIRECTORS' REPORT

To  
The Shareholders

The Directors have the pleasure of presenting the Forty Second Annual Report of your Company together with the audited accounts for the year ended 31<sup>st</sup> March, 2015.

### FINANCIAL RESULTS

The summary of standalone (Company) and consolidated (Company and its subsidiaries) operating results for the year and appropriation of divisible profits is given below:

(₹ in crores except per share data)

	Standalone		Consolidated	
	2014-15	2013-14	2014-15	2013-14
Sales and Operating Income	3475	3365	4653	4185
Profit before Depreciation, Finance Cost, Exceptional Items & Tax	1149	1096	1306	990
Less Depreciation	180	79	191	87
Less Finance Cost	173	58	175	59
Profit before Exceptional Items & Tax	796	958	940	844
Less Exceptional Items	-	-	-	-
Less Tax Expense	173	196	189	180
Less Minority Interest	-	-	-	-
Net Profit for the Year	623	762	751	664
Balance brought forward	1026	538	707	317
Distributable Profits	1649	1300	1458	981
Appropriated as under:				
Transfer to General Reserve	63	76	63	76
Interim Dividend	85	85	85	85
Proposed Final Dividend	106	85	106	85
Tax on Distributed Profits for Interim Dividend	17	14	17	14
Tax on Distributed Profits for Final Dividend	21	14	21	14
Balance carried forward	1358	1026	1167	707
Earnings per Share (₹ per share)	36.83	45.05	44.38	39.23

#### Standalone Operating Results

The sales and operating income increased to ₹ 3475 crores from ₹ 3365 crores in the previous year yielding a growth of 3.27%. The operating profit for the year under review increased to ₹ 1149 crores as against ₹ 1096 crores in the previous year registering a growth of 4.83%. The profits after tax for the year under review decreased to ₹ 623 crores as against ₹ 762 crores in the previous year registering a degrowth of 18.24%.

#### Consolidated Operating Results

The consolidated sales and operating income increased to ₹ 4653 crores from ₹ 4185 crores in the previous year yielding a growth of 11.18%. The consolidated operating profit for the year was ₹ 1306 crores as against ₹ 990 crores in the previous year registering an increase of 31.92%. The consolidated net profit increased to ₹ 751 crores from ₹ 664 crores in the previous year registering a growth of 13.10%.



## Management Discussion and Analysis (MDA)

The detailed analysis of the operating performance of the Company for the year, the state of affairs and the key changes in the operating environment have been included in the Management Discussion and Analysis section which forms a part of the Annual Report.

### Material Changes, Transactions and Commitments

(i) During the year under review

During the year under review, the Company has completed the acquisition of the identified domestic branded formulation business of Elder Pharmaceuticals Limited in India and Nepal. The total consideration for this acquisition on a slump sale basis was ₹ 2004 crores on a debt-free, cash-free basis. The definitive agreement for this acquisition was signed on 13<sup>th</sup> December, 2013 and after the satisfactory completion of all terms & conditions and receipt of all necessary statutory & other approvals, the acquisition was completed on 29<sup>th</sup> June, 2014. This acquisition has strengthened the Company's position in Women health, Pain management, Wound care and Neutraceuticals therapeutic segments.

During the year under review, no significant or material order was passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.

There is no change in the nature of the business of the Company for the year under review.

(ii) After the end of the year under review

The Company has signed a share purchase agreement to acquire 100% stake in Zyg Pharma Private Limited, a company engaged in manufacturing various dermatological formulations like creams, ointments, gels, lotions, solutions.

## APPROPRIATIONS

### Dividend

As a policy, the Company endeavours to distribute 30% of its annual consolidated net profit after tax as dividend in one or more tranches. The dividend payout for the year under review has been formulated in accordance with such policy of the Company.

Normal annual dividend of ₹ 5.00 per equity share of fully paid up face value of ₹ 5.00 amounting to ₹ 84.61 crores was paid to the shareholders as interim dividend during the year under review. The tax on distributed profits was ₹ 16.92 crores making the aggregate distribution to ₹ 101.53 crores. Further, the Board has recommended a special dividend as final dividend of ₹ 6.25 per equity share amounting to ₹ 105.76 crores for approval to shareholders at the 42<sup>nd</sup> Annual General Meeting of the Company. Total distribution including tax of ₹ 21.06 crores works out to be ₹ 126.82 crores towards such final dividend. Aggregate dividend for the year under review works out to be ₹ 11.25 (previous year ₹ 10.00) per equity share. The aggregate distribution amount including tax on distributed profits works out to be ₹ 228.44 crores (previous year ₹ 197.98 crores). These dividends are tax free in the hands of the shareholders.

### Transfer to Reserves

The Board has recommended a transfer of ₹ 63 crores to the general reserve and an amount of ₹ 1358 crores is retained as surplus in the Statement of Profit and Loss of Standalone financials.

## SHARE CAPITAL

The paid up Equity Share Capital of the Company as on 31<sup>st</sup> March, 2015 is ₹ 84.62 crores. During the year under review, the Company has neither issued shares with differential voting rights nor granted stock options or sweat equity.

## FINANCE

### Deposits

During the year under review, the Company has neither accepted nor renewed any deposits. None of the deposits earlier issued by the Company remained unpaid or unclaimed as on 31<sup>st</sup> March, 2015.

### Loans, Guarantees and Investments

Details of Loans, Guarantees and Investments by Company under the provisions of Section 186 of the Companies Act, 2013, during the year under review, are provided in Note 24 (b) and 25 to the Financial Statements.

## Contracts or Arrangements with Related Parties

All Related Party transactions that were entered during the year under review were in ordinary course of business and were on arm's length basis. Pursuant to Clause 49 of the Listing Agreement and applicable provisions of the Companies Act, 2013, the Company has formulated Related Party Policy for dealing with Related Party transactions. Details of the said Policy are provided under the Corporate Governance Report of this Annual Report. In accordance with the Related Party Policy of the Company and pursuant to the provisions of Section 188(1) of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014, particulars of material contracts and arrangements entered between the Company and the Related Parties are annexed herewith as **Annexure - A**.

## Internal Financial Control (IFC) System

As per the provisions of the Companies Act, 2013, the Directors have the responsibility for ensuring that the company has implemented robust system / framework for IFCs to provide them with reasonable assurance regarding the adequacy and operating effectiveness of controls to enable the Directors to meet with their responsibility.

The Company has in place a sound financial control system and framework in place to ensure:

- The orderly and efficient conduct of its business,
- Safeguarding of its assets,
- The prevention and detection of frauds and errors,
- The accuracy and completeness of the accounting records and
- The timely preparation of reliable financial information.

A formal documented IFC framework has been implemented by the Company. The Board regularly reviews the effectiveness of controls and takes necessary corrective actions where weaknesses are identified as a result of such reviews. This review covers entity level controls, process level controls, fraud risk controls and Information Technology environment. Based on this evaluation, there is nothing that has come to the attention of the Directors to indicate any material break down in the functioning of these controls, procedures or systems during the year. There have been no significant events during the year that have materially affected, or are reasonably likely to materially affect, our internal financial controls. The management has also come to a conclusion that the IFC and other financial reporting was effective during the year and is adequate considering the business operations of the Company.

## AWARDS AND RECOGNITION

CNBC TV18 recognised Torrent Pharmaceuticals Limited as the "Most Promising Company of the Year" at their 10<sup>th</sup> India Business Leader Awards 2014.

## HUMAN RESOURCES

At the core, our underlying belief is that Human Resources Development today is about nurturing its human resource and leveraging the human capital towards the achievement of business goals and the Company is completely committed towards the development of its people and their well-being.

During the year our focus was the successful integration of Torrent-Elder human resources which includes not only the manpower integration but also the cultural integration of both the entities. The Company's conviction towards its core values also helped it take ahead initiatives to reinforce health and safety of employees and transparency in business processes. One major step was towards building awareness and reinforcement of already existing Whistle Blower Policy, to communicate all employees that the Company supports & encourages reporting of any wrong / unethical practices which is a breach of our "Code of Business Conduct".

In continuation with gender diversity initiatives taken last year, Company constantly endeavours to encourage employment of women as well as create a conducive and safe working environment for them. On the industrial front as well, the Company continued to strengthen cordial relations and is well poised to combat challenges on the Industrial Relations front.

The Company has a diverse workforce of 10044 employees as on 31<sup>st</sup> March, 2015 vis-a-vis 8628 as on 31<sup>st</sup> March 2014. Moving ahead Company's focus will continue to ensure recruitment of right talent, develop them and drive them towards the common business goals.

## CORPORATE SOCIAL RESPONSIBILITY (CSR)

Concern for Society and Environment is a deeply rooted core value of the Company. As part of its CSR, the Company makes concentrated efforts in the fields of Community Healthcare, Sanitation & Hygiene, Education & Knowledge Enhancement and Social Care & Concern.

In line with the provisions of the Companies Act, 2013 and rules made thereunder, a CSR Committee has been formed by the Board of Directors. The Composition of the CSR Committee is as under:

Name of Director	Category of Directorship
Shri Pradeep Bhargava, Chairperson	Independent Director
Shri Markand Bhatt <sup>\$\$</sup>	Non- Executive Director
Dr. Chaitanya Dutt	Whole-time Director
Smt. Bhavna Doshi <sup>^^</sup>	Independent Director

(\$\$)Ceased to be a member of the Committee effective from 30<sup>th</sup> July, 2014.

(^^)Appointed as a member of the Committee with effect from 30<sup>th</sup> July, 2014.

The CSR Policy formulated by the CSR Committee may be accessed at the below web link:

<http://www.torrentpharma.com/pdf/csrapolicy.pdf>

During FY 2014-15, the following CSR initiatives were undertaken at the Group level:

- The Group, having decided to establish a landmark healthcare institute in the area of paediatric care, has formed Tornascent Care Institute (a company formed under Section 8 of Companies Act, 2013) and contributed alongwith Torrent Power Limited ₹ 12.00 crores towards its initial corpus.
- Based on the survey conducted during previous year, the Group initiated a Health Care, Sanitation and Hygiene related programme in urban slum areas of Sabarmati ward, Ahmedabad.
- Shiksha Setu - teaching and learning enhancement programme, in its fourth year, included more than 6500 students and 230 teachers as direct beneficiaries. Emphasis on capacity building and sustainability resulted into teachers taking lead as advanced trainers.
- The construction of new High school building with state of the art facility for higher studies at Chhapi village in Gujarat is nearing completion. The students from nearby villages will also be benefitted.

The Annual Report on CSR Activities is given as **Annexure - B** to this Report which indicates that the Company has spent ₹ 15.01 crores (more than 2% of the average net profits of last three financial years) in this regard.

Additionally, the following also form part of the CSR initiatives undertaken by the Company during FY 2014-15:

- The Company continued activities towards Sanitation Health Education at “Sharda Mandir” Primary School at Indrad village, which focused on importance of personal hygiene.
- Conducted various programs among the students at Middle School at Bhud, Baddi through employee volunteers for their development and advancement.

The Company had also made donations to various organizations involved in education, healthcare, providing relief to disaster victims and promotion of social welfare, harmony and nationalism.

## ENVIRONMENT, HEALTH & SAFETY

The Health, Safety & Environmental Policy and its procedures are implemented and monitored throughout the FY 2014-15 at all locations. The Company has continued with its Integrated Management System with ISO 9001, ISO 14001 and OHSAS 18001 for occupational health, safety & environment management system. The Company has conducted various events on safety & environmental awareness. As a pro-active measure, Company has organized a comprehensive training through certified ISO auditor on amendments being made in ISO 9001 and ISO 14001 for its successful compliance in near future.

## INSURANCE

The Company’s plant, property, equipments and stocks are adequately insured against major risks. The Company also has appropriate liability insurance covers particularly for product liability and clinical trials. The Company has also taken Directors’ and Officers’ Liability Policy to provide coverage against the liabilities arising on them.

## BUSINESS RISK MANAGEMENT

The Company has in place a Risk Management framework for a systematic approach to control risks. The Risk Management process is appropriately handled by functional heads / business process owners. The role of Audit Committee was expanded during the year to include the Risk Management and minimization process and the committee was re-designated as Audit and Risk Management Committee (ARMC). The details of ARMC are provided under the Corporate Governance Report.

The key risks which can affect the profitability of the Company are identified by the Company in the Management and Discussion Analysis section of the Annual Report. As on date, the Company do not envisage risks which could threaten the existence of the Company.

## SUBSIDIARIES

As of 31<sup>st</sup> March, 2015, the Company has 17 subsidiaries, out of which 4 are step down subsidiaries. All the said subsidiaries of the Company remained operational during the year under review.

Further, Tornascent Care Institute, a Section 8 company, under the Companies Act, 2013, was promoted and incorporated jointly with Torrent Power Limited during the year as joint venture company. A statement containing salient features of financial statements of each subsidiary and the said joint venture, including its financial position and performance during the year under review, is provided under Note 35(a) of the Consolidated Financial Statements.

In addition to the above, the performance and future outlook of the subsidiaries has been discussed under the Management Discussion and Analysis Section of the Annual Report.

## DIRECTORS AND KEY MANAGERIAL PERSONNEL

### (a) Board of Directors

The Board of Directors of the Company is led by the Executive Chairman and comprises eight other Directors as on 31<sup>st</sup> March 2015, including one Whole-time Director, five Independent Directors and two Non-Executive Directors (other than Independent Directors).

All the Independent Directors of the Company have furnished declarations that they meet the criteria of independence as prescribed under the Companies Act, 2013 and Listing Agreement with Stock Exchanges.

During the year under review, Dr. Leena Srivastava resigned from the Board with effect from 26<sup>th</sup> April, 2014. Shri Sudhir Mehta relinquished his position as the Chairman of the Board and at the request of the Board, accepted the position of Chairman Emeritus, effective from the date of Annual General Meeting of the Company held on 30<sup>th</sup> July, 2014. During the said meeting, the members also approved the appointment of Shri Samir Mehta as Executive Chairman for a period of 5 years from the date of meeting, the re-appointment of Dr. Chaitanya Dutt as Whole-time Director for a period of 2 years up to 31<sup>st</sup> December, 2016, the appointment of Shri Shailesh Haribhakti, Shri Haigreve Khaitan, Shri Pradeep Bhargava, Prof. Ashish Nanda and Smt. Bhavna Doshi as Independent Directors on the Board.

Smt. Bhavna Doshi tendered her resignation effective from the conclusion of the Board Meeting held on 15<sup>th</sup> May, 2015.

The Board at its meeting held on 28<sup>th</sup> January, 2015 revised the tenure of appointment of Dr. Chaitanya Dutt till 31<sup>st</sup> December, 2017 alongwith other terms of his appointment, subject to the approval of the shareholders. The Board at its meeting held on 15<sup>th</sup> May, 2015 has also recommended to the shareholders the appointment of Smt. Renu Challu as Independent Director for a period of 3 years from the date of the ensuing Annual General Meeting.

Shri Markand Bhatt, Non-Executive Director, retires by rotation at the ensuing Annual General Meeting and being eligible has offered himself for re-appointment.

The brief resumes and other relevant documents of the Directors being appointed / re-appointed are given in the Explanatory Statement to the Notice convening the Annual General Meeting, for your perusal.

### (b) Meetings of Board of Directors

Regular meetings of the Board are held to discuss and decide on various business strategies, policies and other issues. A calendar of Board / Committee meetings for the year is prepared and circulated to the Directors well in advance to enable them to plan their schedule for effective participation in the meetings. During the year, four meetings of the Board of Directors

were convened and held on 9<sup>th</sup> May, 2014, 30<sup>th</sup> July, 2014, 5<sup>th</sup> November, 2014 and 28<sup>th</sup> January, 2015. The intervening gap between two consecutive meetings was not more than one hundred and twenty days. Detailed information on the meetings of the Board is included in the Corporate Governance Report which forms part of the Annual Report.

**(c) Committees of the Board of Directors**

In compliance with the requirement of applicable laws and as part of the best governance practice, the Company has following Committees of the Board as on 31<sup>st</sup> March, 2015:

- (i) Audit and Risk Management Committee
- (ii) Securities Transfer and Stakeholders Relationship Committee
- (iii) Nomination and Remuneration Committee
- (iv) Corporate Social Responsibility Committee

The details with respect to the aforesaid Committees forms part of the Corporate Governance Report.

**(d) Appointment of Directors**

- (i) Criteria for Appointment of Directors

The Board of Directors of the Company have identified following criteria for determining qualification, positive attributes, independence of Directors:

- (1) Proposed Director (“Person”) shall meet all statutory requirements and should;
  - Possess the highest ethics, integrity and values
  - Not have direct / indirect conflict with present or potential business / operations of the Company
  - Have the balance and maturity of judgment
  - Be willing to devote sufficient time and energy
  - Have demonstrated high level of leadership and vision, and the ability to articulate a clear direction for an organization
  - Have relevant experience (In exceptional circumstances, specialization / expertise in unrelated areas may also be considered)
  - Have appropriate comprehension to understand or be able to acquire that understanding
    - ◆ Relating to Corporate Functioning
    - ◆ Involved in scale, complexity of business and specific market and environment factors affecting the functioning of the Company

- (2) The appointment shall be in compliance with the Board Diversity Policy of the Company.

- (ii) Process for Identification / Appointment of Directors

- Board members may (formally or informally) suggest any potential person to the Chairman of the Company meeting the above criteria. If the Chairman deems fit, necessary recommendation shall be made by him to the Nomination and Remuneration Committee (NRC).
- Chairman of the Company can himself also refer any potential person meeting the above criteria to the NRC.
- NRC will process the matter and recommend such proposal to the Board.

Board will consider such proposal on merit and decide suitably.

**(e) Familiarisation Programme of Independent Directors**

The Independent Directors have been updated with their roles, rights and responsibilities in the Company by specifying them in their appointment letter alongwith necessary documents, reports and internal policies to enable them to familiarise with the Company’s procedures and practices. The Company has through presentations at regular intervals, familiarised and updated the Independent Directors with the strategy, operations and functions of the Company and the Pharma Industry as a whole. Site visits to various plant locations are organized for the Directors to enable them to understand the operations of the Company. The details of such familiarization programmes for Independent Directors are posted on the website of the Company and can be accessed at [http://www.torrentpharma.com/pdf/bod/Familiarisation\\_Program\\_of\\_Independent\\_Directors.pdf](http://www.torrentpharma.com/pdf/bod/Familiarisation_Program_of_Independent_Directors.pdf)

**(f) Board Evaluation**

The Nomination and Remuneration Committee (NRC) has formulated and approved the criteria and process of evaluation of the Board, etc., as follows:

Evaluation Criteria

	Criteria
Independent Directors	<ol style="list-style-type: none"><li>1. Attendance (Captured from the records of meetings)</li><li>2. Contribution at meetings</li><li>3. Guidance / support to management outside Board / Committee meetings</li></ol>
Committees	<ol style="list-style-type: none"><li>1. Degree of fulfillment of key responsibilities</li><li>2. Adequacy of committee composition</li><li>3. Effectiveness of meetings</li><li>4. Committee dynamics</li><li>5. Quality of relationship of the committee with the Board and the management</li></ol>
Board	<ol style="list-style-type: none"><li>1. Degree of fulfillment of key responsibilities</li><li>2. Board structure and composition</li><li>3. Establishment and delineation of responsibilities to committees</li><li>4. Effectiveness of Board processes, information and functioning</li><li>5. Board culture and dynamics</li><li>6. Quality of relationship between Board and the Management</li><li>7. Efficacy of communication with external stakeholders</li></ol>
Chairman	<ol style="list-style-type: none"><li>1. Attendance</li><li>2. Contribution at meetings</li><li>3. Guidance / support to management outside Board / committee meetings</li><li>4. Effectiveness as Executive Chairman</li><li>5. The strategy and vision for the Company including compliance with laws, ethics and values</li><li>6. Effectiveness as CEO of the Company</li></ol>

Evaluation Process

The Evaluation of Board, its Committees and individual Directors was carried out as per process and criteria laid down by the Board of Directors based on the recommendation of the NRC.

The obtaining and consolidation of feedback from all Directors for the evaluation of the Board, its Committees and Non-Independent Directors, was co-ordinated by the Chairman of Independent Directors who provided the collated feedback to the Chairman, which was also circulated to all the Directors, as applicable. The process of evaluation of the Independent Directors was co-ordinated by the Chairman of the Company.

Based on this, Chairman of the Company briefed the Board, the Committees and each of the individual Directors, as applicable.

**(g) Wholetime Key Managerial Personnel**

Shri Samir Mehta, Executive Chairman, Shri Ashok Modi, Executive Director & Chief Financial Officer (CFO) and Shri Mahesh Agrawal, Company Secretary were appointed as wholetime Key Managerial Personnel of the Company during the year under review.

**(h) Directors' Responsibility Statement**

In terms of Section 134 (3)(c) of the Companies Act, 2013, in relation to financial statements of the Company for the year ended 31<sup>st</sup> March, 2015, the Board of Directors state that:

- i. the applicable Accounting Standards have been followed in preparation of the financial statements and there are no material departures from the said standards;
- ii. reasonable and prudent accounting policies have been used in preparation of the financial statements and that they have been consistently applied and that reasonable and prudent judgments and estimates have been made in respect of items not concluded by the year end, so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March, 2015 and of the profit for the year ended on that date;

- iii. proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. the financial statements have been prepared on a going concern basis;
- v. proper internal financial controls were in place and were adequate and operating effectively; and
- vi. proper systems to ensure compliance with the provisions of applicable laws were in place and were adequate and operating effectively.

## REMUNERATION

### (a) Remuneration Policy

The Company has formulated following policy relating to the remuneration for the Directors, Key Managerial Personnel and other employees of the Company. The salient features of this policy are as under:

1. Components of Remuneration
  - 1.1. Fixed Pay comprising of Basic Salary, HRA, Car Allowance (applicable to General Manager and above employees), Conveyance Allowances / Reimbursement, Company's Contribution to Provident Fund, Superannuation Fund, Gratuity, etc.
  - 1.2. Variable Pay which is either in the form of:
    - (i) Commission to Managing Directors
    - (ii) Commission to Whole-time Directors for special one-time reward
    - (iii) Performance Based Pay to General Managers and above (upto 20% of Cost to Company (CTC)), based on unit performance grades
    - (iv) One time reward for identified employees, given in exceptional cases to employees who undertake tasks which go beyond their normal call of duties and play a crucial role in success of an event.
  - 1.3. Retention Pay: In case where stability is an issue, part of the CTC is kept as retention pay which is being paid after 3 years or more.
2. Annual Appraisal Process:
  - 2.1. Annual Appraisals are conducted following which annual increments and promotions in deserving cases are decided once in a year based on:
    - (i) Employees self-assessment
    - (ii) Assessment of Immediate Superior and
    - (iii) Assessment of Head of Department.
  - 2.2. The increments as decided for a particular financial year are paid during the subsequent financial year, e.g. the performance appraisal of an employee for the FY 2013-14 is conducted in FY 2014-15 and his salary rise in FY 2014-15 reflects his performance for FY 2013-14.
  - 2.3. Performance Based Pay is also based on annual appraisal process.
  - 2.4. Annual increment consist of
    - (i) Economic Rise: Based on All India Consumer Price Index published by the Government of India or internal survey wherein inflation on commonly used items is calculated
    - (ii) Performance Rise: Based on Industry and overall business scenario and factoring the following aspects:
      - 1) Company's performance vis-à-vis the industry
      - 2) Unit Performance\* (Grades ranging from A+ to C-. Higher the grades, higher the rating)
      - 3) Individual Performance / track record including care for health / balance between quality of work and family life.

\*Unit Performance is carried out based on various financial and non-financial parameters (also used for

working out overall ceiling at unit level and performance based pay) such as

- a) Comparison of Company's Revenue and Profit growth with competition
- b) Employee Cost
- c) Return on Equity
- d) Production, Quality and Regulatory compliance.

*Unit: Domestic and International Operations, Manufacturing, Research & Development and Corporate.*

#### 2.5. Promotion Rise (Other than Managing Directors).

#### (b) Criteria for Remuneration to Non Executive Directors

The payment of commission to the Directors of the Company who are neither in the whole time employment nor managing director(s) (NEDs) is approved by the shareholders of the Company at the Annual General Meeting of the Company on periodic basis. The Board or its committee specifically authorised for this purpose shall, in accordance with the shareholders approval, determine the manner and extent upto which the commission shall be paid to the NEDs. The commission shall be determined based on the participation of the Directors in the meetings of Board and / or committees thereof and other affairs of the Company. In furtherance to the above, the following criteria for remuneration of Independent Directors have been decided as on date:

1. Sitting Fees of ₹ 1 lac for each meeting of the Board or any committee thereof, attended by them.
2. Commission on the basis of participation in the meetings of Board and Audit and Risk Management Committee at the rate of:
  - (i) ₹ 3,00,000/- per Board Meeting;
  - (ii) ₹ 1,00,000/- per Audit and Risk Management Committee Meeting.
3. Payment of Commission to be made annually on determination of profits.
4. Commission as per above criteria is subject to the condition that total commission paid to all Directors (other than Managing Director or Whole-time director) including service tax thereon shall not exceed the limit of 1% of net profit in a financial year as laid down under the provisions of Section 197(1) of the Companies Act, 2013 read with Section 198 of the said Act.
5. Independent Directors will be reimbursed for all the expenses incurred for attending any meeting of the Board or committees thereof, and which may arise from performance of any special assignments given by the Board.

#### (c) Information as required pursuant to Section 197 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

1. the ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year:

Sr. No.	Name of the Director	Ratio of the Remuneration of Director to Median Remuneration
1.	Shri Sudhir Mehta	162.34
2.	Shri Samir Mehta	325.17 <sup>§</sup>
3.	Shri Markand Bhatt	*
4.	Shri Shailesh Haribhakti	9.42
5.	Shri Haigreve Khaitan	6.82
6.	Shri Pradeep Bhargava	11.04
7.	Smt. Bhavna Doshi	5.52
8.	Prof. Ashish Nanda	5.19
9.	Dr. Chaitanya Dutt	154.80 <sup>**§</sup>

§ Remuneration does not include premium for group personal accident and group mediclaim policy.

\* No remuneration has been paid during the year 2014-15 and hence ratio has not been calculated.

\*\* The ratio is 124.12 excluding the arrears of salary and leave encashment pertaining to accumulated leave of earlier years of Dr. Chaitanya Dutt.



2. the percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary:

Sr. No.	Name of the Director / Key Managerial Personnel	Designation	% increase in Remuneration	
1.	Shri Sudhir Mehta	Chairman Emeritus	(33.33)	
2.	Shri Samir Mehta*	Executive Chairman	33.32	(1)
3.	Shri Shailesh Haribhakti <sup>§</sup>	Independent Director	3.57	
4.	Shri Haigreve Khaitan <sup>§</sup>	Independent Director	16.67	
5.	Shri Pradeep Bhargava <sup>§</sup>	Independent Director	36.00	
6.	Smt. Bhavna Doshi <sup>§</sup>	Independent Director	–	(2)
7.	Prof. Ashish Nanda <sup>§</sup>	Independent Director	–	(2)
8.	Dr. Chaitanya Dutt*	Whole-time Director	74.78	(3)
9.	Shri Ashok Modi	Chief Financial Officer	41.49	(4)
10.	Shri Mahesh Agrawal	Company Secretary	43.14	(5)

No remuneration has been paid in FY 2013-14 and 2014-15 to Shri Markand Bhatt and hence % increase has not been calculated

- (1) The rise of 33.32% in case of Shri Samir Mehta should be viewed considering the fact that the rise in the overall remuneration of the Company was 18.03% and 16.65% for the years 2013-14 & 2014-15 respectively.
- (2) Have been appointed in FY 2014-15, hence % increase has not been calculated.
- (3) The percentage increase in his remuneration is 23.00% excluding the arrears of salary and leave encashment pertaining to accumulated leave of earlier years.
- (4) The percentage increase in his remuneration is 20.00% excluding one time reward, performance pay and leave encashment pertaining to accumulated leave of earlier years.
- (5) The percentage increase in his remuneration is 20.00% excluding one time reward, performance pay and leave encashment pertaining to accumulated leave of earlier years.

\* Remuneration does not include premium for group personal accident and group mediclaim policy.

§ Remuneration of Independent Directors is based on the presence and meetings as well as their membership in committees of Board of Directors.

3. The percentage increase in the median remuneration of employees in the financial year under review is 14.33%. The unionised employees whose remuneration is determined based on negotiations have been excluded for this purpose.
4. The Company has 10044 employees on the rolls of Company as on 31<sup>st</sup> March, 2015.
5. The consolidated profit before tax of the Company increased by 11.39 % for the year under reference while it decreased by 16.95% on a standalone basis. For the same period the overall increase in remuneration of employees was 16.65%. However, it may please be noted that the increase in remuneration to employees in the year was given based on the performance of the previous year i.e. 2013-14. Of course, any increase has to be calibrated based on the individual merit and the economical situation prevailing in the market such as inflation, availability of the required talent, the status of the relevant industry, etc.
6. Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company:  
The rise in the remuneration of Shri Samir Mehta by 33.32% and of Dr. Chaitanya Dutt of 23.00% (adjusted), is to be viewed in the context of the factors mentioned under point 8 below. The increase in remuneration of the Chief Financial Officer and the Company Secretary was in line with the general % increase for all employees of the Company.

7. Variations in the market capitalisation of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year:

<b>Market Capitalisation</b>	<b>BSE</b>	<b>NSE</b>
31 <sup>st</sup> March, 2015	19644.22 Crores (@ 1160.85 per share)	19606.14 Crores (@ 1158.60 per share)
31 <sup>st</sup> March, 2014	8861.35 Crores (@ 523.65 per share)	8871.50 Crores (@ 524.25 per share)
<b>P/E Ratio</b>	<b>BSE</b>	<b>NSE</b>
31 <sup>st</sup> March, 2015	31.52 times (1160.85 / 36.83)	31.46 times (1158.60 / 36.83)
31 <sup>st</sup> March, 2014	11.62 Times (523.65 / 45.05)	11.64 times (524.25 / 45.05)
Percentage increase in the market price of the shares of the Company in comparison with the last public offer*	9676	

\* the last public offer prices has been adjusted for bonus and stock split

8. The percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year was 16.65%.

As mentioned earlier, in real terms the rise in remuneration of Dr. Chaitanya Dutt is 23.00% while the overall rise for the company is 16.65%. Dr. Dutt leads the R&D initiatives and Company's foray in the areas of discovery and product development. The Company has been able to maintain its competitive strength on account of critical inputs provided by these functional areas.

The rise of 33.32% in case of Shri Samir Mehta should be viewed considering that the fact that the rise in the overall remuneration of the Company was 18.03% and 16.65% for the years 2013-14 & 2014-15 respectively. The pharma sector has been witnessing interesting scenario. On the one hand there are enormous challenges such as the increase in competitive scenario, regulatory activism of the government authorities, enhanced scrutiny of operations by regulators, etc., while on the other hand the companies which are able to provide effective leadership together with strategic initiatives are able to harness enormous opportunities on the consolidation, acquisition and growth fronts. This is apparent from the Company's sustained and consistent current performance and future growth opportunities, which but for the dynamic leadership of the Executive Chairman would not have been possible.

9. The variable component of remuneration is commission which is paid to Whole-time Directors / Managing Directors. Such commission is paid in lieu of full or part of their annual remuneration. For Managing Directors, the amount of commission is generally based on the performance of the Company whereas for the Whole-time Directors, who are generally entitled to salary and perquisites, the amount of commission is determined based on any specific recognizable contribution / event / happening in the relevant financial year for which the concerned Whole-time Director is principally responsible as well as instrumental.
10. There were no employees who are not directors but receive remuneration in excess of the highest paid director during the year.
11. The remuneration paid is as per the remuneration policy of the Company.

**(d) Remuneration to Managerial Personnel**

The details of remuneration paid to the Managerial Personnel forms part of the Corporate Governance Report.

**(e) Particulars of Employees**

The information required under Section 197 of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forms part of this report as **Annexure - C**.

## AUDITORS

### (a) Statutory Auditors

The term of appointment of Deloitte Haskins & Sells, Ahmedabad (Firm Registration No. 117365W), Statutory Auditors of the Company will expire at the ensuing Annual General Meeting. The Company has received a certificate from them about their eligibility for appointment as Statutory Auditors in accordance with Rule 4 of the Companies (Audit and Auditors) Rules, 2014 read with third proviso of Section 139(2) of the Companies Act, 2013. The Board has recommended to the shareholders their appointment for the FY 2015-16 at the ensuing Annual General Meeting.

### (b) Cost Auditors

The Company has appointed Kirit Mehta & Co., Cost Accountants, Mumbai (Firm Registration No. 000353) as the Cost Auditor of the Company for audit of cost accounting records of its activities (Formulation & Bulk Drugs activities) for the financial year ended 31<sup>st</sup> March, 2015. Further, due date of filing the Cost Audit Report to the Central Government for the financial year ended 31<sup>st</sup> March, 2014 was 27<sup>th</sup> September, 2014 and the same was filed on 22<sup>nd</sup> September, 2014. The Board of Directors has, on recommendation of the Audit and Risk Management Committee, at its meeting held on 15<sup>th</sup> May, 2015 appointed Kirit Mehta & Co. as the Cost Auditor of the Company for audit of cost accounting records of its activities (Formulation & Bulk Drugs activities) for the FY 2015-16 and has also fixed the remuneration for audit of cost accounting records for the said financial year. In terms of Section 148(3) of the Companies Act, 2013 and Rule 14 of the Companies (Audit & Auditors) Rules, 2014, it is proposed by the Board to recommend the remuneration approved in its meeting, for ratification by the shareholders in the ensuing Annual General Meeting of the Company.

### (c) Secretarial Auditors

The Board, pursuant to Section 204 of the Companies Act, 2013 read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, had appointed M. C. Gupta & Co., Company Secretaries, as the Secretarial Auditors of the Company to conduct the secretarial audit as per the provisions of the said Act for the FY 2014-15 (Apr-14 to Mar-15).

M. C. Gupta & Co., Company Secretaries have carried out the Secretarial Audit of the Company for FY 2014-15 and the Report of Secretarial Auditors in Form MR - 3, is annexed with this Report as **Annexure - D**. There were no qualification / observations in the report.

## POLICIES

The Company has formulated and implemented various policies as required by the provisions of law and other regulations. Following is the brief of the important policies adopted by the Company:

### (a) Vigil Mechanism

The Company has adopted a Whistle Blower Policy through which the Company encourages employees bring to the attention of Senior Management, including Audit and Risk Management Committee, any unethical behaviour and improper practices and wrongful conduct taking place in the Company. The brief details of such vigil mechanism forms part of the Corporate Governance Report.

### (b) Policy on Protection of Women against Sexual Harassment at Workplace

In line with The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules made thereunder, the Company has adopted a "Policy on protection of women against sexual harassment at work place" with effect from 1<sup>st</sup> March, 2014 by replacing the old policy earlier adopted by the Company. The brief details of the said policy and complaints received, if any, forms part of the Corporate Governance Report of this Annual Report.

### (c) Code of Conduct to Regulate, Monitor and Report Trading by Insiders

In pursuance to the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and the Listing Agreement, the Company adopted the Code of Conduct to regulate, monitor and report trading by the employees, insiders and connected person(s), in order to protect investors' interest as approved by the Board in their meeting held on 15<sup>th</sup> May, 2015. This Code replaces the existing Code of Conduct for Prevention of Insider Trading adopted on 1<sup>st</sup> April, 2009 by the Company. The details of the said Code of Conduct forms part of the Corporate Governance Report.

**(d) Conviction for Safety Policy**

The 'Conviction for Safety Policy' was implemented by the Company during the FY 2012-13. The said policy was implemented with an objective to create more awareness at the workplace, about safety and compliance to safety norms, so as to avoid accidents at workplace. The policy also provides for substantial compensation to the personnel and their families, who have been adversely affected by accidents. The Policy has been very successful in creating awareness about the safety at work place and compliances of safety norms.

**(e) Code of Business Conduct**

The Board of Directors had revised the Code of Business Conduct in line with the provisions of the Companies Act, 2013 in their meeting held on 5<sup>th</sup> November, 2014. The said code has been posted on the website of the Company.

**CORPORATE GOVERNANCE**

As required by Clause 49 of the Listing Agreement, a separate Report on Corporate Governance forms part of the Annual Report. The report on Corporate Governance also contains certain disclosures required under the Companies Act, 2013. A certificate from the Statutory Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement, forms part of this report as **Annexure - E**.

**EXTRACTS OF ANNUAL RETURN**

As required under the provisions of sub-section 3(a) of Section 134 and sub-section (3) of Section 92 of the Companies Act, 2013 read with Rule 12 of the Companies (Management and Administration) Rules, 2014, the extracts of annual return in Form No. MGT-9 forms part of this report as **Annexure - F**.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, ETC.**

A statement containing the necessary information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 is annexed to this report as **Annexure - G**.

**APPRECIATION AND ACKNOWLEDGEMENTS**

Your Directors appreciate the trust reposed by the medical fraternity and patients in the Company and look forward to their continued patronage. The Directors are also grateful and pleased to place on record their appreciation for the excellent support, guidance and cooperation extended by the Government of India, Government of Gujarat, Government of Himachal Pradesh, Government of Sikkim, Central and State Government Bodies and Authorities, Financial Institutions and Banks. The Board also expresses its appreciation of the understanding and support extended by the shareholders and the commitment shown by the employees of the Company.

**For and on behalf of the Board of Directors**

Ahmedabad  
15<sup>th</sup> May, 2015

**Samir Mehta**  
Executive Chairman

## ANNEXURE - A TO THE DIRECTORS' REPORT

### Form No. AOC – 2

*(Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)*

**Form for disclosure of particulars of contracts / arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto**

1. Details of contracts or arrangements or transactions not on arm's length basis
  - (a) Name(s) of the related party and nature of relationship – **NIL**
  - (b) Nature of contracts / arrangements / transactions
  - (c) Duration of the contracts / arrangements / transactions
  - (d) Salient terms of the contracts or arrangements or transactions including the value, if any
  - (e) Justification for entering into such contracts or arrangements or transactions
  - (f) Date(s) of approval by the Board
  - (g) Amount paid as advances, if any
  - (h) Date on which the special resolution was passed in general meeting as required under first proviso to Section 188
  
2. Details of material contracts or arrangements or transactions at arm's length basis\*
  - (a) Name(s) of the related party and nature of relationship  
Name - Torrent Pharma Inc., USA (TPI)  
Nature –
    - i. Supply of pharmaceutical products by the Company to TPI
    - ii. Liaison and regulatory support by TPI to Company
  - (b) Nature of contracts / arrangements / transactions  
The Company and TPI has entered into following contracts:
    - i. Supply of pharmaceutical products by the Company to TPI
    - ii. Liaison and regulatory support by TPI to Company
  - (c) Duration of the contracts / arrangements / transactions  
Product Supply Agreement – Valid from 1<sup>st</sup> April, 2014 till 31<sup>st</sup> March, 2019  
Liaison Support Agreement – Valid from 1<sup>st</sup> April, 2009 till 31<sup>st</sup> March, 2016
  - (d) Salient terms of the contracts or arrangements or transactions including the value, if any:
    - i. Product Supply Agreement :
      - a. Purpose – TPI to purchase its total requirements of the products listed in the Agreement from the Company
      - b. Order – To be placed at least 16 weeks prior to expected delivery date
      - c. Delivery – To be on DDP (Incoterms 2010)
      - d. Credit Term – 150 days
      - e. Supply Price – Mutually agreed between the Parties

- ii. Liaison Support Agreement :
    - a. Purpose – TPI to promote Company’s business in USA and act as a legal agent on all matters related to the USFDA.
    - b. Compensation – Company follows Cost Plus Method for this arrangement.  
During the FY 2014-15, the net value of the transactions with TPI is ₹ 654.66 crores.
  - (e) Date (s) of approval by the Board, if any:  
Approval of the Board is not required under Section 188(1) of the Companies Act, 2013. The transactions have been approved by the Audit and Risk Management Committee on 5<sup>th</sup> November, 2014.
  - (f) Amount paid as advance, if any: Nil
- \* Material Contract / Transaction has been considered based on the definition of material transaction as mentioned under Proviso to Clause 49(VII)(C) of the Listing Agreement.

**For and on behalf of the Board the Directors**

15<sup>th</sup> May, 2015  
Ahmedabad

**Samir Mehta**  
Executive Chairman

## ANNEXURE - B TO THE DIRECTORS' REPORT

### ANNUAL REPORT FOR FY 2014-15 ON CSR ACTIVITIES:

Torrent strongly believes that the sustainability of any business is directly related to the well-being and development of the society in which it is embedded. Thus, even prior to statutory requirements regarding CSR, Torrent has been involved in CSR activities to give back to the society, for all the care, support and nurturance being bestowed upon it by the society. It has undertaken socially useful programs for the welfare & sustainable development of the society.

Torrent has consciously decided as a matter of policy:

1. to concentrate its efforts diligently in the following Thrust Areas: (i) Community Health care, Sanitation and Hygiene, (ii) Education and Knowledge Enhancement and (iii) Social Care and Concern; and
2. to focus, as far as possible, its activities where Torrent headquarters is situated and locations in and around its operations so that the twin objectives of service to neighbourhood and community and participation of employees along with necessary admin set up can be achieved.

In line with the provisions of the Act and Rules made thereunder, the CSR Committee has been formed by the Board of Directors. Composition of CSR Committee is in accordance with Section 135 of the Companies Act, 2013 as shown below:

Name of Director	Category of Directorship
Shri Pradeep Bhargava, Chairperson	Independent Director
Shri Markand Bhatt <sup>\$\$</sup>	Non - Executive Director
Dr.Chaitanya Dutt	Whole - time Director
Smt. Bhavna Doshi <sup>^^</sup>	Independent Director

(\$\$) Ceased to be a member of the Committee effective from 30<sup>th</sup> July, 2014.

(^^) Appointed as a member of the Committee with effect from 30<sup>th</sup> July, 2014.

The Board of Directors at their meeting held on 9<sup>th</sup> May, 2014 also approved the CSR Policy. Brief outline of the Policy is as under:

While the Company is eligible to undertake any suitable/rightful activity as specified in Schedule VII of the Act, however, at present, it proposes to undertake its Projects (Direct Method) on priority basis in its Thrust Areas.

The Company, in every Financial Year shall endeavour to spend the feasible amount for its CSR Projects and shall not be restricted by the statutory limit, the minimum spend being 2% of the Company's average Net Profits for three immediately preceding Financial Years.

The Policy provides for identification of the CSR Projects and approval by the CSR Committee, with estimated expenditure and phase wise implementation schedules in the form of CSR Plan. The total expenditure in the CSR Annual Plan shall be approved by the Board upon recommendation by the CSR Committee.

The CSR Projects may be implemented as under:

- 1) Direct Method whereby the Company may implement the CSR Projects on its own or through its Trust / Society/Section 8 Company or Group Company Trust / Society/ Section 8 Company and
- 2) Indirect Method whereby the Company may implement the CSR Projects through an external Trust / Society/ Section 8 Company fulfilling the criteria under the Act.

The Policy also provides for monitoring of the CSR Projects and Plan by the CSR Officer and half-yearly monitoring of the implementation of the CSR Policy and Plan by the CSR Committee as per the monitoring mechanism stated in the Policy.

The CSR Policy further lists the duties and responsibilities of the Board, the CSR Committee and the CSR Officer; details about allocation of funds for CSR activities; and the review periodicity/amendment of the CSR Policy and CSR Plan.

### Overview of projects or programs undertaken

In line with the Thrust Areas, the Company has undertaken the following CSR project/programs:

- 1) Paediatric Care including Community Health Care Programme for Women & Child
- 2) Construction of New High School building

- 3) Shiksha Setu – A quality education programme
- 4) Contribution towards construction of a Planning and Designing College
- 5) Supporting Primary school for children at Village Bhud, Himachal Pradesh.

The CSR Policy and the CSR Plan can be accessed at

<http://www.torrentpharma.com/pdf/csrapolicy.pdf> &

<http://www.torrentpharma.com/pdf/CSRPlanforwebsite.pdf> respectively.

### CSR Expenditure

(₹ in crores)

Average net profit of the company for last three financial years	685.00
Prescribed CSR Expenditure (2% of the above Amount)	13.69
Total amount spent for the FY 2014-15	15.01
Amount unspent, if any	Not Applicable

Manner in which the CSR amount was spent during the financial year is detailed below :

1	2	3	4	5	6	7	8
Sr. No.	CSR Project or Activity Identified	Sector in which the Project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or Programs was undertaken	Amount Out-lay (Budget) Project or Programme wise 2014-15	Amount spent on the projects or programs Subheads: (1) Direct expenditure on projects or programs (2) Overheads : 2014-2015	Cumulative expenditure upto the reporting period	Amount Spent: Direct or through implementing agency
1	<b>Paediatric Care including Community Health Care Programme for Women &amp; Child</b>	Community Healthcare, Sanitation and Hygiene (Promoting healthcare including preventive healthcare)	Sabarmati Urban Slum, Sabarmati, Dist.: Ahmedabad, Gujarat	5.00	5.00	5.00	Directly through: (1) Tornascent Care Institute (Section 8 Company of the Group) Regi. No.: U85100GJ2015NPL082291 dated 16-02-2015 (2) U. N. Mehta Charitable Trust (Group Company Trust) Trust Regi. No. E-5437 dated 16-02-1984
2	<b>New building for High School (Rural Area)*</b>	Education and Knowledge Enhancement (Promoting education)	At village: Chhapi (Rural Area), Ta. Vadgam, Dist.: Banaskantha, Gujarat	5.65	5.65	5.65	Indirectly through Implementing Agency (1) Shree Vadgam Mahal Kelvani Mandal, Chhapi, Ta. Vadgam, Dist. Banaskantha, Gujarat Trust Reg. No. E-54 Banaskantha dated 03-09-1956



1	2	3	4	5	6	7	8
Sr. No.	CSR Project or Activity Identified	Sector in which the Project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or Programs was undertaken	Amount Out-lay (Budget) Project or Programme wise 2014-15	Amount spent on the projects or programs Subheads: (1) Direct expenditure on projects or programs (2) Overheads : 2014-2015	Cumulative expenditure upto the reporting period	Amount Spent: Direct or through implementing agency
3	<b>Shiksha Setu (Quality Education Programme) (Rural and Urban Slum Area) <sup>s</sup></b>	Education and Knowledge Enhancement (Promoting education)	<ol style="list-style-type: none"> <li>1. Sabarmati Urban Slum, Sabarmati, Dist. Ahmedabad, Gujarat</li> <li>2. At Villages: Akhakhol, Karjan, Navi Pardi, Dhoran Pardi (Tribal Area) Ta. Kamrej, Dist. Surat, Gujarat</li> <li>3. At Villages: Chhapi, Memadpur (Rural Area) Ta. Vadgam, Dist. Banskantha, Gujarat</li> <li>4. At Village: Indrad (Rural Area) Ta. Kadi, Dist. Mehsana, Gujarat</li> </ol> <p><b>{18 Govt. schools and 3 Grant in Aid schools}</b></p>	1.00	1.00	1.00	Directly through: (1) U. N. Mehta Charitable Trust (Group Company Trust) Trust Regi. No. E-5437 dated 16-02-1984
4	<b>Primary School Education</b>	Education and Knowledge Enhancement (Promoting education)	At Village: Bhud,(Rural Area, Baddi) Makhnu Majra, Ta. Nalagarh, Dist: Solan, Himachal Pradesh.	0.04	0.04	0.04	Directly

1	2	3	4	5	6	7	8
Sr. No.	CSR Project or Activity Identified	Sector in which the Project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or Programs was undertaken	Amount Out-lay (Budget) Project or Programme wise 2014-15	Amount spent on the projects or programs Subheads: (1) Direct expenditure on projects or programs (2) Overheads : 2014-2015	Cumulative expenditure upto the reporting period	Amount Spent: Direct or through implementing agency
5	<b>Higher Education Institute (Planning Designing College)</b>	Education and Knowledge Enhancement (Promoting education including special education and employment enhancing vocation skills)	At Village: Godhavi (Rural Area) Ta. Sanand, Dist. Ahmedabad, Gujarat	2.50	2.50	2.50	Indirectly through Implementing Agency: (1) Sanskardham Education Trust Trust Regi. No. F 962 Ahmedabad
6	<b>Others</b>						
	CSR capacity building cost including Administrative overhead			0.75	0.75	0.75	Directly
	Miscellaneous			0.07	0.07	0.07	Directly
	<b>Total</b>			<b>15.01</b>	<b>15.01</b>	<b>15.01</b>	

\* In previous years till 31<sup>st</sup> March 2014, the amount ₹ 0.70 crores (Land - 0.30 + Building - 0.40) is contributed.

\$ In previous year till 31<sup>st</sup> March 2014, the amount ₹ 1.15 crores is contributed.

In terms of Section 134 (1)(o) of the Companies Act, 2013, in relation to the CSR Policy for the FY 2014-15, the CSR Committee states that:

- the identification of the CSR Projects with estimated expenditure and phase wise implementation schedules has been done as per the approved CSR Policy
- the CSR Projects were undertaken and monitored in compliance with the CSR Policy
- the major portion of the CSR expenditure as identified in the CSR Annual Plan was incurred for the Projects in the Thrust Areas of the Company
- the implementation and monitoring of the CSR Policy were in compliance with CSR objectives and Policy of the Company.

**Shri Samir Mehta**  
(Executive Chairman)

**Shri Pradeep Bhargava**  
(Chairperson CSR Committee)

## ANNEXURE - C TO THE DIRECTORS' REPORT

STATEMENT OF PARTICULARS OF EMPLOYEES PURSUANT TO PROVISIONS OF SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(2) and (3) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

In terms of the provisions of Section 197(12) of the Act read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said rules forms part of this Annual Report. However, the Annual Report as posted on this website is excluding the aforesaid information. Any shareholder interested in obtaining the particulars may obtain it by writing to the Company Secretary of the Company.

## ANNEXURE - D TO THE DIRECTORS' REPORT

**Form No. MR-3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2015**

*[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule  
No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]*

To,  
The Members,  
Torrent Pharmaceuticals Limited,  
Torrent House, Navrangpura,  
Off Ashram Road,  
Ahmedabad – 380 009

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Torrent Pharmaceuticals Limited (CIN: L24230GJ1972PLC002126) (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2015 complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company having its Registered Office at Torrent House, Off Ashram Road, Navrangpura, Ahmedabad – 380 009 for the financial year ended on 31<sup>st</sup> March, 2015 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (not applicable to the Company during the Audit Period ) and
  - (h) The Securities and Exchange Board of India (Buy back of Securities) Regulations, 1998 (not applicable to the Company during the Audit Period );
- (vi) The following specifically other applicable laws to the Company:
  - (a) The Drugs and Cosmetics Act, 1940
  - (b) The Drugs and Magic Remedies (Objectionable Advertisement) Act, 1954
  - (c) The Drug and price Control Order, 1995
  - (d) The Narcotics, Drugs & Psychotropics Substances Act, 1985
  - (e) The Patent Act, 1970

- (f) The Prevention of Cruelty to Animals Act, 1960
- (g) The Water (Prevention and Control of Pollution) Act, 1974
- (h) The Water (Prevention and Control of Pollution) Cess Act, 1977
- (i) Air (Prevention and Control of Pollution) Act, 1981.

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India (Not notified hence not applicable to Company during Audit Period)
- (ii) Listing Agreement clauses.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

**We further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were usually sent seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

There were no dissenting views on any matter.

**We further report that** there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**We further report that** during the audit period the Company has no specific events / actions having a major bearing on the Company's affairs in pursuance of the above referred Laws, Rules, Regulations, Guidelines, Standards, etc.

Ahmedabad  
15<sup>th</sup> May, 2015

FOR M C Gupta & Co,  
Company Secretaries

Mahesh C Gupta  
FCS: 2047 (CP: 1028)

### AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

#### TO THE MEMBERS OF TORRENT PHARMACEUTICALS LIMITED

We have examined the compliance of conditions of corporate governance by **TORRENT PHARMACEUTICALS LIMITED** ('the Company') for the year ended on 31<sup>st</sup> March, 2015 as stipulated in Clause 49 of the Listing Agreement of the Company entered into with the stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the Management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring compliance of the conditions of the corporate governance. It is neither an audit nor an expression of an 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, the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of corporate governance as stipulated in the above mentioned Listing Agreement.

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

For **DELOITTE HASKINS & SELLS**

Chartered Accountants  
(Registration No. 117365W)

Hemendra Shah

Partner

Membership No.33590

Ahmedabad,  
15<sup>th</sup> May, 2015

## ANNEXURE - F TO THE DIRECTORS' REPORT

### Form No. MGT-9

#### EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31<sup>st</sup> March, 2015

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

#### I. REGISTRATION AND OTHER DETAILS

i)	CIN	:	L24230GJ1972PLC002126
ii)	Registration Date	:	15 <sup>th</sup> July, 1972
iii)	Name of the Company	:	Torrent Pharmaceuticals Limited
iv)	Category / Sub-Category of the Company	:	Public Company limited by Shares
v)	Address of the Registered office and contact details	:	Torrent House, Off Ashram Road, Ahmedabad - 380 009 Phone : +91 79 2658 5090 / 3060 Fax : +91 79 26582100
vi)	Whether listed company Yes / No	:	Yes
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	:	Karvy Computershare Private Limited Unit : Torrent Pharmaceuticals Limited Karvy Selenium Tower-B, Plot No. 31 & 32, Financial District, Gachibowli, Hyderabad - 500 008 Phone : +91 40 67162222 Fax : +91 40 23001153

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:-

Sr. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the Company
1	Pharmaceutical Products	21002	100.00%

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Torrent Private Limited Torrent House, Off Ashram Road, Ahmedabad - 380 009, Gujarat, India	U67120GJ198 5PTC007573	Holding	50.89%	Section 2(46)
2	Heumann Pharma GmbH & Co. Generica KG, Germany Südwestpark 50, 90449 Nürnberg, Germany	NA	Subsidiary	100%	Section 2(87)
3	Zao Torrent Pharma, Russia 117418, Moscow, Russia 61, Novocheremyskinskaya, Russian Fed.	NA	Subsidiary	100%	Section 2(87)
4	Torrent Do Brasil Ltda, Brazil Rua Florida, 1738. 5 Andar, Cidade Moncoes Sao Paulo - SP, CEP - 04565-004	NA	Subsidiary	100%	Section 2(87)
5	Torrent Pharma GmbH, Germany Sudwest Park 50, Nurnberg 90449, Germany	NA	Subsidiary	100%	Section 2(87)
6	Torrent Pharma Inc., USA, `150 Allen Road, Suite 102 Basking Ridge, NJ, 07920	NA	Subsidiary	100%	Section 2(87)
7	Torrent Pharma Philippines Inc., Philippines, Unit 601, ITC building, 337 Sen. Gil Puyat Avenue, Makati city, Metro Manila, Philippines	NA	Subsidiary	100%	Section 2(87)

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
8	Laboratorios Torrent, S.A. de C.V., Mexico Paseo de las Palmas, # 765 off.304, Col.Lomas de Chapultepec, Del.Miguel Hidalgo, Mexico DF: 11000, Mexico	NA	Subsidiary	100%	Section 2(87)
9	Torrent Australasia Pty. Ltd, Australia Coleman and Greig, Level 9, 100 George Street, Parramatta, NSW – 2190, Australia	NA	Subsidiary	100%	Section 2(87)
10	Heunet Pharma GmbH, Germany Sudwest Park 50, 90449 Nurnberg, Germany	NA	Subsidiary	100%	Section 2(87)
11	Norispharm GmbH, Germany Sudwest Park 50, 90449 Nurnberg, Germany	NA	Subsidiary	100%	Section 2(87)
12	Torrent Pharma Canada Inc., Canada 199 Bay Street, Suite 4000, Toronto, Ontario M5L 1A9	NA	Subsidiary	100%	Section 2(87)
13	Torrent Pharma (Thailand) Co., Ltd., Thailand 4 <sup>th</sup> Floor, 1031/13, Phaholyothin Road, Kwaeng Samsen Nai, Khet Phayathai, Bangkok 10400	NA	Subsidiary	100%	Section 2(87)
14	Torrent Pharma (UK) Ltd.,UK Unit 4 Charlwood Court, Merlin Centre, County Oak Way, Crawley, West Sussex RH11 7XA, UK	NA	Subsidiary	100%	Section 2(87)
15	Torrent Pharma S.R.L., Romania Romania, Bucharest, 1 <sup>st</sup> District, 36, Stirbei Voda Street, 2 <sup>nd</sup> Floor, Office A, ZIP Code 010113	NA	Subsidiary	100%	Section 2(87)
16	Laboratories Torrent Malaysia Sdn. Bhd., Malaysia , E-08-08, Plaza Mont Kiara, No. 2 Jalan Kiara, Mont Kiara, 50480 Kuala Lumpur	NA	Subsidiary	100%	Section 2(87)
17	Torrent Pharma France, France 15 Rue Taitbout 75009 Paris	NA	Subsidiary	100%	Section 2(87)
18	Aptil Pharma Limited, UK Unit 4 Charlwood Court, Merlin Centre, County Oak Way, Crawley, West Sussex RH11 7XA, UK	NA	Subsidiary	100%	Section 2(87)
19	Tornascent Care Institute (Section 8 Company) Torrent House,Off Ashram Road, Ahmedabad-380009	U85100GJ201 5NPL082291	Associate	50%	Section 2(6)

#### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

##### i) Category-wise Share Holding

Category of Shareholder	No. of the shares held at the beginning of the year 31/03/2014				No. of shares held at the end of the year 31/03/2015				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
<b>PROMOTER AND PROMOTER GROUP</b>									
INDIAN									
Individual /HUF	34891248	0	34891248	20.62	34449248	0	34449248	20.36	(0.26)
Central Government/State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
Bodies Corporate	86115472	0	86115472	50.89	86115472	0	86115472	50.89	0.00
Financial Institutions / Banks	0	0	0	0.00	0	0	0	0.00	0.00



Category of Shareholder	No. of the shares held at the beginning of the year 31/03/2014				No. of shares held at the end of the year 31/03/2015				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
Others	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub-Total A(1) :</b>	<b>121006720</b>	<b>0</b>	<b>121006720</b>	<b>71.51</b>	<b>120564720</b>	<b>0</b>	<b>120564720</b>	<b>71.25</b>	<b>(0.26)</b>
<b>FOREIGN</b>									
Individuals (NRIs/Foreign Individuals)	0	0	0	0.00	0	0	0	0.00	0.00
Other - Individuals	0	0	0	0.00	0	0	0	0.00	0.00
Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
Banks/ FI	0	0	0	0.00	0	0	0	0.00	0.00
Any other	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub-Total A(2) :</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
<b>Total A=A(1)+A(2)</b>	<b>121006720</b>	<b>0</b>	<b>121006720</b>	<b>71.51</b>	<b>120564720</b>	<b>0</b>	<b>120564720</b>	<b>71.25</b>	<b>(0.26)</b>
<b>PUBLIC SHAREHOLDING</b>									
<b>INSTITUTIONS</b>									
Mutual Funds / UTI	12884578	800	12885378	7.61	11380819	0	11380819	6.73	(0.89)
Financial Institutions /Banks	16934	0	16934	0.01	72588	0	72588	0.04	0.03
Central Government / State Government (s)	0	0	0	0.00	0	0	0	0.00	0.00
Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
Foreign Institutional Investors	20226962	0	20226962	11.95	20741211	0	20741211	12.26	0.30
Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00	0.00
Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
Others	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub-Total B(1) :</b>	<b>33128474</b>	<b>800</b>	<b>33129274</b>	<b>19.58</b>	<b>32194618</b>	<b>0</b>	<b>32194618</b>	<b>19.02</b>	<b>(0.55)</b>
<b>NON-INSTITUTIONS</b>									
Bodies Corporate	1968045	10035	1978080	1.17	2447306	9560	2456866	1.45	0.28
Individuals									
(i) Individuals holding nominal share capital upto ₹1 lakh	6218588	996180	7214768	4.26	6247533	943259	7190792	4.25	(0.01)
(ii) Individuals holding nominal share capital in excess of ₹1 lakh	819581	0	819581	0.48	1207794	0	1207794	0.71	0.23
Others									
<b>CLEARING MEMBERS</b>	56242	0	56242	0.03	515635	0	515635	0.30	0.27
<b>DIRECTORS AND THEIR RELATIVES</b>	4485200	0	4485200	2.65	4485200	0	4485200	2.65	0.00
<b>H U F</b>	216982	0	216982	0.13	282459	0	282459	0.17	0.04
<b>NON RESIDENT INDIANS</b>	315073	0	315073	0.19	323036	0	323036	0.19	0.00
<b>TRUSTS</b>	800	0	800	0.00	1600	0	1600	0.00	0.00
Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub-Total B(2) :</b>	<b>14080511</b>	<b>1006215</b>	<b>15086726</b>	<b>8.92</b>	<b>15510563</b>	<b>952819</b>	<b>16463382</b>	<b>9.73</b>	<b>0.81</b>
<b>Total B=B(1)+B(2) :</b>	<b>47208985</b>	<b>1007015</b>	<b>48216000</b>	<b>28.49</b>	<b>47705181</b>	<b>952819</b>	<b>48658000</b>	<b>28.75</b>	<b>0.26</b>
<b>Total (A+B) :</b>	<b>168215705</b>	<b>1007015</b>	<b>169222720</b>	<b>100.00</b>	<b>168269901</b>	<b>952819</b>	<b>169222720</b>	<b>100.00</b>	<b>0.00</b>
Shares held by custodians, for ADRs and GDRs	0	0	0	0.00	0	0	0	0.00	0.00
<b>GRAND TOTAL (A+B+C) :</b>	<b>168215705</b>	<b>1007015</b>	<b>169222720</b>	<b>100.00</b>	<b>168269901</b>	<b>952819</b>	<b>169222720</b>	<b>100.00</b>	

(ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year 31/03/2014			Share holding at the end of the year 31/03/2015			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Samir U Mehta	8254960	4.88	0.00	6283960	3.71	0.00	(1.16)
2	Sudhir U Mehta	5885376	3.48	0.00	5885376	3.48	0.00	0.00
3	Sapna S Mehta	5359164	3.17	0.00	5359164	3.17	0.00	0.00
4	Anita S Mehta	6341268	3.75	0.00	6120268	3.62	0.00	(0.13)
5	Varun S Mehta	1750000	1.03	0.00	1750000	1.03	0.00	0.00
6	Samir Uttamlal Mehta (HUF)	2080000	1.23	0.00	2080000	1.23	0.00	0.00
7	Jinal S Mehta	1750000	1.03	0.00	1750000	1.03	0.00	0.00
8	Jinal S Mehta	3000	0.00	0.00	3000	0.00	0.00	0.00
9	Sudhir Uttamlal Mehta (HUF)	1717480	1.01	0.00	1717480	1.01	0.00	0.00
10	Aman Mehta	1750000	1.03	0.00	1750000	1.03	0.00	0.00
11	Shaan Mehta	0	0.00	0.00	1750000	1.03	0.00	1.03
12	Torrent Private Ltd.	86115472	50.89	0.00	86115472	50.89	0.00	0.00
	<b>Total</b>	<b>121006720</b>	<b>71.51</b>	<b>0.00</b>	<b>120564720</b>	<b>71.25</b>	<b>0.00</b>	<b>(0.26)</b>

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sr. No.	Particulars	Shareholding at the beginning of the year		Increase / Decrease in Shareholding during the year*		Cumulative Shareholding during the year / Shareholding at the end of the year	
		No. of shares	% of total shares of the company	Date	No. of shares	No. of shares	% of total shares of the company
1	Total Promoters Shareholding	121006720	71.51	05/02/15	(442000)	120564720	71.25

\*Change in shareholding is due to transfer of shares by way of gift

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Increase/Decrease in Shareholding during the year*		Cumulative Shareholding during the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the Company	Date	No. of shares	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	Lavender Investments Limited	4533563	2.68	-	0	4533563	2.68	4533563	2.68
2	Franklin Templeton Investment Funds	2600000	1.54	25/04/2014	135000	2735000	1.62	3382710	2.00
				23/05/2014	576095	3311095	1.96		
				22/08/2014	55239	3366334	1.99		
				30/09/2014	24824	3391158	2.00		

Sr. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Increase/Decrease in Shareholding during the year*		Cumulative Shareholding during the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the Company	Date	No. of shares	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
				17/10/2014	147972	3539130	2.09		
				24/10/2014	40870	3580000	2.12		
				31/10/2014	276745	3856745	2.28		
				07/11/2014	44868	3901613	2.31		
				16/01/2015	13884	3915497	2.31		
				13/03/2015	(46400)	3869097	2.29		
				20/03/2015	(169604)	3699493	2.19		
				27/03/2015	(80383)	3619110	2.14		
				31/03/2015	(236400)	3382710	2.00		
3	HDFC Trustee Company Ltd - A/c HDFC Midcap Opportunities Fund	1630470	0.96	16/05/2014	(304152)	1326318	0.78	2020650	1.19
				30/05/2014	15000	1341318	0.79		
				06/06/2014	18682	1360000	0.80		
				13/06/2014	100000	1460000	0.86		
				20/06/2014	190000	1650000	0.98		
				30/06/2014	12300	1662300	0.98		
				11/07/2014	50000	1712300	1.01		
				18/07/2014	100000	1812300	1.07		
				01/08/2014	75000	1887300	1.12		
				08/08/2014	75000	1962300	1.16		
				29/08/2014	36000	1998300	1.18		
				30/09/2014	22350	2020650	1.19		
4	Franklin Templeton Mutual Fund A/c Franklin India Flexicap Fund	1200000	0.71	28/11/2014	(35528)	1164472	0.69	1127638	0.67
				05/12/2014	(34191)	1130281	0.67		
				12/12/2014	(2643)	1127638	0.67		
5	Franklin templeton mutual fund a/c franklin india Prima plus	1130930	0.67	01/08/2014	(34978)	1095952	0.65	940000	0.56
				08/08/2014	(38226)	1057726	0.63		
				15/08/2014	(4118)	1053608	0.62		
				22/08/2014	(53608)	1000000	0.59		
				05/12/2014	(19973)	980027	0.58		
				12/12/2014	(3493)	976534	0.58		
				19/12/2014	(24857)	951677	0.56		
				31/12/2014	(11677)	940000	0.56		
6	HDFC Trustee Company Limited - HDFC Tax Saver Fund	1000000	0.59	23/05/2014	(312897)	687103	0.41	400000	0.24

Sr. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Increase/Decrease in Shareholding during the year*		Cumulative Shareholding during the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the Company	Date	No. of shares	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
				13/6/2014	(50000)	637103	0.38		
				18/07/2014	(53500)	583603	0.34		
				01/08/2014	(34800)	548803	0.32		
				08/08/2014	(25000)	523803	0.31		
				29/08/2014	(58074)	465729	0.28		
				05/09/2014	(16850)	448879	0.27		
				13/02/2015	(25000)	423879	0.25		
				20/02/2015	(23879)	400000	0.24		
7	ICICI Prudential Discovery Fund	967204	0.57	-	0	967204	0.57	967204	0.57
8	Pictet Country Fund (Mauritius) Limited	932751	0.55	09/05/2014	(40305)	892446	0.53	641152	0.38
				16/05/2014	(7280)	885166	0.52		
				18/07/2014	(17500)	867666	0.51		
				25/07/2014	(8729)	858937	0.51		
				01/08/2014	(3724)	855213	0.51		
				15/08/2014	(9185)	846028	0.50		
				22/08/2014	(9150)	836878	0.49		
				05/09/2014	(10199)	826679	0.49		
				12/09/2014	(137913)	688766	0.41		
				10/10/2014	(2563)	686203	0.41		
				31/10/2014	(38139)	648064	0.38		
				19/12/2014	(52112)	595952	0.35		
				31/12/2014	(16793)	579159	0.34		
				16/01/2015	(6899)	572260	0.34		
				23/01/2015	(28607)	543653	0.32		
				13/03/2015	97499	641152	0.38		
9	Reliance Capital Trustee Company Limited - A/c- Reliance Regular Savings Fund-Equity Option	900000	0.53	23/05/2014	(50633)	849367	0.50	700000	0.41
				06/06/2014	(14104)	835263	0.49		
				13/06/2014	(35263)	800000	0.47		
				30/09/2014	(6433)	793567	0.47		
				03/10/2014	(19248)	774319	0.46		
				10/10/2014	(29504)	744815	0.44		
				07/11/2014	(44815)	700000	0.41		
10	New Vernon India Limited	883881	0.52	04/04/2014	(12283)	871598	0.52	594256	0.35
				23/01/2015	(7342)	864256	0.51		
				20/02/2015	(270000)	594256	0.35		

\* Change in shareholding is due to transfer of shares by way of sale/purchase

(v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Increase/Decrease in Shareholding during the year		Cumulative Shareholding during / at the end of the year	
		No. of shares	% of total shares of the Company	Date	No. of shares	No. of shares	% of total shares of the Company
	<b>At the beginning of the year</b>						
	<b>DIRECTORS:</b>						
1.	Shri Sudhir Mehta*	7602856	4.49	-	0	7602856	4.49
2.	Shri Samir Mehta**	10334960	6.11	05/02/2015 <sup>§</sup>	-1971000	8363960	4.94
3.	Shri Markand Bhatt***	10200	0.01	-	0	10200	0.01
4.	Shri Shailesh Haribhakti	6000	0.00	-	0	6000	0.00
5.	Dr. Chaitanya Dutt	800	0.00	-	0	800	0.00
	<b>KMP:</b>						
1.	Shri Ashok Modi, Chief Financial Officer	960	0.00	-	0	960	0.00

\* Including 1717480 shares in the name of Sudhir Mehta (HUF)

\*\* Including 2080000 shares in the name of Samir Mehta (HUF)

\*\*\* Held jointly with Shri Gunjan Bhatt (son of Shri Markand Bhatt being independent) as first holder and Shri Markand Bhatt as second holder

§ Change in shareholding of Shri Samir Mehta is due to transfer of shares by way of gift

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ in crores)

	Secured Loans excluding deposits	Unsecured loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
(i) Principal Amount	885.34	246.33	Nil	1,131.67
(ii) Interest due but not paid	-	-		-
(iii) Interest accrued but not due	2.62	1.06		3.68
<b>Total (i+ii+iii)</b>	<b>887.96</b>	<b>247.39</b>		<b>1,135.35</b>
<b>Change in Indebtedness during the financial year</b>				
- Addition	1,801.46	7.58		1,809.04
- Reduction	186.75	232.68		419.43
<b>Net Change</b>	<b>1,614.71</b>	<b>(225.10)</b>		<b>1,389.61</b>
<b>Indebtedness at the end of the financial year</b>				
(i) Principal Amount	2,500.05	21.23		2,521.28
(ii) Interest due but not paid	-	-		-
(iii) Interest accrued but not due	17.16	0.48		17.65
<b>Total (i+ii+iii)</b>	<b>2,517.21</b>	<b>21.71</b>		<b>2,538.93</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(₹ in lacs)

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount
		Shri Samir Mehta	Dr. Chaitanya Dutt*	
1	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	0	447.29	447.29
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961 <sup>§</sup>	1.52	0.40	1.92
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961			0
2	Stock Option	0	0	0
3	Sweat Equity	0	0	0
4	Commission			
	- as % of profit	0.00	0	0.00
	- others specify (Note - 1)	1000.00	0	1000.00
5	Others, please specify			
	Provident Fund	0	28.35	28.35
	Superannuation	0	0.75	0.75
	Total (A)	1001.52	476.79	1478.31
	Ceiling as per the Act (5% of the Net Profit)	3865.25	3865.25	
	Cumulative Ceiling as per the Act (10% of the Net Profit)		7730.50	

\* Includes arrears of Salary, Leave Encashment and contribution towards gratuity

§ Does not include premium for group personal accident and group mediclaim policy

Note -1 : As recommended by Nomination and Remuneration Committee and decided by the Board of Directors

### B. Remuneration to other directors:

(₹ in lacs)

Sr. No.	Particulars of Remuneration	Name of Directors							Total Amount
		Shri Shailesh Haribhakti	Shri Haigreva Khaitan	Shri Pradeep Bhargava	Smt. Bhavana Doshi	Prof. Ashish Nanda	Shri Sudhir Mehta	Shri Markand Bhatt	
	3. Independent Directors								
1	- Fee for attending board / committee meetings	12.00	8.00	17.00	8.00	7.00	-	-	52.00
2	- Commission	17.00	13.00	17.00	9.00	9.00	-	-	65.00
	Total (1)	29.00	21.00	34.00	17.00	16.00	0.00	0.00	117.00
	4. Other Non-Executive Directors	-	-	-	-	-	0	0	0
1	- Fee for attending board / committee meetings								
2	- Commission						500.00	0	500.00
	Total (2)	-	-	-	-	-	500.00	0	500.00
	Total (B)=(1+2)	29.00	21.00	34.00	17.00	16.00	500.00	0	617.00
	Total Managerial Remuneration								2095.31
	Overall Ceiling as per the Act (11% of the Net Profit, excluding seating fees)								8503.55

**C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD :**

(₹ in lacs)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		
		Shri Ashok Modi, CFO	Shri Mahesh Agrawal, CS	Total
1	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961*	318.67	67.85	386.51
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.29	0.44	0.73
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0	0	0
2	Stock Option	0	0	0
3	Sweat Equity	0	0	0
4	Commission - as % of profit - others specify	0	0	0
5	Others, please specify			
	Provident Fund	21.06	4.43	25.49
	Superannuation	1.00	1.0	2.0
	Total	341.02	73.72	414.74

\* Includes one time reward and Leave Encashment

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

Type	Section of Companies Act	Brief description	Details of penalty/ punishment/ Compounding fees imposed	Authority [RD/ NCLT/Court]	Appeal made, if any give details
<b>A. COMPANY</b>					
Penalty	Nil				
Punishment	Nil				
Compounding	Nil				
<b>B. DIRECTORS</b>					
Penalty	Nil				
Punishment	Nil				
Compounding	Nil				
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	Nil				
Punishment	Nil				
Compounding	Nil				

## ANNEXURE - G TO THE DIRECTORS' REPORT

### PARTICULARS REQUIRED UNDER THE RULE 8 (2) OF THE COMPANIES (ACCOUNTS OF COMPANIES) RULES, 2014

#### A. CONSERVATION OF ENERGY

##### (a) Steps taken or impact on conservation of energy

- Power factor maintained nearer to Unity at Indrad Plant and received annual rebate of ₹ 54 Lacs from UGVCL.
- DG operation controlled at Sikkim by continuous follow up with SEB for power cut, reducing DG usage to 14.09 % in FY 2014-15 compared to 17.61% in FY 2013-14, thus saving approx of 29 Lacs
- Replaced 600 nos. fluorescent lights / CFLs with LED lights at Sikkim Plant at a cost of ₹ 8 lacs, which has resulted in an annualised saving of ₹ 5 lacs.

##### (b) Steps taken by the Company for utilizing alternate source of energy

- Feasibility of steam generation through Briquette fired boiler is under evaluation.
- Solar power for hot water system and for street lighting is being evaluated as a Green initiative.

##### (c) The capital investment on energy conservation equipments

- 64 nos conventional urinals replaced with water less urinals which has helped in saving of nearly 2500 KL water during the year at an investment of ₹ 11 Lacs. 12 Nos rain water harvesting recharge wells constructed during the year at an investment of ₹ 150 Lacs, has helped in harvesting 10000 KL water during the rainy season. River water storage tank & bore well water storage tank separation is carried out, at an investment of ₹ 30 lacs, which will reduce water treatment as well as water rejection in RO plant & reduce load on Effluent treatment plant. Saving potential is ₹ 7.0 Lacs per annum and also help in saving of nearly 20000 KL water per year. For the FY 2015-16, it is proposed to replace existing 1200 nos fluorescent light with LED light at formulation area in Indrad and Baddi. Proposed investment is ₹ 9.5 Lacs and it will result in annual electricity saving of about ₹ 10 Lacs.
- All new equipment like compressors and AHUs in expansion activities are using Variable Frequency Drives and Variable Speed Drives to economise on energy consumption.

#### B. TECHNOLOGY ABSORPTION

Particulars with respect to technology absorption are given below:

##### Research and Development (R & D)

##### 1. Specific areas in which R&D is carried out by the Company

The Company's R&D Centre is engaged in the discovery of New Chemical Entities (NCEs) and development of new processes and suitable formulations for known Active Pharmaceutical Ingredients (APIs) and value-added & differentiated formulations by leveraging our proprietary technologies for which various patents have been filed.

##### 2. Benefits derived as a result of the above R & D

- At the end of the year under review, the Company received 6 ANDA approval and filed 73 ANDAs and 26 DMFs filed in US and 56 new product Dossiers & 24 DMF submitted in the EU.
- 818 patents filed for NDDS technology, drug discovery projects and innovative process of API & formulations for various geographies and 325 have been granted so far.
- New Discovery programmes in Chronic Obstructive Pulmonary Disease & Inflammatory Bowel Disease has been initiated.

##### 3. Future plan of action

- Efforts would continue for development of new, value added and differentiated formulations and new cost effective, eco-friendly & safe processes for APIs for CVS & CNS therapeutics. To bridge the gap in current therapy, NDDS projects like long acting injectable, nasal sprays, oral films, foams and sublingual sprays have been initiated to improve therapeutic outcome.



- The Company has initiated investment in the areas like Oncology, Dermatology and Ophthalmic. The Company is moving towards 6-8% of sales as a sustainable long term R&D spend level in diversified dosage forms with higher level of complexity.

#### 4. Expenditure on R & D

Particulars	2014-15 (₹ in crores)
a. Capital expenses	9.80
b. Revenue expenses	153.77
Total (a+b)	163.57
c. Total R&D expenditure as a percentage of turnover	4.80%

#### Technology absorption, adaptation and innovation

##### 1. Efforts made towards technology absorption;

Texture Analyser is used for evaluation of the physical performances (texture) of semisolid / solid & other dosage form preparations. Process Analytical Tools like droplet size measurements has been adopted for characterizing spray pattern in Fluid bed coating, Pan coating as well as Quality check for actuators used in Nasal sprays.

##### 2. Benefits derived like product improvement, cost reduction, product development or import substitution

Equipments like Texture Analyser have helped us to build robust quality product. The implementation of Process Analysis Techniques (PAT) tools has helped us to build a robust process and to reduce the number of trials and the time taken to complete the development process. Also the data generated is scalable up to commercial level.

##### 3. Information in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)

Technology Imported	Year of Import	Whether fully absorbed
<b>Electron Capture Detector for GC</b> Used for the Analysis for high electronegative compounds such as halogenated compounds, especially chlorinated, fluorinated, brominated, and Iodo molecules as well as organometallic compounds, nitriles, or nitro compounds at parts per trillion (ppt) levels.	2014-15	Yes
<b>Texture Analyser</b> Texture Analyser is used for evaluation of the physical performance of semisolid / Solid & other dosage forms <ul style="list-style-type: none"> <li>It has been adopted as a major tool in development and evaluation of semisolid formulations like lotions, creams and ointments.</li> <li>Its application has been implemented in evaluation and determination of lyophilized cake hardness and determination of syringeability and injectability of parenteral formulations.</li> </ul>	2014-15	Yes
<b>Online Particle Size measurement in Fluid bed Process</b> Online particle size analyzer help in monitoring granule growth in real time and the end-point can be set based on certain size distribution criteria. This will enable to design robust processes.	2013-14	Yes
<b>Droplet size measurement for pan coating or Fluid bed coating</b> Droplet size measurements has been adopted for characterizing spray pattern in Fluid bed coating, Pan coating as well as Quality check for actuators used in Nasal sprays.	2013-14	Yes

Technology Imported	Year of Import	Whether fully absorbed
<b>Online NIR analyzer for blending end point determination</b> NIR analyzer for blending end point determination is used as an on-line, real-time, blend monitoring for confirmation of blend uniformity.	2013-14	Yes
<b>Actuator for Nasal spray</b> It is being used to determine Spray content uniformity (SCU), tail off study and pump delivery of Nasal Spray.	2013-14	Yes
<b>Colorimeter with computer</b> This instrument is used to control the colour, shade variation of powders, tablets, capsules, suspensions, solid materials, solutions, injections & printing colour variation of packaging materials of products.	2013-14	Yes
<b>Quadro co mill flame proof</b> High throughput equipment for size reduction of wet and dry granules.	2013-14	Yes
<b>Hot Stage Microscope</b> To study material behaviour at elevated temperature and admixtures of drug polymer blends.	2013-14	Yes
<b>Gel Permeable Chromatography (GPC)</b> Advanced equipment to characterize critical excipients like rate controlling polymers in Drug Delivery system.	2012-13	Yes
<b>High Pressure Homogenizer</b> Size reduction equipment which enables to produce nanoparticles at R&D using cavitation & high pressure. The common applications of this homogenizer are particle size reduction for preparation of micro and nanosuspension, fine emulsions preparation, cell disruption, dispersions, nanoparticles, liposomes, grinding and micro-encapsulating along with general blending and mixing.	2012-13	Yes

### C. FOREIGN EXCHANGE EARNINGS AND OUTGO

The Company used foreign exchange amounting to ₹ 325.90 crores and earned foreign exchange amounting to ₹ 1465.94 crores during the year ended 31<sup>st</sup> March, 2015 as compared to ₹ 339.05 crores and ₹ 1686.24 crores respectively for previous year.

For and on behalf of the Board the Directors

Ahmedabad  
15<sup>th</sup> May, 2015

**Samir Mehta**  
Executive Chairman

## MANAGEMENT'S DISCUSSION AND ANALYSIS

TO  
THE SHAREHOLDERS

### CAVEAT

Shareholders are cautioned that certain data and information external to the Company is included in this section. Though these data and information are based on sources believed to be reliable, no representation is made on their accuracy or comprehensiveness. Further, though utmost care has been taken to ensure that the opinions expressed by the management herein contain their perceptions on most of the important trends having a material impact on the Company's operations, no representation is made that the following presents an exhaustive coverage on and of all issues related to the same. The opinions expressed by the management may contain certain forward-looking statements in the current scenario, which is extremely dynamic and increasingly fraught with risks and uncertainties. Actual results, performances, achievements or sequence of events may be materially different from the views expressed herein. Shareholders are hence cautioned not to place undue reliance on these statements, and are advised to conduct their own investigation and analysis of the information contained or referred to in this section before taking any action with regard to their own specific objectives. Further, the discussion following herein reflects the perceptions on major issues as on date and the opinions expressed here are subject to change without notice. The Company undertakes no obligation to publicly update or revise any of the opinions or forward-looking statements expressed in this section, consequent to new information, future events, or otherwise.

### NOTE

Except stated otherwise, all figures, percentages, analysis, views and opinions are on consolidated financial statements of Torrent Pharmaceuticals Ltd. and its wholly owned subsidiaries and their businesses (jointly referred as Torrent or Company, hereinafter). Financial information presented in various sections of the Management Discussion and Analysis is classified under suitable heads which may be different from the classification reported under the Consolidated Financial Statements. Some additional financial information is also included in this section which may not be readily available from the Consolidated Financial Statements. Previous year's figures have been regrouped to make it comparable with the current year.

### GLOBAL PHARMACEUTICALS MARKET

#### Global Economy:

Global economic growth in 2014 was a modest 3.4 percent, reflecting a pickup in growth in advanced economies relative to the previous year and a slowdown in emerging market and developing economies. Despite the slowdown, emerging market and developing economies still accounted for three-fourths of global growth in 2014. Complex forces that affected global activity in 2014 are still shaping the outlook. These include medium- and long-term trends, such as population ageing and declining potential growth; global shocks, such as lower oil prices; and many country or region-specific factors, such as crisis legacies and exchange rate swings triggered by actual and expected changes in monetary policies. Overall, global economy growth is projected to reach 3.5 percent and 3.8 percent in 2015 and 2016, respectively. Growth is projected to be stronger in 2015 relative to 2014 in advanced economies, but weaker in emerging markets, reflecting more subdued prospects for some large emerging market economies and oil exporters. Nevertheless, emerging markets and developing economies still account for more than 70 percent of global growth in 2015.<sup>1</sup>

#### Global Pharma Market:

The global pharmaceutical sales grew by 8.3% in the year 2014 and key growth drivers continue to be shift towards use of generic medicines accompanied by patent expiries mainly in the regulated market and higher growth in Pharmerging markets.

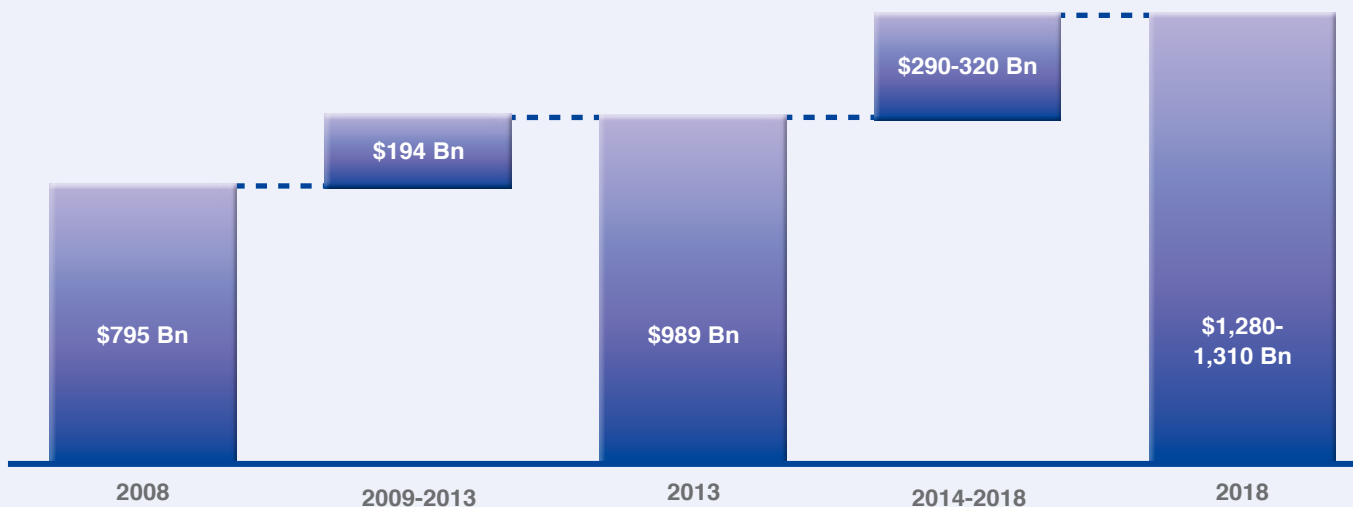
The largest pharmaceutical market US is estimated to be approximately US\$ 365 Bn registering a growth of around 11.8% in 2014 which is significantly higher than the 3.6% growth over the past five years. The market is expected to grow at a compounded annual growth rate of 5-8% through 2018 due to fewer patent expiries and launches of more innovative medicines which is a reflection of a shift in the balance of the "innovation cycle"—the amount of new medicines being launched and utilized compared to the value of branded medicines that are facing new generic competition.

The European market is estimated to be approximately US\$ 216 Bn registering a growth of 3.3% in 2014. Across the major markets in Europe, economic austerity-led efforts to constrain growth in healthcare spending, and especially medicines, have resulted in spending declines or very low growth, which will continue through 2018.

<sup>1</sup> International Monetary Fund - World Economic Outlook, April 2015

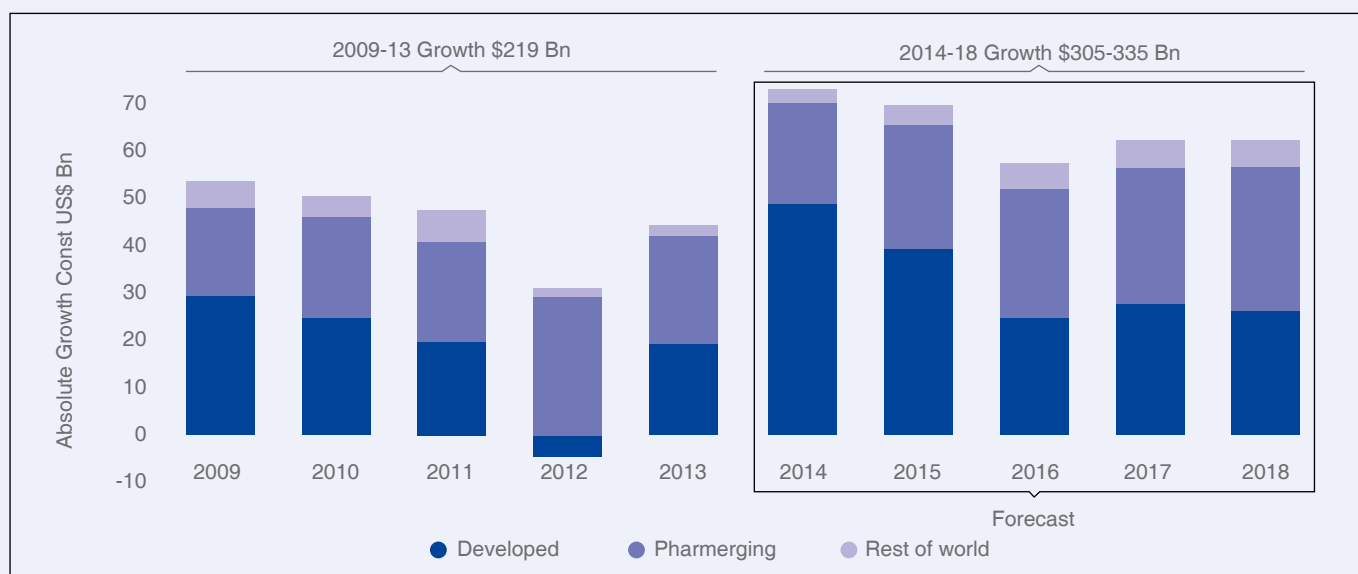
The Pharmerging markets will grow at a compounded annual growth rate of 8-11% through 2018, a slower pace than over the past five years, which averaged 13.6% growth. Implementation of health reforms are increasing demand for medicines, while pricing regulations are being used more frequently to manage overall growth levels. Over 80% of growth in Pharmerging markets will be attributed to non-branded medicines.

### Global Spending and Growth 2008-2018



The global spending on medicines is forecasted to reach close to US\$ 1.3 trillion by 2018, an increase of about 30% over the 2013 level.

The extent of growth in 2014-2018 is forecasted at an annual rate of about 7% as against 5.2% recorded over the past five years. This increase in growth is largely attributed to the developed markets – led by the United States, the major five European Markets and Japan. On the other hand, the Pharmerging countries will increase their contribution to growth over the next five years and account for nearly 50% of the absolute growth in 2018<sup>2</sup>.



<sup>2</sup> IMS Health Global Outlook on Medicines 2018, November 2014

## Growth Drivers

Demographic trends will act as a significant driver of global demand for pharmaceuticals during the next five years. The global population aged 65 and over will grow faster than any other age segment, and will account for almost 30% of overall population growth in the next five years. Increase in diagnosis and treatment of chronic conditions and an aging population will drive developed markets, while population growth coupled with improved access to healthcare will drive emerging market growth.

The prevalence of non-communicable diseases (NCDs), such as cancer and cardiovascular, metabolic and respiratory diseases is increasing worldwide. NCDs are often associated with ageing populations and lifestyle choices, diet and lack of exercise and many of these require long-term management.

Innovation is critical to addressing unmet medical need. The delivery of new medicines will rely on a more advanced understanding of disease and the use of new technology and approaches, such as personalized healthcare (PHC) and predictive science. Technological breakthroughs in the design and testing of novel compounds present fresh opportunities for using small molecules as the basis for new medicines.

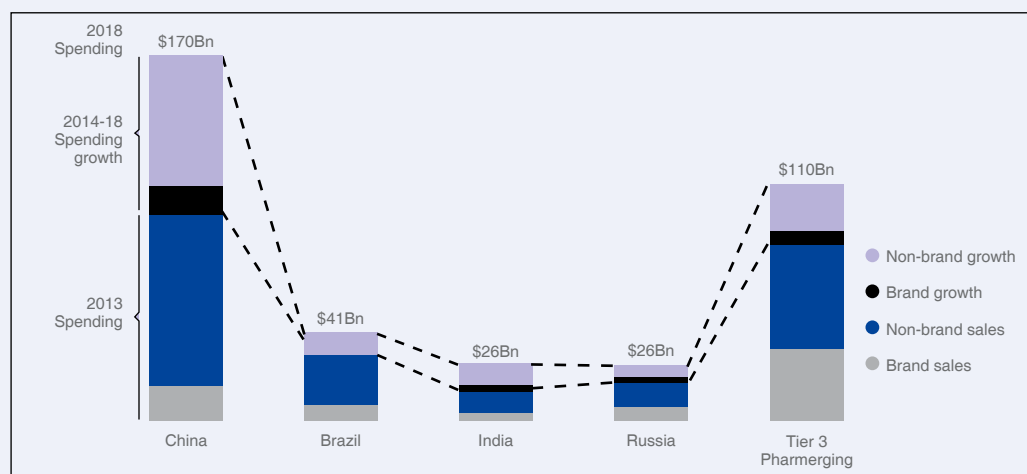
The availability of new medicines varies by country and disease. The countries with the highest availability of all New Molecular Entities (NMEs) launched 2008-12 continue to be high-income countries, including the U.S., Germany, the U.K., Canada and Italy. Pharmerging markets have a lower percentage of possible NMEs across all medicine classes. It is estimated that around 70-80% of the NME are not available in developing markets, although recent analysis of the availability of NMEs achieved an increase in the availability. In Pharmerging markets, complex and difficult approval process, pricing and market access hurdles, price adjustment to the more modest spending power of the patients are the main reasons for low level of NME launches. The value growth of Pharmerging markets are primarily driven by low unit cost generics and therefore innovative agents do less well. The leading 20 branded products in these Pharmerging markets are all, without exception, over 10 years old.

Innovative medicines, increased access and advances in treatment will impact both developed and Pharmerging countries for the next five years. Spending levels will differ significantly between developed and Pharmerging regions, with greater spending on specialty medicines in developed countries. <sup>3</sup>Specialty therapies continue to be more significant in developed markets than in Pharmerging. Oncology continues to be the largest category in developed countries, and the largest specialty area in Pharmerging countries. Leading classes in Pharmerging markets are dominated by pain, antibiotics and hypertension, while in developed markets specialty categories such as oncology and auto immune diseases are more prominent.

## Pharmerging Markets

As growth in developed markets continues, increasing global demand and expanding global export markets will benefit the Pharmerging countries. Government stimulus and investment projects across Pharmerging economies will contribute to domestic demand overall with downstream effects on the demand for medicines.

In Pharmerging countries, spending growth is estimated to remain between 8-11%. Growth in Pharmerging countries will be heavily driven by generic and non-branded products, growing at double the rate of branded growth. Growth in these markets is comprised of 83% non-brand medicine growth, driven mostly by growth in generics<sup>2</sup>.



<sup>2</sup> Ims Health Global Outlook on Medicines 2018, November 2014

<sup>3</sup> Specialty therapies are defined by IMS Health as products that are often injectable, high-cost, biologic or requiring cold-chain distribution. They are mostly used by specialists, and include treatment for cancer and other serious conditions, and often involve complex patient follow-up and monitoring.

Population growth and government initiatives in emerging markets are expected to drive sector expansion for the next several years. India, China, Indonesia, Mexico and Russia are pegged as main growth engines; companies are likely to continue expanding their presence in these and other emerging markets.

Another demographic trend creating increased health care demand is the spread of chronic diseases like heart disease, stroke, cancer, respiratory diseases, diabetes, and mental illness, among others which is attributable to the aging population, more sedentary lifestyles, diet changes, and rising obesity levels, as well as improved diagnostics. The cost of treatment for these diseases may be out of reach for many consumers, especially in emerging markets which are expected to compel a more intense focus on disease education and prevention by governments while companies continue to develop innovative new medicines to address many of these diseases.

### Future of Generics

Improving access to health care and reducing spend on it is a major goal of governments around the world. Most national health care systems have been encouraging greater use of generic drugs; in the U.S. the proportion of generic prescriptions has risen from around half to 80% over the last decade. As cost-containment approach, Germany and several other countries have turned to value-based pricing for new drugs, which allows a price differential from existing offerings including generics based on a new product's demonstrated superiority. Finally, some countries are increasingly mandating price control: India, Brazil and China, for example, have national lists of essential drugs with set prices.

Patent protection for pharmaceutical products is finite. Patents are expiring on some of the biggest-selling drugs ever produced and payers, physicians and patients have greater access to generic alternatives in many important drug classes. As a result, demand for generics is high.

Generics continue to drive growth globally. Post 2012 the year in which drugs with sales value of USD 44 Bn, lost their patent protection during the year, the extent of patent expiry resulting into genericization of large sized patented products is going to remain in the range of 15-25 Bn per year. It is predicted that more than 50% of the global pharma growth during the period 2014-2018 is likely to be driven by generics.

### Regulatory

A highly regulated industry reflects public demand for safe, effective and high-quality medicines. Delivering such medicines requires responsible testing, manufacturing and marketing, as well as maintaining important relationships worldwide with regulatory authorities. There is a global trend towards greater transparency of, and public access to, the regulatory submissions that support the approvals of new medicines. A recent example is the new EMA policy on publication of clinical data for medicinal products for human use, which provides for the publication of clinical reports that underpin the EMA's decision making. In most countries, these frameworks impose robust standards to ensure product safety, efficacy and quality.

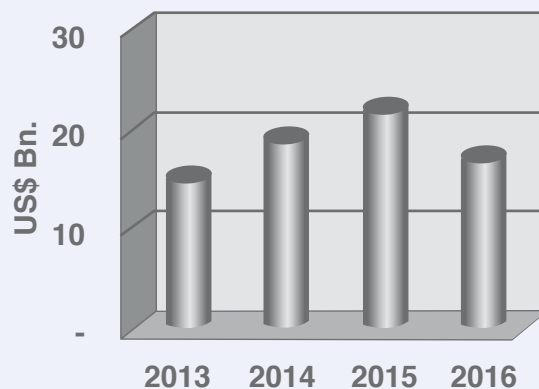
### Mergers and Acquisitions (M&A)

Life sciences companies tallied over US\$300 billion in completed or announced M&A transactions globally for 2014. Transactions have been skewing toward fewer, bigger deals. Partnerships and collaborations also will comprise an important part of the picture as companies continue to grapple with a rapidly shifting landscape, grow distribution networks, and leverage previous investments. New insurance and payment models, rapidly changing consumer demographics, and an explosion of technology-based treatment innovations are driving both horizontal and vertical M&A activity.

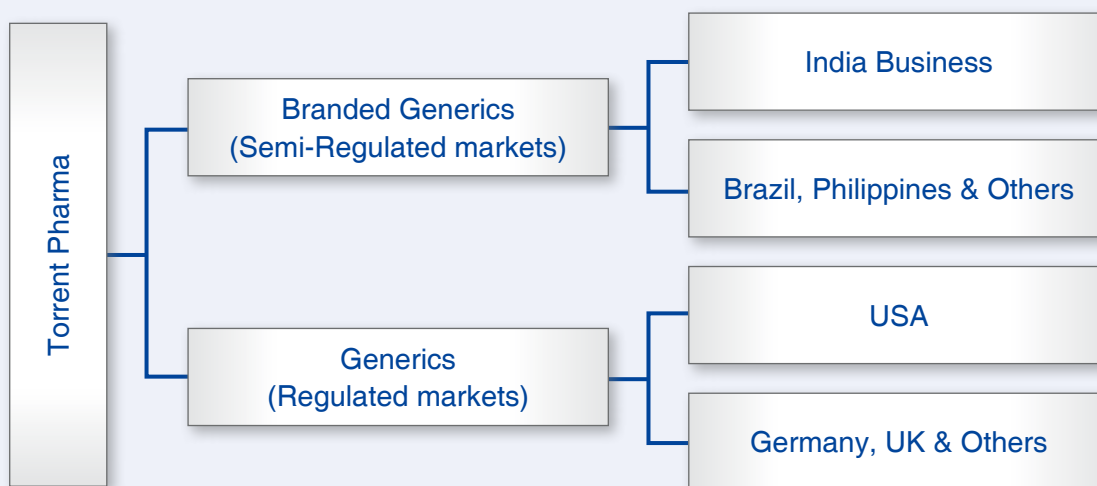
### PERFORMANCE SNAPSHOT

Torrent is one of the front runners in the Indian Pharmaceuticals Industry having presence in India as well as International Markets. The Company's revenues are mainly from manufacture and sale of branded as well as unbranded generic pharmaceutical products.

Patent Expiry by Year



The Segmentation of business can be done as under:



During the financial year 2014-15, the Company reported revenues of ₹ 4,653 crores, a growth of 11% compared with ₹ 4,184 crores in the previous financial year.

The breakup of revenues under key segments is as under:

Segment Revenue (₹ Crore)	2014-15		2013-14		Growth %
	Amount	Share	Amount	Share	
India	1,609	35%	1,161	28%	39%
Other Branded Markets	927	20%	838	20%	11%
USA	832	18%	776	19%	7%
Other Generic markets	990	21%	1016	24%	-3%
Others/CRAMs	295	6%	393	9%	-25%
<b>Total</b>	<b>4,653</b>	<b>100%</b>	<b>4,185</b>	<b>100%</b>	<b>11%</b>

### Torrent Pharma: Core Competencies

With Torrent's core competencies in Branded markets ever since 1970s, driven by Physician-Field Force model, relations and Product development – Branded Markets remain a key priority for Torrent. Moreover, such markets offer significantly higher visibility and sustainability to the business. Going forward, the strategic priorities include the following:

#### 1) Branded Markets

- India Business: Continuous focus on specialties, Field force productivity and New products.
- Scaling up in Key markets in Branded Generics with stronger presence in CVD & CNS markets (in markets like Brazil)
- Harmonizing marketing model and New Product Pipeline across Branded Generics markets

#### 2) Generics

Strengthening New Product Pipeline through product innovation and complex products for genericised markets like USA and Europe.

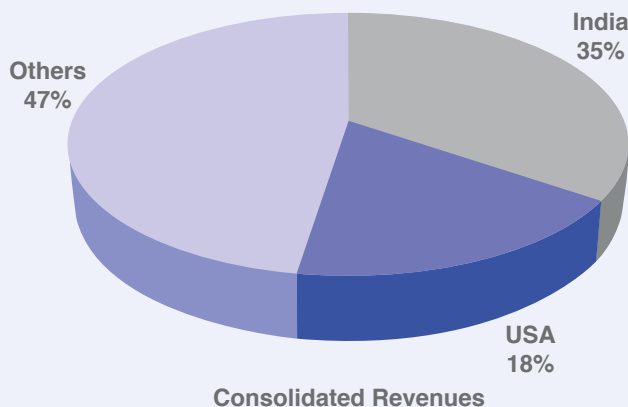
### NDDS & Pipeline Augmentation

A new era of science and technology has evolved in pharmaceutical research focused at development of different novel drug delivery systems. The evolution of an existing drug from its traditional form to a novel delivery system may considerably improve its performance in aspects of efficacy, safety and patient compliance. So the method of administering a drug can also have significant effect in its efficacy. In recent years the considerable advances in drug delivery systems have enabled more effective routes of administration.

The New Product pipeline also includes several first time in the world Novel Drug Delivery systems which will give Torrent the edge over competitors with negligible competition. As Torrent moves towards branded markets and innovation with complex generics, the pipeline is being augmented with new complex oral solids, ointments/creams and Injectables.

Torrent Pharma's strategic priorities remain as under:

1. **Branded Markets**
  - a. India
  - b. Brazil
2. **Generics**
  - a. USA
  - b. Others



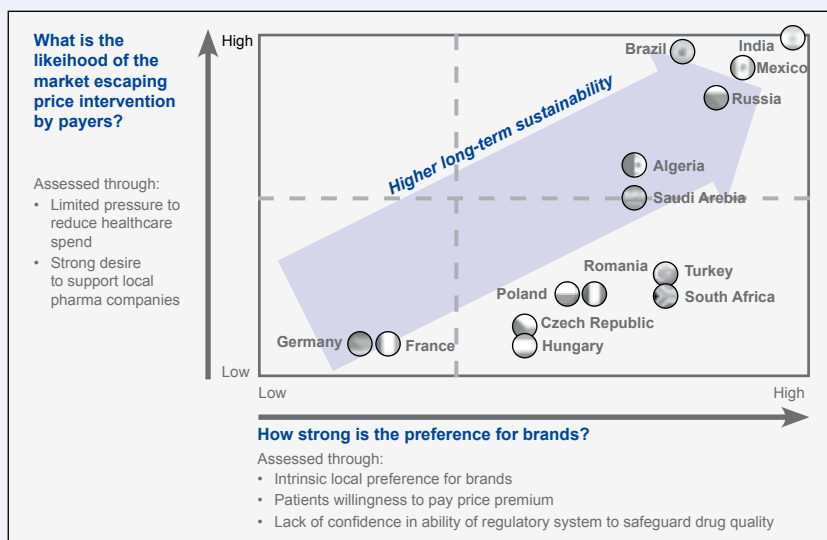
### Segmentation – Key Business segments

#### Branded Markets

A hybrid of generic and brand name products, branded generics not only allow companies to use existing distribution systems and established marketing techniques to sell premium-priced generics, they offer consumers the reassurance of a trusted name amidst rising fears of unsafe counterfeits which is more prevalent in semi-regulated markets where the regulatory norms are not as stringent or evolved as regulated markets like USA or Europe.

Emerging markets have long been regarded as the “promised land” of the pharmaceutical industry. They are expected to amount to nearly a third of the global pharmaceutical market by 2016, and it is anticipated that they will play a vital role in sustainable growth in the industry. With huge populations, increasing prosperity, and improving longevity (albeit at differing rates), these markets are very attractive to those companies suffering from the stagnation of mature markets, patent expirations, and increased regulatory hurdles. However, although these regions offer huge untapped potential, they display a wide diversity in their stages of development, particularly with regard to their healthcare infrastructure. For this reason, there can be no “one-size-fits-all” approach to emerging markets. Even among the three main clusters of markets — the BRICMT economies (those of Brazil, Russia, India, China, Mexico, and Turkey); second-tier countries such as those of Southeast Asia; and finally Africa — there are local idiosyncrasies that make bespoke approaches to these markets essential. (PWC Report on Pharma Emerging markets 2.0)

Branded Generics remains a sustainable model for Semi-regulated markets like India, Brazil, Russia, Mexico, Philippines wherein the Physician-Field Force model is prevalent for several countries. Within the Branded Generics market, Torrent has priorities in India, Brazil and Philippines where we intend to scale up in CVD, CNS markets aiming for a stronger position and also enter new therapies in these markets.



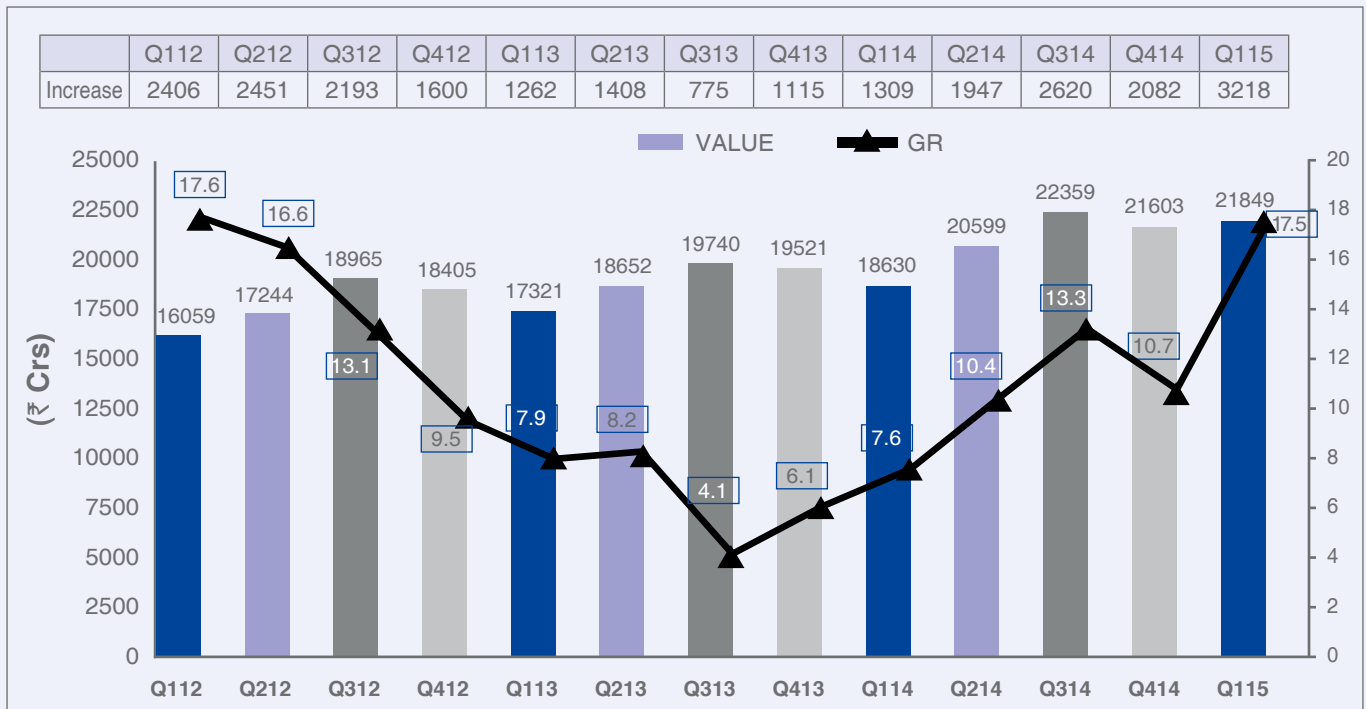
Source : McKinsey & Company : Unlocking Pharma growth - How sustainable are branded generics



## INDIAN PHARMACEUTICALS MARKET

The pharmaceutical business model is witnessing a paradigm shift, moving from a fully integrated company structure towards a future where companies use a wide range of outsourcing, partnership initiatives and other contractual and relationship arrangements to create networks of collaboration and discovery. Investing in India will be a vital component of this networked future. Companies that will be most successful in doing business in India will be those that are most adept at managing and mixing a range of contractual relationships and partnership strategies.

The Indian Pharmaceuticals Industry currently tops the chart amongst India's science based industries with wide ranging capabilities in the complex field of drug manufacture & technology. The Indian pharmaceutical market (IPM) is valued at INR 85,000 crores approximately as at March 2015 MAT (Moving Annual Total). The year gone by has passed through tough phases for the industry which includes Pricing policy, Delay in New product approvals. However, the industry has regained growth momentum in the last few quarters.



Q1-Jan-Mar; Q2-Apr-Jun; Q3-Jul-Sept; Q4-Oct-Dec;

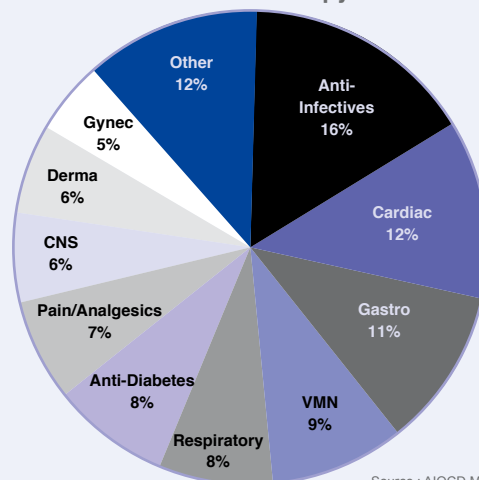
Source : AIOCD March 2015 dataset

Despite this, Indian pharma market remains one of the fastest growing pharma markets in the world and is dominated majorly by branded generics constituting nearly 70% to 80% of market. The market is estimated to be among the top 10 by 2015. (Source: IMS)

The growth in Indian domestic market will be on back of increasing consumer spending, rapid urbanization, and raising healthcare insurance. In 2015, growth is expected to continue to be healthy, as the momentum continues and improving economic growth allows individuals more leegroom to spend on health.

Lifestyle segments such as Cardiovascular, Diabetes, CNS, Oncology will continue to be fast growing owing to increased urbanization and change in lifestyle patterns.

## Indian Pharma market Therapy Contribution



Source : AIOCD March 2015 dataset

## 1. INDIA

The India formulations segment registered growth of 39% over the previous year on the back of improved performance of all chronic segments as well as recovery in the acute business through re-structuring initiatives taken up in the past year. Continuing efforts and strategic initiatives towards improving its market share through focus on brand building, productivity improvement, identifying opportunities in existing therapies and new therapies have been the focus areas for the Company. The integration of acquired Elder Pharma's domestic formulation business has further aided the growth of the India Business as the synergies in Pain, Nutraceuticals and Women Healthcare therapies have begun to yield results. The company continues to outperform the market in key therapies like CNS, Cardiology, Diabetes, Gastrointestinal and Dermatology.

The Company is now among the top 15 companies in the domestic market and has 9 brands in top 500 brands of the Indian Pharma market. The company ranks among the top 5 in Cardiology & CNS therapies and among the top 10 in Nutraceuticals and Gastrointestinal therapies. It also is among the fastest growing companies in therapies like Dermatology, Pain/Woundcare and Diabetes which are identified future growth drivers for the India Business.

Our strategic priorities remain i.e. to focus on driving productivity through brand building in major therapies, expanding the portfolio in newly entered segments and accelerating performance in the acute segment. The high potential of the Indian market is also because it is primarily a branded generics market and the influence of the physician remains high, allowing fair competition on the basis of product quality and scientific detailing. The company remains committed to invest in R&D for its new product pipeline (1<sup>st</sup> time launches) as well as Novel drug delivery systems.

Other than sharpening focus on Pain & Nutraceutical segments, the company also entered the Nephrology market through a new division launch in the year gone by. The company also entered into an exclusive licensing agreement with Reliance Life Sciences for marketing three biosimilars in India — Rituximab, Adalimumab and Cetuximab.

## 2. BRAZIL

Brazil is the largest pharmaceutical market in Latin America and the 6<sup>th</sup> largest in the world. The Brazilian pharmaceutical market is recently witnessing several dynamics like increased government coverage leading to inclusion of various new product in public procurement programs (Institutional market), emergence of hitherto backward and low income regions as drivers of market growth and consolidation and evolution of distribution channels.

The Pharma market in Brazil is estimated to be in range of USD 30-33 Bn which is expected to grow at a CAGR of 14% till 2018 with increase in share of Generics and Branded Generics over reference products.

During the year Brazilian operations registered revenue of ₹ 606 crores (Reai 242 Mn) with the growth of 14% (Reai Growth 24%) over previous year.

Among the Indian Companies, in terms of market share, Torrent ranks No. 1 with the second largest less than half of the size of Torrent (IMS dataset). The Company has 20 products under approval out of which 2 products are expected to be approved during the coming year. The Company has a development basket of 28 products with 5 products in the Cardio Vascular (CV) segment, 12 products in the Central Nervous System (CNS) segment 8 products in the Oral Anti Diabetic/obesity (OAD) segment and 3 products in other segments. The Company has a strong pipeline (products under development + under approval) of 48 products in the above therapies to augment future growth.

In view of the high growth in the pure generic segment, the Company has been building its product portfolio in this segment, with parallel filings of the Company's products in the CV, CNS, OAD and Other therapies. The Company has approvals of 40 products whereas 20 products are under approval. The total pipeline for this business consists of 48 products.

### Generics

#### USA

Pharmaceutical spending growth in the United States is expected to rebound and grow in congruence with the global market as against a subdued growth over the past five years. In fact, growth in spending on medicines was higher in 2014 than any year since 2001, and exceeded forecast overall healthcare spending growth for the first time since 2011. As 2014 was also a landmark year in the implementation of the Affordable Care Act (ACA), understanding the specific drivers of medicine spending growth is important for decision makers across the healthcare system. ACA implementation is causing rapid change in the U.S. health care market, both directly from the legislation and through market-based changes.

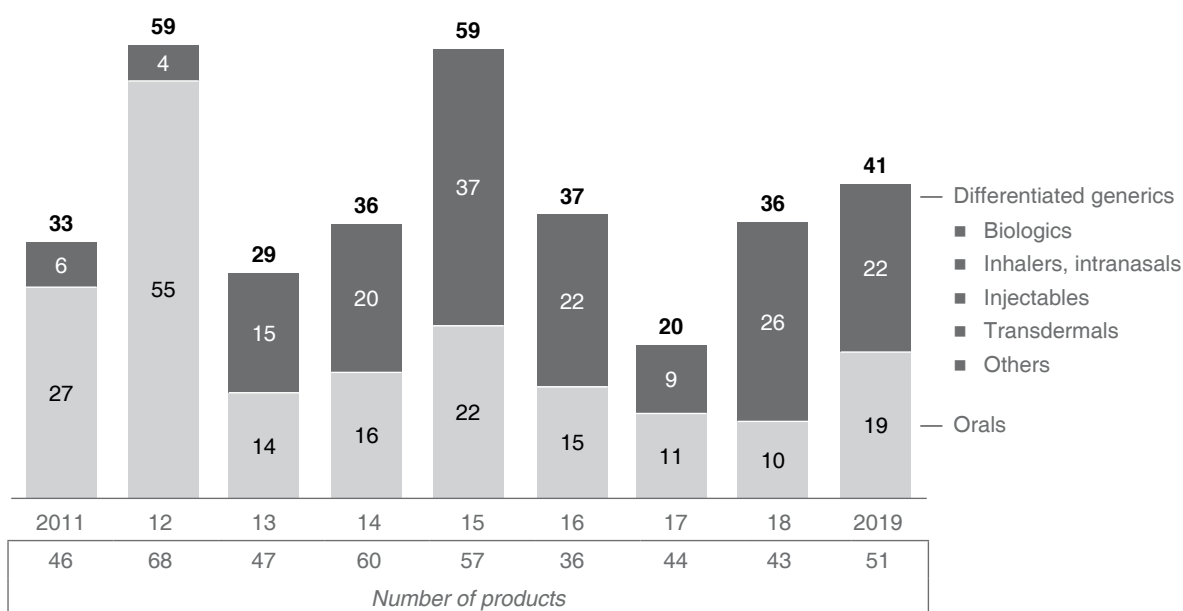
The U.S. pharmaceutical market remains the world's largest market. It is valued around USD 350Bn and is expected to grow at the CAGR of 5-8% till 2018. With the largest generic substitution of 80%(in volume terms), it again becomes the single largest generic market. Expected patent expiry in the industry in next 4 years will be majorly driven by the US, in which drugs worth USD 50 Bn are expected to go off patent.

The consolidation amongst generic purchasers from different class of trade has enhanced concentration of purchasing power and therefore requires the generic manufacturers to maintain their cost competitiveness as well as evolve their product portfolios to less competitive therapeutic areas and dosage forms.

### Upcoming LOE opportunities will be dominated by differentiated generics products

Estimated worldwide sales of all products losing US patent protection in the year before patent expiry

USD billions



Source : Mckinsey & Company : Generating Value in generics : Finding the next five years of growth

Torrent, despite being a late entrant in the US pharma market is ranked No 8 amongst the US generic Indian Companies and has a market share of around 10% in its covered market. Revenues from US operations were ₹ 832 crores (USD 132 Mn) during the financial year 2014-15 as compared to ₹ 776 crores (USD 125 Mn) during the previous financial year showing a growth of 7%. The growth during the year is subdued on account of higher revenues from one of the new launches in 2013-14. Adjusting for oneoffs, revenue grew by 54%

Given the future market moving towards complex products, Torrent is significantly ramping up its pipeline with products like Ointments, Injectables, Specialty Oral solids (oncology).

The Company received 6 ANDA approvals in 2014-15. The Company has 53 ANDA approvals (including 5 tentative approvals) and its pipeline consists of 19 pending approvals and 40 products under development. The US business is expected to contribute to the growth of international business in a significant way.

### Europe and Others

Across the major developed markets, uncertainty exists to an unusual extent. The last five years in Europe have seen greater adoption of generics and more restrictive policies that have made patients in almost all European countries less likely to gain access to innovative medicines. In the next five years, whether Europe sees a widespread, patchy or severely limited economic recovery will have a profound impact on the overall contribution this important group of developed markets makes to overall innovative medicines spending.

## 1. Europe

The Company has presence in the following major markets of the Europe:

### A. Germany

Germany is the fourth-largest pharmaceutical market in the world and the largest in Western Europe. It is valued around Euro 28 Bn and is expected to grow at a CAGR of 2-5% till 2018. Majority of the market is tender driven and it is expected to continue for foreseeable future which is putting the pressure on the margins of the industry.

Among the Generic players, Torrent holds the 6<sup>th</sup> position with a market share of 4.2% and is ranked No. 1 among Indian players in the Market. Revenues from Germany operations, during 2014-15, were ₹ 620 crores (Euro 80 Mn) with a growth of 8%.

### B. Other Markets

Dossier out licensing and product supply business continues to be an important part of the Europe business for the Company; with revenues of ₹ 221 crores (Euro 27 Mn) during the financial year 2014-15

## CONTRACT MANUFACTURING SEGMENT

This segment registered revenues of ₹ 276 crores during the year, a major portion of which is from manufacture of human insulin. The Company has been a stable partner for manufacture of human insulin for Novo Nordisk for their India market needs.

## MANUFACTURING

The Company's state of art manufacturing facilities for formulation and API, have significantly contributed to the demand of high quality products and in sustaining its growth and success.

### *New capital investments:*

The Company has set up a state of art formulation and API manufacturing facility at Dahej SEZ in Gujarat. The Company has started the process of getting the formulation plant approved by various regulatory authorities viz. USFDA, BfArM – Germany for International markets. The facility is expected to commercialize during the next year.

During the current year, the company has initiated an expansion of its current manufacturing facility at Sikkim. The additional capacities would be available within next two years time.

### **New facility for Oncology**

As part of its portfolio diversification plans, the company is planning to enter critical care therapy segment for international markets by establishing integrated manufacturing facility for drug substances and drug products (API & formulations) in oncology. The plant is expected to become operational within next two years time.

### **Oyster Shell Plant**

The company has set up a manufacturing facility for Oyster Shell powder (natural calcium source), an API for manufacture of Shelcal Brand.

## RESEARCH AND DEVELOPMENT

### *Discovery Research*

The Company is currently working on several in-house New Chemical Entities (NCE) projects within the areas of metabolic, cardiovascular and respiratory disorders. The Company has cumulatively filed 467 patents for NCEs from these and earlier projects in all major markets of which, 224 patents have been granted /accepted so far.

The most advanced discovery program of the Company is Advanced Glycation End-Products (AGE) Breaker, of which the Phase II clinical trials for the indication of diabetes associated heart failure in India and Europe is completed. Currently the scientific and commercial aspects for further clinical development of the NCE are being evaluated.

During the financial year 2012-13, the Company initiated Phase-II clinical trial in India with its second NCE for the reduction of cardio metabolic risks, the study reports of which are expected by the end of the coming financial year. The Company believes that this program is uniquely positioned to address the consequences of relative chronic over-nutrition which is assuming alarming proportions of health hazard in India, other emerging economies and also in the developed countries.

In the financial year 2013-14, the Company completed the Phase-I (SAD) clinical trial of its third NCE for the indication of acute kidney injury and in the financial year 2014-15, the molecule has progressed to multiple dose studies. Another Multiple Ascending Dose study for a second indication of inflammatory bowel disease has also been initiated and is expected to be completed by Q1 2016-17

There have been several changes in the regulations with respect to conduct of Clinical Trials and the manner in which trial related Adverse Events will be dealt with. We have evaluated the risks posed by these changes and have implemented several mitigation strategies as well as SOPs to deal with the evolving regulations.

There has been a slowing down of the clinical trial evaluation and approval process by the regulators. Product development has been affected as a consequence. While efforts are on at an industry level to get the process back on track, the progress is slow and a little difficult to predict.

The Company has published eleven well received research papers in above mentioned therapeutic areas, in peer reviewed international journals describing various findings of our NCE research.

## **THREATS, RISKS AND CONCERNS**

### ***Drug Price Control:***

At present 348 bulk drugs and 654 formulations are covered under National List of Essential Medicines (NLEM). The National Pharmaceutical Pricing Authority (NPPA), the governing body for controlling and monitoring the prices of pharmaceutical products in India has further announced ceiling prices of certain non-scheduled anti-diabetic and cardiovascular products which has been challenged by the Industry in the Hon'ble Mumbai High Court. It is likely that the government may bring more drugs and formulations under price control or change the mechanism of calculating the ceiling price of the Drugs which are under the ambit of the revised policy, which in turn will affect the net margins of the Company. The Company manages its product portfolio so as to minimize the product weightage of drugs under price control.

### ***New Product Approvals:***

The success of any Company is dependent on the continuous launch of the new products in the market. In highly regulated business, the requirements to obtain regulatory approval based on a product's safety, efficacy and quality before it can be marketed for an indication in a particular country, as well as to maintain and comply with licenses and other regulations relating to its manufacture and marketing, are particularly important.

The submission of an application to regulatory authorities (which vary, with different requirements, in each region or country) may or may not lead to the grant of marketing approval. Regulators can refuse to grant approval or may require additional data before approval is given, even though the medicine may already be launched in other countries. In some instances, regulatory authorities require a Company to develop plans to ensure safe use of a marketed product before a product is approved, or after approval, if a new and significant safety issue is established.

The Industry is also subject to strict controls on the commercialization processes for products, including their development, manufacture, distribution and marketing.

The Company manages the risk through careful market research for selection of new products, detailed project planning and continuous monitoring.

### ***Geographical expansion:***

The development of the business in new markets is a critical factor in determining future ability to sustain or increase global product revenues. This poses various challenges including; more volatile economic conditions; competition from companies with existing market presence; the need to identify correctly and to leverage appropriate opportunities for sales and marketing; poor IP protection; the need to impose developed market compliance standards; inadvertent breaches of local and international law; not being able to recruit appropriately skilled and experienced personnel; identification of the most effective sales channels and route to market; and interventions by national governments or regulators restricting access to market and/or introducing adverse price controls.

However the Company carefully studies the business scenarios of the new market, prepares the business plan and undertakes various researches to reduce the risk at the minimal level.

**Overseas markets:**

The Company has expanded operations into select overseas markets of Latin America and European Union. Such expansion involves substantial business set up expenses, product pipeline development expenses and a gestation time before revenues begin to accrue. The Company faces the risk arising out of a failed or delayed market entry which may significantly affect the future profitability and financial position.

In the US, there is a continuing trend towards consolidation of certain customers groups such as wholesale drug distribution and retail pharmacies, as well as emergence of large buying groups. The consolidation may result into these groups gaining additional purchasing leverage and consequently increasing the product pricing pressures. Additionally the emergence of large buying groups representing independent retail pharmacies and prevalence and influence of managed care organizations and similar institutions potentially enable those groups to attempt to extract price discounts on our products. The result of such developments could affect the sales volumes and price realizations of our products on an overall basis.

In Brazil where the Company sells branded generics, the pure generic competition could adversely affect development of branded business. Price erosions continue in the German generic market leading to shrinking operating margins. The insurance companies have been empowered to enter into rebate contracts and float tenders. Aggressive bidding by competitors could lead to unsuccessful bids in tenders exposing the Company to loss of existing sales. Likewise in other European markets, regulatory changes could affect price realizations. The risks are sought to be mitigated through careful market analyses, improved management bandwidth, marketing alliances and corporate management oversight.

A significant portion of the revenue in various markets would be derived from sales to limited number of customers. In case of experiencing loss of business from one such customer or difficulties experienced by the customer in paying us on timely basis, it may impact the business performance.

**Manufacturing & Supplying Risk:**

Although a major portion of our finished formulations are being manufactured at in-house facilities, we also depend on third party suppliers for sourcing in some of the markets. Any significant disruption at any of such in-house facilities or third party manufacturing locations due to internal, third party lapses even on the short term basis due to economic, political & social unrest or by any event which is *Force Majeure*, which may lead to impair our ability to produce, procure and ship products to the market on a timely basis and could expose us to penalty and claims from customers.

We purchase active pharmaceutical ingredient (API) and other materials that we use in our manufacturing operations from other foreign and domestic suppliers. Although the Company has a policy to actively develop alternate supply sources for key products subject to economic justification, there would be certain cases where we have listed only one supplier in our application with regulatory agencies. An interruption in the supply from single sourced material can impact the financial performance of the Company. In addition, our manufacturing capabilities could be impacted by quality deficiencies in the products which our supplier provide leading to impact on our financial performance.

**Product liability risks:**

The business is exposed to potential claims for product liability. These risks are sought to be managed by appropriate laboratory and clinical studies for each new product, compliance with Good Manufacturing Practices and independent quality assurance system. The Company also has an insurance cover for product liability.

**Discovery research:**

The key risks are high rate of failure and long gestation period of a discovery project coupled with significant upfront costs to be incurred before results are known. The Company today may not have resources to carry through a discovery project to final commercial stage for global markets. These risks are sought to be mitigated by seeking suitable alliances with partners at appropriate stage to share the risks and rewards of the project while continuing to develop the NCE's for India. We are also evaluating the feasibility to extend the market outside India where we have a reasonable understanding of the Branded products space.

Company undertakes clinical trials on an ongoing basis as part of its discovery research programme. Insurance is obtained to cover the risks associated with testing in human volunteers and the Company may be subject to claims that are not covered by the policy.

The bio equivalence (BE) facility is used for safety and efficacy studies for the generic products. The facility has been approved by the Indian, Brazilian and UAE authorities. The studies conducted at this facility have been approved by USFDA, European (Denmark, France and Austria) and Brazilian regulatory authorities.

***New product risk:***

New product development and launch involves substantial expenditure, which may not be recovered due to several factors including development uncertainties, increased competition, regulatory delays lower than anticipated price realizations, delay in market launch and marketing failure. The Company manages the risk through careful market research for selection of new products, detailed project planning and monitoring.

***Litigation risks:***

The Company faces the risk of high costs of litigation with the patent-holder in its business of international generic products. This risk is sought to be managed by a careful patent analysis prior to development & launch of the generic products and strategy of early settlement with the patent holders on case-to-case basis, particularly in the US market.

***New capital investments:***

The Company has commenced building a new formulation and API manufacturing facility at Dahej. The Company faces risks arising out of delay in implementation, cost overrun and inappropriate implementation. The capacities are built in anticipation of demand and the Company runs the risk of underutilization of capacities resulting in high manufacturing cost. The risks are sought to be mitigated by forming appropriate project management team and corporate management oversight.

***Currency fluctuation risks:***

Currency risks mainly arise out of overseas operations and financing activities. Exchange rate fluctuations could significantly impact earnings and net equity because of invoicing in foreign currencies, expenditures in foreign currencies, foreign currencies borrowing and translation of financial statements of overseas subsidiaries into Indian rupees. The Company has a defined foreign exchange risk management framework to manage these risks, excluding translation risks.

***International Taxation:***

We have potential tax exposure resulting from varying application of laws and interpretations which include intercompany transactions with our subsidiaries in relation to various aspects of our business. Although we believe our cross border transactions between affiliates are based on internationally accepted practices, tax authorities in various jurisdictions may have different views or interpretations and subsequently challenge the amount of profits taxed in their jurisdiction resulting into increase in tax liability, including interest and penalties causing the tax expenses to increase.

***Future Acquisition proposals:***

We continuously look for opportunities in order to expand our product line either through complimentary or strategic acquisitions of other companies, asset acquisition, licensing agreements or any other arrangement. Any such acquisitions, may involve significant challenges in terms of integration with existing operations which may lead to requiring considerable amount of time, resources and effort. This may lead to temporary disruption of ongoing business; affect relations with the employees, customers with whom we have been dealing.

***Dependence on information technology:***

We are highly dependent on information technology systems and related infrastructure. Any breakdown, destruction or interruptions of this system could impact the day to day operations. There is also a risk of theft of information, reputational damage resulting from infiltration of a data center, data leakage of confidential information either internally or otherwise. The Company has invested appropriately in the protection of data and information technology to reduce these risks.

**HUMAN RESOURCES**

The total employee strength of the Company at the end of financial year 2014-15 was 11,047 against 9,540 as at the end of financial year 2013-14, an increase of 1,507 employees. The field force increased by 1,005 employees from 4,062 at the end of financial year 2013-14 to 5,067 at the end of financial year 2014-15. The R&D centre had 835 employees (of which 674 were scientists) at the end of financial year 2014-15 compared with 817 (of which 662 were scientists) as at the end of financial year 2013-14, an increase of 18 employees. The worker strength at plant was 1,752 at the end of financial year 2014-15 compared with 1,585 at the end of financial year 2013-14. The remaining employee strength comprising mainly of head office personnel, non-worker employees at Chhatral and Baddi Plant, Sikkim Plant, Dahej Plant, branch & overseas offices employees increased to 3,393 at the end of financial year 2014-15 from 3,076 at the end of financial year 2013-14.

## INTERNAL CONTROL SYSTEM

The Company has a reasonable system of internal control comprising authority levels and powers, supervision, checks and balances, policies and procedures. The system is reviewed and updated on an on-going basis. The Company continuously upgrades its internal control systems by measures such as strengthening of IT infrastructure and use of external management assurance services. The Company has in place a well-defined internal audit system whereby an internal audit is performed across locations of the Company and the results of the audit findings are reviewed by the Audit Committee.

## RESULTS OF OPERATIONS FOR FINANCIAL YEAR 2014-15 COMPARED WITH FINANCIAL YEAR 2013-14

### Summary Financial Information:

Particulars	2014-15		2013-14		%
	₹ Crores	% to Revenues	₹ Crores	% to Revenues	Increase / (Decrease)
Net Sales	4,585		4,036		14%
Operating Income	68		148		(54%)
<b>Net Sales and Operating Income (Revenues)</b>	<b>4,653</b>	<b>100%</b>	<b>4,185</b>	<b>100%</b>	<b>11%</b>
<b>Gross Profit</b>	<b>3,239</b>	<b>70%</b>	<b>2,946</b>	<b>70%</b>	<b>10%</b>
Selling, General and Admin expenses (SG&A)	2,010	43%	1,730	41%	16%
Research and development spend	191	4%	170	4%	12%
Forex Gain / (Loss)	241	5%	(105)	(3%)	
<b>EBIDTA</b>	<b>1,279</b>	<b>27%</b>	<b>942</b>	<b>23%</b>	<b>36%</b>
Depreciation/Amortization	191	4%	87	2%	119%
Net Interest expense/(Income)	149	3%	11	0%	
<b>Profit before tax (PBT)</b>	<b>940</b>	<b>20%</b>	<b>844</b>	<b>20%</b>	<b>11%</b>
Exceptional Items	-		-		
<b>Profit before tax (PBT)</b>	<b>940</b>	<b>20%</b>	<b>844</b>	<b>20%</b>	<b>11%</b>
Income Tax	189	4%	180	4%	5%
<b>Profit after Tax (PAT)</b>	<b>751</b>	<b>16%</b>	<b>664</b>	<b>16%</b>	<b>13%</b>

### Net Sales and other operating income

Consolidated net sales grew by 14% to ₹ 4,585 crores from ₹ 4,036 crores in the previous year while the operating income was ₹ 68 crores compared to ₹ 148 crores in previous financial year.

### EBIDTA

EBIDTA during the year stood at 27% compared to 23% in the previous showing an improvement by 4% mainly on account of forex gain. The SG&A and R&D expenses during the year have gone up 2% during the year compared to the previous year.

During the year the company expenses on discovery research cost amounted to ₹ 43 crores compared to ₹ 40 crores in the previous year.

### Depreciation and amortization

Depreciation and amortization charge during the financial year 2014-15 was ₹ 191 crores as compared with ₹ 87 crores during the previous year. This includes amortization of intangibles relating to the acquired branded formulation business of Elder Pharmaceuticals during the year.

### Net interest expense

Net Interest Expenses amounted to ₹ 161 crores compared to ₹ 21 crores during the previous financial year. The interest expenses are higher on account of the acquisition related borrowings during the year.



### **Income Tax**

The income tax charge for the financial year 2014-15 stood at ₹ 189 crores compared to ₹ 180 crores in financial year 2013-14. Average income tax rate as a percentage of profit before tax is 20% for the year 2014-15 as compared to 21% for the year 2013-14.

### **Net profit after taxes**

The net profit after taxes for the financial year 2014-15 was ₹ 751 crores compared with ₹ 664 crores during the previous financial year, an increase of 13%.

### **CAPITAL & DEBT**

There was no change in the equity share capital during the year.

Out of the divisible profits of ₹ 751 crores (previous year ₹ 644 crores), a sum of ₹ 63 crores (previous year ₹ 76 crores) was transferred to General Reserve Account. Dividend of ₹ 190 crores (₹ 11.25 per share) is proposed during the year; previous year ₹ 169 crores (₹ 10 per share ) was distributed. This represents an increase of 12.5% in dividend during the year. The distribution (including tax thereon) is approximately 30 % of profit after tax for the year (previous year 30%).

The net long-term borrowing increased by ₹ 1,445 crores during the year, to ₹ 2,421 crores at the end of financial year 2014-15 from ₹ 921 crores at the end of financial year 2013-14. Increase in long term borrowings is mainly attributable to acquisition of branded formulation business of Elder Pharmaceuticals Limited. Outstanding working capital loans were ₹ 319 crores (previous year ₹ 210 crores). The total debt to net worth (including deferred tax liability) ratio as at the end of financial year 2014-15 was 0.97 (previous year 0.47).

### **FIXED ASSETS**

The net investment in fixed assets during the year was ₹ 2,026 crores; comprising addition in gross assets, capital advances and capital work in progress of ₹ 2,251 crores reduced by increase in accumulated depreciation of ₹ 166 crores. Addition to fixed assets mainly includes intangibles related to acquisition of domestic formulation business of Elder Pharmaceuticals Limited.

### **WORKING CAPITAL AND LIQUIDITY**

The trade working capital i.e. the net working capital investment excluding cash and cash equivalents, short term borrowings, current maturity of long term debt increased by ₹ 284 crores from ₹ 662 crores at the end of financial year 2013-14 to ₹ 918 crores at the end of financial year 2014-15. Adjusting for accruals for health insurance contracts in Germany, the number of days of net trade working capital has increased from 124 days in 2013-14 to 126 days in 2014-15.

The liquidity of the Company as reflected by cash and bank balances and current investments reduced by ₹ 90 crores to ₹ 865 crores from ₹ 955 crores at the end of financial year 2013-14. The Company generated net cash of ₹ 810 crores from operations (after working capital changes) during financial year 2014-15 while it spent a net amount of ₹ 2,162 crores in investing activities mainly on acquisition of domestic formulation business of Elder Pharmaceutical Limited. Net cash flow generated in financing activities comprising dividend and interest paid and net debts taken, was ₹ 1,212 crores during financial year 2014-15.

For and on behalf of the Board

Ahmedabad  
15<sup>th</sup> May, 2015

**Samir Mehta**  
Executive Chairman

## REPORT ON CORPORATE GOVERNANCE

### MAXIMUM GOVERNANCE – THE TORRENT WAY

While the Securities and Exchange Board of India (SEBI) ushered in a formal code of corporate governance (hereinafter “the Code”) through Clause 49 in the Listing Agreement executed by your Company with stock exchanges, Torrent has built its Corporate Governance practices on the three inviolable principles of TRANSPARENCY, INTEGRITY (comprehensive all round disclosure + financial controls) and ACCOUNTABILITY. This report sets out the governance systems and processes of the Company, as set out in Clause 49 for the financial year ended 31<sup>st</sup> March, 2015. The Company is in full compliance with the corporate governance norms as stipulated in Clause 49.

Torrent believes that while implementation of the minimum framework is a prerequisite, superior governance practices are vital for growing a sustainable and successful business.

### 1. BOARD OF DIRECTORS

Diversity, to encourage the emergence of full, frank and comprehensive discussions is the guiding principle in selecting the DNA of the Board. Your Company has a leading Academician, an accomplished Professional, a leading Legal Professional and two Accounting Professionals as its Independent Directors. The Research & Development focus, sharp entrepreneurial ability and years of experience are represented in the rest of the Board. The Board of Directors (“Board”) comprises of nine directors as on 31<sup>st</sup> March, 2015 of which seven are Non-Executive Directors (“NEDs”) (78% of the Board strength) and five are Independent Non-Executive Directors (“IDs”) (56% of the Board strength).

An annual calendar of meetings is established after consulting all Directors to facilitate their physical presence. It has been the Company’s endeavour to have meetings at various plants / locations of the Company too, apart from the Registered Office of the Company to get Directors to WITNESS the practices and to get under the skin of the Company’s business model.

During the financial year, the Board of the Company met four times on 9<sup>th</sup> May, 2014, 30<sup>th</sup> July, 2014, 5<sup>th</sup> November, 2014 and 28<sup>th</sup> January, 2015. Time elapsed between any two consecutive meetings never exceeded 120 days.

Details of the composition of the Board, the Board meetings held during the year, attendance of Directors at Board meetings and other related matters are as under:

Name & Designation of the Director	Category <sup>4</sup>	No. of other Directorship held <sup>3</sup>	No. of other Board Committees of which Member/Chairperson <sup>3</sup>	No. of Board Meetings held during the tenure	Board meetings attended	Attendance at the last AGM
Shri Sudhir Mehta, Chairman Emeritus	NED	2	-	4	4	Yes
Shri Samir Mehta, Executive Chairman	MD	2	1 (Member)	4	4	Yes
Shri Markand Bhatt	NED	1	-	4	4	Yes
Shri Shailesh Haribhakti <sup>1</sup>	ID	9	5 (Chairman) 3 (Member)	4	4	Yes
Shri Haigreve Khaitan <sup>1</sup>	ID	9	1 (Chairman) 5 (Member)	4	3	No
Shri Pradeep Bhargava <sup>1</sup>	ID	5	2 (Chairman) 2 (Member)	4	4	Yes
Smt. Bhavna Doshi <sup>1&amp;2</sup>	ID	8	4 (Chairman) 2 (Member)	3	3	NA
Prof. Ashish Nanda <sup>1</sup>	ID	3	-	3	3	NA
Dr. Chaitanya Dutt, Director (Research & Development)	WTD	Nil	Nil	4	4	Yes

## Notes:

- 1 Shri Shailesh Haribhakti, Shri Haigreve Khaitan and Shri Pradeep Bhargava were appointed as Independent Directors of the Company for a period of five consecutive years effective from 1<sup>st</sup> April, 2014.  
Prof. Ashish Nanda and Smt. Bhavna Doshi were appointed as Independent Directors of the Company for a period of five consecutive years effective from 30<sup>th</sup> July, 2014.
- 2 Smt. Bhavna Doshi ceased to be a Director of the Company due to her resignation with effect from conclusion of the Board meeting on 15<sup>th</sup> May, 2015.
- 3 These numbers exclude the directorship / committee membership held in the Company and in private limited companies, foreign companies and companies registered under Section 8 of the Companies Act, 2013. Further, it includes only the chairmanship / membership of the Audit Committee and Stakeholders' Relationship Committee. All Directors have informed the Company about the committee positions they occupy in other companies as per Clause 49 of the Listing Agreement, which were placed before the Board.
- 4 NED – Non-Executive Director (excluding ID); ID – Independent Director; MD – Managing Director; WTD – Whole-time Director; NA - Not Applicable.

Except Shri Sudhir Mehta and Shri Samir Mehta, who are related to each other as brothers, none of the other Directors are related to any other Director on the Board in term of definition of 'relative' as per the Companies Act, 2013.

Shri Markand Bhatt is liable to retire by rotation at the forthcoming Annual General Meeting (AGM) and being eligible, has offered himself for re-appointment. Relevant details pertaining to Shri Markand Bhatt are provided in the Notice of the AGM.

The Board revised the tenure of appointment of Dr. Chaitanya Dutt, Director (Research & Development) till 31<sup>st</sup> December, 2017 alongwith other terms of his appointment, subject to the approval of the shareholders.

Smt. Renu Challu was recommended by the Board in its meeting on 15<sup>th</sup> May, 2015 to be appointed as an Independent Director of the Company at the AGM of the Company scheduled to be held on 27<sup>th</sup> July, 2015 for a term of three (3) consecutive years effective from 27<sup>th</sup> July, 2015.

All IDs of the Company have furnished declarations that they qualify the conditions of being independent as per Section 149(6) of the Companies Act, 2013 and Clause 49 of the Listing Agreement. These were placed before the Board.

During the financial year, the five IDs of the Company met on 19<sup>th</sup> February, 2015 under the chairmanship of Prof. Ashish Nanda without the presence of non-independent directors or management personnel to review the performance of Non-Independent Directors, the Board and its Chairperson. The meeting also reviewed the quality, quantity and timeliness of flow of information between the Company and the Board. The terms and conditions of appointment of Independent Directors are incorporated on the website of the Company [www.torrentpharma.com](http://www.torrentpharma.com).

## 2. AUDIT AND RISK MANAGEMENT COMMITTEE

In accordance with the requirements of Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956, the Board of Directors had constituted an Audit Committee. The constitution of the Committee is in compliance with the provisions of Section 177 of the Companies Act, 2013.

During the year under review, five meetings of the Committee were held on 9<sup>th</sup> May, 2014, 30<sup>th</sup> July, 2014, 5<sup>th</sup> November, 2014, 28<sup>th</sup> January, 2015 and 3<sup>rd</sup> March, 2015. Time elapsed between two meetings never exceeded 120 days.

The composition of the Committee as well as the particulars of attendance at the Committee meetings during the year and other related details are given in the table below:

Name & Designation	Category of Directorship	Qualification	No. of meetings held during the tenure	No. of meetings attended
Shri Shailesh Haribhakti, Chairman	ID	F.C.A.	5	5
Shri Pradeep Bhargava	ID	B. Sc. (Honours), B.E. (EC), MBA (IIMA)	5	5
Shri Haigreve Khaitan	ID	LL. B.	5	4

The Chairman of the Committee attended the last AGM of the Company.

The Company Secretary acts as the Secretary to the Committee. In addition, the Committee meetings are attended by the Chief Financial Officer, Vice President (Finance), Statutory Auditors and Internal Auditors. Cost Auditor and other related functional Executives of the Company also attend meetings when required.

The Committee holds private meetings with Statutory Auditors and Internal Auditors on one to one basis and has ascertained that they have no unexpressed concerns. During the year a special Audit Committee meeting outside the quarterly meetings was held to focus attention on important judgement areas.

The Board has expanded the role of the Committee to cover enterprise risk management and accordingly re-designated the Audit Committee as Audit and Risk Management Committee.

The principal terms of reference of the Committee as approved by the Board and as revised / updated from time to time by the Board are:

## 1. FINANCIAL INFORMATION REVIEW

- i. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- ii. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - A. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013;
  - B. Changes, if any, in accounting policies and practices and reasons for the same;
  - C. Major accounting entries involving estimates based on the exercise of judgment by management;
  - D. Significant adjustments made in the financial statements arising out of audit findings;
  - E. Compliance with listing and other legal requirements relating to financial statements;
  - F. Disclosure of any related party transactions; and
  - G. Qualifications, if any, in the draft audit report.
- iii. Reviewing with the management, the quarterly financial statements before submission to the board for approval.
- iv. Reviewing with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue and making appropriate recommendations to the Board to take steps in this matter.
- v. To review the following information:
  - A. Management discussion and analysis of financial condition and results of operations;
  - B. Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
  - C. Management letters / letters of internal control weaknesses issued by the statutory auditors if any;
  - D. Internal audit reports.
- vi. To review the financial statements of subsidiaries in particular, the investments made by unlisted subsidiaries of the Company.

## **2. INTERNAL CONTROLS AND POLICIES FOR MAINTAINING VIGIL**

- i. Scrutiny of inter-corporate loans and investments.
- ii. Valuation of undertaking's or assets of the company, wherever it is necessary.
- iii. Evaluation of internal financial controls and risk management systems.
- iv. Reviewing the findings of any internal investigations by internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- v. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- vi. To review the functioning of the Whistle Blower mechanism.
- vii. Recommend to the Board for approval of the appointment of CFO (i.e., the Whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate.
- viii. Investigate any matter referred to it by the Board or within its terms of reference.

## **3. RELATIONSHIP WITH STATUTORY, INTERNAL & COST AUDITORS**

- i. Recommend to the Board for appointment, reappointment, remuneration and terms of appointment and, if required, the replacement or removal of Statutory Auditors of the Company.
- ii. Approval of payments to Statutory Auditors for any other services rendered by them.
- iii. Review and monitor the auditor's independence and performance and effectiveness of audit process.
- iv. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- v. Reviewing the adequacy of internal audit function including the structure of the internal audit conducted by Internal Auditors.
- vi. Discussion with internal auditors of any significant findings and follow up there on.
- vii. Recommending to the Board the terms of appointment, reappointment and if required, the replacement or removal of cost auditors and internal auditors & fixation of their fees & fees for other services.
- viii. Reviewing with the management, performance of statutory, cost and internal auditors.

## **4. RISK MANAGEMENT**

- i. Formulating and recommending the Risk Management Policy Procedures and Plans to the Board.
- ii. Monitoring and reviewing the risk management plan.

## **5. RELATED PARTY TRANSACTIONS**

Approval of transactions with related parties after ascertaining whether they are at arms length and in the ordinary course of business keeping the Board informed on such transactions and its approval taken, wherever required.

The Committee has full access to information and records of the Company and can seek information from any employee of the Company. The Committee may access external professionals and obtain legal advice, if so required in discharge of its functions.

In addition to the above, the Committee shall have such functions / role / powers as may be specified in the Companies Act, 2013, listing agreement or any other applicable laws.

### 3. SECURITIES TRANSFER AND STAKEHOLDERS RELATIONSHIP COMMITTEE

Torrent's Securities Transfer and Stakeholders Relationship Committee considers and oversees resolution of grievances of security holders and investors of the Company.

During the year, the Committee met nine times on 4<sup>th</sup> April, 2014, 9<sup>th</sup> June, 2014, 9<sup>th</sup> July, 2014, 4<sup>th</sup> August, 2014, 1<sup>st</sup> October, 2014, 4<sup>th</sup> December, 2014, 5<sup>th</sup> January, 2015, 28<sup>th</sup> January, 2015 and 24<sup>th</sup> February, 2015.

The composition of the Committee as well as the particulars of attendance at the Committee meetings during the year and other related details are given in the table below:

Name & Designation of Director	Category	No. of meetings held during the tenure	No. of meetings attended
Shri Sudhir Mehta, Chairman	NED	9	8
Shri Markand Bhatt	NED	9	8
Shri Samir Mehta	MD	9	9

Mahesh Agrawal, Vice President (Legal) & Company Secretary, provided secretarial support to the Committee and was also the designated Compliance Officer for such matters.

99.44% of the equity shares of the Company are held in dematerialised form & the handling of physical transfer of shares is minimal. No transfer of equity shares is pending as on 31<sup>st</sup> March, 2015.

During the year the Company has received 5 complaints from shareholders and the same were attended within a reasonable period of time. No complaint was pending as on 31<sup>st</sup> March, 2015.

### 4. APPOINTMENT & REMUNERATION OF DIRECTORS

#### Nomination and Remuneration Committee

The Nomination and Remuneration Committee recommends the appointment of directors and remuneration of such directors other than Independent Directors. The level and structure of remuneration of senior management of the Company as per the Remuneration Policy is also overseen by this Committee.

During the year under review, five meetings of the Committee were held on 9<sup>th</sup> May, 2014, 30<sup>th</sup> July, 2014, 5<sup>th</sup> November, 2014, 28<sup>th</sup> January, 2015 and 19<sup>th</sup> February, 2015.

The composition of the Committee as well as the particulars of attendance at the Committee meetings during the year and other related details are given in the table below:

Name & Designation of Director	Category	No. of meetings held during the tenure	No. of meetings attended
Prof. Ashish Nanda, Chairman <sup>1&amp;2</sup>	ID	3	3
Shri Markand Bhatt	NED	5	4
Shri Pradeep Bhargava <sup>3</sup>	ID	4	4
Shri Shailesh Haribhakti <sup>4</sup>	ID	2	2
Smt. Bhavna Doshi <sup>1</sup>	ID	3	3

1 Prof. Ashish Nanda and Smt. Bhavna Doshi were appointed as a Member of the Committee with effect from 30<sup>th</sup> July 2014.

2 Prof. Ashish Nanda was elected as the Chairman of the Nomination and Remuneration Committee at their meeting held on 5<sup>th</sup> November, 2014.

3 Shri Pradeep Bhargava ceased to be a Member of the Committee with effect from 30<sup>th</sup> July, 2014 and was subsequently reappointed as Member with effect from 28<sup>th</sup> January, 2015.

4 Shri Shailesh Haribhakti ceased to be a Member of the Nomination and Remuneration Committee on 30<sup>th</sup> July, 2014.

Mahesh Agrawal, Vice President (Legal) & Company Secretary, provided secretarial support to the Committee.

Pursuant to Section 178 of the Companies Act, 2013 and Clause 49 of the Listing Agreement, Nomination and Remuneration Committee has the following principal terms of reference:

1. To evaluate and recommend the composition of the Board of Directors and sub-committees thereof.
2. To identify persons who are qualified to become Directors and who may be appointed in senior management positions in accordance with the criteria laid down by the Committee.
3. Consider and recommend to the Board appointment and removal of directors, other persons in senior management and key managerial personnel (KMP).
4. Determining processes for evaluating the effectiveness of individual directors and the Board as a whole and evaluating the performance of individual Directors.
5. Devising a Policy on Board Diversity.
6. Formulate the criteria for determining qualifications, positive attributes and independence of a Director.
7. Evolve the principles, criteria and basis of Remuneration policy and recommend to the Board a policy relating to the remuneration for all the Directors, KMP, senior management and other employees of the Company and to review the same from time to time.
8. The Committee shall, while formulating the policy, ensure the following:
  - (a) The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully;
  - (b) Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
  - (c) Remuneration to Directors, KMP and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

Senior Management for the above purpose shall mean personnel of the Company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, including the functional heads.
9. To undertake related activities, functions and duties as the Board of Directors may from time to time, after deliberations, prescribe or as may be required to be undertaken in terms of any statutory or regulatory provisions including Companies Act, 2013 and rules made there under and Listing Agreement with stock exchanges.
10. To make recommendations to the Board on any matter within its purview, by passing appropriate resolutions.

#### **Remuneration Policy, details of remuneration and other terms of appointment of Directors**

The Remuneration Policy of the Company is directed towards rewarding performance, based on review of achievements on a periodic basis. The Company endeavours to attract, retain, develop and motivate the high-caliber executives and to incentivize them to develop and implement Strategy, thereby enhancing the business value and maintaining a high performance workforce. The policy ensures that the level and composition of remuneration of the Whole-time Directors / Executive Directors are optimum. Remuneration package for Executive Directors are designed with optimum combination of fixed component and / or performance linked pay reflecting the physical (quantitative and qualitative) and financial performance of the Company. The salient features of the Remuneration Policy form a part of the Director's Report.

#### **Appointment & Remuneration of Executive Chairman / Whole-time Director**

The Appointment and Remuneration of Shri Samir Mehta as Executive Chairman of the Company was decided by the Board and approved by the shareholders at the meeting held on 30<sup>th</sup> July, 2014. This appointment is for a period of five years effective from 30<sup>th</sup> July, 2014.

Appointment and Remuneration of Dr. Chaitanya Dutt, Director (Research & Development) was decided by the Board and approved by the shareholders at the AGM held on 30<sup>th</sup> July, 2014 effective from 1<sup>st</sup> January, 2015 for a period of two years up to 31<sup>st</sup> December, 2016 and subsequently changed to three years with revised remuneration subject to approval of shareholders.

## Remuneration of Non-Executive Directors including Independent Directors

1. The shareholders, at the Annual General Meeting held on 30<sup>th</sup> July, 2011, approved the payment of commission to the Directors of the Company who are neither in the whole time employment nor managing director(s) (NEDs), in accordance with and upto the limit laid down under the provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof), or such other limit as may be approved by the Central Government or the relevant authority, for a period of 5 years from the financial year commencing 1<sup>st</sup> April, 2010. Further, the Board has approved, at the Board meeting held on 9<sup>th</sup> May, 2014, the payment of sitting fees at the rate of ₹ 1 lac per meeting to the NEDs for each of Board or Committee meeting attended by them, subject to the applicable service tax, with effect from 1<sup>st</sup> April, 2014 in accordance with the provisions of Section 197(5) of the Companies Act, 2013 read with the Rule 4 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.
2. The Board or its committee specifically authorised for this purpose shall determine the manner and extent upto which the commission shall be paid to the NEDs. The commission shall be determined based on the participation of the Directors in the meetings of Board and / or committees thereof and other affairs of the Company.
3. In case of absence or inadequacy of profits in any financial year, the NEDs shall be paid such remuneration as approved by the Board or its committee authorised for the purpose for such financial year, subject to such approval as may be necessary.
4. The commission for any financial year shall become due on approval by the Board of the amount of such commission and of the financial statements for that year.

Details of remuneration of Directors for the year ended 31<sup>st</sup> March, 2015 are as under:

(₹ in lacs)

Name & Designation of Director <sup>\$</sup>	Salary & Perquisites	Commission <sup>##</sup>	Sitting Fees <sup>++</sup>	Total
Shri Sudhir Mehta, Chairman Emeritus	Nil	500.00	Nil	500.00
Shri Samir Mehta, Executive Chairman	1.52 <sup>**</sup>	1000.00	Nil	1001.52
Shri Markand Bhatt <sup>\$\$</sup>	Nil	Nil	Nil	Nil
Shri Shailesh Haribhakti	Nil	17.00	12.00	29.00
Shri Haigreve Khaitan	Nil	13.00	8.00	21.00
Shri Pradeep Bhargava	Nil	17.00	17.00	34.00
Smt. Bhavna Doshi	Nil	9.00	8.00	17.00
Prof. Ashish Nanda	Nil	9.00	7.00	16.00
Dr. Chaitanya Dutt, Director (Research & Development)	476.79 <sup>**</sup>	Nil	Nil	476.79
<b>Total</b>	<b>478.31</b>	<b>1565.00</b>	<b>52.00</b>	<b>2095.31</b>

### Notes:

- <sup>\$</sup> The terms of appointment of Managing Director / Whole-time Director are governed by the resolutions of the shareholders and applicable rules of the Company. None of the Directors are entitled to severance fees.
- <sup>#</sup> Includes arrears of salary, house rent allowance, contribution to provident / gratuity / superannuation funds and perquisites.
- <sup>##</sup> Commission as approved by the Board pursuant to the shareholders approval and subject to maximum limit specified in the Companies Act, 2013.
- <sup>++</sup> Sitting Fees as approved by the Board under Rule 4 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.
- <sup>\*\*</sup> In addition they are covered under group personal accident and group mediclaim policy as per Company's Rules.
- <sup>\$\$</sup> Shri Markand Bhatt though eligible for commission and sitting fees, waived his right to receive the same.



Directors have not been granted any stock options during the year.

Khaitan & Co. and Khaitan & Co. LLP., the law firms in which Shri Haigreave Khaitan, an Independent Director, is a partner, were paid ₹ 40.57 lacs as professional fees for legal services provided during the year. Apart from above, there were no other pecuniary relationships / transactions with the Independent Directors vis-à-vis the Company.

### Shareholding of Non-Executive Directors

Details of the equity shares held by Non-Executive Directors as on 31<sup>st</sup> March, 2015 are as under:

Name of the Director	Nos. of Equity shares
Shri Sudhir Mehta	7,602,856*
Shri Markand Bhatt	10,200**
Shri Shailesh Haribhakti	6,000

\* Including shares held as Karta of HUF.

\*\* Held jointly with Shri Gunjan Bhatt (son of Shri Markand Bhatt being independent) as first holder and Shri Markand Bhatt as second holder.

## 5. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Pursuant to Section 135 of the Companies Act, 2013, the Company has constituted Corporate Social Responsibility Committee, interalia, to formulate Corporate Social Responsibility (CSR) Policy, to recommend the amount of expenditure to be incurred on social activities and to monitor the CSR Policy.

During the year under review, three meetings of the Committee were held on 9<sup>th</sup> May, 2014, 30<sup>th</sup> July, 2014 and 28<sup>th</sup> January, 2015.

The composition of the Committee as well as the particulars of attendance at the Committee meeting during the year and other related details are given in the table below:

Name & Designation of Director	Category	No. of meetings held during the tenure	No. of meetings attended
Shri Pradeep Bhargava, Chairman <sup>1</sup>	ID	3	3
Shri Markand Bhatt <sup>2</sup>	NED	2	2
Smt. Bhavna Doshi <sup>2</sup>	ID	1	1
Dr. Chaitanya Dutt	WTD	3	3

1. Shri Pradeep Bhargava was elected as Chairman of the Committee by the Members of the Committee at its meeting held on 9<sup>th</sup> May, 2014.
2. Smt. Bhavna Doshi was inducted and Shri Markand Bhatt ceased to be Member of the Committee with effect from 30<sup>th</sup> July, 2014.

Mahesh Agrawal, Vice President (Legal) & Company Secretary, provided secretarial support to the Committee.

## 6. GENERAL BODY MEETINGS

Details of the AGM held during last three years are as under:

AGM	Date	Time	Venue	No. of special resolutions passed
39 <sup>th</sup> AGM	23-Jul-12	09:30 AM	J. B. Auditorium, Torrent AMA Centre, Ground Floor, Ahmedabad Management Association, Vastrapur, Ahmedabad	-
40 <sup>th</sup> AGM	26-Jul-13	09:30 AM	-- do --	-
41 <sup>st</sup> AGM	30-Jul-14	09.30 AM	-- do --	-

During the year under review, the Company sought approval from the shareholders by Postal Ballot for the following proposals:

Date of Notice	Proposal	No. & % of votes casts in favour	No. & % of votes casts against	Date of passing of resolutions
28 <sup>th</sup> January, 2015	Special Resolution No. 1 for Issuance of Equity Shares including Convertible Bonds / Debentures through Qualified Institutional Placement (QIP) and / or Depository Receipts or any other modes for an amount not exceeding ₹ 3,000 crore	149006543 (99.76%)	362847 (0.24%)	9 <sup>th</sup> March, 2015
	Special Resolution No. 2 for Enhancement in Borrowing Limits from existing ₹ 5,000 crores to ₹ 10,000 crores	136135790 (90.96%)	13537400 (9.05%)	
	Special Resolution No. 3 for Creation of Charge on Company's properties / assets	136353849 (91.10%)	13319291 (8.89%)	
	Special Resolution No. 4 for Issuance of Unsecured / Secured Redeemable Non-Convertible Debentures / Bonds by way of Private Placement for an amount not exceeding ₹ 7,500 crores, subject to overall borrowing limits of ₹ 10,000 crores	136006157 (90.87%)	13667533 (9.13%)	
	Special Resolution No. 5 for Increase in the Foreign Institutional Investors ("FII") / Foreign Portfolio Investors ("FPI") / Non-Resident Indians ("NRI") shareholding limits in the paid up share capital of the Company	149667059 (99.99%)	6661 (0.00%)	

Shri Rajesh Parekh, Practising Company Secretary, was appointed as Scrutinizer and has conducted the Postal Ballot for the aforesaid proposals.

The procedures prescribed under Section 110 of the Companies Act, 2013 read with Rule 22 of the Companies (Management and Administration) Rules, 2014 were duly followed for conducting the postal ballot process during the year for approving the resolutions mentioned above.

All of the aforesaid resolutions were passed by the shareholders by overwhelming and requisite majority.

At present there is no proposal to pass any resolution through postal ballot.

## 7. DISCLOSURES

### a. Legal Compliances

The Company follows a formal management policy and system of legal compliance & reporting to facilitate periodical review by the Board of compliance status of laws applicable to the Company and steps taken to rectify non-compliances, if any.

There were no instances of material non-compliance and no penalties were imposed on the Company either by SEBI, Stock Exchanges or any statutory authorities on any matter related to capital markets during the last three years.

### b. Code of Business Conduct

The Board had revised the Code of Business Conduct in line with the provisions of the Companies Act, 2013 in their meeting held on 5<sup>th</sup> November, 2014. The Code of Business Conduct adopted by the Company has been posted on the website of the Company. The Members of the Board and senior management of the Company have submitted their affirmation on compliance with the Code of Business Conduct for the effective period. The declaration by the Executive Chairman to that effect forms part of this report as Annex 1.

### c. Related Party Transactions

Pursuant to Clause 49 of the Listing Agreement and applicable provisions of the Companies Act, 2013, the Company has formulated Related Party Policy for dealing with Related Party transactions. Transactions with every Related Party were entered as per the provisions of the law and the Related Party Policy. A copy of the Related Party Policy for dealing with Related Party transactions is available on the website [http://www.torrentpharma.com/pdf/Related\\_Party\\_Transactions\\_Policy.pdf](http://www.torrentpharma.com/pdf/Related_Party_Transactions_Policy.pdf).

The Company has also formulated Policy on determining material Subsidiaries as required under Clause 49 of the Listing Agreements. A copy of the policy on determining material Subsidiaries is available on the website: [http://www.torrentpharma.com/pdf/Policy\\_for\\_determining\\_Material\\_Subsidiaries.pdf](http://www.torrentpharma.com/pdf/Policy_for_determining_Material_Subsidiaries.pdf).

Transactions with related parties are disclosed in detail in Note 43 annexed to the financial statements for the year. All the Related Party transactions are duly approved by Audit and Risk Management Committee / Board as required under the provisions of the Companies Act, 2013 and Listing Agreement, as well as the Related Party Policy of the Company.

### d. CEO / CFO Certification

The Executive Chairman and Chief Financial Officer (CFO) of the Company give an annual certificate on financial reporting and internal controls to the Board in terms of Clause 49 of the Listing Agreement. The Executive Chairman and CFO also give quarterly certificate on financial results while placing the financial results before the Board in terms of Clause 41 of the Listing Agreement.

### e. Details of unclaimed shares as per Clause 5A of the Listing Agreement

Pursuant to Clause 5A of the Listing Agreement, the shares remaining unclaimed by the shareholders were transferred by the Company during the financial year 2011-12 to the "Torrent Pharmaceuticals Limited - Unclaimed Suspense Account". The voting rights on such shares shall remain frozen till the rightful owner claims the shares. During the year, on the basis of requests received from some of the shareholders, the Company credited the shares from said Account to the individual account of the related shareholders to the extent of their entitlement. The details as required under Clause 5A. II (h) of the Listing Agreement are as under:

Particulars	Number of shareholders	Number of Equity shares
Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the beginning of the year i.e. 1 <sup>st</sup> April, 2014	203	1,11,240
Number of shareholders who approached the Company / Registrars and Transfer Agents (RTA) for transfer of shares from Unclaimed Suspense Account during the year ended 31 <sup>st</sup> March, 2015	4	2,040
Number of shareholders to whom shares were transferred from Unclaimed Suspense Account during the year ended 31 <sup>st</sup> March, 2015	4	2,040
Aggregate Number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the end of the year i.e. as on 31 <sup>st</sup> March, 2015	199	1,09,200

### f. Whistle Blower Policy

The Company believes in the conduct of its affairs in a fair and transparent manner to foster professionalism, honesty, integrity and ethical behaviour. The Company is committed to developing a culture where it is safe for all the stakeholders to raise concerns about any misconduct or unacceptable practice.

The Company has adopted a Whistle Blower Policy through which the Company has institutionalized a mechanism for the Stakeholders to disclose their concerns and grievances on Unethical Behaviour and Improper / Illegal Practices and Wrongful Conduct taking place in the Company for appropriate action.

This was also the subject matter of the 'Founder's Day' attended by every employee of the Company. Awareness was created about the tone at the top. Protected Disclosures relating to financial matters are to be reported to the Chief Financial

Officer (CFO) of the Company while those relating to the non-financial matters are to be reported to the Chief Executive Officer (CEO) of the Company, with a copy to the Chairman of Audit and Risk Management Committee in all such cases and where the Protected Disclosure involves a CFO or CEO or Director of the Company, such Protected Disclosure may be made by any Stakeholder directly to the Chairman of Audit and Risk Management Committee.

Such Protected Disclosures can be made through a phone call, email or in writing.

Through this Policy, the Company provides necessary safeguards to all Whistle Blowers for making Protected Disclosures in Good Faith and any Stakeholder assisting the investigation.

#### g. Policy on protection of Women against Sexual Harassment at Work Place

The Company is committed to creating a healthy & conducive working environment that enables women employees to work without fear of prejudice, gender bias and sexual harassment and / or any such orientation in implicit or explicit form. The Company considers sexual harassment as a gross misconduct. Pursuant to the provisions of “The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013” and Rules made thereunder, the Company has adopted a “Policy on Protection of Women Against Sexual Harassment at Work Place” with effect from 1<sup>st</sup> March, 2014 by replacing the policy earlier adopted by the Company. Through this Policy, the Company seeks to provide protection to its women employees against sexual harassment at work place and thereby provide mechanism for redressal of complaints relating to matters connected therewith or incidental thereto.

Pursuant to the Policy, the Company has formed a Complaint Redressal Committees at each administrative unit / office of the Company with majority women members. During the year, no case was reported under the Policy.

#### h. Mandatory & Non-Mandatory Clauses

The Company has complied with all mandatory requirements laid down by Clause 49. The non-mandatory requirements complied with have been disclosed at the relevant places.

### 8. COMMUNICATION TO SHAREHOLDERS

During the year, audited quarterly and audited annual financial results on standalone basis and un-audited quarterly and audited annual financial results on a consolidated basis of the Company were submitted to the stock exchanges soon after the Board meeting approved these and were published in leading newspapers viz. The Financial Express and The Indian Express in all edition of English language and The Financial Express in Gujarati language. These were also promptly put on the Company’s website [www.torrentpharma.com](http://www.torrentpharma.com). All official news release of relevance, quarterly results and presentations made by the Company to investors / analysts were also made available on the Company’s website for a reasonable period of time. The Company plans to send soft copies of Annual Report 2014-15 to those shareholders whose email IDs are registered with the Depository Participants (DPs) and / or with the Company’s Registrars and Transfer Agents, unless opted by them to get the physical copy, to support the “Green Initiative in Corporate Governance”, an initiative taken by the Ministry of Corporate Affairs (MCA).

### 9. GENERAL SHAREHOLDER INFORMATION

#### a. 42<sup>nd</sup> AGM

Date & Time	Monday, 27 <sup>th</sup> July, 2015 at 09:30 AM
Venue	J. B. Auditorium, Torrent AMA Centre, Ground Floor, Ahmedabad Management Association, Vastrapur, Ahmedabad

#### b. Tentative Financial Calendar for the year 2015-16

Financial year	1 <sup>st</sup> April to 31 <sup>st</sup> March
First Quarter results	Fourth week of July 2015
Half Yearly results	Fourth week of October 2015
Third Quarter results	Fourth week of January 2016
Results for year-end	Second week of May 2016

**c. Date of Book Closure**

17<sup>th</sup> June, 2015 to 19<sup>th</sup> June, 2015 (both days inclusive)

**d. Dividend payment date**

The proposed dividend, if approved at the ensuing AGM will be distributed on or around 31<sup>st</sup> July, 2015.

**e. Listing on Stock Exchanges and Security Codes**

Name of Stock Exchange	Security Code
BSE Limited, Mumbai (BSE)	500420
National Stock Exchange of India Limited, Mumbai (NSE)	TORNTPHARM

The Company has paid the annual listing fees for the year 2015-16 to both the above stock exchanges.

**f. Market Price Data**

The closing market price of equity share on 31<sup>st</sup> March, 2015 (last trading day of the year) was ₹ 1160.85 on BSE & ₹ 1158.60 on NSE.

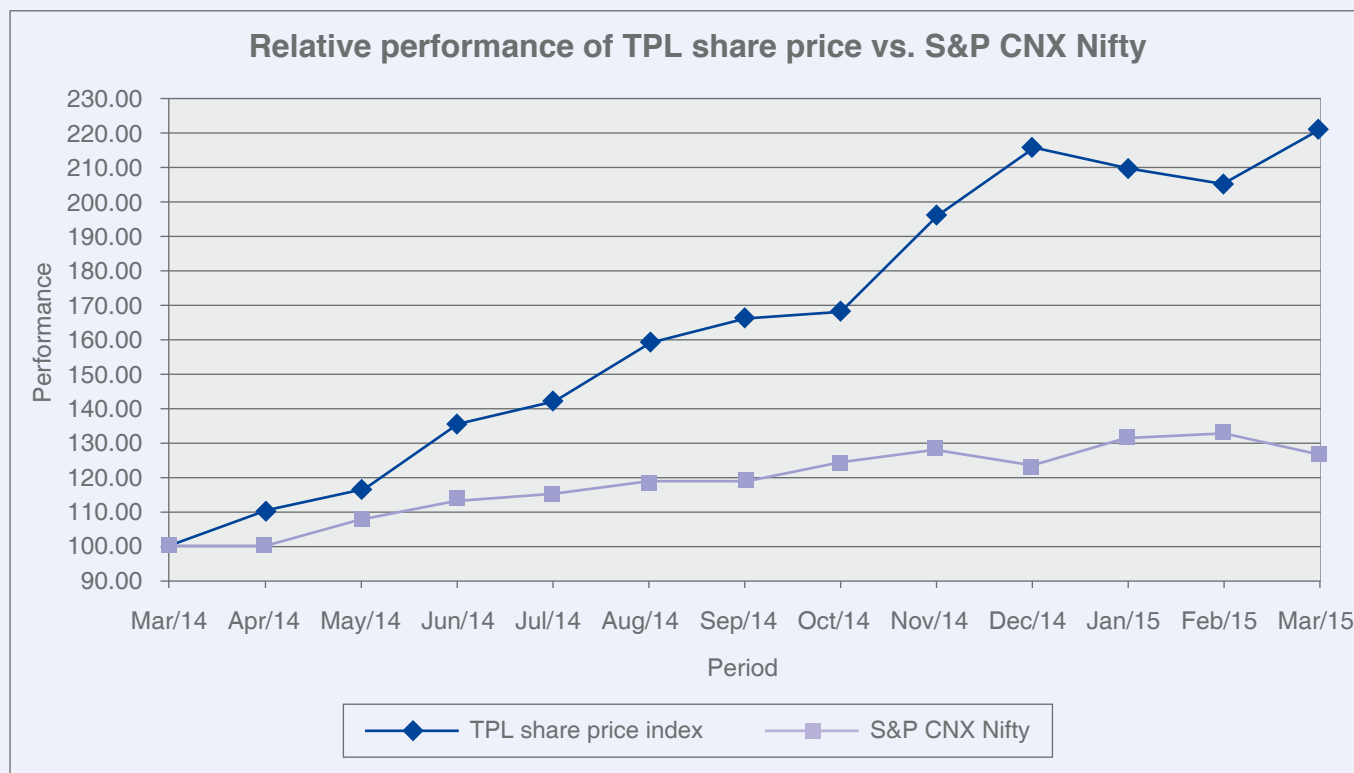
The monthly movement of equity share prices during the year at BSE & NSE are summarized below:

Monthly Share Price movement during the financial year ended 31 <sup>st</sup> March, 2015 at BSE & NSE						
(share price in ₹)						
Month	BSE			NSE		
	High	Low	Volume	High	Low	Volume
Apr-14	607.70	523.00	335,730	644.00	520.25	2,262,658
May-14	688.70	569.50	645,152	689.00	571.75	4,311,460
Jun-14	722.45	608.85	521,268	723.95	607.10	1,886,963
Jul-14	785.00	655.50	491,782	785.00	659.50	2,034,916
Aug-14	852.00	725.00	201,212	854.00	734.00	1,440,554
Sep-14	939.95	825.00	228,241	933.70	793.00	1,861,074
Oct-14	932.80	810.25	136,628	934.00	811.10	1,345,652
Nov-14	1063.55	883.75	225,787	1065.00	882.00	1,483,604
Dec-14	1188.00	966.00	318,816	1187.80	965.00	2,555,968
Jan-15	1231.70	1071.75	304,389	1223.00	1073.20	1,898,464
Feb-15	1166.75	1033.00	153,301	1166.00	1030.10	1,390,856
Mar-15	1173.50	1054.90	161,556	1175.00	1050.00	2,167,055
<b>Total</b>			<b>3,723,862</b>			<b>24,639,224</b>
<b>% of volume traded to outstanding shares</b>			<b>2.20%</b>			<b>14.56%</b>

The performance of the equity share price of the Company vis-à-vis the S&P CNX Nifty at NSE is as under:

Month	TPL Share Price at NSE**	S&P CNX Nifty**	Relative Index for comparison purpose	
			TPL share price index	S&P CNX Nifty
Mar-14	524.25	6704.20	100.00	100.00
Apr-14	578.00	6696.40	110.25	99.88
May-14	611.35	7229.95	116.61	107.84
Jun-14	710.05	7611.35	135.44	113.53
Jul-14	743.70	7721.30	141.86	115.17
Aug-14	832.75	7954.35	158.85	118.65
Sep-14	871.45	7964.80	166.23	118.80
Oct-14	881.90	8322.20	168.22	124.13
Nov-14	1027.55	8588.25	196.00	128.10
Dec-14	1130.35	8282.70	215.61	123.54
Jan-15	1099.70	8808.90	209.77	131.39
Feb-15	1074.40	8901.85	204.94	132.78
Mar-15	1158.60	8491.00	221.00	126.65

\*\* closing data on the last day of the month



**g. Distribution of shareholding as at 31<sup>st</sup> March, 2015**

By size of shareholding:

Category (Shares)	Mode of Holding	No. of Shares	% To Equity	No. of Holders	% To Holders
1-1,000	Electronic	4,284,871	2.53	28,710	90.60
	Physical	778,419	0.46	1,596	5.04
1,001-2,000	Electronic	978,830	0.58	642	2.03
	Physical	110,400	0.07	69	0.22
2,001-10,000	Electronic	1,692,243	1.00	401	1.27
	Physical	64,800	0.04	17	0.05
10,001-20,000	Electronic	1,134,698	0.67	80	0.25
	Physical	0	0.00	0	0.00
Above 20,000	Electronic	160,178,459	94.66	172	0.54
	Physical	0	0.00	0	0.00
	<b>Electronic</b>	<b>168,269,101</b>	<b>99.44</b>	<b>30,005</b>	<b>94.69</b>
	<b>Physical</b>	<b>953,619</b>	<b>0.56</b>	<b>1,682</b>	<b>5.31</b>
	<b>Total:</b>	<b>169,222,720</b>	<b>100.00</b>	<b>31,687</b>	<b>100.00</b>

By category of shareholders:

Category	No. of Shares		Total Shares	% of Holding
	Electronic	Physical		
Promoter's Group	34,449,248	0	34,449,248	20.36
Mutual Fund and UTI	11,380,019	800	11,380,819	6.73
Bank, FIs & Insurance Companies	72,588	0	72,588	0.04
Foreign Institutional Investors / QFIs / NRIs	21,064,247	0	21,064,247	12.45
Other Bodies Corporate	88,562,778	9,560	88,572,338	52.34
Indian Public	12,740,221	943,259	13,683,480	8.09
<b>Total</b>	<b>168,269,101</b>	<b>953,619</b>	<b>169,222,720</b>	<b>100.00</b>

**h. Dematerialisation of securities**

The equity shares of the Company are traded compulsorily in the dematerialized segment of all the stock exchanges and are under rolling settlement. Approximately 99.44% of the shares have been dematerialised. Shares held by promoters are all in dematerialised form. The demat security (ISIN) code for the equity share is INE685A01028.

**i. Share transfer system**

To expedite the transfer of shares held in physical mode the powers to authorise transfers have been delegated to specified officials of the Company. The transfers which are complete in all respects are taken up for approval generally every ten days and the transferred securities dispatched to the transferee within fifteen days. The details of transfers / transmission approved by the delegates are noted by the Securities Transfer and Stakeholders Relationship Committee at its next meeting. The Company obtains from a Company Secretary in Practice half-yearly certificate of compliance with the share transfer formalities as required under Clause 47(c) of the Listing Agreement and files a copy of the certificate with the Stock Exchanges.

The Company has signed necessary agreements with two depositories currently functional in India viz. National Securities Depository Limited & Central Depository Services (India) Limited. The transfer of shares in depository mode need not be approved by the Company.

**j. Outstanding GDRs / ADRs / Warrants / any other convertible instruments**

The Company does not have any outstanding instruments of the captioned type.

**k. Registered Office**

Torrent House, Off Ashram Road, Ahmedabad – 380 009, Gujarat, India

Phone: + 91 79 26585090 / 26583060

Fax: + 91 79 26582100

**l. Plant Locations**

1. Village Indrad, Taluka Kadi, Dist. Mehsana (Gujarat)

2. Village Bhud, Baddi, Teh. Nalagarh, Dist. Solan (Himachal Pradesh)

3. 32 No. Middle Camp, NH-31A, East District, Gangtok (Sikkim)

**m. Dahej Project Site**

Plot No. Z104-106, Dahej SEZ Phase II, Taluka Vagra, Dist. Bharuch (Gujarat)

**n. Research & Development Facility**

Village Bhat, Dist. Gandhinagar - 382 428 (Gujarat)

**o. Compliance Officer**

Mahesh Agrawal

VP (Legal) & Company Secretary

Torrent Pharmaceuticals Limited

Torrent House, Off Ashram Road, Ahmedabad – 380 009, Gujarat, India

Phone: + 91 79 26585090 / 26583060 Fax: + 9179 26582100

Email Id: maheshagrwal@torrentpharma.com

**p. Investor services**

Email Id: investorservices@torrentpharma.com

**q. Registrars & Transfer Agents (RTA)**

KARVY COMPUTERSHARE PRIVATE LIMITED

Unit: Torrent Pharmaceuticals Limited

Karvy Selenium Tower-B, Plot No. 31 & 32, Financial District,

Gachibowli, Hyderabad - 500 008, India

Phone: + 91 40 67162222

Fax: + 91 23001153

Contact person: K. S. Reddy

E-mail: einward.ris@karvy.com

For & on behalf of the Board

Ahmedabad  
15<sup>th</sup> May, 2015

**Samir Mehta**  
Executive Chairman

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## ANNEX 1 TO CORPORATE GOVERNANCE REPORT

To  
The Shareholders,

### Affirmation of Compliance with Code of Business Conduct

I, Samir Mehta, Executive Chairman, declare that the Board of Directors of the Company has received affirmation on compliance with the Code of Business Conduct for the period from 1<sup>st</sup> April, 2014 or the date of their joining the Company, whichever is later to 31<sup>st</sup> March, 2015 from all Members of the Board and employees under Senior Management Cadre comprising CEO / Executive Directors (not a Member of the Board), Vice Presidents and General Managers.

Ahmedabad  
15<sup>th</sup> May, 2015

**Samir Mehta**  
Executive Chairman



# Standalone Financial Statements 2014-15

# AUDITORS' REPORT

## INDEPENDENT AUDITORS' REPORT

### TO THE MEMBERS OF TORRENT PHARMACEUTICALS LIMITED

#### Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **TORRENT PHARMACEUTICALS LIMITED** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

#### Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditors' Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March, 2015, and its profit and its cash flows for the year ended on that date.

#### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143 (3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 24 to the financial statements;
  - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts - Refer Note 7 & 33 to the financial statements;
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company;

**For DELOITTE HASKINS & SELLS**

Chartered Accountants  
(Firm Registration No. 117365W)

**(Hemendra Shah)**

Partner  
(Membership No. 33590)

Ahmedabad,  
15<sup>th</sup> May, 2015

## ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) In respect of its fixed assets:
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
  - (b) The fixed assets were physically verified over a period of three years by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, discrepancies noticed on such verification have been properly dealt with in the books of account.
- (ii) In respect of its inventories:
  - (a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.
  - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
  - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the Register maintained under Section 189 of the Companies Act, 2013.
- (iv) In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits from the public.
- (vi) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records & Audit) Rules, 2014, as amended and prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) According to the information and explanations given to us in respect of statutory dues:
  - (a) The Company has been generally regular in depositing undisputed dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.
  - (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues in arrears as at 31st March, 2015 for a period of more than six months from the date they became payable.
  - (c) Details of dues of Income-tax, Sales Tax/VAT, Service Tax, Excise Duty, Cess and Employees' State Insurance which have not been deposited as on 31st March, 2015 on account of disputes are given below:

Statute	Nature of Dues	Forum where Dispute is pending	Period to which the amount relates	Amount involved (₹ in Crores)
West Bengal Sales Tax Act, 1994	Demand of Tax	Taxation Tribunal, West Bengal	2004-05	0.10
West Bengal Value Added Tax Act, 2003	Demand of Tax	Addl.C.C.T, West Bengal	2005-06 to 2008-09	1.34
		Joint Commissioner Commercial Tax, West Bengal	2010-11	0.47
Uttar Pradesh Trade Tax Act, 1948	Demand of Tax	Joint Commissioner Commercial Tax, Uttar Pradesh	2003-04 and 2005-06	0.41
Uttar Pradesh Trade Tax Act, 2008	Demand of Tax	Joint Commissioner Commercial Tax, Uttar Pradesh	2010-11	0.50
	Demand of Penalty	Tribunal, Uttar Pradesh	2009-10	0.02

Statute	Nature of Dues	Forum where Dispute is pending	Period to which the amount relates	Amount involved (₹ in Crores)
The Orissa Value Added Tax Act, 2004	Demand of Tax	Additional Commissioner of Sales Tax, Orissa	2004-05 to 2008-09	0.13
The Maharashtra Value Added Tax Act, 2002	Demand of Tax	DC Appeals	2006-07	0.85
The Kerala Value Added Tax Act, 2003	Demand of Tax	DC Appeals	2007-08	0.69
The Central Excise Act, 1944	Cenvat Credit / Input Service Tax / Demand of Duty and penalty	Assistant Commissioner Central Excise Gangtok division	2012-13	0.05
		CESTAT	2005-06 to 2011-12	0.39
		Commissioner (Appeals)	2006-07	0.02
		Commissioner Siliguri	2011-12	1.91
	Recovery for rebate	Dy. Commissioner Central Excise Kalol	2013-14	0.06
Finance Act, 1994	Demand of Penalty	Assistant Commissioner Central Excise Shimla division	2013-14	0.00
		CESTAT	2006-07 to 2012-13	2.38
	Demand of tax and penalty	Assistant Commissioner - Divison II, Service tax	2009-10 to 2014-15	0.01
		Commissioner, Service tax Ahmedabad	2012-13 & 2013-14	6.99
The E.S.I Act, 1948	E.S.I Contribution	Additional Commissioner, Service tax Ahmedabad	2011-12 to 2013-14	0.53
		Gujarat High Court	1993-94 to 2012-13	7.01
Income Tax Act, 1961	Demand of Tax	Commissioner of Income Tax (Appeals)	2004-05 & 2008-09	0.59

- (d) The Company has been regular in transferring amounts to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and Rules made thereunder within time.
- (viii) The Company does not have accumulated losses at the end of the financial year. The Company has not incurred cash losses during the financial year covered by the audit and in the immediately preceding the financial year.
- (ix) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks and financial institutions. The Company has not issued any debentures.
- (x) In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company for loans taken by others from banks are not, prima facie, prejudicial to the interests of the Company.
- (xi) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained, other than temporary deployment pending application.
- (xii) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

**For DELOITTE HASKINS & SELLS**

Chartered Accountants

(Firm's Registration No. 117365W)

**Hemendra Shah**

Partner

(Membership No. 33590)

Ahmedabad  
15<sup>th</sup> May, 2015

## BALANCE SHEET

	Notes	As at 31-Mar-2015	(₹ in Crores) As at 31-Mar-2014
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholder's funds</b>			
Share capital	2	84.62	84.62
Reserves and surplus	3	2,620.97	2,205.19
		<b>2,705.59</b>	<b>2,289.81</b>
<b>Non-current liabilities</b>			
Long-term borrowings	4	2,185.22	744.46
Deferred tax liabilities (net)	5	188.84	47.46
Other long-term liabilities	6	6.94	9.61
Long-term provisions	7	97.12	74.40
		<b>2,478.12</b>	<b>875.93</b>
<b>Current liabilities</b>			
Short-term borrowings	4	100.00	210.34
Trade payables		630.23	479.69
Other current liabilities	6	426.39	337.72
Short-term provisions	7	169.26	139.19
		<b>1,325.88</b>	<b>1,166.94</b>
		<b>6,509.59</b>	<b>4,332.68</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets	8		
Tangible assets		905.31	831.39
Intangible assets		1,858.19	4.77
Capital work-in-progress		627.78	507.58
		<b>3,391.28</b>	<b>1,343.74</b>
Non-current investments	9	150.35	149.38
Long-term loans and advances	10	186.05	106.49
Other non-current assets	11	50.28	60.74
		<b>3,777.96</b>	<b>1,660.35</b>
<b>Current assets</b>			
Current investments	9	283.48	172.48
Inventories	12	781.15	694.51
Trade receivables	13	1,194.00	1,317.43
Cash and cash equivalents	14	69.68	218.49
Short-term loans and advances	10	103.41	80.88
Other current assets	11	299.91	188.54
		<b>2,731.63</b>	<b>2,672.33</b>
		<b>6,509.59</b>	<b>4,332.68</b>
<b>Notes forming part of the Standalone Financial Statements</b>	1-43		

In terms of our report attached

**For DELOITTE HASKINS & SELLS**  
Chartered Accountants

**Hemendra Shah**  
Partner

Ahmedabad  
15<sup>th</sup> May, 2015

**Ashok Modi**  
Executive Director  
& Chief Financial Officer

Signatures to the Balance Sheet

**Samir Mehta**  
Executive Chairman

**Mahesh Agrawal**  
VP (Legal) & Company Secretary

Ahmedabad  
15<sup>th</sup> May, 2015

## STATEMENT OF PROFIT AND LOSS

		(₹ in Crores)	
	Notes	Year ended 31-Mar-2015	Year ended 31-Mar-2014
<b>REVENUE</b>			
Revenue from operations			
Sales		3,417.69	3,228.00
Less : Excise duties	29	7.88	7.38
Net sales		3,409.81	3,220.62
Operating income		65.68	144.25
Revenue from operations (net)	15	3,475.49	3,364.87
Other income	16	305.67	35.54
<b>Total Revenue</b>		<b>3,781.16</b>	<b>3,400.41</b>
<b>EXPENSES</b>			
Cost of materials consumed	17	968.20	876.08
Purchases of stock-in-trade		200.78	93.38
Changes in inventories of finished goods, work-in-progress and stock-in-trade	18	(85.57)	30.61
Employee benefits expense	19	507.41	418.90
Finance costs	20	172.72	58.44
Depreciation and amortization expense		180.22	79.47
Other expenses	21	1,041.32	885.21
<b>Total Expenses</b>		<b>2,985.08</b>	<b>2,442.09</b>
<b>PROFIT BEFORE TAX</b>		<b>796.08</b>	<b>958.32</b>
<b>TAX EXPENSE</b>			
Current tax [Net of MAT credit utilized Nil (previous year ₹ 14.94 Crores)]		165.94	205.80
Deferred tax charge / (credit)		141.38	(9.42)
MAT credit entitlement		(134.74)	-
Short / (excess) provision for tax of earlier years		0.32	(0.40)
		<b>172.90</b>	<b>195.98</b>
<b>NET PROFIT FOR THE YEAR</b>		<b>623.18</b>	<b>762.34</b>
Earnings per share [Nominal value per equity share of ₹ 5]			
Basic and diluted	22	36.83	45.05
<b>Notes forming part of the Standalone Financial Statements</b>	1-43		

In terms of our report attached

**For DELOITTE HASKINS & SELLS**  
Chartered Accountants

**Hemendra Shah**  
Partner

Ahmedabad  
15<sup>th</sup> May, 2015

**Ashok Modi**  
Executive Director  
& Chief Financial Officer

Signatures to the Statement of Profit and Loss

**Samir Mehta**  
Executive Chairman

**Mahesh Agrawal**  
VP (Legal) & Company Secretary

Ahmedabad  
15<sup>th</sup> May, 2015

## CASH FLOW STATEMENT

	(₹ in Crores)	
	Year ended 31-Mar-2015	Year ended 31-Mar-2014
<b>A CASH FLOW FROM OPERATING ACTIVITIES :</b>		
PROFIT BEFORE TAX	796.08	958.32
Adjustments for :		
Depreciation and amortization expense	180.22	79.47
Allowance for doubtful debts (net of bad debts)	(5.97)	21.84
Foreign exchange loss / (gain) on borrowings	-	2.89
(Gain)/Loss on sale / discard / write-off of fixed assets	(1.19)	3.87
Provision / (reversal) on asset held for sale	0.08	0.29
(Profit) / loss on sale of current investments	(15.95)	(10.54)
Finance cost	172.72	58.44
Interest income	(11.73)	(23.94)
Government grant	(0.64)	(0.68)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	1,113.62	1,089.96
Adjustments for changes in working capital :		
Trade receivables, loans & advances and other assets	(134.62)	(517.91)
Inventories	(86.64)	2.58
Trade payables, liabilities and provisions	207.52	(47.54)
CASH GENERATED FROM OPERATIONS	1,099.88	527.09
Direct taxes paid	(33.78)	(217.01)
NET CASH FROM OPERATING ACTIVITIES	1,066.10	310.08
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Acquisition of Business (Note 41)	(1,960.00)	-
Purchase of fixed assets	(176.13)	(364.45)
Proceeds from fixed assets sold	5.79	1.81
Long-term investments in subsidiaries	-	(0.94)
Refund of / (investment in) capital of partnership firms	(0.94)	(0.94)
Profit on sale of current investments	15.95	10.54
Interest received	15.72	27.85
NET CASH USED IN INVESTING ACTIVITIES	(2,099.64)	(326.13)
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from long-term borrowings	1,660.39	426.74
Repayment of long-term borrowings	(144.25)	(84.87)
Net proceeds/ (repayment) of short-term borrowings	(128.94)	72.17
Government grant	0.64	0.68
Dividend paid	(199.69)	(267.39)
Finance cost paid	(192.42)	(60.83)
NET CASH USED IN FINANCING ACTIVITIES	995.73	86.50
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	(37.81)	70.45
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	390.97	320.52
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	353.16	390.97
<b>Note:</b> Cash and cash equivalents as at end of the year :		
Cash and cash equivalents as per Note - 14	69.68	218.49
Current investments as per Note - 9	283.48	172.48
	353.16	390.97

In terms of our report attached

**For DELOITTE HASKINS & SELLS**  
Chartered Accountants

**Hemendra Shah**  
Partner

Ahmedabad  
15<sup>th</sup> May, 2015

**Ashok Modi**  
Executive Director  
& Chief Financial Officer

Signatures to the Cash Flow Statement

**Samir Mehta**  
Executive Chairman

**Mahesh Agrawal**  
VP (Legal) & Company Secretary

Ahmedabad  
15<sup>th</sup> May, 2015



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### NOTE - 1 : SIGNIFICANT ACCOUNTING POLICIES

#### 1.1 Basis for preparation of financial statements

The financial statements have been prepared and presented under the historical cost convention on an accrual basis of accounting, and in accordance with the Generally Accepted Accounting Principles (GAAP) in India. GAAP includes Accounting Standards (AS) notified by the Central Government of India under Section 133 of the Companies Act, 2013 read with Rule 7 of Companies (Accounts) Rules, 2014 and provisions of the Companies Act, 2013, pronouncements of Institute of Chartered Accountants of India and guidelines issued by Securities and Exchange Board of India (SEBI). The Company has presented financial statements as per format prescribed by Schedule III, notified under the Companies Act, 2013. Except where otherwise stated, the accounting policies are consistently applied.

All the assets and liabilities have been classified as current or non current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013.

Current assets / liabilities include the current portion of non current financial assets / liabilities respectively. All other assets / liabilities are classified as non current.

#### 1.2 Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make assumptions, critical judgements and estimates, which it believes are reasonable under the circumstances, that affect the reported amounts of assets, liabilities and contingent liabilities on the date of financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates. Difference between the actual results and estimates are recognized in the period in which the results are known or materialize.

#### 1.3 Fixed assets, depreciation and amortization

##### Tangible assets

- (a) Tangible fixed assets are stated at cost of acquisition or construction less accumulated depreciation. The cost of fixed asset comprises of its purchase price, non-refundable taxes & levies, freight and other incidental expenses related to the acquisition and installation of the respective assets. Borrowing cost attributable to acquisition or construction of qualifying fixed assets is capitalized to respective assets when the time taken to put the assets to use is substantial.
- (b) Pre-operative expenditure comprising of revenue expenses incurred in connection with project implementation during the period upto commencement of commercial production are treated as part of project costs and are capitalized. Such expenses are capitalized only if the project to which they relate, involve substantial expansion of capacity or upgradation.
- (c) Depreciation on fixed assets is provided using the straight-line method based on useful life of the assets estimated by the management.

The management's estimate of the useful life for various categories of fixed assets are given below:

Office buildings*	58 years
Factory buildings*	28 years
Plant and machinery*	10 to 20 years
Laboratory equipment*	5 to 20 years
Electrical equipment *	10 to 20 years
Furniture and fixtures	10 years
Office equipment *	10 years
Computer equipment	3 years
Vehicles*	10 years

\* For these class of assets, the useful life of assets is different than the prescribed life as per Part C of Schedule II of the Companies Act, 2013. The different useful life is based on internal technical evaluation by the Company and historical usage of assets.

- (d) Cost of leasehold land (except for lease of long tenure) is amortized over the period of the lease. Cost of lease hold land where lease period is of long tenure and substantial rights of ownership are with lessee, is not amortized.

### Intangible assets

- (a) Acquired product licenses are capitalized at costs comprising of direct costs of purchase and expenses directly attributable to the purchase of product licenses.
- (b) Software costs are capitalized and recognized as intangible assets based on materiality, accounting prudence and significant economic benefits expected to flow there from for a period longer than one year.
- (c) Intangible assets are amortized over their estimated useful lives on a straight-line basis. The management's estimate of the useful life of various categories of intangible assets are given below:

Product licenses	Upto 10 years
Software	3 to 5 years
Brands	Upto 15 years
Non Compete agreement	Upto 3 years
Goodwill	Upto 15 years

The management estimated useful life of 15 years for brands and goodwill, based on expected growth in sales, future competition, life cycle of brand, over which majority of the future economic benefits will be generated.

### Impairment of assets

- (a) Fixed assets are reviewed for impairment losses at each balance sheet date for events or changes in circumstances indicating that the carrying amount may not be recoverable. An impairment loss is then recognized for the amount by which the carrying amount of the assets exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.
- (b) Fixed assets that have been retired from their active use and held for disposal, are classified as current assets, and are stated at lower of their cost and net realizable value.

### 1.4 Investments

- (a) Noncurrent investments are carried at cost. Provision is made to recognize any diminution in value, other than that of a temporary nature.
- (b) Current investments are carried at lower of cost and fair value. Diminution in value is charged to the statement of profit and loss.
- (c) Current investments readily convertible in known amount of cash and subject to insignificant risk of changes in value are classified as cash and cash equivalents for preparation of cash flow statement.

### 1.5 Cash flow statement

The cash flow statement is prepared as per the "Indirect Method" as set out in AS - 3 "Cash Flow Statements" issued by the Institute of Chartered Accountants of India.

### 1.6 Inventories

Inventories are valued at the lower of cost and net realizable value. Provision for impairment is made when there is uncertainty in salability of an item. Costs incurred in bringing inventories to its existing location and condition are determined on the following basis:

- (a) Raw materials and packing materials - Purchase cost of materials on moving average basis.
- (b) Finished goods (manufactured) and work-in-progress - Cost of purchase, cost of conversion and other costs proportionately allocated determined on weighted average basis.
- (c) Finished goods (traded) - Purchase cost on moving average basis.

### 1.7 Revenue recognition

- (a) Revenue from sale of goods is recognized when the significant risks and rewards of ownership of goods are transferred to the customers. Sales are net of discounts, sales tax, value added tax and estimated returns. Excise duty collected on sales are shown by way of deduction from sales.
- (b) Provision for sales returns are estimated on the basis of historical experience, market conditions and specific contractual terms and provided for in the year of sale as reduction from revenue. The methodology and assumptions

used to estimate returns are monitored and adjusted regularly in line with contractual and legal obligations, trade practices, historical trends, past experience and projected market conditions.

- (c) Income from services is recognized when the services are rendered or when contracted milestones have been achieved.
- (d) Revenue from arrangements which includes performance of obligations is recognized in the period in which related performance obligations are completed.
- (e) Export entitlements are recognized as income when right to receive credit as per the terms of the scheme is established in respect of the exports made and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.
- (f) Dividend income is recognized when the unconditional right to receive dividend is established.
- (g) Interest income is recognized using the time proportionate method, based on rates implicit in the transaction.
- (h) Revenue in respect of other income is recognized when a reasonable certainty as to its realization exists.

## 1.8 Employees retirement and other benefits

### Short-term employee benefits :

Short-term employee benefits like salaries, wages, bonus and welfare expenses payable wholly within twelve months of rendering the service are accrued in the year in which the associated services are rendered by the employees.

### Long-term employee benefits :

- (a) Defined contribution plan :

Contribution in case of defined contribution plans (provident fund, superannuation benefit, social security schemes and other fund/schemes) is charged to the statement of profit and loss as and when it is incurred as employee benefits.

- (b) Defined benefit plan :

The accruing liability on account of gratuity (retirement benefit in the nature of defined benefits plan) is actuarially valued every year. The current service cost, interest cost, expected return on plan assets and the actuarial gain/ loss are debited / credited, as the case may be, to the statement of profit and loss of the year as employees benefits.

The liability for compensated absences and leave encashment is provided on the basis of actuary valuation, as at balance sheet date.

## 1.9 Government grants

- (a) Government grants are recognized when there is reasonable assurance that the grant will be received and all relevant conditions are complied with.
- (b) Grants received by way of investment subsidy scheme in relation to total investment are credited to capital reserve and are treated as part of owners' fund.
- (c) Grants that compensate expenses are recognized on receipt basis.

## 1.10 Finance costs

Finance costs consist of interest, amortization of ancillary costs and other costs in connection with the borrowing of funds and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

## 1.11 Cenvat credit

Cenvat (Central value added tax) credit in respect of excise, custom and service tax is accounted on accrual basis on purchase of eligible inputs, capital goods and services. The balance of cenvat credit is reviewed at the end of each year and amount estimated to be un-utilisable is charged to the statement of profit and loss for the year.

## 1.12 Stores and spares

Stores and spares (other than spares acquired with fixed assets) are charged to the statement of profit and loss as and when purchased.

## 1.13 Software costs

Expenditure incurred for procuring, developing, improving and maintaining software programs are charged to the statement of profit and loss as and when incurred, except when capitalized in accordance with Note 1.3 above.

#### 1.14 Research and development

Revenue expenditure on research and development is expensed off under the respective head of expenses in the year in which it is incurred. Capital expenditure on research and development is reported as fixed assets under the relevant head. Depreciation on research and development fixed assets are not classified as research and development expenses and instead included under depreciation expenses.

#### 1.15 Leases

Lease rentals in respect of assets taken on operating lease are charged to the statement of profit and loss on accrual and straightline basis over the lease term.

#### 1.16 Accounting for taxes

- (a) Current tax is accounted on the basis of estimated taxable income for the current accounting year and in accordance with the provisions of the Income Tax Act, 1961.
- (b) Deferred tax resulting from timing differences between accounting and taxable profit for the period is accounted by using tax rates and laws that have been enacted or substantively enacted as at the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future. Net deferred tax liabilities are arrived at after setting off deferred tax assets.
- (c) Minimum alternative tax (MAT) paid in accordance with the tax laws, which gives rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset when it is probable that the future economic benefit associated with it will flow to the Company.

#### 1.17 Foreign currency transactions and balances

- (a) Foreign currency transactions are recorded at the exchange rates prevailing on the date of the transaction.
- (b) The net gain or loss on account of exchange differences arising on settlement of foreign currency transactions are recognized as income or expense of the period in which they arise.
- (c) Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the closing rate. The resultant exchange differences are recognized in the statement of profit and loss. Non-monetary assets and liabilities are carried at the rates prevailing on the date of transaction. The Company has not exercised the option for capitalization or amortization of exchange differences on long term foreign currency monetary items as provided by notification issued by the Ministry of Corporate Affairs.
- (d) Investments in shares of foreign subsidiaries and other entities are expressed in reporting currency at the rates of exchange prevailing at the time when the original investments were made.

#### 1.18 Derivative instruments and hedge accounting

- (a) In case of forward contracts, to which AS 11, "The Effects of Changes in Foreign Exchange Rates" applies, the difference between the forward rate and the exchange rate on the date of the contract is recognized as income or expense over the life of the contract. Exchange differences on such a contract are recognized in the statement of profit and loss in the period in which the exchange rates change.
- (b) Foreign currency forward contracts, to which AS 11 does not apply, hedge accounting principles set out in AS 30 "Financial Instruments: Recognition and Measurement" are adopted w.e.f. 01<sup>st</sup> April, 2011 to the extent they do not conflict with existing mandatory accounting standards and other authoritative pronouncements, Company law and other regulatory requirements. These transactions comprise of forward contracts taken to hedge risks associated with foreign currency fluctuations relating to highly probable forecast transactions and designated as cash flow hedges and valued at fair value. Changes in the fair value of these forward contracts that are effective hedges are recognized directly in cash flow hedge reserve account and the ineffective portion is recognized in the statement of profit and loss. Amount accumulated in cash flow hedge reserve account is reclassified to the statement of profit and loss in the same period during which the forecasted transaction materialize. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting.

If the forecasted transaction is no longer expected to occur, the net cumulative gain or loss recognized in cash flow hedge reserve account is immediately transferred to the statement of profit and loss for the period.

#### 1.19 Provisions, contingent liabilities and contingent assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources for which reliable estimate can be made. Liabilities which are of a contingent nature are not provided but are disclosed at their estimated amount in the notes forming part of the financial statements. Contingent assets are neither recognized nor disclosed in the financial statements.

(₹ in Crores)

	As at 31-Mar-2015	As at 31-Mar-2014
<b>NOTE - 2 : SHARE CAPITAL</b>		
<b>Authorised</b>		
200,000,000 (previous year 200,000,000) equity shares of ₹ 5 each	100.00	100.00
2,500,000 (previous year 2,500,000) preference shares of ₹ 100 each	25.00	25.00
	<b>125.00</b>	<b>125.00</b>
<b>Issued</b>		
169,236,720 (previous year 169,236,720) equity shares of ₹ 5 each	84.62	84.62
<b>Subscribed and fully paid-up</b>		
169,222,720 (previous year 169,222,720) equity shares of ₹ 5 each	84.62	84.62
	<b>84.62</b>	<b>84.62</b>
<b>Forfeited shares</b>		
Amount originally paid up on 14,000 (previous year 14,000) equity shares of ₹ 5 each forfeited * Amount ₹ 35,000/- (previous year ₹ 35,000/-)	*	*
	<b>84.62</b>	<b>84.62</b>

Note:

(i) Reconciliation of equity shares outstanding at the beginning and at the end of the reporting year:

	As at 31-Mar-2015		As at 31-Mar-2014	
	Numbers	₹ in Crores	Numbers	₹ in Crores
As at the beginning of the year	169,222,720	84.62	84,611,360	42.31
Add: Bonus issued during the year	-	-	84,611,360	42.31
<b>Outstanding at the end of the year</b>	<b>169,222,720</b>	<b>84.62</b>	<b>169,222,720</b>	<b>84.62</b>

(ii) Details of shares allotted for consideration other than cash, bonus shares and shares bought back in previous five financial years is as under:

The Company allotted 84,611,360 Equity Shares as fully paid up bonus shares of ₹ 5 each on 25-Jul-2013, pursuant to the shareholders' resolution passed on 12-Jul-2013.

(iii) Torrent Private Limited, the holding Company, holds 86,115,472 (previous year 86,115,472) equity shares of ₹ 5 each, equivalent to 50.89% (previous year 50.89%) of the total number of equity shares, which is the only shareholder holding more than 5 % of total equity shares.

(iv) The Company has one class of equity shares having par value of ₹ 5 each. Each shareholder is eligible for one vote per share held. The final dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amount, in proportion to shareholding.

	As at 31-Mar-2015	(₹ in Crores) As at 31-Mar-2014
<b>NOTE - 3 : RESERVES AND SURPLUS</b>		
<b>Capital reserve</b>	0.71	0.71
<b>Capital redemption reserve</b>	-	3.85
Less : Utilized for issue of bonus shares during the year	-	(3.85)
	-	-
<b>Securities premium account</b>	4.34	42.80
Less : Utilized for issue of bonus shares during the year	-	(38.46)
	4.34	4.34
<b>Cash flow hedge reserve</b>		
Balance as per last balance sheet	84.34	9.96
Add : Adjustment during the year	21.04	74.38
	105.38	84.34
<b>General reserve</b>		
Balance as per last balance sheet	1,089.52	1,013.29
Add : Transfer from statement of profit and loss	63.00	76.23
	1,152.52	1,089.52
<b>Balance in statement of profit and loss</b>		
Balance as per last balance sheet	1,026.28	538.17
Add: Net profit for the year	623.18	762.34
Less: Appropriations		
Interim dividend [₹ 5.00 per share (previous year ₹ 5.00 per share)]	84.62	84.62
Proposed dividend [₹ 6.25 per share (previous year ₹ 5.00 per share)]	105.76	84.62
Tax on distributed profits	38.06	28.76
Transfer to general reserve	63.00	76.23
<b>Balance in statement of profit and loss</b>	<b>1,358.02</b>	<b>1,026.28</b>
	<b>2,620.97</b>	<b>2,205.19</b>

	Notes	As at 31-Mar-2015	(₹ in Crores) As at 31-Mar-2014
<b>NOTE - 4 : BORROWINGS</b>			
<b>Long-term borrowings, non-current portion</b>			
Secured term loans from banks [Note: (i)(a)]		2,171.60	730.72
Unsecured term loans from others		13.62	13.74
		<b>2,185.22</b>	<b>744.46</b>
<b>Long-term borrowings, current portion</b>			
Secured term loans from banks [Note: (i)(a)]		233.45	135.00
Unsecured term loans			
from banks		-	39.64
from others		2.61	2.23
		<b>2.61</b>	<b>41.87</b>
	6	<b>236.06</b>	<b>176.87</b>
<b>Short-term borrowings</b>			
Secured loans from banks [Note: (i)(b)]		95.00	19.62
Unsecured loans from banks		5.00	190.72
		<b>100.00</b>	<b>210.34</b>
		<b>2,521.28</b>	<b>1,131.67</b>

Note:

(i) Loans are secured by:

(a) Term loans of ₹ 605.05 Crores (previous year ₹ 295.27 Crores) from banks are secured by & Term loans of ₹ NIL (previous year ₹ 270.45 Crores) to be secured by first equitable mortgage of immovable fixed assets and hypothecation of movable fixed assets, present and future, located at formulation manufacturing facilities, village Indrad; research facilities, village Bhat; Corporate Office, Ahmedabad, all in Gujarat, and manufacturing facilities, village Bhud; in Himachal Pradesh, on pari passu basis.

Term loan of ₹ 1400 Crores (previous year ₹ 100 Crores) from bank is secured by & Term Loan of ₹ 200 Crores (previous year NIL) are to be secured by first equitable mortgage of immovable fixed assets and hypothecation of movable fixed assets, present and future, of formulation manufacturing facilities located at Dahej (SEZ) in Gujarat and Gangtok in Sikkim, on pari passu basis along with some of the identified brands of the Company in respect of which the Company is in the process of creating the charge.

Term loan of ₹ 200 Crores (previous year ₹ 200 Crores) from bank is secured by first equitable mortgage of free hold land located at village Rakanpur and free hold land and buildings located at Delhi, on pari passu basis along with some of the identified brands of the Company. The Company is in the process of creating charge on assets located at village Rakanpur & Delhi.

(b) Working capital facilities are secured by hypothecation of inventories and book debts.

(ii) The terms of repayment of loan obligations on principal amount repayable in yearly installments, for the secured and unsecured long-term loans are as under:

(₹ in Crores)

Financial year	Secured	Unsecured
2015-16	233.45	2.61
2016-17	530.19	3.90
2017-18	318.06	3.78
2018-19	348.10	2.67
2019-20	357.66	1.98
2020-21	322.59	1.29
2021-22	245.00	-
2022-23	50.00	-
<b>Total</b>	<b>2,405.05</b>	<b>16.23</b>

	Notes	As at 31-Mar-2015	(₹ in Crores) As at 31-Mar-2014
<b>NOTE - 5 : DEFERRED TAX</b>			
<b>Deferred tax liabilities</b>			
Excess of aggregate depreciation claimed under the income tax law over that debited to statement of profit and loss		220.67	74.42
<b>Deferred tax assets</b>			
Provision for leave salary		(20.80)	(15.30)
Provision for gratuity		(2.35)	(0.64)
Provision for bonus		(1.58)	(2.12)
Provision for doubtful debts		(7.09)	(8.89)
Provision for doubtful claim receivables		(0.01)	(0.01)
		(31.83)	(26.96)
<b>Deferred tax liabilities (net)</b>		<b>188.84</b>	<b>47.46</b>
<b>NOTE - 6 : OTHER LIABILITIES</b>			
<b>Long-term liabilities</b>			
Creditors for capital goods		5.96	5.35
Trade deposits		0.13	0.34
Derivative financial instruments		0.85	3.92
		6.94	9.61
<b>Current liabilities</b>			
Current maturities of long-term debt	4	236.06	176.87
Interest accrued but not due on borrowings		17.65	3.68
Unclaimed dividend (not due)		1.74	0.92
Creditors for capital goods		32.49	38.21
Payables for Employee Benefits		50.27	43.36
Trade advances and deposits		15.27	14.34
Payables to statutory and other authorities		21.96	19.54
Book overdraft		11.57	4.17
Advance from related parties		31.16	20.83
Derivative financial instruments		1.87	13.82
Other payables		6.35	1.98
		426.39	337.72
		433.33	347.33
<b>NOTE - 7 : PROVISIONS</b>			
<b>Long-term provisions</b>			
Provision for employee benefits			
Gratuity		4.57	1.87
Leave benefits		52.96	37.24
		57.53	39.11
Provision for sales returns	28	39.59	35.29
		97.12	74.40
<b>Short-term provisions</b>			
Provision for employee benefits			
Leave benefits		7.14	7.78
Provision for sales returns	28	35.21	32.41
Proposed dividend		105.76	84.62
Tax on distributed profits		21.15	14.38
		169.26	139.19
		266.38	213.59



**Note - 8 : FIXED ASSETS**

(₹ in Crore)

Particulars	Gross Block (At Cost)				Depreciation and Amortization				Net Block	
	As at 1-Apr-2014	Additions during the year	Deductions / Adjustments during the year	As at 31-Mar-2015	As at 1-Apr-2014	Additions during the year	Deductions / Adjustments during the year	As at 31-Mar-2015	As at 31-Mar-2015	As at 31-Mar-2014
<b>TANGIBLES</b>										
Land										
Freehold	116.05	-	-	<b>116.05</b>	-	-	-	-	<b>116.05</b>	116.05
Leasehold	46.19	-	-	<b>46.19</b>	1.15	0.83	-	<b>1.98</b>	<b>44.21</b>	45.04
Buildings	310.05	40.55	0.97	<b>349.63</b>	67.99	9.49	0.21	<b>77.27</b>	<b>272.36</b>	242.06
Plant and equipments	634.97	90.65	8.49	<b>717.13</b>	289.00	50.62	6.67	<b>332.95</b>	<b>384.18</b>	345.97
Furniture and fixtures	35.97	3.24	2.45	<b>36.76</b>	22.27	2.68	2.11	<b>22.84</b>	<b>13.92</b>	13.70
Vehicles	11.87	0.32	1.72	<b>10.47</b>	4.31	1.07	0.74	<b>4.64</b>	<b>5.83</b>	7.56
Office equipments	43.46	3.25	2.78	<b>43.93</b>	34.17	2.85	2.53	<b>34.49</b>	<b>9.44</b>	9.29
Electrical equipments	95.60	12.69	1.00	<b>107.29</b>	43.88	4.72	0.63	<b>47.97</b>	<b>59.32</b>	51.72
<b>(A)</b>	<b>1,294.16</b>	<b>150.70</b>	<b>17.41</b>	<b>1,427.45</b>	<b>462.77</b>	<b>72.26</b>	<b>12.89</b>	<b>522.14</b>	<b>905.31</b>	
Previous Year	1,179.31	127.58	12.73	1,294.16	394.32	75.36	6.91	462.77		831.39
<b>INTANGIBLES</b>										
Computer softwares	27.13	1.47	-	<b>28.60</b>	22.36	3.09	-	<b>25.45</b>	<b>3.15</b>	4.77
Brands	-	1,814.70	-	<b>1,814.70</b>	-	91.48	-	<b>91.48</b>	<b>1,723.22</b>	-
Non-compete agreement	-	30.50	-	<b>30.50</b>	-	7.69	-	<b>7.69</b>	<b>22.81</b>	-
Goodwill	-	114.80	-	<b>114.80</b>	-	5.79	-	<b>5.79</b>	<b>109.01</b>	-
<b>(B)</b>	<b>27.13</b>	<b>1,961.47</b>	<b>-</b>	<b>1,988.60</b>	<b>22.36</b>	<b>108.05</b>	<b>-</b>	<b>130.41</b>	<b>1,858.19</b>	
Previous Year	24.57	3.01	0.45	27.13	18.18	4.23	0.05	22.36		4.77
<b>TOTAL (A+B)</b>	<b>1,321.29</b>	<b>2,112.17</b>	<b>17.41</b>	<b>3,416.05</b>	<b>485.13</b>	<b>180.31</b>	<b>12.89</b>	<b>652.55</b>	<b>2,763.50</b>	
Previous Year	1,203.88	130.59	13.18	1,321.29	412.50	79.59	6.96	485.13		836.16

(i) Additions to Research and Development assets during the year are as under :

(₹ in Crores)

Particulars	Year ended 31-Mar-2015	Year ended 31-Mar-2014
Buildings	0.05	0.26
Plant and equipment [including laboratory equipment]	1.08	5.19
Electrical equipment	0.01	0.05
Furniture and fixtures	0.14	0.66
Office equipment	0.42	0.18
Vehicles	0.02	0.01
Intangibles being softwares	0.09	0.68
<b>Total</b>	<b>1.80</b>	<b>7.03</b>

(ii) Pro-rata cost of assets owned jointly with Torrent Power Limited, a Company under same management are as under:

(₹ in Crores)

Particulars	Proportion of holding	As at 31-Mar-2015	As at 31-Mar-2014
Freehold land	50%	23.79	23.79
Freehold land	30%	35.69	35.69
Buildings	30%	0.65	0.11

(iii) Depreciation and amortization for the year includes ₹ 0.09 Crores (previous year ₹ 0.12 Crores) transferred to capital work-in-progress.

	No. of Units	As at 31-Mar-2015	(₹ in Crores) As at 31-Mar-2014
<b>NOTE - 9 : INVESTMENTS</b>			
<b>Non-current [valued at cost]</b>			
<b>Investment in subsidiaries, unquoted</b>			
Zao Torrent Pharma	23802	58.80	58.80
fully paid-up equity shares of Russian Roubles 100 each			
Less : Provision for diminution in value [Note i]		23.08	23.08
		35.72	35.72
Torrent Do Brasil Ltda	19144418	31.11	31.11
fully paid-up equity shares (Quotas) of Brazilian Reai 1 each			
Torrent Pharma Gmbh : equity capital	-	23.37	23.37
Torrent Pharma Inc.	12000	4.99	4.99
fully paid-up common Stock of USD 100 each			
Torrent Pharma Philippines Inc	55852	0.92	0.92
fully paid-up equity shares of Philippines Pesos 200 each			
Laboratorios Torrent , S.A. De C.V.	74741	27.99	27.99
fully paid-up equity shares of Mexican Pesos 1000 each			
Torrent Australasia Pty Limited	675000	0.30	0.30
partly paid-up common stock of Australian Dollar (AUD) 1 each, AUD 0.1282 paid each			
Torrent Pharma Canada Inc.	334279	1.49	1.49
fully paid-up equity shares of Canadian Dollar 1 each			
Torrent Pharma SRL	97000	6.27	6.27
fully paid-up equity shares of Euro 10 each			
Torrent Pharma (UK) Ltd.	225000	1.68	1.68
fully paid-up equity shares of United Kingdom's Sterling 1 each			
Torrent Pharma (Thailand) Co.Ltd.	1880000	1.59	1.59
fully paid-up equity shares of 5 Thai baht each			
Torrent Pharma France S.A.S.	1	0.09	0.09
fully paid-up equity share of 1 Euro each			
Laboratories Torrent (Malaysia) SDN BHD	500000	0.77	0.77
fully paid-up equity shares of 1 Malaysian Ringgit each			
		136.29	136.29
<b>Investment in partnership firms [Note (iii)]</b>			
Torrent Pharmaceuticals (Sikkim)		14.00	13.06
<b>Trade investments, unquoted</b>			
GPC Cayman Investors I Ltd. - fully paid-up equity shares of USD 10 each	820601	37.49	37.49
Less: Provision for diminution in value [Note i]		37.49	37.49
		-	-
Shivalik Solid Waste Limited - fully paid-up equity shares of ₹ 10 each	20000	0.02	0.02
		0.02	0.02

	No. of Units	As at 31-Mar-2015	(₹ in Crores) As at 31-Mar-2014
<b>Non-trade investments, unquoted</b>			
Tornascent Care Institute - fully paid up shares of ₹ 10 each (Previous year NIL) *	25000	0.03	-
National savings certificates		0.01	0.01
		0.04	0.01
		150.35	149.38
* The Company has, jointly with Torrent Power Ltd, promoted a Section 8 company, i.e. Tornascent Care Institute, under the Companies Act, 2013 for the purpose of charitable activities.			
<b>Current investments [valued at lower of cost and fair value]</b>			
Units of mutual fund schemes - Debt and Gilt funds [Note (ii)]			
Prudential ICICI Liquid Plan - Institutional Growth	108977 [1002375]	2.25	19.00
Birla Sunlife Cash Plus - Institutional Premium - Growth	[1925449]	-	39.40
HDFC Cash Management Fund Saving - Growth	3169161	9.25	-
Tata Liquid Fund Plan A - Growth	284655 [46634]	73.20	11.02
IDFC Cash Fund - Plan C	433840 [253747]	73.55	39.50
DSP ML Liquidity Fund - IP -Growth	360472 [114587]	72.00	21.00
Kotak Liquid Scheme Plan A - Growth	[11792]	-	3.06
HDFC Liquid Fund - Growth	[15630936]	-	39.50
LIC NOMURA MF Liquid Fund - Growth Plan	211253	53.23	-
		283.48	172.48
Aggregate unquoted investments		433.83	321.86

**Note:**

- |  |        |        |
|--|--------|--------|
| (i) Aggregate provision for diminution in value of investments   | 60.57  | 60.57  |
| (ii) Aggregate NAV of investment in mutual funds                 | 284.19 | 172.85 |
| (iii) Disclosures in respect of investment in partnership firms: |        |        |

(₹ in Crores)

Name of the firm	Name of Partner	Share in Partnership	Capital as at 31 <sup>st</sup> Mar, 2015	Capital as at 31 <sup>st</sup> Mar, 2014
Torrent Pharmaceuticals (Sikkim)	Torrent Pharmaceuticals Limited	97%	14.00	13.06
	Torrent Employee's Welfare Trust	3%	0.43	0.40

	As at 31-Mar-2015	(₹ in Crores) As at 31-Mar-2014
<b>NOTE - 10 : LOANS AND ADVANCES</b>		
[Unsecured and considered good, unless otherwise stated]		
<b>Non-current loans and advances</b>		
Capital advances	22.42	83.59
Security deposits	10.04	9.99
Other advances recoverable in cash or kind or for value to be received	0.99	1.14
Share application money pending allotment	3.84	-
Advance tax paid, net of provisions	14.02	11.77
MAT credit entitlement	134.74	-
	<b>186.05</b>	<b>106.49</b>
<b>Current loans and advances</b>		
Security deposits	0.58	0.02
Loans and advances to related parties	16.46	14.88
Balance with VAT / excise and customs department	0.25	0.54
Other advances recoverable in cash or kind or for value to be received	86.12	65.44
	<b>103.41</b>	<b>80.88</b>
	<b>289.46</b>	<b>187.37</b>
<b>NOTE - 11 : OTHER ASSETS</b>		
[Unsecured and considered good, unless otherwise stated]		
<b>Non-current assets</b>		
Derivative financial instruments	50.28	60.74
<b>Current assets</b>		
Export benefits receivable	37.72	50.02
Claims receivable : indirect tax / insurance/others		
Considered good	70.06	62.69
Considered doubtful	0.02	0.02
Less : Allowance for doubtful claims receivable	0.02	0.02
	<b>70.06</b>	<b>62.69</b>
Interest accrued on loans and deposits	0.97	4.96
Derivative financial instruments	190.97	70.33
Fixed assets held for sale	0.19	0.54
	<b>299.91</b>	<b>188.54</b>
	<b>350.19</b>	<b>249.28</b>
<b>NOTE - 12 : INVENTORIES</b>		
[At lower of cost and net realizable value]		
Raw materials	364.07	375.83
Packing materials	41.30	28.47
Work in progress	135.75	108.53
Finished goods	169.23	151.27
Stock-in-trade	70.80	30.41
	<b>781.15</b>	<b>694.51</b>

	(₹ in Crores)	
	As at 31-Mar-2015	As at 31-Mar-2014
<b>NOTE - 13 : TRADE RECEIVABLES</b>		
Debts over six months from due date		
Considered good	222.58	126.17
Considered doubtful	22.23	20.26
Less : Allowance for doubtful trade receivables	22.23	20.26
	<b>222.58</b>	<b>126.17</b>
Debts less six months from due date		
Considered good	971.42	1,191.26
Considered doubtful	0.30	5.92
Less : Allowance for doubtful trade receivables	0.30	5.92
	<b>971.42</b>	<b>1,191.26</b>
	<b>1,194.00</b>	<b>1,317.43</b>
<b>NOTE - 14 : CASH AND CASH EQUIVALENTS</b>		
Cash on hand	0.06	0.07
Balances with banks	67.84	28.85
Fixed deposits	0.02	188.52
Balances with banks for unclaimed dividend	1.74	0.92
Balances with banks held as margin money	-	0.11
Term deposits lodge with banks as securities	0.02	0.02
	<b>69.68</b>	<b>218.49</b>

Note: Cash and cash equivalents stated above excludes investment in mutual funds and corporate deposits disclosed under Note - 9 : Current investments as per requirements of AS 13 "Accounting for Investments".

		(₹ in Crores)	
	Notes	Year ended 31-Mar-2015	Year ended 31-Mar-2014
<b>NOTE - 15 : REVENUE FROM OPERATIONS</b>			
<b>Sales</b>			
Sales in india		1,882.18	1,462.32
Sales outside india		1,535.51	1,765.68
		<b>3,417.69</b>	<b>3,228.00</b>
Less : Excise duties	29	7.88	7.38
		<b>3,409.81</b>	<b>3,220.62</b>
<b>Operating Income</b>			
Export benefits		39.41	52.10
Income from product registration dossiers		10.71	18.33
Compensation and settlement income		2.23	13.65
Patent assignment income		-	41.52
Other operating income		13.33	18.65
		<b>65.68</b>	<b>144.25</b>
		<b>3,475.49</b>	<b>3,364.87</b>

	Year ended 31-Mar-2015	(₹ in Crores) Year ended 31-Mar-2014
<b>NOTE - 16 : OTHER INCOME</b>		
Interest income	11.73	23.94
Net gain on sale of investments	15.95	10.54
Net foreign exchange gain	274.88	-
Share of profit from partnership firms	0.94	0.94
Other non-operating income	0.98	0.12
Profit on sale of fixed assets	1.19	-
	<b>305.67</b>	<b>35.54</b>
<b>NOTE - 17 : COST OF MATERIALS CONSUMED</b>		
Raw materials	827.78	741.27
Packing materials	140.42	134.81
	<b>968.20</b>	<b>876.08</b>
<b>NOTE - 18 : CHANGES IN INVENTORIES OF FINISHED GOODS WORK-IN-PROGRESS AND STOCK-IN-TRADE</b>		
Opening stock		
Finished goods	151.27	164.84
Stock-in-trade	30.41	33.09
Work-in-progress	108.53	122.89
	<b>290.21</b>	<b>320.82</b>
Less : Closing stock		
Finished goods	169.23	151.27
Stock-in-trade	70.80	30.41
Work-in-progress	135.75	108.53
	<b>375.78</b>	<b>290.21</b>
Net (increase) / decrease in stock	<b>(85.57)</b>	<b>30.61</b>
<b>NOTE - 19 : EMPLOYEE BENEFITS EXPENSE</b>		
[Other than those included in pre-operative expenses]		
Salaries, wages and bonus	450.00	373.81
Contribution to provident and other funds	29.55	27.97
Gratuity cost	13.92	5.49
Staff welfare expenses	13.94	11.63
	<b>507.41</b>	<b>418.90</b>
<b>NOTE - 20 : FINANCE COST</b>		
[Other than those included in pre-operative expenses]		
Interest expense	153.48	34.05
Other borrowing cost	7.51	3.76
Net foreign exchange loss, to the extent considered as finance costs	11.73	20.63
	<b>172.72</b>	<b>58.44</b>

		(₹ in Crores)
		Year ended 31-Mar-2014
		Year ended 31-Mar-2015
<b>NOTE - 21 : OTHER EXPENSES</b>		
[Other than those included in pre-operative expenses]		
Power and fuel		70.93
Stores and spares consumed		54.91
Cost of outsourced manpower		35.56
Job work charges		14.27
Laboratory goods and testing expenses		40.86
Clinical research expense		13.08
Excise duties	29	4.00
Repairs and maintenance		
Machinery		10.06
Buildings		6.15
Others		3.62
		19.83
Selling, publicity and medical literature expenses		279.20
Commission on sales		17.70
Sales and turnover taxes		6.62
Allowance for doubtful debts [net of bad debts written-off ₹ Nil (Previous year ₹ 0.20 Crores)]		21.84
Travelling, conveyance and vehicle expenses		63.32
Liaison support services		99.28
Compensation expense [Net of reversal ₹ 2.57 Crores (Previous year ₹ 37 Crores)]		(30.40)
Communication expenses		8.67
Printing and stationery expenses		3.84
Royalty Expense		1.22
Rent		5.99
Rates and taxes		0.43
Registration expenses		16.02
Insurance		4.92
Net foreign exchange loss		49.01
Loss on sale / discard / write-off of fixed assets (Reversal)/ provision on asset held for sale		3.87
		0.29
Auditors remuneration and expenses		
Audit fees		0.16
Other services		0.26
Out of pocket expenses		0.01
		0.43
Cost audit fees		0.06
Commission to non executive directors		9.54
Donation		15.03
Corporate Social Responsibility Expense		0.09
General charges		54.80
		1,041.32
		885.21

**NOTE - 22 : EARNINGS PER SHARE**

The basic and diluted Earnings Per Share [EPS] are:

			Year ended 31-Mar-2015	Year ended 31-Mar-2014
Net profit for the year	(a)	(₹ in Crores)	623.18	762.34
Weighted average number of equity shares	(b)	(Nos.)	169,222,720	169,222,720
EPS (basic and diluted)	(a) / (b)	(₹)	36.83	45.05
Nominal value per equity share		(₹)	5.00	5.00

**NOTE - 23 : CAPITAL AND OTHER COMMITMENTS**

			As at 31-Mar-2015	As at 31-Mar-2014
(a) Estimated amount of unexecuted capital contracts [net of advances] not provided for:			183.08	128.28
(b) Uncalled liability on partly paid shares of Torrent Australasia Pty Ltd., a wholly owned subsidiary. [Australian Dollar (AUD) 0.06 Crores (previous year AUD 0.06 Crores)]			2.81	3.26
			185.89	131.54

**NOTE - 24 : CONTINGENT LIABILITIES**

Contingent Liabilities not provided for in respect of :

(a) Claims against the Company not acknowledged as debts				
Disputed demand of income tax for which appeals have been preferred			7.01	5.25
Disputed employee state insurance contribution liability under E.S.I. Act, 1948			8.24	7.30
Disputed cases for supply of goods and services			-	0.19
Disputed demand of excise and service tax			14.87	32.41
Disputed demand of local sales tax and C.S.T.			0.41	0.19
Disputed cases at labour court / industrial court			3.15	2.86
			33.68	48.20

Against the above, the Company has paid ₹ 0.09 Crores (previous year ₹ 0.24 Crores). The expected outflow will be determined at the time of final outcome in respect of the concerned matter. No amount is expected to be reimbursed.

(b) The Company has issued guarantees aggregating USD 8.40 crore (previous year USD 0.60 crore) to secure lines of credit to its wholly owned subsidiaries. The outstanding amount of liabilities by the subsidiaries as on balance sheet date, converted at closing exchange rate, is			525.76	36.06
			559.44	84.26

**NOTE - 25 : LOANS TO GROUP COMPANIES**

(a) The details of loans given by the Company to its wholly owned subsidiaries are as under :

(₹ in Crores)

Name of subsidiary	Loan given		Maximum Amount outstanding during the year	Balance as at	
	2014-15	2013-14		31-03-2015	31-03-2014
Torrent Pharma France S.A.S.	8.05	10.64	19.17	15.78	11.05
Torrent Pharma Philippines Inc.	-	-	3.17	-	3.01
Total	8.05	10.64		15.78	14.06

(b) Other than above, the Company has not given any loans or advances in the nature of loan to any of its subsidiaries and associates or firms / companies in which Directors are interested.

(c) There are no loans where either repayment schedule is not prescribed or repayment is scheduled beyond seven years.

(d) There are no loans where either no interest is charged or interest is below the rate specified in section 186 of the Companies Act, 2013.



**NOTE - 26 : MICRO, SMALL AND MEDIUM ENTERPRISES**

Disclosures required by the Micro, Small and Medium Enterprises Development [MSMED] Act, 2006 are as under :

	(₹ in Crores)	
	31-Mar-2015	31-Mar-2014
(a) (i) The principal amount remaining unpaid at the end of the year	1.18	0.93
(ii) Interest due on principal remaining unpaid at the end of the year	-	-
(b) (i) The delayed payments of principal amount paid beyond the appointed date during the year	0.71	0.65
(ii) Interest actually paid under Section 16 of the MSMED Act	0.01	0.01
(c) Normal interest due and payable during the year, for all the delayed payments, as per the agreed terms	0.00	0.01
(d) Total interest accrued during the year and remaining unpaid	0.00	0.01

The above information regarding Micro, Small and Medium Enterprises has been determined on the basis of information available with the Company.

**NOTE - 27 : GRATUITY BENEFIT PLAN**

The accruing liability on account of gratuity (retirement benefit in the nature of defined benefits plan) is accounted as per Accounting Standard 15 (revised 2005) "Employee Benefits".

**General Description of the Plan :**

The Company operates a defined benefit plan (the Gratuity Plan) covering eligible employees, which provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employees salary and the tenure of employment.

	(₹ in Crores)	
	Year ended 31-Mar-2015	Year ended 31-Mar-2014
<b>(a) Reconciliation of opening and closing balances of the present value of the defined benefit obligation :</b>		
Obligations at the beginning of the year	55.60	48.47
Current service cost	6.80	6.63
Interest cost	5.16	3.88
Liabilities transferred in	4.66	-
Actuarial (gain) / loss	13.80	0.17
Benefits paid directly by the employer	(0.07)	(0.26)
Benefits paid from the fund	(6.73)	(3.29)
<b>Obligations at the end of the year</b>	<b>79.22</b>	<b>55.60</b>
<b>(b) Reconciliation of opening and closing balances of the fair value of plan assets :</b>		
Plan assets at the beginning of the year, at fair value	53.73	41.03
Expected return on plan assets	5.77	4.41
Actuarial (gain) / loss	5.39	0.58
Contributions	12.00	11.00
Assets transferred in	4.49	-
Benefits paid	(6.73)	(3.29)
<b>Plan assets at the end of the year</b>	<b>74.65</b>	<b>53.73</b>
<b>Actual return on plan assets</b>	<b>11.16</b>	<b>4.99</b>

	Year ended 31-Mar-2015	(₹ in Crores) Year ended 31-Mar-2014
<b>(c) Gratuity cost for the year :</b>		
Current service cost	6.80	6.63
Interest cost	5.16	3.88
Expected return on plan assets	(5.77)	(4.41)
Net Actuarial (gain) / loss	8.41	(0.41)
<b>Net gratuity cost</b>	<b>14.60</b>	<b>5.69</b>
<b>(d) (i) Reconciliation of the present value of the defined benefit obligation &amp; fair value of plan assets :</b>		
Obligations at the end of the year	79.22	55.60
Plan assets at the end of the year, at fair value	74.65	53.73
(Asset) / Liability recognised in Balance sheet	4.57	1.87
<b>(ii) Experience adjustments gain / (loss)</b>		
Plan liabilities	(7.24)	(4.79)
Plan assets	5.39	0.58
<b>(e) Expected contribution for the next year</b>	<b>14.20</b>	<b>12.00</b>
<b>(f) Assumptions</b>		
Discount rate	7.98%	9.29%
Expected rate of return on plan assets	11.79%	10.74%
Salary escalation rate	10.00%	10.00%

Expected long term productivity gains & long term risk-free real rate of interest have been used as guiding factors to determine long term salary growth.

Future mortality rates are obtained from relevant table of Indian Assured Lives Mortality (2006-08) Ultimate.

**(g) Data for defined benefit obligation and fair value of plan assets are as under :**

(₹ in Crores)

Particulars	2010-11	2011-12	2012-13	2013-14	2014-15
Present value of defined benefit obligations at the end of the year [independent actuary]	31.98	37.11	48.47	55.60	79.22
Fair value of plan assets at the end of the year	32.16	34.79	41.03	53.73	74.65
<b>(Net assets)/ liability at the end of year</b>	<b>(0.18)</b>	<b>2.32</b>	<b>7.44</b>	<b>1.87</b>	<b>4.57</b>

**(h) Investment details of plan assets :**

The plan assets are managed by Insurance Company viz Life Insurance Corporation of India and ICICI Prudential Life Insurance Company Limited who has invested the funds substantially as under :

	As at 31-Mar-2015	As at 31-Mar-2014
Equity Instruments	19.57%	22.26%
Corporate Bonds	30.88%	46.78%
Government Securities	39.63%	14.91%
Fixed Deposits with Banks	5.20%	16.05%
Other Current Assets & Equity	4.73%	0.00%

**NOTE - 28 : PROVISION FOR SALES RETURNS**

The Company as a trade practice accepts returns from market for formulations which are primarily in the nature of expired or near expiry products. Provision is made for such returns estimated on the basis of historical experience, market conditions and specific contractual terms. Details of the provision is as under :

	As at 31-Mar-2015	As at 31-Mar-2014
Opening provision	67.70	63.91
Add: Additional provision	43.04	33.17
Less: Actual returns during the year	35.94	29.38
Closing provision	<u>74.80</u>	<u>67.70</u>

(₹ in Crores)

**NOTE - 29 : EXCISE DUTIES**

Excise duties shown as deduction from domestic sales represents the amount of excise duty collected on sales. Excise duty expense under Note - 21, "Other Expenses", represents (i) the difference between excise duty element in closing stock and opening stock, and (ii) excise duty paid on samples and on inventory write-off, which is not recoverable from sales.

	Year ended 31-Mar-2015	Year ended 31-Mar-2014
Employee benefits expenses		
Salaries, wages and bonus	17.32	13.16
Contribution to provident and other funds	1.28	1.03
Gratuity cost	0.68	0.20
Welfare expenses	0.82	0.55
	<u>20.10</u>	<u>14.94</u>
Power and fuel	8.74	6.48
Cost of outsourced manpower	0.90	1.62
Travelling, conveyance and vehicle expenses	1.54	1.29
Communication expenses	0.06	0.05
Printing and stationery expenses	0.24	0.21
Insurance	0.50	0.33
Rent	0.09	0.11
Depreciation	0.09	0.12
Finance costs	40.09	24.49
General charges	1.56	1.97
	<u>73.91</u>	<u>51.61</u>

(₹ in Crores)

**NOTE - 30 : PRE-OPERATIVE EXPENSES**

Pre-operative expenses allocated to projects during the year (included in capital work-in-progress & fixed assets) are as under:

Employee benefits expenses		
Salaries, wages and bonus	17.32	13.16
Contribution to provident and other funds	1.28	1.03
Gratuity cost	0.68	0.20
Welfare expenses	0.82	0.55
	<u>20.10</u>	<u>14.94</u>
Power and fuel	8.74	6.48
Cost of outsourced manpower	0.90	1.62
Travelling, conveyance and vehicle expenses	1.54	1.29
Communication expenses	0.06	0.05
Printing and stationery expenses	0.24	0.21
Insurance	0.50	0.33
Rent	0.09	0.11
Depreciation	0.09	0.12
Finance costs	40.09	24.49
General charges	1.56	1.97
	<u>73.91</u>	<u>51.61</u>

**NOTE - 31 : RESEARCH AND DEVELOPMENT EXPENSES**

(a) Break-up of research and development expenses included in statement of profit and loss under below heads:

**Operating income:**

Government grant income [Refer Note (b)]

	0.64	0.68
--	------	------

**Material cost - Exhibit batches**

	7.57	8.49
--	------	------

**Employee benefits expenses:**

Salaries, wages and bonus	58.79	50.20
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Contribution to provident and other funds	4.35	4.01
---	------	------

Gratuity cost	2.01	1.78
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Welfare expenses	1.85	1.83
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	<u>67.00</u>	<u>57.82</u>
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	Year ended 31-Mar-2015	Year ended 31-Mar-2014
(₹ in Crores)		
<b>Other expenses:</b>		
Power and fuel	4.64	3.91
Stores and spares consumed	8.95	7.09
Cost of outsourced manpower	1.45	1.76
Laboratory goods and testing expenses	26.35	18.40
Clinical research expenses	11.08	12.14
Repairs and maintenance	3.33	3.57
Travelling, conveyance and vehicle expenses	2.89	2.54
Communication expenses	0.61	0.80
Printing and stationery expenses	0.45	0.49
Insurance	0.21	0.28
Rates and taxes	0.13	0.13
Interest on fixed period loans	0.17	0.45
General charges	19.57	13.79
	<b>79.84</b>	<b>65.35</b>
	<b>153.77</b>	<b>130.98</b>

- (b) The Government grant income during the year represents grant received from Biotechnology Industry Research Assistance Council.
- (c) Depreciation and amortization includes ₹ 11.47 crores (previous year ₹ 13.81 crores) pertaining to research and development fixed assets.
- (d) Capital work in progress and advances for capital expenditure on research and development assets are as under :

	Year ended 31-Mar-2015	Year ended 31-Mar-2014
(₹ in Crores)		
<b>Particulars</b>		
Capital work in progress	6.59	0.79
Advances for Capital expenditure	2.46	0.27
<b>Total</b>	<b>9.05</b>	<b>1.06</b>

	Year ended 31-Mar-2015	Year ended 31-Mar-2014
(₹ in Crores)		
<b>NOTE - 32 : DONATION TO POLITICAL PARTIES</b>		
Donation includes political contributions as under:		
Bhartiya Janata Party	3.00	4.00
Indian National Congress	1.00	1.00
Sikkim Democratic Front	-	0.30
Nationalist Congress Party	1.00	-
	<b>5.00</b>	<b>5.30</b>
<b>NOTE - 33 : FOREIGN EXCHANGE LOSS / (GAIN)</b>		
Foreign exchange loss / (gain) included in the net profit for the year :		
Net foreign exchange loss / (gain), included in other expenses (Note - 21) / other income (Note - 16) :	(274.88)	49.01
(a) Add: Net foreign exchange loss on foreign currency borrowings to the extent regarded as an adjustment to finance cost, included in Note 20.	11.73	20.63
(b) Less: MTM on forward exchange contracts to hedge the foreign currency risk of highly probable forecast transactions accounted as per AS 30	(120.97)	48.80
Total foreign exchange loss / (gain) as per AS 11	<b>(142.18)</b>	<b>20.84</b>

## NOTE - 34 : NET FOREIGN CURRENCY HEDGE POSITION

Net foreign currency positions outstanding as at 31-Mar-2015 under derivatives contracts for hedging are summarised below:

(Amount in Crores)

Hedged item / nature of derivative contracts	Net position under derivative contracts				Unhedged foreign currency exposures		
	Buy/Sell	Currency	31-Mar-2015	31-Mar-2014	Currency	31-Mar-2015	31-Mar-2014
<b>1. Foreign currency loan - payable</b>							
Forward exchange contracts	Buy	USD - INR	-	3.88	USD	-	-
	Buy	JPY-USD	-	33.69			
Currency cum interest rate swap	Buy	USD - INR	9.67	9.41			
	Buy	JPY-USD		33.69			
<b>2. Foreign currency interest - payable</b>							
	Buy	USD - INR	0.05	0.04	JPY	-	0.24
		JPY-USD	-	0.24			
<b>3. Foreign currency trade payables</b>							
	Buy	EUR - USD	-	0.01	RUB	3.02	2.46
	Buy	JPY-USD	-	0.19	EUR	1.01	0.76
					GBP	0.03	-
					THB	0.02	0.04
					USD	-	0.02
					CAD	0.00	-
					AUD	0.00	-
<b>4. Foreign currency receivables</b>							
Forward exchange contracts	Sell	USD - INR	12.85	12.79	RUB	3.36	-
[Refer Note (b) ]	Sell	EUR - USD	2.67	3.41	MXN	0.19	-
	Sell	RUB - USD	8.17	14.09	GBP	0.02	-
	Sell	GBP - USD	0.25	0.30	USD	-	1.67
	Sell	MXN - USD	0.62	-			

Notes :

- (a) INR = Indian Rupees, reporting currency      MXN = Mexican Peso      AUD = Australian Dollars  
 USD = United States Dollars      GBP = Great Britain Pound      THB = Thai Baht  
 EUR = Euro      RUB = Russian Rouble      CAD = Canadian Dollar  
 JPY = Japanese Yen

- (b) The following are outstanding foreign exchange forward contracts on receivables, which have been designated as cash flow hedges, as at 31-Mar-2015:

Foreign currency	Buy/Sell	Net position (Amount in Crores)		Fair value gain/(loss) (₹ in Crores)	
		31-Mar-2015	31-Mar-2014	31-Mar-2015	31-Mar-2014
USD	Sell	35.68	28.05	24.84	94.84
EUR	Sell	6.34	6.02	80.05	(10.50)
GBP	Sell	0.41	-	0.38	-
MXN	Sell	1.87	-	0.11	-
<b>Balance in cash flow hedge reserve</b>				<b>105.38</b>	<b>84.34</b>

**NOTE - 35 : BREAK-UP OF IMPORTED AND INDIGENOUS CONSUMPTION**

	Year ended 31-Mar-2015		Year ended 31-Mar-2014	
	₹ in Crores	%	₹ in Crores	%
(a) Raw Materials				
Imported	237.82	29%	227.32	31%
Indigenous	589.96	71%	513.95	69%
	<b>827.78</b>	<b>100%</b>	<b>741.27</b>	<b>100%</b>
(b) Components and spares parts				
Imported	6.58	11%	6.08	11%
Indigenous	52.99	89%	48.83	89%
	<b>59.57</b>	<b>100%</b>	<b>54.91</b>	<b>100%</b>

**NOTE - 36 : CONSUMPTION OF RAW MATERIALS**

	(₹ in Crores)	
	Year ended 31-Mar-2015	Year ended 31-Mar-2014
Dry Insulin MU	192.53	184.95
Others	635.25	556.32
	<b>827.78</b>	<b>741.27</b>

**NOTE - 37 : VALUE OF IMPORTS ON CIF BASIS IN RESPECT OF**

(a) Raw Materials and Packing Material	225.95	252.92
(b) Components and Spares Parts	14.62	13.99
(c) Capital Goods	39.49	74.68

**NOTE - 38 : EXPENDITURE IN FOREIGN CURRENCY**

(a) Professional Fees	4.28	2.66
(b) Interest Expenses	2.76	5.45
(c) Royalty Expenses	-	1.20
(d) Liaison Support Services	98.40	96.45
(e) Others	132.92	76.65

**NOTE - 39 : EARNINGS IN FOREIGN EXCHANGE**

(a) F.O.B. value of exports	1,413.59	1,566.48
(b) Interest	0.87	0.27
(c) Other income [Product registration dossiers and others]	51.48	119.49

**NOTE - 40 : SEGMENT REPORTING**

Accounting Standard 17 requires segment information to be presented on the basis of consolidated financial statements. Accordingly segment information is disclosed in consolidated financial statements.

**NOTE - 41 : ACQUISITION OF IDENTIFIED BRANDED FORMULATION BUSINESS**

The Company on 29-Jun-2014 acquired the branded domestic formulations business in India and Nepal of Elder Pharmaceuticals Limited via slump sale, for a consideration of ₹ 1960 Crores.

**NOTE - 42 : REGROUPING**

Previous year figures have been regrouped / recasted wherever necessary, so as to make them comparable with those of the current year.

**Note - 43: RELATED PARTIES AND TRANSACTIONS**

The disclosures pertaining to related parties and transactions therewith are set out in the table below :

(₹ in Crores)

Particulars	Subsidiaries		Enterprises controlled by the Company		Holding Company/Enterprises Controlled by the Holding Company		Joint Venture/Associate		Key Management Personnel		Enterprises Controlled by Key Management Personnel/Relatives of Key Management Personnel		Total	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
<b>(A) Nature of Transactions</b>														
<b>Sale of finished goods</b>	<b>1,116.92</b>	<b>1,310.87</b>	-	-	<b>0.25</b>	<b>0.28</b>	-	-	-	-	-	-	<b>1,117.17</b>	<b>1,311.15</b>
Torrent Do Brasil Ltda.	212.50	229.04	-	-	-	-	-	-	-	-	-	-	212.50	229.04
Torrent Pharma Inc.	647.35	683.83	-	-	-	-	-	-	-	-	-	-	647.35	683.83
Heumann Pharma GmbH & Co. Generica KG	63.51	148.59	-	-	-	-	-	-	-	-	-	-	63.51	148.59
Torrent Power Limited	-	-	-	-	0.25	0.28	-	-	-	-	-	-	0.25	0.28
Others	193.56	249.42	-	-	-	-	-	-	-	-	-	-	193.56	249.42
<b>Sale of dossiers</b>	<b>(0.32)</b>	<b>1.02</b>	-	-	-	-	-	-	-	-	-	-	<b>(0.32)</b>	<b>1.02</b>
Torrent Pharma GmbH	(0.32)	1.02	-	-	-	-	-	-	-	-	-	-	(0.32)	1.02
<b>Purchase of material, consumables etc.</b>	<b>0.26</b>	<b>0.11</b>	-	-	<b>0.01</b>	<b>0.03</b>	-	-	-	-	-	-	<b>0.27</b>	<b>0.14</b>
Torrent Cables Limited	-	-	-	-	0.01	0.03	-	-	-	-	-	-	0.01	0.03
Torrent Pharma GmbH	0.26	0.10	-	-	-	-	-	-	-	-	-	-	0.26	0.10
Others	-	0.01	-	-	-	-	-	-	-	-	-	-	0.00	0.01
<b>Remuneration to key management personnel</b>	-	-	-	-	-	-	-	-	<b>24.27</b>	<b>20.68</b>	-	-	<b>24.27</b>	<b>20.68</b>
Samir Mehta, Executive Chairman*	-	-	-	-	-	-	-	-	10.02	7.51	-	-	10.02	7.51
Sudhir Mehta, Chairman Emeritus	-	-	-	-	-	-	-	-	5.33	7.50	-	-	5.33	7.50
Dr. Chaitanya Dutt, Director (Research & Development)*	-	-	-	-	-	-	-	-	4.77	2.73	-	-	4.77	2.73
Ashok Modi, Executive Director & Chief Financial Officer	-	-	-	-	-	-	-	-	3.41	2.42	-	-	3.41	2.42
Mahesh Agrawal, VP (Legal) & Company Secretary	-	-	-	-	-	-	-	-	0.74	0.52	-	-	0.74	0.52
<b>Contribution to Gratuity / Superannuation funds</b>	-	-	<b>18.07</b>	<b>16.02</b>	-	-	-	-	-	-	-	-	<b>18.07</b>	<b>16.02</b>
TPL Employees Group Gratuity Trust	-	-	12.00	11.00	-	-	-	-	-	-	-	-	12.00	11.00
TPL Employees Superannuation Trust	-	-	6.07	5.02	-	-	-	-	-	-	-	-	6.07	5.02
<b>Lease rent paid</b>	-	-	-	-	<b>0.17</b>	<b>0.02</b>	-	-	-	-	-	-	<b>0.17</b>	<b>0.02</b>
Torrent Private Limited	-	-	-	-	0.02	0.02	-	-	-	-	-	-	0.02	0.02
Torrent Power Limited	-	-	-	-	0.15	-	-	-	-	-	-	-	0.15	-
<b>Services received</b>	<b>98.39</b>	<b>96.45</b>	-	-	<b>12.92</b>	<b>10.15</b>	-	-	-	-	<b>17.12</b>	<b>14.07</b>	<b>128.43</b>	<b>120.67</b>
Tsunami Tours & Travels Pvt. Ltd.	-	-	-	-	-	-	-	-	-	-	17.12	14.07	17.12	14.07
Torrent Pharma S.R.L.	89.34	88.10	-	-	-	-	-	-	-	-	-	-	89.34	88.10
Torrent Energy Limited	-	-	-	-	7.10	5.28	-	-	-	-	-	-	7.10	5.28
Torrent Power Limited	-	-	-	-	5.82	4.87	-	-	-	-	-	-	5.82	4.87
Others	9.05	8.35	-	-	-	-	-	-	-	-	-	-	9.05	8.35
<b>Commission &amp; interest paid to carrying &amp; forwarding agents</b>	-	-	-	-	-	-	-	-	-	-	<b>1.70</b>	<b>1.31</b>	<b>1.70</b>	<b>1.31</b>
Zeal Pharmachem India Pvt. Ltd.	-	-	-	-	-	-	-	-	-	-	1.70	1.31	1.70	1.31
<b>Donation</b>	-	-	-	-	-	-	-	-	-	-	<b>2.00</b>	<b>8.00</b>	<b>2.00</b>	<b>8.00</b>
U. N. Mehta Charitable Trust	-	-	-	-	-	-	-	-	-	-	2.00	8.00	2.00	8.00
<b>CSR Expenses</b>	-	-	-	-	-	-	<b>5.00</b>	-	-	-	<b>6.65</b>	<b>0.80</b>	<b>11.65</b>	<b>0.80</b>
Memadpur Kelavani Mandal	-	-	-	-	-	-	-	-	-	-	-	0.80	-	0.80
U. N. Mehta Charitable Trust	-	-	-	-	-	-	-	-	-	-	1.00	-	1.00	-
Tornascent Care Institute	-	-	-	-	-	-	5.00	-	-	-	-	-	5.00	-
Shri Vadgam Mahal Kelavani Mandal	-	-	-	-	-	-	-	-	-	-	5.65	-	5.65	-

(₹ in Crores)

Particulars	Subsidiaries		Enterprises controlled by the Company		Holding Company/Enterprises Controlled by the Holding Company		Joint Venture/Associate		Key Management Personnel		Enterprises Controlled by Key Management Personnel/Relatives of Key Management Personnel		Total	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
<b>(A) Nature of Transactions</b>														
<b>Interest income</b>	<b>0.87</b>	<b>0.27</b>	-	<b>0.33</b>	<b>0.05</b>	<b>0.07</b>	-	-	-	-	-	-	<b>0.92</b>	<b>0.80</b>
Torrent Pharmaceuticals (Sikkim)	-	-	-	0.33	-	-	-	-	-	-	-	-	-	0.33
Torrent Pharma France S.A.S	0.83	0.22	-	-	-	-	-	-	-	-	-	-	0.83	0.22
Torrent Power Limited	-	-	-	-	0.05	0.07	-	-	-	-	-	-	0.05	0.07
Torrent Pharma Philippines Inc.	0.04	0.04	-	-	-	-	-	-	-	-	-	-	0.04	0.04
<b>Expenses reimbursement</b>	<b>24.24</b>	<b>25.14</b>	-	-	<b>0.04</b>	<b>0.01</b>	-	-	-	-	<b>0.29</b>	<b>0.24</b>	<b>24.57</b>	<b>25.39</b>
Torrent Pharma GmbH	15.61	17.25	-	-	-	-	-	-	-	-	-	-	15.61	17.25
Heumann Pharma GmbH & Co. Generica KG	1.69	3.43	-	-	-	-	-	-	-	-	-	-	1.69	3.43
Torrent Pharma UK Ltd	4.55	2.94	-	-	-	-	-	-	-	-	-	-	4.55	2.94
Zeal Pharmachem India Pvt. Ltd.	-	-	-	-	-	-	-	-	-	-	0.29	0.24	0.29	0.24
Torrent Power Limited	-	-	-	-	0.04	0.01	-	-	-	-	-	-	0.04	0.01
Others	2.40	1.53	-	-	-	-	-	-	-	-	-	-	2.40	1.53
<b>Purchase of fixed assets</b>	-	-	-	-	<b>0.60</b>	<b>5.94</b>	-	-	-	-	-	-	<b>0.60</b>	<b>5.95</b>
Torrent Cables Limited	-	-	-	-	0.60	5.94	-	-	-	-	-	-	0.60	5.94
<b>Equity contribution</b>	-	<b>0.94</b>	-	-	-	-	<b>0.03</b>	-	-	-	-	-	<b>0.03</b>	<b>0.94</b>
Torrent Pharma (Thailand) Co.Ltd.	-	0.85	-	-	-	-	-	-	-	-	-	-	-	0.85
Tornascent Care Institute	-	-	-	-	-	-	0.03	-	-	-	-	-	0.03	-
Others	-	0.09	-	-	-	-	-	-	-	-	-	-	-	0.09
<b>Share of profit/(loss) from partnership firm</b>	-	-	<b>0.94</b>	<b>0.94</b>	-	-	-	-	-	-	-	-	<b>0.94</b>	<b>0.94</b>
Torrent Pharmaceuticals (Sikkim)	-	-	0.94	0.94	-	-	-	-	-	-	-	-	0.94	0.94
<b>Loans given</b>	<b>8.05</b>	<b>11.05</b>	-	-	-	-	-	-	-	-	-	-	<b>8.05</b>	<b>11.05</b>
Torrent Pharma France S.A.S	8.05	11.05	-	-	-	-	-	-	-	-	-	-	8.05	11.05
<b>Repayment of loan</b>	<b>3.84</b>	<b>4.90</b>	-	-	-	-	-	-	-	-	-	-	<b>3.84</b>	<b>4.90</b>
Torrent Pharma Philippines Inc.	3.84	-	-	-	-	-	-	-	-	-	-	-	3.84	-
Torrent Pharma Inc.	-	4.90	-	-	-	-	-	-	-	-	-	-	-	4.90
<b>Deposits given</b>	-	-	-	-	-	<b>0.44</b>	-	-	-	-	-	-	-	<b>0.44</b>
Torrent Energy Limited	-	-	-	-	-	0.43	-	-	-	-	-	-	-	0.43
Others	-	-	-	-	-	0.01	-	-	-	-	-	-	-	0.01
<b>Share application money - pending allotment</b>	<b>3.84</b>	-	-	-	-	-	-	-	-	-	-	-	<b>3.84</b>	-
Torrent Pharma Philippines Inc.	3.84	-	-	-	-	-	-	-	-	-	-	-	3.84	-
<b>Recovery of expenses</b>	<b>0.64</b>	<b>1.19</b>	-	-	-	-	-	-	-	-	<b>0.01</b>	<b>0.01</b>	<b>0.65</b>	<b>1.21</b>
Laboratories Torrent(Malaysia) SDN BHD	-	0.55	-	-	-	-	-	-	-	-	-	-	-	0.55
Torrent Pharma Inc.	0.49	0.48	-	-	-	-	-	-	-	-	-	-	0.49	0.48
Laboratorios Torrent S.A. de C.V.	0.16	0.10	-	-	-	-	-	-	-	-	-	-	0.16	0.10
Torrent Do Brasil Ltda.	-	0.06	-	-	-	-	-	-	-	-	-	-	-	0.06
Zeal Pharmachem India Pvt. Ltd.	-	-	-	-	-	-	-	-	-	-	0.01	0.01	0.01	0.01



(₹ in Crores)

Particulars	Subsidiaries		Enterprises controlled by the Company		Holding Company/Enterprises Controlled by the Holding Company		Joint Venture/Associate		Key Management Personnel		Enterprises Controlled by Key Management Personnel/Relatives of Key Management Personnel		Total	
	31-Mar-15	31-Mar-14	31-Mar-15	31-Mar-14	31-Mar-15	31-Mar-14	31-Mar-15	31-Mar-14	31-Mar-15	31-Mar-14	31-Mar-15	31-Mar-14	31-Mar-15	31-Mar-14
<b>(B) Balances at the end of the year</b>														
<b>Trade receivables</b>	<b>982.88</b>	<b>1,122.72</b>	-	-	0.04	0.01	-	-	-	-	-	-	982.92	1,122.73
Torrent Pharma Inc.	357.01	524.65	-	-	-	-	-	-	-	-	-	-	357.01	524.65
Torrent Do Brasil Ltda.	341.52	258.48	-	-	-	-	-	-	-	-	-	-	341.52	258.48
Torrent Pharma S.R.L.	169.70	217.32	-	-	-	-	-	-	-	-	-	-	169.70	217.32
Torrent Power Limited	-	-	-	-	0.04	0.01	-	-	-	-	-	-	0.04	0.01
Others	114.65	122.28	-	-	-	-	-	-	-	-	-	-	114.65	122.28
<b>Other receivables</b>	<b>-</b>	<b>0.62</b>	-	-	-	-	-	-	-	-	-	-	-	0.62
Laboratorios Torrent S.A. de C.V.	-	0.10	-	-	-	-	-	-	-	-	-	-	-	0.10
Torrent Pharma Inc.	-	0.47	-	-	-	-	-	-	-	-	-	-	-	0.47
Others	-	0.05	-	-	-	-	-	-	-	-	-	-	-	0.05
<b>Loans</b>	<b>15.78</b>	<b>14.05</b>	-	-	-	-	-	-	-	-	-	-	15.78	14.05
Torrent Pharma France S.A.S	15.78	11.05	-	-	-	-	-	-	-	-	-	-	15.78	11.05
Torrent Pharma Philippines Inc.	-	3.00	-	-	-	-	-	-	-	-	-	-	-	3.00
<b>Interest receivable on loan to subsidiary / partnership firm</b>	<b>0.92</b>	<b>0.91</b>	-	-	-	-	-	-	-	-	-	-	0.92	0.91
Torrent Pharma Philippines Inc.	-	0.69	-	-	-	-	-	-	-	-	-	-	-	0.69
Torrent Pharma France S.A.S	0.92	0.22	-	-	-	-	-	-	-	-	-	-	0.92	0.22
<b>Advances recoverable in cash or kind</b>	<b>1.05</b>	<b>0.91</b>	<b>0.22</b>	<b>0.22</b>	<b>1.45</b>	<b>1.48</b>	-	-	-	-	0.02	0.14	2.74	2.75
Tsunami Tours & Travels Pvt. Ltd.	-	-	-	-	-	-	-	-	-	-	0.02	0.14	0.02	0.14
Torrent Pharma France S.A.S	1.05	-	-	-	-	-	-	-	-	-	-	-	1.05	-
Torrent Pharma (UK) Ltd.	-	0.91	-	-	-	-	-	-	-	-	-	-	-	0.91
Torrent Energy Limited	-	-	-	-	1.39	1.39	-	-	-	-	-	-	1.39	1.39
TPL Employees group gratuity Trust	-	-	0.22	0.22	-	-	-	-	-	-	-	-	0.22	0.22
Torrent Power Limited	-	-	-	-	0.06	0.09	-	-	-	-	-	-	0.06	0.09
Others	-	-	-	0.00	-	-	-	-	-	-	-	0.00	0.00	0.01
<b>Trade advances</b>	<b>32.22</b>	<b>20.83</b>	-	-	-	-	-	-	-	-	-	-	35.35	22.70
Heumann Pharma GmbH & Co. Generica KG	29.10	18.96	-	-	-	-	-	-	-	-	-	-	29.10	18.96
Others	3.13	1.87	-	-	-	-	-	-	-	-	-	-	3.13	1.87
<b>Investments in equities</b>	<b>159.36</b>	<b>159.36</b>	-	-	-	-	0.03	-	-	-	-	-	159.39	159.36
Torrent Pharma GmbH	23.37	23.37	-	-	-	-	-	-	-	-	-	-	23.37	23.37
Torrent Do Brasil Ltda.	31.11	31.11	-	-	-	-	-	-	-	-	-	-	31.11	31.11
Laboratorios Torrent S.A. de C.V.	27.99	27.99	-	-	-	-	-	-	-	-	-	-	27.99	27.99
Zao Torrent Pharma	58.79	58.79	-	-	-	-	-	-	-	-	-	-	58.79	58.79
Tornascent Care Institute	-	-	-	-	-	-	0.03	-	-	-	-	-	0.03	-
Others	18.10	18.10	-	-	-	-	-	-	-	-	-	-	18.10	18.10
<b>Investments in partnership firm</b>	<b>-</b>	<b>-</b>	<b>13.10</b>	<b>13.10</b>	-	-	-	-	-	-	-	-	13.10	13.10
Torrent Pharmaceuticals (Sikkim)	-	-	13.10	13.10	-	-	-	-	-	-	-	-	13.10	13.10
<b>Share of profit/(loss) from partnership firm</b>	<b>-</b>	<b>-</b>	<b>0.90</b>	<b>(0.03)</b>	-	-	-	-	-	-	-	-	0.90	(0.03)
Torrent Pharmaceuticals (Sikkim)	-	-	0.90	(0.03)	-	-	-	-	-	-	-	-	0.90	(0.03)
<b>Provision for diminution in value of investment</b>	<b>23.08</b>	<b>23.08</b>	-	-	-	-	-	-	-	-	-	-	23.08	23.08
Zao Torrent Pharma	23.08	23.08	-	-	-	-	-	-	-	-	-	-	23.08	23.08
<b>Trade &amp; services payables</b>	<b>84.19</b>	<b>89.91</b>	-	-	0.82	0.86	-	-	-	-	0.77	0.76	85.78	91.54
Torrent Pharma GmbH	11.96	5.78	-	-	-	-	-	-	-	-	-	-	11.96	5.78
Torrent Pharma S.R.L.	54.15	71.17	-	-	-	-	-	-	-	-	-	-	54.15	71.17
Tsunami Tours & Travels Pvt. Ltd.	-	-	-	-	-	-	-	-	-	-	0.63	0.66	0.63	0.66
Zeal Pharmachem India Pvt. Ltd.	-	-	-	-	-	-	-	-	-	-	0.14	0.10	0.14	0.10
Torrent Energy Limited	-	-	-	-	0.08	-	-	-	-	-	-	-	0.08	-
Torrent Cables Limited	-	-	-	-	0.29	0.48	-	-	-	-	-	-	0.29	0.48
Torrent Power Limited	-	-	-	-	0.44	0.37	-	-	-	-	-	-	0.44	0.37
Torrent Private Limited	-	-	-	-	0.02	0.02	-	-	-	-	-	-	0.02	0.02
Others	18.07	12.97	-	-	-	-	-	-	-	-	-	-	18.07	12.97
<b>Other payables</b>	<b>-</b>	<b>-</b>	-	-	-	-	-	-	16.23	16.69	-	-	16.23	16.69
Samir Mehta, Executive Chairman	-	-	-	-	-	-	-	-	11.73	9.19	-	-	11.73	9.19
Sudhir Mehta, Chairman Emeritus	-	-	-	-	-	-	-	-	4.50	7.50	-	-	4.50	7.50
<b>Share application money - pending allotment</b>	<b>3.84</b>	<b>-</b>	-	-	-	-	-	-	-	-	-	-	3.84	-
Torrent Pharma Philippines Inc.	3.84	-	-	-	-	-	-	-	-	-	-	-	3.84	-
<b>Guarantees given</b>	<b>525.76</b>	<b>36.06</b>	-	-	-	-	-	-	-	-	-	-	525.76	36.06
Torrent Pharma Inc. (75 Million USD)	469.43	-	-	-	-	-	-	-	-	-	-	-	469.43	-
Torrent Pharma S.R.L. (6 Million USD)	37.55	36.06	-	-	-	-	-	-	-	-	-	-	37.55	36.06
Torrent Pharma Philippines (3 Million USD)	18.78	-	-	-	-	-	-	-	-	-	-	-	18.78	-

\*amount excluding premium for group personal accident and group mediclaim

**Names of related parties and description of relationship :**

1	Subsidiaries and Step Down Subsidiaries	Zao Torrent Pharma, Torrent Pharma Gmbh, Torrent Do Brasil Ltda., Torrent Pharma Inc., Torrent Pharma Philippines Inc., Heumann Pharma Gmbh & Co. Generica KG, Torrent Australasia Pty Ltd, Torrent Pharma S.R.L., Laboratorios Torrent, S.A. De C.V., Heunet Pharma Gmbh, Norispharm Gmbh, Torrent Pharma Canada Inc., Torrent Pharma (Thailand) Co., Ltd., Torrent Pharma (UK) Ltd, Laboratories Torrent (Malaysia) SDN.BHD., Torrent Pharma France S.A.S., Aptil Pharma Limited				
2	Enterprises controlled by the Company	TPL Employee Group Gratuity Trust, TPL Employee Superannuation Trust, Torrent Phramaceuticals (Sikkim)				
3	Holding Company / Enterprises Controlled by the Holding Company	Torrent Private Limited., Torrent Financiers, Torrent Power Limited., Torrent Cables Limited., Torrent Power Services Pvt. Limited. Torrent Pipavav Generation Limited, Torrent Energy Limited, Torrent Power Grid Limited, Torrent Solargen Limited, AEC Cements and Constructions Limited.				
4	Joint Venture/Associate	Tornascent Care Institute.				
5	Key Management Personnel	Shri Sudhir Mehta Chairman Emeritus	Shri Samir Mehta Executive Chairman	Dr. Chaitanya Dutt Director (Research & Development)	Shri Ashok Modi Executive Director & Chief Financial Officer	Shri Mahesh Agrawal VP (Legal) & Company Secretary
6	Relatives of Key Management Personnel	Smt. Anita Mehta, Wife Smt. Shardaben Mehta, Mother Shri Varun Mehta, Son Shri Jinal Mehta, Son Shri Samir Mehta, Brother Smt. Meena Modi, Sister Smt. Nayana Shah, Sister	Smt. Sapna Mehta, Wife Smt. Shardaben Mehta, Mother Shri Aman Mehta, Son Shri Shaan Mehta, Son Shri Sudhir Mehta, Brother Smt. Meena Modi, Sister Smt. Nayana Shah, Sister	Smt. Shobha Dutt, Wife Shri Umang Dutt, Son Shri Uttang Dutt, Son	Smt. Neelam Modi, Wife Smt. Gayatriben Modi, Mother Shri Varun Modi, Son Ms. Surabhi Modi, Daughter Ms. Rashmi Modi, Daughter Shri Mahendra Modi, Brother Shri Surendra Modi, Brother Smt. Kusum Safaria, Sister	Smt. Saroj Agrawal, Wife Shri Dwarkaprasad Agrawal, Father Smt. Vidhya Devi Agrawal, Mother Shri Krishan Agrawal, Son Shri Abhishek Agrawal, Son Shri Arun Agrawal, Brother Smt. Kanta Agrawal, Sister
7	Enterprises Controlled by Key Management Personnel/ Relatives of Key Management Personnel	U N Mehta Charitable Trust, D N Modi Charitable Trust, Shardaben Mehta Charitable Trust, Tsunami Tours & Travels Pvt. Ltd., Torrel Cosmetics Pvt. Ltd., Zeal Pharmachem India Pvt Ltd, Diamond Infrastructure Private Limited, U. N. Mehta Institute of Cardiology & Research Centre, Dushyant Shah Charitable Trust, Shri Vadgam Mahal Kelavani Mandal, Memadpur Kelavani Mandal				

As per our attached report of even date

Signatures to notes forming part of Financial Statements 1 to 43

**For DELOITTE HASKINS & SELLS**  
Chartered Accountants

**Samir Mehta**  
Executive Chairman

**Hemendra Shah**  
Partner

**Ashok Modi**  
Executive Director  
& Chief Financial Officer

**Mahesh Agrawal**  
VP (Legal) & Company Secretary

Ahmedabad  
15<sup>th</sup> May, 2015

Ahmedabad  
15<sup>th</sup> May, 2015

# Consolidated Financial Statements 2014-15

# AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENT

## INDEPENDENT AUDITORS' REPORT

### TO THE MEMBERS OF TORRENT PHARMACEUTICALS LIMITED

#### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **TORRENT PHARMACEUTICALS LIMITED** (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") comprising of the Consolidated Balance Sheet as at 31st March, 2015, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (herein after referred to as "the consolidated financial statements").

#### Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

#### Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Holding Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31<sup>st</sup> March, 2015, and their consolidated profit and their consolidated cash flows for the year ended on that date.

## Other Matters

We did not audit the financial statements of eighteen subsidiaries whose financial statements reflect total assets of ₹ 2,556.91 crores as at 31<sup>st</sup> March, 2015, total revenues of ₹ 2,162.25 crores and net cash outflows amounting to ₹ 15.96 crores for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, based on the comments in the auditors' report of the Holding company being the only company in the group to which the Order is applicable, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report, to the extent applicable, that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
  - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
  - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
  - (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the directors of the Holding Company as on 31<sup>st</sup> March, 2015 taken on record by the Board of Directors of the Holding Company, none of the directors of the Holding Company being the only company in the group to which requirements of section 164 (2) of the Act are applicable, is disqualified as on 31<sup>st</sup> March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
  - (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group – Refer Note 25 to the consolidated financial statements.
    - ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 8 & 29 to the consolidated financial statements in respect of such items as it relates to the Group.
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company being the only company in the group to which such requirements of the Act are applicable.

**For DELOITTE HASKINS & SELLS**  
Chartered Accountants  
(Firm Registration No. 117365W)

**Hemendra Shah**  
Partner  
(Membership No. 33590)

Ahmedabad  
15<sup>th</sup> May, 2015

## ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Our reporting on the Order includes only the Holding Company and does not include seventeen subsidiary companies which are incorporated outside India and also does not include the partnership firm to which the Order is not applicable.

- (i) In respect of its fixed assets:
- The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
  - The fixed assets were physically verified over a period of three years by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, discrepancies noticed on such verification have been properly dealt with in the books of account.
- (ii) In respect of its inventories:
- As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.
  - In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
  - In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the Register maintained under Section 189 of the Companies Act, 2013.
- (iv) In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits from the public.
- (vi) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records & Audit) Rules, 2014, as amended and prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) According to the information and explanations given to us in respect of statutory dues:
- The Company has been generally regular in depositing undisputed dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.
  - There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues in arrears as at 31<sup>st</sup> March, 2015 for a period of more than six months from the date they became payable.
  - Details of dues of Income-tax, Sales Tax/VAT, Service Tax, Excise Duty, Cess and Employees' State Insurance which have not been deposited as on 31<sup>st</sup> March, 2015 on account of disputes are given below:

Statute	Nature of Dues	Forum where Dispute is pending	Period to which the amount relates	Amount involved (₹ in Crores)
West Bengal Sales Tax Act, 1994	Demand of Tax	Taxation Tribunal, West Bengal	2004-05	0.10
West Bengal Value Added Tax Act, 2003	Demand of Tax	Addl.C.C.T, West Bengal	2005-06 to 2008-09	1.34
		Joint Commissioner Commercial Tax, West Bengal	2010-11	0.47
Uttar Pradesh Trade Tax Act, 1948	Demand of Tax	Joint Commissioner Commercial Tax, Uttar Pradesh	2003-04 and 2005-06	0.41

Statute	Nature of Dues	Forum where Dispute is pending	Period to which the amount relates	Amount involved (₹ in Crores)
Uttar Pradesh Trade Tax Act, 2008	Demand of Tax	Joint Commissioner Commercial Tax, Uttar Pradesh	2010-11	0.50
	Demand of Penalty	Tribunal, Uttar Pradesh	2009-10	0.02
The Orissa Value Added Tax Act, 2004	Demand of Tax	Additional Commissioner of Sales Tax, Orissa	2004-05 to 2008-09	0.13
The Maharashtra Value Added Tax Act, 2002	Demand of Tax	DC Appeals	2006-07	0.85
The Kerala Value Added Tax Act, 2003	Demand of Tax	DC Appeals	2007-08	0.69
The Central Excise Act, 1944	Cenvat Credit / Input Service Tax / Demand of Duty and penalty	Assistant Commissioner Central Excise Gangtok division	2012-13	0.05
		CESTAT	2005-06 to 2011-12	0.39
		Commissioner (Appeals)	2006-07	0.02
		Commissioner Siliguri	2011-12	1.91
	Recovery for rebate	Assistant Commissioner Central Excise Shimla division	2013-14	0.06
Finance Act, 1994	Demand of Penalty	CESTAT	2006-07 to 2012-13	2.38
		Assistant Commissioner - Division II, Service tax	2009-10 to 2014-15	0.01
	Demand of tax and penalty	Commissioner, Service tax Ahmedabad	2012-13 & 2013-14	6.99
		Additional Commissioner, Service tax Ahmedabad	2011-12 to 2013-14	0.53
The E.S.I Act, 1948	E.S.I Contribution	Gujarat High Court	1993-94 to 2012-13	7.01
Income Tax Act, 1961	Demand of Tax	Commissioner of Income Tax (Appeals)	2004-05 & 2008-09	0.59

- (d) The Company has been regular in transferring amounts to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and Rules made thereunder within time.
- (viii) The Group does not have consolidated accumulated losses at the end of the financial year and the Group has not incurred cash losses on a consolidated basis during the financial year covered by our audit and in the immediately preceding financial year.
- (ix) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks and financial institutions. The Company has not issued any debentures.
- (x) In our opinion and according to the information and explanations given to us, the Holding Company, has not given guarantees for loans taken by others from banks and financial institutions.
- (xi) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained, other than temporary deployment pending application.
- (xii) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

**For DELOITTE HASKINS & SELLS**  
Chartered Accountants  
(Firm Registration No. 117365W)

**Hemendra Shah**  
Partner  
(Membership No. 33590)

Ahmedabad  
15<sup>th</sup> May, 2015

## CONSOLIDATED BALANCE SHEET

	Notes	As at 31-Mar-2015	(₹ in Crores) As at 31-Mar-2014
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	3	84.62	84.62
Reserves and surplus	4	2,405.94	1,817.81
		2,490.56	1,902.43
<b>Minority interest</b>		0.43	0.40
<b>Non-current liabilities</b>			
Long-term borrowings	5	2,185.22	744.46
Deferred tax liabilities (net)	6	188.84	47.48
Other long-term liabilities	7	7.51	10.03
Long-term provisions	8	207.49	190.43
		2,589.06	992.40
<b>Current liabilities</b>			
Short-term borrowings	5	319.07	210.43
Trade payables		1,827.72	1,429.13
Other current liabilities	7	453.43	371.63
Short-term provisions	8	230.81	163.39
		2,831.03	2,174.58
		7,911.08	5,069.81
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets	9		
Tangible assets		921.61	846.72
Intangible assets		1,895.18	28.62
Capital work-in-progress		678.33	534.11
		3,495.12	1,409.45
Goodwill on consolidation		15.87	-
Non-current investments	10	0.06	0.03
Deferred tax assets (net)	6	84.14	65.64
Long-term loans and advances	11	206.92	129.47
Other non-current assets	12	50.28	60.74
		3,852.39	1,665.33
<b>Current assets</b>			
Current investments	10	297.59	185.63
Inventories	13	1,067.17	1,006.06
Trade receivables	14	1,594.54	1,099.42
Cash and cash equivalents	15	567.36	769.42
Short-term loans and advances	11	109.09	84.95
Other current assets	12	422.94	259.00
		4,058.69	3,404.48
		7,911.08	5,069.81
<b>TOTAL</b>			
<b>Notes forming part of the Consolidated Financial Statements</b>			
	1-35		

In terms of our report attached

**For DELOITTE HASKINS & SELLS**  
Chartered Accountants

**Hemendra Shah**  
Partner

Ahmedabad  
15<sup>th</sup> May, 2015

**Ashok Modi**  
Executive Director  
& Chief Financial Officer

Signatures to the Consolidated Balance Sheet

**Samir Mehta**  
Executive Chairman

**Mahesh Agrawal**  
VP (Legal) & Company Secretary

Ahmedabad  
15<sup>th</sup> May, 2015



## CONSOLIDATED STATEMENT OF PROFIT AND LOSS

	Notes	Year ended 31-Mar-2015	(₹ in Crores) Year ended 31-Mar-2014
<b>REVENUE</b>			
<b>Revenue from operations</b>			
Sales		4,593.22	4,043.68
Less : Excise duties		7.88	7.38
Net sales		4,585.34	4,036.30
Operating income		68.11	148.42
Revenue from operations (net)	16	4,653.45	4,184.72
Other income	17	285.55	38.13
<b>Total Revenue</b>		<b>4,939.00</b>	<b>4,222.85</b>
<b>EXPENSES</b>			
Cost of materials consumed	18	973.51	878.02
Purchases of stock-in-trade		502.20	413.90
Changes in inventories of finished goods, work-in-progress and stock-in-trade	19	(60.87)	(53.53)
Employee benefits expense	20	841.81	741.10
Finance costs	21	175.16	58.63
Depreciation, amortisation and impairment expense		190.74	87.00
Other expenses	22	1,376.64	1,253.75
<b>Total Expenses</b>		<b>3,999.19</b>	<b>3,378.87</b>
<b>PROFIT BEFORE TAX</b>		<b>939.81</b>	<b>843.98</b>
<b>TAX EXPENSE</b>			
Current tax [Net of MAT credit utilized Nil (previous year ₹ 14.94 Crores)]		195.19	224.56
Deferred tax charge / (credit)		117.70	(41.29)
MAT credit entitlement		(134.74)	-
Short / (excess) provision for tax of earlier years		10.69	(3.20)
		188.84	180.07
<b>NET PROFIT FOR THE YEAR BEFORE MINORITY INTEREST</b>		<b>750.97</b>	<b>663.91</b>
Minority interest		0.03	0.03
<b>NET PROFIT FOR THE YEAR AFTER MINORITY INTEREST</b>		<b>750.94</b>	<b>663.88</b>
Earnings per share [Nominal value per equity share of ₹ 5]			
Basic and diluted	23	44.38	39.23
<b>Notes forming part of the Consolidated Financial Statements</b>	1-35		

In terms of our report attached

**For DELOITTE HASKINS & SELLS**  
Chartered Accountants

**Hemendra Shah**  
Partner

Ahmedabad  
15<sup>th</sup> May, 2015

**Ashok Modi**  
Executive Director  
& Chief Financial Officer

Signatures to the Consolidated Statement of Profit and Loss

**Samir Mehta**  
Executive Chairman

**Mahesh Agrawal**  
VP (Legal) & Company Secretary

Ahmedabad  
15<sup>th</sup> May, 2015

## CONSOLIDATED CASH FLOW STATEMENT

	Year ended 31-Mar-2015	(₹ in Crores) Year ended 31-Mar-2014
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
PROFIT BEFORE TAX	939.81	843.98
Adjustments for :		
Depreciation, amortization and impairment	190.74	87.00
Allowance for doubtful debts (net of bad debts)	4.30	22.84
Foreign exchange loss on borrowings	-	2.90
(Gain) / Loss on sale / discard / write-off of fixed assets	(1.13)	3.78
Provision on asset held for sale	0.08	0.29
(Profit) on sale of current investments	(15.97)	(10.55)
Finance cost	175.16	58.63
Interest income	(14.58)	(27.42)
Government grant	(0.64)	(0.68)
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>1,277.77</b>	<b>980.77</b>
Adjustments for changes in working capital :		
Trade receivables, loans & advances and other assets	(806.56)	(475.13)
Inventories	(61.10)	(82.21)
Trade payables, liabilities and provisions	458.28	437.66
<b>CASH GENERATED FROM OPERATIONS</b>	<b>868.39</b>	<b>861.09</b>
Direct taxes paid	(58.19)	(261.67)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>810.20</b>	<b>599.42</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Acquisition of Business (Note 32)	(1,960.00)	-
Purchase of fixed assets	(242.57)	(400.08)
Proceeds from fixed assets sold	6.14	1.90
Profit on sale of current investments	15.97	10.55
Interest received	18.16	31.82
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(2,162.30)</b>	<b>(355.81)</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from long-term borrowings	1,660.39	426.74
Repayment of long-term borrowings	(144.27)	(84.87)
Net proceeds / (repayment) of short term borrowings	90.04	72.26
Government grant	0.64	0.68
Dividend paid	(199.69)	(267.39)
Finance cost paid	(194.86)	(61.02)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>1,212.25</b>	<b>86.40</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(139.85)</b>	<b>330.01</b>
Effect of exchange rate changes on foreign currency cash and cash equivalents	49.75	(62.37)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>955.05</b>	<b>687.41</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>864.95</b>	<b>955.05</b>
<b>Note: Cash and cash equivalents as at end of the year</b>		
Cash and cash equivalents as per Note - 15	567.36	769.42
Current investments as per Note - 10	297.59	185.63
	<b>864.95</b>	<b>955.05</b>

In terms of our report attached

**For DELOITTE HASKINS & SELLS**  
Chartered Accountants

**Hemendra Shah**  
Partner

Ahmedabad  
15<sup>th</sup> May, 2015

**Ashok Modi**  
Executive Director  
& Chief Financial Officer

Signatures to the Consolidated Cash Flow Statement

**Samir Mehta**  
Executive Chairman

**Mahesh Agrawal**  
VP (Legal) & Company Secretary

Ahmedabad  
15<sup>th</sup> May, 2015

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### NOTE - 1 GROUP INFORMATION

The consolidated financial statements comprise the financial statements of the Parent Company, Torrent Pharmaceuticals Limited (TPL) and the following subsidiaries / step-down subsidiaries / partnership entity (together referred to as Group) :

Entity	Country of Incorporation
<b>Subsidiaries</b> [having 100% proportion of ownership interest]	
Zao Torrent Pharma	Russia
Torrent Do Brasil Ltda	Brazil
Torrent Pharma GmbH (TPG)	Germany
Torrent Pharma Inc.	USA
Torrent Pharma Philippines Inc.	Philippines
Laboratorios Torrent, S.A. de C.V.	Mexico
Torrent Australasia Pty Ltd.	Australia
Torrent Pharma Canada Inc.	Canada
Torrent Pharma (Thailand) Co., Limited.	Thailand
Torrent Pharma S.R.L.	Romania
Torrent Pharma (UK) Ltd (TPUK)	United Kingdom
Laboratorios Torrent (Malaysia) SDN.BHD.	Malaysia
Torrent Pharma France S.A.S.	France
<b>Step-down subsidiaries of TPG</b> [having 100% proportion of ownership interest]	
Heumann Pharma GmbH & Co. Generica KG	Germany
Heunet Pharma GmbH	Germany
Norispfarm GmbH	Germany
<b>Step-down subsidiaries of TPUK</b> [having 100% proportion of ownership interest]	
Aptil Pharma Limited	United Kingdom
<b>Partnership Firm</b> [having 97% proportion of ownership interest]	
Torrent Pharmaceuticals (Sikkim)	India

Aptil Pharma Limited, a wholly owned subsidiary of Torrent Pharma (UK) Ltd was acquired on 29-April-2014.

During the year, the parent company has invested ₹ 0.03 Crores in equity share capital (being 50% proportion of ownership interest) of Tornascent Care Institute ("TCI"), a company incorporated under Section 8 of the Companies Act, 2013. In view of the restrictions on TCI to transfer funds and no economic benefits to its members, the parent company's proportionate share in TCI has not been considered in the consolidated financial statements.

### NOTE - 2 : SIGNIFICANT ACCOUNTING POLICIES OF THE GROUP

#### 2.1 Basis for preparation of financial statements

The consolidated financial statements have been prepared and presented under the historical cost convention on an accrual basis of accounting, and in accordance with the Generally Accepted Accounting Principles (GAAP) in India. GAAP includes Accounting Standards (AS) notified by the Central Government of India under Section 133 of the Companies Act, 2013 read with Rule 7 of Companies (Accounts) Rules, 2014 and provisions of the Companies Act, 2013, pronouncements of Institute of Chartered Accountants of India and guidelines issued by Securities and Exchange Board of India (SEBI).

The consolidated financial statements are presented, to the extent possible, in the same format as that adopted by the Parent Company for its separate financial statements.

Except where otherwise stated, the accounting policies are consistently applied.

All the assets and liabilities have been classified as current or non current as per the Company's normal operating cycle and other criteria set out in the Revised Schedule III to the Companies Act, 2013.

Current assets / liabilities include the current portion of non current financial assets / liabilities respectively. All other assets / liabilities are classified as non current.

## 2.2 Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make assumptions, critical judgments and estimates, which it believes are reasonable under the circumstances, that affect the reported amounts of assets, liabilities and contingent liabilities on the date of financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates. Difference between the actual results and estimates are recognized in the period in which the results are known or materialise.

## 2.3 Principles of consolidation

The consolidated financial statements are prepared in accordance with principles and procedures required for preparation and presentation of consolidated financial statements as laid down under AS 21 “Consolidated Financial Statements”. The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

The consolidated financial statements have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances / transactions and resulting unrealized profits in full. Unrealised losses resulting from intra-group transactions have also been eliminated except to the extent that recoverable value of related asset is lower than their cost to the group. The amounts shown in respect of reserves comprise the amount of the relevant reserves as per the balance sheet of the Parent Company and its share in the post-acquisition increase in the relevant reserves of the consolidated entities. Minority interest represents part of net profit / loss and net assets of entities that are not directly or indirectly, owned by the Company and is excluded and disclosed separately.

The excess / shortfall of cost to the Parent Company of its investment over its portion of equity in the consolidated entities at the respective dates on which the investment in such entities was made is recognized in the financial statements as goodwill / capital reserve. Goodwill is tested for impairment at the end of each accounting year.

## 2.4 Fixed assets, depreciation and amortization

### Tangible assets

- (a) Tangible fixed assets are stated at cost of acquisition or construction less accumulated depreciation. The cost of fixed asset comprises of its purchase price, non-refundable taxes & levies, freight and other incidental expenses related to the acquisition and installation of the respective assets. Borrowing cost attributable to acquisition or construction of qualifying fixed assets is capitalized to respective assets when the time taken to put the assets to use is substantial.
- (b) Pre-operative expenditure comprising of revenue expenses incurred in connection with project implementation during the period up to commencement of commercial production are treated as part of project costs and are capitalized. Such expenses are capitalized only if the project to which they relate, involve substantial expansion of capacity or upgradation.
- (c) Depreciation on fixed assets is provided using the straight line method based on useful life of the assets estimated by the management.

The management’s estimate of the useful life for various categories of fixed assets is given below:

Office buildings*	58 years
Factory buildings*	28 years
Plant and machinery*	10 to 20 years
Laboratory equipment*	5 to 20 years
Electrical equipment *	5 to 20 years
Furniture and fixtures	3 to 10 years
Office equipment*	10 years
Computer equipment	2 to 5 years
Vehicles*	5 to 10 years

\* For these class of assets, the useful life of assets is different than the prescribed life as per Part C of Schedule II of the Companies Act, 2013. The different useful life is based on internal technical evaluation by the Company and historical usage of assets.

- (d) Cost of leasehold land (except for lease of long tenure) is amortized over the period of the lease. Cost of lease hold land where lease period is of long tenure and substantial rights of ownership are with lessee, is not amortized.

#### Intangible assets

- (a) Acquired product licenses are capitalized at costs comprising of direct costs of purchase and expenses directly attributable to the purchase of Product licenses.
- (b) Software costs are capitalized and recognized as intangible assets based on materiality, accounting prudence and significant economic benefits expected to flow there from for a period longer than one year.
- (c) Intangible assets are amortized over their estimated useful lives on a straight-line basis. The management's estimate of the useful life of various categories of intangible assets are given below:

Product license	Upto 10 years
Software	3 to 5 years
Brands	Upto 15 years
Non Compete agreement	Upto 3 years
Goodwill	Upto 15 years

The management estimated useful life of 15 years for brands and goodwill, based on expected growth in sales, future competition, life cycle of brand, over which majority of the future economic benefits will be generated.

#### Impairment of assets

- (a) Fixed assets are reviewed for impairment losses at each balance sheet date for events or changes in circumstances indicating that the carrying amount may not be recoverable. An impairment loss is then recognized for the amount by which the carrying amount of the assets exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.
- (b) Fixed assets that have been retired from their active use and held for disposal, are classified as current assets, and are stated at lower of their cost and net realizable value.

### 2.5 Investments

- (a) Non current investments are carried at cost. Provision is made to recognize any diminution in value, other than that of a temporary nature.
- (b) Current investments are carried at lower of cost and fair value. Diminution in value is charged to the statement of profit and loss.
- (c) Current investments readily convertible in known amount of cash and subject to insignificant risk of changes in value are classified as cash and cash equivalents for preparation of cash flow statement.

### 2.6 Cash flow statement

The cash flow statement is prepared as per the "Indirect Method" as set out in AS - 3 "Cash Flow Statements" issued by the Institute of Chartered Accountants of India.

### 2.7 Inventories

Inventories are valued at the lower of cost and net realizable value. Provision for impairment is made when there is uncertainty in salability of an item. Costs incurred in bringing inventories to its existing location and condition are determined on the following basis:

- (a) Raw material and packing material - Purchase cost of materials on moving average basis.
- (b) Finished goods (manufactured) and work-in-progress - Cost of purchase, cost of conversion and other costs proportionately allocated determined on weighted average basis.
- (c) Finished goods (traded) - Purchase cost on moving average basis.

## 2.8 Revenue recognition

- (a) Revenue from sale of goods is recognized when the significant risks and rewards of ownership of goods are transferred to the customer. Sales are net of discounts, sales tax, value added tax and estimated returns. Excise duty collected on sales are shown by way of deduction from sales.
- (b) Provision / accrual for sales returns, chargeback, rebates and medicaid payments are estimated and provided for in the year of sale and recorded as reduction from revenue. A chargeback claim is made by the wholesaler for the difference between the price at which the product is initially invoiced to the wholesaler and the contracted price at which it is agreed to be sold to third parties. Provision / accruals for chargeback, rebates, returns and medicaid payments are estimated on the basis of historical experience, market conditions and specific contractual terms. The methodology and assumptions used to estimate rebates and returns are monitored and adjusted regularly in line with contractual and legal obligations, trade practices, historical trends, past experience and projected market conditions.
- (c) Income from services is recognized when the services are rendered or when contracted milestones have been achieved.
- (d) Revenue from arrangements which includes performance of obligations is recognized in the period in which related performance obligations are completed.
- (e) Export entitlements are recognized as income when right to receive credit as per the terms of the scheme is established in respect of the exports made and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.
- (f) Dividend income is recognized when the unconditional right to receive dividend is established.
- (g) Interest income is recognized using the time-proportionate method, based on rates implicit in the transaction.
- (h) Revenue in respect of other income is recognized when a reasonable certainty as to its realization exists.

## 2.9 Employees retirement and other benefits

### (a) Short-term employee benefits:

Short term employee benefits like salaries, wages, and bonus and welfare expenses payable wholly within twelve months of rendering the service are accrued in the year in which the associated services are rendered by the employees.

### (b) Long-term employee benefits:

Defined contribution plan:

Contribution in case of defined contribution plans (Provident Fund, Superannuation benefit, Social Security schemes and other fund/schemes) is charged to statement of profit and loss as and when it is incurred as employee benefits.

Defined benefit plan:

The accruing liability on account of defined benefit plans (gratuity, pension and other retirement benefit plans) is actuarially valued every year. The current service cost, interest cost, expected return on plan assets and the actuarial gain / loss are debited / credited, as the case may be, to the statement of profit and loss of the year as employee benefits.

The liability for compensated absences and leave encashment is provided on the basis of actuary valuation, as at Balance Sheet date.

## 2.10 Government grants

- (a) Government grants are recognized when there is reasonable assurance that the grant will be received and all relevant conditions are complied with.
- (b) Grants received by way of investment subsidy scheme in relation to total investment are credited to capital reserve and are treated as part of owners' fund.
- (c) Grants that compensate expenses are recognized on receipt basis.

### 2.11 Finance costs

Finance costs consist of interest, amortization of ancillary costs and other costs in connection with the borrowing of funds and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

### 2.12 Research and development

Revenue expenditure on research and development is expensed off under the respective head of expenses in the year in which it is incurred.

### 2.13 Leases

Lease rentals in respect of assets taken on operating lease are charged to the statement of profit and loss on accrual and straight line basis over the lease term.

### 2.14 Accounting for taxes

- (a) Current tax is the aggregation of the tax charge appearing in the group companies.
- (b) Deferred Tax resulting from timing differences between accounting and taxable profit for the period is accounted by using tax rates and laws that have been enacted or substantively enacted as at the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future. Deferred tax assets and liabilities are arrived at after setting off deferred tax assets and liabilities where the group has a legally enforceable right to set-off assets against liabilities, and where such assets and liabilities relate to taxes on income levied by the same governing taxation laws.
- (c) Minimum alternative tax (MAT) paid in accordance with the tax laws, which gives rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset when it is probable that the future economic benefit associated with it will flow to the Company.

### 2.15 Foreign currency transactions and balances

The reporting currency of the group is Indian Rupee. However, the local currencies of foreign operation are different from the reporting currency of the group.

- (a) Foreign currency transactions are recorded at the exchange rates prevailing on the date of the transaction.
- (b) The net gain or loss on account of exchange differences arising on settlement of foreign currency transactions are recognized as income or expense of the period in which they arise.
- (c) Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the closing rate. The resultant exchange differences are recognized in the statement of profit and loss. Non-monetary assets and liabilities are carried at the rates prevailing on the date of transaction. The Company has not exercised the option for capitalization or amortization of exchange differences on long term foreign currency monetary items as provided by notification, issued by the Ministry of Corporate Affairs.

Investments in shares of foreign subsidiaries and other entities are expressed in reporting currency at the rates of exchange prevailing at the time when the original investments were made.

### 2.16 Derivative instruments and hedge accounting

- (a) In case of forward contracts, to which AS 11, The Effects of Changes in Foreign Exchange Rate (AS 11) applies, the difference between the forward rate and the exchange rate on the date of the contract is recognized as income or expense over the life of the contract. Exchange differences on such a contract are recognized in the statement of profit and loss in the period in which the exchange rates change.
- (b) Foreign currency forward contracts, to which AS 11 does not apply, hedge accounting principles set out in AS 30 "Financial Instruments: Recognition and Measurement" are adopted w.e.f. 01-Apr-2011 to the extent they do not conflict with existing mandatory accounting standards and other authoritative pronouncements, Company law and other regulatory requirements. These transactions comprise of forward contracts taken to hedge risks associated with foreign currency fluctuations relating to highly probable forecast transactions and designated as cash flow hedges and valued at fair value. Changes in the fair value of these forward contracts that are effective hedges are recognized directly in cash flow hedge reserve account and the ineffective portion is recognized in the statement of profit and loss.

Amount accumulated in cash flow hedge reserve account is reclassified to the statement of profit and loss in the same period during which the forecasted transaction materialize. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting.

If the forecasted transaction is no longer expected to occur, the net cumulative gain or loss recognized in cash flow hedge reserve account is immediately transferred to the statement of profit and loss for the period.

## **2.17 Translation of financial statements of foreign operations**

Foreign operations comprises of foreign subsidiaries and representative offices. All foreign subsidiaries are classified as non-integral and representative offices as integral considering the way in which they are financed and operate in relation to the Parent Company. Consequently, translation of respective financial statements is effected as under:

### **Non-integral operations:**

- (a) Revenues and expenses are translated to reporting currency at the monthly average exchange rates based on the daily closing rates.
- (b) Inventories are translated at the six monthly average exchange rates based on the daily closing rates for the period of six months to the date of balance sheet.
- (c) All assets and liabilities, both monetary and non-monetary (except inventory), are translated to reporting currency at the exchange rate prevalent at the date of the balance sheet.
- (d) The resulting net exchange differences are recognized as foreign currency translation reserve.

### **Integral operations:**

- (a) Revenues and expenses (except depreciation) are translated at the respective monthly average exchange rates based on the daily closing rates. Depreciation is translated at historical rates.
- (b) Monetary & Non-monetary items are translated using closing rate and historical rate respectively.
- (c) Exchange differences arising on translation are recognized in statement of profit and loss.

## **2.18 Provisions, contingent liabilities and contingent assets**

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources for which reliable estimates can be made. Liabilities which are of a contingent nature are not provided but are disclosed at their estimated amount in the notes forming part of the accounts. Contingent assets are neither recognized nor disclosed in the financial statements.



	As at 31-Mar-2015	(₹ in Crores) As at 31-Mar-2014
<b>NOTE - 3 : SHARE CAPITAL</b>		
<b>Authorised</b>		
200,000,000 (previous year 200,000,000) equity shares of ₹ 5 each	100.00	100.00
2,500,000 (previous year 2,500,000) preference shares of ₹ 100 each	25.00	25.00
	<b>125.00</b>	<b>125.00</b>
<b>Issued</b>		
169,236,720 (previous year 169,236,720) equity shares of ₹ 5 each	84.62	84.62
<b>Subscribed and paid-up</b>		
169,222,720 (previous year 169,222,720) equity shares of ₹ 5 each	84.62	84.62
<b>Forfeited shares</b>		
Amount originally paid up on 14,000 (previous year 14,000) equity shares of ₹ 5 each forfeited * Amount ₹ 35,000/- (previous year ₹ 35,000/-)	*	*
	<b>84.62</b>	<b>84.62</b>

Notes:

(i) Reconciliation of equity shares outstanding at the beginning and at the end of the reporting year:

Particulars	As at 31-Mar-2015		As at 31-Mar-2014	
	Numbers	₹ in Crores	Numbers	₹ in Crores
As at the beginning of the year	169,222,720	84.62	84,611,360	42.31
Add : Bonus issued during the year	-	-	84,611,360	42.31
<b>Outstanding at the end of the year</b>	<b>169,222,720</b>	<b>84.62</b>	169,222,720	84.62

(ii) Details of shares allotted for consideration other than cash, bonus shares and shares bought back in previous five financial years is as under:

The Company allotted 84,611,360 Equity Shares as fully paid up bonus shares of ₹ 5 each, pursuant to the shareholders' resolution passed on 12-Jul-2013.

(iii) 86,115,472 (previous year 86,115,472) equity shares of ₹ 5 each are held by the holding Company, Torrent Private Limited.

	As at 31-Mar-2015	(₹ in Crores) As at 31-Mar-2014
<b>NOTE - 4 : RESERVES AND SURPLUS</b>		
<b>Capital reserve</b>	6.27	6.27
<b>Capital redemption reserve</b>		
Balance as per last balance sheet	-	3.85
Add : Utilised for issue of bonus shares during the year	-	(3.85)
	-	-
<b>Securities premium account</b>		
Balance as per last balance sheet	4.34	42.80
Add : Utilised for issue of bonus shares during the year	-	(38.46)
	4.34	4.34
<b>Cash flow hedge reserve</b>		
Balance as per last balance sheet	84.34	9.96
Add : Adjustment during the year	21.04	74.38
	105.38	84.34
<b>General reserve</b>		
Balance as per last balance sheet	1,089.61	1,013.38
Add : Transfer from statement of profit and loss	63.00	76.23
	1,152.61	1,089.61
<b>Foreign currency translation reserve</b>		
Balance as per last balance sheet	(73.86)	(14.10)
Add : Foreign currency translation reserve for the year	44.59	(59.76)
	(29.27)	(73.86)
<b>Balance in statement of profit and loss</b>		
Balance as per last balance sheet	707.11	317.46
Add: Net profit for the year	750.94	663.88
Less: Appropriations		
Interim dividend [₹ 5.00 per share (previous year ₹ 5.00 per share)]	84.62	84.62
Proposed dividend [₹ 6.25 per share (previous year ₹ 5.00 per share)]	105.76	84.62
Tax on distributed profits	38.06	28.76
Transfer to general reserve	63.00	76.23
<b>Balance in statement of profit and loss</b>	1,166.61	707.11
	<b>2,405.94</b>	<b>1,817.81</b>

	As at 31-Mar-2015	(₹ in Crores) As at 31-Mar-2014
<b>NOTE - 5 : BORROWINGS</b>		
<b>Long-term borrowings, non-current portion [Note: (ii)]</b>		
Secured term loans :		
from banks [Note: (i)(a)]	2,171.60	730.72
Unsecured term loans :		
from others	13.62	13.74
	<b>2,185.22</b>	<b>744.46</b>
<b>Long-term borrowings, current portion [Note: (ii)]</b>		
Secured term loans from banks [Note: (i)(a)]	233.45	135.00
Unsecured term loans :		
from banks	-	39.64
from others	2.61	2.23
	<b>2.61</b>	<b>41.87</b>
	<b>236.06</b>	<b>176.87</b>
<b>Short-term borrowings</b>		
Secured loans from banks [Note: (i)(b)]	314.07	19.62
Unsecured loans from banks	5.00	190.81
	<b>319.07</b>	<b>210.43</b>
	<b>2,740.35</b>	<b>1,131.76</b>

Notes:

(i) Loans are secured by:

(a) Term loans of ₹ 605.05 Crores (previous year ₹ 295.27 Crores) from banks are secured by & Term loans of ₹ NIL (previous year ₹ 270.45 Crores) to be secured by first equitable mortgage of immovable fixed assets and hypothecation of movable fixed assets, present and future, located at formulation manufacturing facilities, village Indrad; research facilities, village Bhat; corporate office, Ahmedabad, all in Gujarat, and manufacturing facilities, village Bhud; in Himachal Pradesh, on pari passu basis.

Term loan of ₹ 1400 Crores (previous year ₹ 100 Crores) from bank is secured by & Term Loan of ₹ 200 Crores (previous year NIL) are to be secured by first equitable mortgage of immovable fixed assets and hypothecation of movable fixed assets, present and future, of formulation manufacturing facilities located at Dahej (SEZ) in Gujarat and Gangtok in Sikkim, on pari passu basis along with some of the identified brands of the Company in respect of which the Company is in the process of creating the charge.

Term loan of ₹ 200 Crores (previous year ₹ 200 Crores) from bank is secured by first equitable mortgage of free hold land located at village Rakanpur and free hold land and buildings located at Delhi, on pari passu basis along with some of the identified brands of the Company. The Company is in the process of creating charge on assets located at village Rakanpur & Delhi.

(b) Working capital facilities are secured by hypothecation of inventories and book debts.

(ii) The terms of repayment of loan obligations on principal amount repayable in yearly installments, for the secured and unsecured long-term loans are as under:

	(₹ in Crores)	
Financial year	Secured	Unsecured
2015-16	233.45	2.61
2016-17	530.19	3.90
2017-18	318.06	3.78
2018-19	348.10	2.67
2019-20	357.66	1.98
2020-21	322.59	1.29
2021-22	245.00	-
2022-23	50.00	-
<b>Total</b>	<b>2,405.05</b>	<b>16.23</b>

		(₹ in Crores)	
	Notes	As at 31-Mar-2015	As at 31-Mar-2014
<b>NOTE - 6 : DEFERRED TAX</b>			
<b>Deferred tax liabilities</b>			
Excess of aggregate depreciation claimed under the income tax law over that debited to statement of profit and loss in the earlier years		221.21	75.38
Unrealized foreign exchange gain		-	0.23
		<b>221.21</b>	<b>75.61</b>
<b>Deferred tax assets</b>			
Provision for employee benefits expense		(37.73)	(31.48)
Provision for impairment of inventories		(19.16)	(33.59)
Provision for expenses		(10.60)	(3.80)
Provision for chargebacks		(21.00)	(9.08)
Provision for doubtful debts		(8.37)	(10.65)
Unrealized foreign exchange loss		(2.89)	(4.07)
Provision for goods dispatched but not delivered		(0.61)	(0.83)
Provision for doubtful claim receivables		(0.01)	(0.01)
Tax losses of subsidiaries		(15.60)	(0.26)
Excess of depreciation debited to statement of profit and loss over that claimed under the income tax law		(0.54)	-
		<b>(116.51)</b>	<b>(93.77)</b>
		<b>104.70</b>	<b>(18.16)</b>
<b>Deferred tax liabilities / (assets) net</b>			
The deferred tax liabilities / assets are off-set, where the group has a legally enforceable right to set-off assets against liabilities, and are presented in balance sheet as follows:			
Deferred tax liabilities		188.84	47.48
Deferred tax assets		(84.14)	(65.64)
		<b>104.70</b>	<b>(18.16)</b>
<b>NOTE - 7 : OTHER LIABILITIES</b>			
<b>Long-term liabilities</b>			
Creditors for capital goods		6.53	5.77
Trade deposits		0.13	0.34
Derivative financial instruments		0.85	3.92
		<b>7.51</b>	<b>10.03</b>
<b>Current liabilities</b>			
Current maturities of long-term debt	5	236.06	176.87
Interest accrued but not due on borrowings		17.65	3.68
Unclaimed dividend (not due)		1.74	0.92
Creditors for capital goods		32.49	38.22
Payables for employee benefits		73.81	63.12
Trade advances and deposits		15.78	17.20
Payables to statutory and other authorities		46.30	36.37
Book overdraft		11.57	4.17
Derivative financial instruments		9.47	25.71
Other payables		8.56	5.37
		<b>453.43</b>	<b>371.63</b>
		<b>460.94</b>	<b>381.66</b>

	As at 31-Mar-2015	(₹ in Crores) As at 31-Mar-2014
<b>NOTE - 8 : PROVISIONS</b>		
<b>Long-term provisions</b>		
Provision for employee benefits		
Post-retirement benefits	75.67	70.53
Leave benefits	52.96	37.24
	<b>128.63</b>	<b>107.77</b>
Provision for sales returns	57.35	47.31
Provision for expenses	21.51	35.35
	<b>207.49</b>	<b>190.43</b>
<b>Short-term provisions</b>		
Provision for employee benefits		
Post-retirement benefits	1.29	1.58
Leave benefits	7.20	7.82
	<b>8.49</b>	<b>9.40</b>
Provision for sales returns	71.70	53.42
Proposed dividend	105.76	84.62
Tax on distributed profits	21.15	14.38
Provision for taxation, net of advance tax	23.71	1.57
	<b>230.81</b>	<b>163.39</b>
	<b>438.30</b>	<b>353.82</b>

**NOTE - 9 : FIXED ASSETS**

(₹ in Crores)

Particulars	Gross Block (At Cost)				Depreciation, Amortisation and Impairment				Net Block			
	As at 01-Apr-14	Additions during the year	Deductions/ Adjustments during the year	As at 31-Mar-15	Foreign Exchange Translation	As at 31-Mar-15	Additions during the year	Deductions/ Adjustments during the year	As at 31-Mar-15	Foreign Exchange Translation	As at 31-Mar-15	As at 31-Mar-14
<b>TANGIBLES</b>												
Land												
Freehold	116.05	-	-	116.05	-	-	-	-	-	-	116.05	116.05
Leasehold	46.19	-	-	46.19	-	-	1.98	-	1.98	-	44.21	45.04
Building	312.70	40.55	0.97	352.28	(0.48)	68.74	9.55	0.21	77.94	(0.14)	273.86	243.96
Plant & equipment	644.61	96.11	8.49	732.23	(3.24)	292.54	51.51	6.67	336.41	(0.97)	392.58	352.07
Furniture & fixtures	41.56	3.57	2.77	42.36	(0.66)	25.50	3.16	2.33	25.79	(0.54)	15.91	16.06
Vehicles	13.45	0.51	1.84	12.12	(0.42)	5.01	1.28	0.86	5.24	(0.19)	6.46	8.44
Office equipment	50.24	4.15	3.00	51.39	(1.04)	38.68	3.66	2.72	38.87	(0.75)	11.48	11.56
Electrical equipment	99.08	13.66	1.01	111.73	(1.21)	45.54	5.06	0.63	49.46	(0.51)	61.06	53.54
<b>(A)</b>	<b>1,323.88</b>	<b>158.55</b>	<b>18.08</b>	<b>1,464.35</b>	<b>(7.05)</b>	<b>477.16</b>	<b>75.05</b>	<b>13.42</b>	<b>535.69</b>	<b>(3.10)</b>	<b>921.61</b>	
Previous Year	1,203.16	132.15	13.47	1,321.84	2.04	405.97	78.07	7.65	477.16	0.77		846.72
<b>INTANGIBLES</b>												
Computer software	34.61	2.20	-	36.81	(1.25)	27.71	3.99	-	30.77	(0.93)	4.79	6.90
Product licenses	61.55	24.73	-	86.28	(12.08)	39.83	6.83	-	38.85	(7.81)	35.35	21.72
Brands	-	1,814.70	-	1,814.70	-	-	91.48	-	91.48	-	1,723.22	-
Non-compete agreement	-	30.50	-	30.50	-	-	7.69	-	7.69	-	22.81	-
Goodwill	-	114.80	-	114.80	-	-	5.79	-	5.79	-	109.01	-
<b>(B)</b>	<b>96.16</b>	<b>1,986.93</b>	<b>-</b>	<b>2,083.09</b>	<b>(13.33)</b>	<b>67.54</b>	<b>115.78</b>	<b>-</b>	<b>174.58</b>	<b>(8.74)</b>	<b>1,895.18</b>	
Previous Year	74.99	1,247	0.44	87.02	9.14	52.36	8.96	0.04	67.54	6.26		28.62
<b>Total (A+B)</b>												
<b>Current Year</b>	<b>1,420.04</b>	<b>2,145.48</b>	<b>18.08</b>	<b>3,547.44</b>	<b>(20.38)</b>	<b>544.70</b>	<b>190.83</b>	<b>13.42</b>	<b>722.11</b>	<b>(11.84)</b>	<b>710.27</b>	<b>2,816.79</b>
Previous Year	1,278.15	144.62	13.91	1,408.86	11.18	458.33	87.03	7.69	537.67	7.03	544.70	875.34

Notes:

- (i) Foreign Exchange Translation represents foreign exchange difference arising due to translation of all foreign subsidiaries fixed assets at closing exchange rate.
- (ii) Pro-rata cost of assets owned jointly with Torrent Power Limited, a Company under same management is as under :

Particulars	Proportion of holding		As at 31-Mar-14	
	Proportion of holding	As at 31-Mar-15	As at 31-Mar-14	As at 31-Mar-14
Freehold Land	50%	23.79	23.79	23.79
Freehold Land	30%	35.69	35.69	35.69
Buildings	30%	0.65	0.65	0.11

- (iii) Depreciation, Amortization and Impairment includes ₹ 0.09 Crores (previous year ₹ 0.12 Crores) transferred to capital work in progress as pre operative expenses

		(₹ in Crores)	
		As at 31-Mar-2015	As at 31-Mar-2014
<b>NOTE - 10 : INVESTMENTS</b>			
	No. of Units		
<b>Non-current investments [valued at cost]</b>			
Trade investments, unquoted			
GPC Cayman Investors I Ltd. - fully paid up equity shares of USD 10 each [Note i]	820601	37.49	37.49
Less: Provision for diminution in value		37.49	37.49
		-	-
Shivalik Solid Waste Limited - fully paid up equity shares of ₹ 10 each	20000	0.02	0.02
		0.02	0.02
Non-trade investments, unquoted			
Tornascent Care Institute - fully paid up equity shares of ₹ 10 each (Previous year NIL)	25000	0.03	-
National savings certificates		0.01	0.01
		0.04	0.01
		0.06	0.03
<b>Current investments [valued at lower of cost or fair value]</b>			
Mutual funds [Note ii]		284.59	173.63
Corporate deposit with HDFC Limited		13.00	12.00
		297.59	185.63
Aggregate unquoted investments		297.65	185.66
Notes :			
(i) Aggregate provision for diminution in value of investments		37.49	37.49
(ii) Aggregate net asset value of investment in mutual funds		285.46	174.07
<b>NOTE - 11 : LOANS AND ADVANCES</b>			
[Unsecured and considered good, unless otherwise stated]			
<b>Non-current loans and advances</b>			
Capital advances		24.21	83.59
Security deposits		11.10	18.01
Advance tax paid, net of provisions		35.88	26.73
MAT credit entitlement		134.74	-
Other advances recoverable in cash or kind or for value to be received		0.99	1.14
		206.92	129.47
<b>Current loans and advances</b>			
Security deposits		0.67	0.17
Balance with VAT, excise and customs department		0.25	0.57
Other advances recoverable in cash or kind or for value to be received		108.17	84.21
		109.09	84.95
		316.01	214.42

	As at 31-Mar-2015	(₹ in Crores) As at 31-Mar-2014
<b>NOTE - 12 : OTHER ASSETS</b>		
[Unsecured and considered good, unless otherwise stated]		
<b>Non-current assets</b>		
Derivative financial instruments	50.28	60.74
<b>Current assets</b>		
Export benefits receivable	37.72	50.02
Claims receivable : indirect tax / insurance / others		
Considered good	138.99	131.74
Considered doubtful	0.02	0.02
Less : Allowance for doubtful claims receivable	0.02	0.02
	138.99	131.74
Interest accrued on loans and deposits	0.90	4.48
Derivative financial instruments	244.97	70.33
Fixed assets held for sale	0.19	0.73
Others	0.17	1.70
	422.94	259.00
	473.22	319.74
<b>NOTE - 13 : INVENTORIES</b>		
[At lower of cost and net realisable value]		
Raw materials	364.58	377.17
Packing materials	41.30	28.47
Work-in-progress	135.75	108.53
Finished goods	371.07	366.50
Stock-in-trade	154.47	125.39
	1,067.17	1,006.06
<b>NOTE - 14 : TRADE RECEIVABLES</b>		
Debts over six months from due date		
Considered good	16.12	20.68
Considered doubtful	37.32	29.16
Less : Allowance for doubtful trade receivables	37.32	29.16
	16.12	20.68
Debts less than six months from due date		
Considered good	1,578.42	1,078.74
Considered doubtful	0.51	5.94
Less : Allowance for doubtful trade receivables	0.51	5.94
	1,578.42	1,078.74
	1,594.54	1,099.42



	(₹ in Crores)	
	As at 31-Mar-2015	As at 31-Mar-2014
<b>NOTE - 15 : CASH AND CASH EQUIVALENTS</b>		
Cash on hand	0.20	0.23
Balances with banks	202.62	198.40
Fixed deposit	362.78	569.74
Balances with banks for unclaimed dividend	1.74	0.92
Balances with banks held as margin money	-	0.11
Term deposits lodge with banks as securities	0.02	0.02
	<b>567.36</b>	<b>769.42</b>

Note: Cash and cash equivalents stated above excludes investment in mutual funds and corporate deposits disclosed under Note - 10 current investments as per requirements of AS 13 - "Accounting for Investments".

	(₹ in Crores)	
	Year ended 31-Mar-2015	Year ended 31-Mar-2014
<b>NOTE - 16 : REVENUE FROM OPERATIONS</b>		
<b>Sales</b>		
Sales in India	1,882.18	1,462.32
Sales outside India	2,711.04	2,581.36
	<b>4,593.22</b>	<b>4,043.68</b>
Less : Excise duties	7.88	7.38
	<b>4,585.34</b>	<b>4,036.30</b>
<b>Operating Income</b>		
Export benefits	39.41	52.10
Income from product registration dossiers	10.26	21.14
Patent assignment income	-	41.52
Compensation and settlement income	2.23	13.65
Other operating income	16.21	20.01
	<b>68.11</b>	<b>148.42</b>
	<b>4,653.45</b>	<b>4,184.72</b>
<b>NOTE - 17 : OTHER INCOME</b>		
Interest income	14.58	27.42
Net gain on sale of investments	15.97	10.55
Net foreign exchange gain	252.89	-
Other non-operating income	0.98	0.16
Profit on sale of fixed assets	1.13	-
	<b>285.55</b>	<b>38.13</b>
<b>NOTE - 18 : COST OF MATERIALS CONSUMED</b>		
Raw materials	833.09	743.21
Packing materials	140.42	134.81
	<b>973.51</b>	<b>878.02</b>

	Year ended 31-Mar-2015	(₹ in Crores) Year ended 31-Mar-2014
<b>NOTE - 19 : CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE</b>		
Opening stocks		
Finished goods	366.50	336.85
Work-in-progress	108.53	122.89
Stock-in-trade	125.39	87.15
	<b>600.42</b>	<b>546.89</b>
Less : Closing stocks		
Finished goods	371.07	366.50
Work-in-progress	135.75	108.53
Stock-in-trade	154.47	125.39
	<b>661.29</b>	<b>600.42</b>
Net (increase) / decrease in stock	<b>(60.87)</b>	<b>(53.53)</b>
<b>NOTE - 20 : EMPLOYEE BENEFITS EXPENSE</b>		
[Other than those included in pre-operative expenses]		
Salaries, wages and bonus	684.98	633.77
Contribution to provident and other funds	98.50	66.70
Contribution for defined benefit plans	30.39	15.63
Staff welfare expenses	27.94	25.00
	<b>841.81</b>	<b>741.10</b>
<b>NOTE - 21 : FINANCE COSTS</b>		
[Other than those included in pre-operative expenses]		
Interest expense	155.90	34.24
Other borrowing cost	7.53	3.76
Net foreign exchange loss, to the extent considered as finance cost	11.73	20.63
	<b>175.16</b>	<b>58.63</b>

	Year ended 31-Mar-2015	Year ended 31-Mar-2014
(₹ in Crores)		
<b>NOTE - 22 : OTHER EXPENSES</b>		
[Other than those included in pre-operative expenses]		
Power and fuel	97.41	71.88
Stores and spares consumed	59.57	54.91
Cost of outsourced manpower	31.83	32.71
Job work charges	16.31	14.27
Laboratory goods and testing expense	60.70	41.12
Clinical research expense	14.92	17.33
Excise duties	6.54	4.00
Repairs and maintenance		
Machinery	10.41	10.06
Buildings	4.35	6.15
Others	7.32	7.36
	22.08	23.57
Selling, publicity and medical literature expense	534.11	429.49
Commission on sales	22.65	18.91
Sales and turnover taxes	17.64	13.13
Allowance for doubtful debts [net of bad debts written off ₹ 3.89 Crores (previous year ₹ 1.20 Crores)]	4.30	22.84
Travelling, conveyance and vehicle expenses	109.11	94.35
Compensation expense	57.53	60.73
Professional and legal fees	60.09	44.42
Registration expenses	30.39	32.40
Royalty Expense	0.15	2.06
Rent	35.38	37.39
Rates and taxes	3.81	1.97
Communication expenses	16.75	16.38
Printing and stationery expenses	4.55	4.41
Insurance	10.14	10.28
Net foreign exchange loss	-	84.24
Loss on sale / discard / write-off of fixed assets	-	3.78
Provision on asset held for sale	0.08	0.29
Auditors remuneration and expenses		
Audit Fees	3.69	2.94
Other Services	1.73	0.88
Out of pocket expenses	0.07	0.09
	5.49	3.91
Cost audit fees	0.05	0.06
Commission to non-executive directors	6.54	9.54
Donation	10.76	15.03
Corporate Social Responsibility expense	14.31	0.09
General charges	123.45	83.14
	<b>1,376.64</b>	<b>1,248.63</b>

**NOTE - 23 : EARNINGS PER SHARE**

The basic and diluted earnings per share [EPS] are :

			Year ended 31-Mar-2015	Year ended 31-Mar-2014
Net profit for the year	(a)	[₹ in Crores]	750.94	663.88
Weighted average number of equity shares	(b)	[Nos.]	169,222,720	169,222,720
EPS (basic and diluted)	(a) / (b)	[₹]	44.38	39.23
Nominal value per equity share		[₹]	5.00	5.00
			As at 31-Mar-2015	As at 31-Mar-2014

**NOTE - 24 : CAPITAL COMMITMENTS**

Estimated amount of contracts remaining unexecuted on capital account & not provided for :

			183.08	128.28
<b>NOTE - 25 : CONTINGENT LIABILITIES</b>				
Contingent Liabilities not provided for in respect of :				
Claims against the Group not acknowledged as debts				
Disputed demand of income tax for which appeals have been preferred			7.01	5.25
Disputed employee state insurance contribution liability under E.S.I. Act, 1948			8.24	7.30
Disputed cases for supply of goods and services			-	0.19
Disputed demand of excise and service tax			14.87	32.41
Disputed demand of local sales tax and C.S.T			0.41	0.19
Disputed cases at labour court / industrial court			3.15	3.07
			<b>33.68</b>	<b>48.41</b>

Against the above, the Company has paid ₹ 0.09 Crores (previous year ₹ 0.28 Crores). The expected outflow will be determined at the time of final outcome in respect of the concerned matter. No amount is expected to be reimbursed.

**NOTE - 26 : EXCISE DUTIES**

Excise duties shown as deduction from sales represents the amount of excise duty collected on sales. Excise duty expenses under the head "Other expenses", represents (i) the difference between excise duty element in closing stocks and opening stocks, and (ii) excise duty paid on samples and on inventory write-off which is not recoverable from sales.

**NOTE - 27 : EMPLOYEE'S BENEFIT**

The accruing liability on account of enclosed plans (retirement benefits in the nature of defined benefits plan) is accounted as per AS 15 (revised 2005) "Employee Benefits".

**General Description of the Plan :**

- (i) **Gratuity:** The Company operates a defined benefit plan (the gratuity plan) covering eligible employees in India, which provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employees salary and the tenure of employment.
- (ii) **Pension:** Employees pension benefit plan in Germany is the liability which accrues and gets discharged as per the terms and condition of pension scheme called "Monsanto Pension Plan 2000". It is a defined benefit plan (the pension plan) which provides pension benefits to eligible employees post retirement.
- (iii) **Retirement Benefit Plan:** The Company has a non-contributory defined benefit retirement plan, in Philippines, covering all of its regular employees. The benefits are based on respective employees salary and the tenure of employment.

- (iv) **Retirement Benefit and Seniority Premium Plan:** The retirement benefit and seniority premium plan in Mexico is the liability which accrues and gets discharged as per the terms and conditions of Mexican federal labor laws. It is a defined benefit plan which provides benefits to eligible employees post retirement / termination.

(₹ in Crores)

Particulars	Year ended 31-Mar-2015				Year ended 31-Mar-2014			
	Gratuity	Pension	Retirement Benefit Plan	Retirement Benefit and Seniority Premium Plan	Gratuity	Pension	Retirement Benefit Plan	Retirement Benefit and Seniority Premium Plan
(a) Reconciliation of opening and closing balances of the present value of the defined benefit obligation :								
Obligations at the beginning of the year	55.60	68.08	1.24	0.94	48.47	50.63	0.93	0.72
Current service cost	6.80	0.40	0.32	0.12	6.63	0.58	0.31	0.34
Interest cost	5.16	1.97	0.07	0.07	3.88	2.46	0.05	0.05
Actuarial (gain) / loss	13.80	13.10	0.34	0.04	0.17	6.26	(0.04)	0.13
Liabilities transferred in	4.66	-	-	-	-	-	-	-
Benefits paid directly by the employer	(0.07)	(1.08)	-	-	(0.26)	(1.28)	-	(0.32)
Benefits paid from the fund	(6.73)	-	-	-	(3.29)	-	-	-
Past service cost	-	-	-	0.01	-	-	-	0.01
Translation forex	-	(13.17)	0.07	(0.13)	-	9.43	(0.01)	0.01
Obligations at the end of the year	79.22	69.30	2.04	1.05	55.60	68.08	1.24	0.94
(b) Reconciliation of opening and closing balances of the fair value of plan assets :								
Plan assets at the beginning of the year	53.73	-	-	-	41.03	-	-	-
Expected return on plan assets	5.77	-	-	-	4.41	-	-	-
Actuarial gain/ (loss)	5.39	-	-	-	0.58	-	-	-
Contributions	12.00	-	-	-	11.00	-	-	-
Assets transferred in	4.49	-	-	-	-	-	-	-
Benefits paid	(6.73)	-	-	-	(3.29)	-	-	-
Plan assets at the end of the year	74.65	-	-	-	53.73	-	-	-
Actual return on plan assets	11.16	-	-	-	4.99	-	-	-
(c) Defined benefit cost for the year :								
Current service cost	6.80	0.40	0.32	0.12	6.63	0.58	0.31	0.34
Interest cost	5.16	1.97	0.07	0.07	3.88	2.46	0.05	0.05
Expected return on plan assets	(5.77)	-	-	-	(4.41)	-	-	-
Net Actuarial (gain) / loss	8.41	13.10	0.34	0.04	(0.41)	6.26	(0.04)	0.13
Past service cost	-	-	-	0.01	-	-	-	0.01
Net defined benefit cost	14.60	15.47	0.73	0.24	5.69	9.30	0.32	0.53
(d) (i) Reconciliation of the present value of the defined benefit obligation & fair value of plan assets :								
Obligations at the end of the year	79.22	69.30	2.04	1.05	55.60	68.08	1.24	0.94
Plan assets at the end of the year, at fair value	74.65	-	-	-	53.73	-	-	-
(Asset) / Liability recognised in balance sheet	4.57	69.30	2.04	1.05	1.87	68.08	1.24	0.94
(ii) Experience adjustments gain / (loss)								
Plan liabilities	(7.24)	0.37	0.08	-	(4.79)	1.22	(0.15)	-
Plan assets	5.39	-	-	-	0.58	-	-	-
(e) Expected contribution for the next year	14.20	-	-	-	12.00	-	-	-

(f) Data for defined benefit obligation and fair value of plan assets are as under :

(₹ in Crores)

Particulars	Gratuity Plan				
	2010-11	2011-12	2012-13	2013-14	2014-15
Present value of defined benefit obligations at the end of the year	32.27	37.62	48.47	55.60	<b>79.22</b>
Plan assets at the end of the year	32.16	34.79	41.03	53.73	<b>74.65</b>
Net (assets) / liability at the end of year	0.11	2.83	7.44	1.87	<b>4.57</b>

Particulars	Pension Plan				
	2010-11	2011-12	2012-13	2013-14	2014-15
Present value of defined benefit obligations at the end of the year	34.70	43.86	50.63	68.08	<b>69.30</b>
Plan assets at the end of the year	-	-	-	-	-
Net (assets) / liability at the end of year	34.70	43.86	50.63	68.08	<b>69.30</b>

Particulars	Year ended 31-Mar-2015				Year ended 31-Mar-2014			
	Gratuity	Pension	Retirement Benefit Plan	Retirement Benefit and Seniority Premium Plan	Gratuity	Pension	Retirement Benefit Plan	Retirement Benefit and Seniority Premium Plan
(g) Assumptions								
Discount rate	7.98%	1.85%	4.50%	7.25%	9.29%	3.40%	5.75%	8.25%
Expected rate of return on plan assets	11.79%	-	-	-	10.74%	-	-	-
Salary escalation rate	10.00%	2.50%	6.00%	4.50%	10.00%	3.00%	6.00%	4.50%

Expected long-term productivity gains & long term risk-free real rate of interest have been used as guiding factors to determine long-term salary growth

Future mortality rates (for gratuity plan) are obtained from relevant table of Indian Assured Lives Mortality (2006-08) Ultimate.

(h) Investment details of plan assets (Gratuity Plan) :

The plan assets, with respect to gratuity plan, are managed by Insurance Company viz Life Insurance Corporation of India and ICICI Prudential Life Insurance Company Limited who has invested the funds substantially as under :

	As at 31-Mar-2015	As at 31-Mar-2014
Equity Instruments	<b>19.57%</b>	22.26%
Corporate Bonds	<b>30.88%</b>	46.78%
Government Securities	<b>39.63%</b>	14.91%
Fixed Deposits with Banks	<b>5.20%</b>	16.05%
Other Current Assets & Equity	<b>4.73%</b>	0.00%

**NOTE - 28 : PROVISIONS****(a) Provision for sales returns**

The Group as a trade practice accepts returns from market for formulations which are primarily in the nature of expired or near expiry products. Provision for such returns estimated on the basis of historical experience, market conditions and specific contractual terms, if any and are provided for. Details of the provision is as under :

	(₹ in Crores)	
	As at 31-Mar-2015	As at 31-Mar-2014
Opening provision	100.73	81.80
Add: Additional provision	110.32	77.45
Less: Actual returns during the year	(81.77)	(60.57)
Add: Exchange fluctuation	(0.23)	2.05
Closing provision	<u>129.05</u>	<u>100.73</u>

**(b) Provision for expenses**

Provision for expenses includes estimated amount of liability pertaining to administrative and judicial proceedings disputed with past employees pending at various labour courts in Brazil. Details of the provision are as under :

Opening provision	35.35	3.95
Add: Additional provision / (reversal)	(4.45)	31.46
Add: Exchange fluctuation	(9.38)	(0.06)
Closing provision	<u>21.51</u>	<u>35.35</u>

**NOTE - 29 : FOREIGN EXCHANGE LOSS / (GAIN)**

	(₹ in Crores)	
	Year ended 31-Mar-2015	Year ended 31-Mar-2014
Net Foreign exchange loss / (gain), included in other expenses (Note - 22) / other income (Note - 17) :	(252.89)	84.24
Add: Net foreign exchange loss on foreign currency borrowings to the extent regarded as an adjustment to interest cost included in finance cost [Note - 21] :	11.73	20.63
Less: MTM on forward exchange contracts to hedge the foreign currency risk of highly probable forecast transactions accounted as per AS 30 :	(120.97)	48.80
Total foreign exchange loss / (gain) as per AS 11	<u>(120.19)</u>	<u>56.07</u>

**NOTE - 30 : OPERATING LEASE**

The Group leases office spaces on non-cancellable operating lease at various subsidiaries location. The total future minimum lease payments under this non-cancellable lease are as below:

Not later than 1 Year	2.81	2.06
Later than 1 Year and not later than 5 Years	9.34	4.42
<b>Total</b>	<u>12.15</u>	<u>6.48</u>

Lease rentals on the above lease amounting to ₹ 2.78 crores (previous year ₹ 2.70 crores) are charged to statement of profit and loss.

#### NOTE - 31 : SEGMENT INFORMATION

The primary and secondary reportable segments considered are Business Segments and Geographical Segments respectively.

The group operates in a solitary business segment i.e. pharmaceuticals, comprising mainly manufacture of branded formulations. A further breakdown of pharmaceuticals sales is given.

Geographical Segments have been identified based on location of customers and management structure. Accordingly, geographical segments are divided into two segments namely, (a) India (b) outside India. Sales are made in these geographical areas with production based in India. The reportable Geographical Segments and Segment revenue (external net sales) for the year is as under:

	(₹ in Crores)	
	Year ended 31-Mar-2015	Year ended 31-Mar-2014
(a) India	1,874.30	1,454.94
(b) Outside India	2,711.04	2,581.36
<b>Total</b>	<b>4,585.34</b>	<b>4,036.30</b>

Segment assets are not directly identifiable / properly allocable against each of the above reportable segments. Fixed assets, forming a substantial portion of the total assets of the Group, are interchangeably used between all the segments and cannot be identified against a specific segment. Significant portion of current assets are interchangeable between all the segments and not identifiable against any individual segment. Hence no meaningful disclosure of segment assets is possible.

#### NOTE - 32 : ACQUISITION OF IDENTIFIED BRANDED FORMULATION BUSINESS

The Company on 29-Jun-2014 acquired the branded domestic formulations business in India and Nepal of Elder Pharmaceuticals Limited via slump sale, for a consideration of ₹ 1960 Crores.

#### NOTE - 33 : REGROUPING

Previous year figures have been regrouped / recast, wherever necessary, so as to make them comparable with those of the current year.



**Note - 34 : RELATED PARTIES AND TRANSACTIONS**

(a) The disclosures pertaining to related parties and transactions therewith are set out in the table below : (₹ in Crores)

Particulars	Enterprises controlled by the Company		Holding Company/ Enterprises Controlled by the Holding Company		Joint Venture/ Associate		Key Management Personnel		Enterprises Controlled by Key Management Personnel/ Relatives of Key Management Personnel		Total	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
<b>(A) Nature of Transactions</b>												
<b>Sale of finished goods</b>	-	-	<b>0.25</b>	<b>0.28</b>	-	-	-	-	-	-	<b>0.25</b>	<b>0.28</b>
Torrent Power Limited	-	-	0.25	0.28	-	-	-	-	-	-	0.25	0.28
<b>Purchase of material, consumables etc</b>	-	-	<b>0.01</b>	<b>0.03</b>	-	-	-	-	-	-	<b>0.01</b>	<b>0.03</b>
Torrent Cables Limited	-	-	0.01	0.03	-	-	-	-	-	-	0.01	0.03
<b>Remuneration to key management personnel</b>	-	-	-	-	-	-	<b>24.27</b>	<b>20.68</b>	-	-	<b>24.27</b>	<b>20.68</b>
Samir Mehta, Executive Chairman*	-	-	-	-	-	-	10.02	7.51	-	-	10.02	7.51
Sudhir Mehta, Chairman Emeritus	-	-	-	-	-	-	5.33	7.50	-	-	5.33	7.50
Dr. Chaitanya Dutt, Director (Research & Development)*	-	-	-	-	-	-	4.77	2.73	-	-	4.77	2.73
Ashok Modi, Executive Director & Chief Financial Officer	-	-	-	-	-	-	3.41	2.42	-	-	3.41	2.42
Mahesh Agrawal, VP (Legal) & Company Secretary	-	-	-	-	-	-	0.74	0.52	-	-	0.74	0.52
<b>Contribution to Gratuity / Superannuation funds</b>	<b>18.07</b>	<b>16.02</b>	-	-	-	-	-	-	-	-	<b>18.07</b>	<b>16.02</b>
TPL Employees Group Gratuity Trust	12.00	11.00	-	-	-	-	-	-	-	-	12.00	11.00
TPL Employees Superannuation Trust	6.07	5.02	-	-	-	-	-	-	-	-	6.07	5.02
<b>Lease rent paid</b>	-	-	<b>0.17</b>	<b>0.02</b>	-	-	-	-	-	-	<b>0.17</b>	<b>0.02</b>
Torrent Private Limited	-	-	0.02	0.02	-	-	-	-	-	-	0.02	0.02
Torrent Power Limited	-	-	0.15	-	-	-	-	-	-	-	0.15	-
<b>Services received</b>	-	-	<b>12.92</b>	<b>10.15</b>	-	-	-	-	<b>17.12</b>	<b>14.07</b>	<b>30.05</b>	<b>24.22</b>
Tsunami Tours & Travels Pvt. Ltd.	-	-	-	-	-	-	-	-	17.12	14.07	17.12	14.07
Torrent Energy Limited	-	-	7.10	5.28	-	-	-	-	-	-	7.10	5.28
Torrent Power Limited	-	-	5.82	4.87	-	-	-	-	-	-	5.82	4.87
<b>Commission &amp; interest paid to carrying &amp; forwarding agents</b>	-	-	-	-	-	-	-	-	<b>1.70</b>	<b>1.31</b>	<b>1.70</b>	<b>1.31</b>
Zeal Pharmachem India Pvt. Ltd.	-	-	-	-	-	-	-	-	1.70	1.31	1.70	1.31
<b>Donation</b>	-	-	-	-	-	-	-	-	<b>2.00</b>	<b>8.00</b>	<b>2.00</b>	<b>8.00</b>
U. N. Mehta Charitable Trust	-	-	-	-	-	-	-	-	2.00	8.00	2.00	8.00
<b>CSR Expenses</b>	-	-	-	-	<b>5.00</b>	-	-	-	<b>6.65</b>	<b>0.80</b>	<b>11.65</b>	<b>0.80</b>
Memadpur Kelavani Mandal	-	-	-	-	-	-	-	-	-	0.80	-	0.80
U. N. Mehta Charitable Trust	-	-	-	-	-	-	-	-	1.00	-	1.00	-
Tornascent Care Institute	-	-	-	-	5.00	-	-	-	-	-	5.00	-
Shri Vadgam Mahal Kelavani Mandal	-	-	-	-	-	-	-	-	5.65	-	5.65	-
<b>Interest income</b>	-	-	<b>0.05</b>	<b>0.07</b>	-	-	-	-	-	-	<b>0.05</b>	<b>0.07</b>
Torrent Power Limited	-	-	0.05	0.07	-	-	-	-	-	-	0.05	0.07

(₹ in Crores)

Particulars	Enterprises controlled by the Company		Holding Company/ Enterprises Controlled by the Holding Company		Joint Venture/ Associate		Key Management Personnel		Enterprises Controlled by Key Management Personnel/ Relatives of Key Management Personnel		Total	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
<b>(A) Nature of Transactions</b>												
<b>Expenses reimbursement</b>	-	-	0.04	0.01	-	-	-	-	0.29	0.24	0.33	0.25
Zeal Pharmachem India Pvt. Ltd.	-	-	-	-	-	-	-	-	0.29	0.24	0.29	0.24
Torrent Power Limited	-	-	0.04	0.01	-	-	-	-	-	-	0.04	0.01
<b>Purchase of fixed assets</b>	-	-	0.60	5.94	-	-	-	-	-	-	0.60	5.94
Torrent Cables Limited	-	-	0.60	5.94	-	-	-	-	-	-	0.60	5.94
<b>Capital Contribution</b>	-	-	-	-	0.03	-	-	-	-	-	0.03	-
Tornascent Care Institute	-	-	-	-	0.03	-	-	-	-	-	0.03	-
<b>Deposits given</b>	-	-	-	0.44	-	-	-	-	-	-	-	0.44
Torrent Energy Limited	-	-	-	0.43	-	-	-	-	-	-	-	0.43
Torrent Power Limited	-	-	-	0.01	-	-	-	-	-	-	-	0.01
<b>Recovery of expenses</b>	-	-	-	-	-	-	-	-	0.01	0.01	0.01	0.01
Zeal Pharmachem India Pvt. Ltd.	-	-	-	-	-	-	-	-	0.01	0.01	0.01	0.01
<b>(B) Balances at the end of the year</b>	31-Mar-15	31-Mar-14	31-Mar-15	31-Mar-14	31-Mar-15	31-Mar-14	31-Mar-15	31-Mar-14	31-Mar-15	31-Mar-14	31-Mar-15	31-Mar-14
<b>Trade receivables</b>	-	-	0.10	0.08	-	-	-	-	-	-	0.10	0.08
Torrent Power Limited	-	-	0.10	0.08	-	-	-	-	-	-	0.10	0.08
<b>Advances recoverable in cash or kind</b>	0.22	0.22	1.45	1.48	-	-	-	-	0.02	0.14	1.68	1.83
Tsunami Tours & Travels Pvt. Ltd.	-	-	-	-	-	-	-	-	0.02	0.14	0.02	0.14
Torrent Energy Limited	-	-	1.39	1.39	-	-	-	-	-	-	1.39	1.39
TPL Employees group gratuity Trust	0.22	0.22	-	-	-	-	-	-	-	-	0.22	0.22
Torrent Power Limited	-	-	0.06	0.09	-	-	-	-	-	-	0.06	0.09
<b>Trade &amp; services payables</b>	-	-	0.82	0.86	-	-	-	-	0.77	0.76	1.60	1.63
Zeal Pharmachem India Pvt. Ltd.	-	-	-	-	-	-	-	-	0.14	0.10	0.14	0.10
Torrent Power Limited	-	-	0.44	0.37	-	-	-	-	-	-	0.44	0.37
Tsunami Tours & Travels Pvt. Ltd.	-	-	-	-	-	-	-	-	0.63	0.66	0.63	0.66
Torrent Private Limited	-	-	0.02	0.02	-	-	-	-	-	-	0.02	0.02
Torrent Energy Limited	-	-	0.08	-	-	-	-	-	-	-	0.08	-
Torrent Cables Limited	-	-	0.29	0.48	-	-	-	-	-	-	0.29	0.48
<b>Other payables</b>	-	-	-	-	-	-	16.23	16.69	-	-	16.23	16.69
Samir Mehta, Executive Chairman	-	-	-	-	-	-	11.73	9.19	-	-	11.73	9.19
Sudhir Mehta, Chairman Emeritus	-	-	-	-	-	-	4.50	7.50	-	-	4.50	7.50

\* amount excluding premium for group personal accident and group mediclaim

**(b) Names of related parties and description of relationship :**

1.	Enterprises controlled by the Company	TPL Employee Group Gratuity Trust, TPL Employee Superannuation Trust				
2.	Holding Company / Enterprises controlled by the Holding Company	Torrent Private Limited, Torrent Financiers, Torrent Power Limited, Torrent Cables Limited, Torrent Power Services Pvt. Limited, Torrent Pipavav Generation Limited, Torrent Energy Limited, Torrent Power Grid Limited, Torrent Solargen Limited, AEC Cements and Constructions Limited				
3.	Joint Venture/ Associate	Tornascent Care Institute				
4.	Key management personnel	Shri Sudhir Mehta Chairman Emeritus	Shri Samir Mehta Executive Chairman	Dr. Chaitanya Dutt Director (Research & Development)	Shri Ashok Modi Executive Director & Chief Financial Officer	Shri Mahesh Agrawal VP (Legal) & Company Secretary
5.	Relatives of key management personnel	Smt. Anita Mehta, Wife	Smt. Sapna Mehta, Wife	Smt. Shobha Dutt, Wife	Smt. Neelam Modi, Wife	Smt. Saroj Agrawal, Wife
		Smt. Shardaben Mehta, Mother	Smt. Shardaben Mehta, Mother	Shri Umang Dutt, Son	Smt. Gayatriben Modi, Mother	Shri Dwarkaprasad Agrawal, Father
		Shri Varun Mehta, Son	Shri Aman Mehta, Son	Shri Uttang Dutt, Son	Shri Varun Modi, Son	Smt. Vidhya Devi Agrawal, Mother
		Shri Jinal Mehta, Son	Shri Shaan Mehta, Son		Ms. Surabhi Modi, Daughter	Shri Krishan Agrawal, Son
		Shri Samir Mehta, Brother	Shri Sudhir Mehta, Brother		Ms. Rashmi Modi, Daughter	Shri Abhishek Agrawal, Son
		Smt. Meena Modi, Sister	Smt. Meena Modi, Sister		Shri Mahendra Modi, Brother	Shri Arun Agrawal, Brother
		Smt. Nayna Shah, Sister	Smt. Nayna Shah, Sister		Shri Surendra Modi, Brother	Smt. Kanta Agrawal, Sister
					Smt. Kusum Safaria, Sister	
6.	Enterprises controlled by key management personnel /relatives of key management personnel	U N Mehta Charitable Trust, D N Modi Charitable Trust, Shardaben Mehta Charitable Trust, Tsunami Tours & Travels Pvt. Ltd., Torrel Cosmetics Pvt. Ltd., Zeal Pharmachem India Pvt. Ltd., Diamond Infrastructure Pvt. Ltd., U. N. Mehta Institute of Cardiology & Research Centre, Dushyant Shah Charitable Trust, Shri Vadgam Mahal Kelavani Mandal, Memadpur Kelavani Mandal				

**Note - 35 : (a) Statement containing salient features of the financial statement of subsidiaries / joint ventures pursuant to first proviso to sub-section (3) of section 129 of the Companies Act 2013, read with rule 5 of Companies (Accounts) Rules, 2014 :**

**Part "A" : Subsidiaries**

Sr. No.	Name of the Subsidiary / Partnership Firm	Reporting currency	Exchange Rate	Share capital	Reserves & surplus	Total assets	Total liabilities	Investments	Turnover	Profit before taxation	Provision for taxation	Profit after taxation
1	Zao Torrent Pharma	Rouble	1.0706	0.25	19.79	28.27	8.23	-	38.73	1.37	-	1.37
2	Torrent Do Brasil Ltda.	Reais	19.5108	37.35	(35.18)	327.31	325.14	-	472.11	(42.31)	(13.58)	(28.73)
3	Torrent Pharma GmbH	Euro	67.5104	0.17	26.77	60.06	33.12	39.56	4.75	0.12	11.11	(10.99)
4	Torrent Pharma Inc.	USD	62.5908	7.51	40.18	799.82	752.13	-	826.19	20.16	7.04	13.12
5	Torrent Pharma Philippines, Inc.	Pesos	1.3972	5.39	(6.91)	54.45	55.97	-	77.60	16.15	0.28	15.87
6	Laboratorios Torrent, S.A. De C.V.	Mxn\$	4.1063	30.69	(13.03)	25.55	7.89	-	35.34	0.84	-	0.84
7	Torrent Australasia Pty Ltd	Au\$	47.7818	0.41	(0.23)	0.20	0.02	-	-	0.01	-	0.01
8	Torrent Pharma Canada Inc.	CAD	49.4164	1.65	(1.17)	0.51	0.03	-	-	0.01	-	0.01
9	Torrent Pharma (Thailand) Co., Ltd.	THB	1.9232	1.81	(0.92)	0.94	0.05	-	-	(0.23)	-	(0.23)
10	Torrent Pharma S.R.L.	RON	15.3092	6.35	(15.82)	167.41	176.88	-	36.67	(3.20)	-	(3.20)
11	Torrent Pharma (UK) Ltd	GBP	92.4591	2.08	0.83	75.73	72.82	8.61	34.93	(2.93)	(0.69)	(2.24)
12	Laboratories Torrent (Malaysia) SDN.BHD.	MYR	16.8936	0.84	(0.16)	12.42	11.74	-	24.26	(0.59)	(0.08)	(0.51)
13	Torrent Pharma France S.A.S.	Euro	67.5104	-	(1.01)	18.00	19.01	-	-	(1.48)	(0.39)	(1.09)
14	Heumann Pharma GmbH & Co. Generica KG	Euro	67.5104	0.07	39.51	695.31	655.73	-	396.94	58.47	6.79	51.68
15	Heunet Pharma GmbH	Euro	67.5104	0.17	(0.78)	326.19	326.80	-	114.97	4.80	2.13	2.67
16	Norispharm GmbH	Euro	67.5104	0.17	(1.68)	4.39	5.90	-	-	(0.05)	-	(0.05)
17	Aptil Pharma Ltd.	GBP	92.4591	-	(7.68)	39.21	46.89	-	-	(1.91)	-	(1.91)
18	Torrent Pharma (Sikkim)	INR	1.0000	14.43	-	14.43	-	-	-	1.22	0.25	0.97

Note : i. Proposed dividend is Nil in each subsidiary

ii. % of shareholding in all subsidiaries either directly or through its subsidiaries is 100% , except in case of Torrent Pharma (Sikkim), where the % shareholding is 97 %.

iii. Torrent Pharma France S.A.S., Aptil Pharma Ltd., Torrent Pharma Canada Inc., Torrent Australasia Pty Ltd & Torrent Pharma (Thailand) Co., Ltd. are yet to commence their operations.

**Part "B" : Joint Ventures**

Sr. No.	Name of Joint Venture	Latest Audited Balance Sheet Date	Shares of Joint venture held by the company		Description of how there is significant influence	Reason why the Joint venture is not consolidated	Networth attributable to shareholding as per latest audited Balance Sheet	Profit / Loss for the year	
			No. of shares	Amount of investment				Extend of Holding %	Considered in Consolidation
1	Tornascent Care Institute	-	25,000	0.03	-	Refer Note 1	-	-	-

(b) In accordance with section 136 of the Companies Act, 2013, the annual audited accounts of each of the subsidiaries shall be made available to the shareholders of the Company seeking such information at any point in time. Further, in accordance with the aforementioned section, the audited financial statements, including the consolidated financial statement and related information of the Company and audited accounts of each of its subsidiaries, are available on our website : [www.torrentpharma.com](http://www.torrentpharma.com). These documents will also be available for inspection at our registered office during normal business hours (9.30 AM to 6.30 PM) on working days, except Saturday upto and including the date of Annual General Meeting of the Company.

(c) Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013

Name of the entity	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss	
	As % of consolidated net assets	₹ in crores	As % of consolidated profit or loss	₹ in crores
<b>Parent</b>				
Torrent Pharmaceuticals Limited (Net of Consolidation Adjustments)	66.81%	1,664.12	102.41%	769.01
<b>Subsidiaries / Partnership Firm</b>				
Indian				
Torrent Pharmaceuticals (Sikkim) (Partnership Firm)	0.56%	13.99	0.13%	0.97
Foreign				
Zao Torrent Pharma	1.00%	25.02	(0.48%)	(3.60)
Torrent Do Brasil Ltda.	12.05%	300.15	(6.96%)	(52.25)
Torrent Pharma GmbH	(0.10%)	(2.37)	(1.74%)	(13.07)
Torrent Pharma Inc.	19.11%	476.14	2.24%	16.79
Torrent Pharma Philippines Inc	1.56%	38.84	2.09%	15.69
Laboratorios Torrent , S.A. De C.V.	0.74%	18.34	0.11%	0.84
Torrent Australasia Pty Limited	0.01%	0.15	0.00%	0.00
Torrent Pharma Canada Inc.	0.02%	0.39	0.00%	0.01
Torrent Pharma S.R.L.	3.14%	78.16	(0.39%)	(2.93)
Torrent Pharma (UK) Ltd.	0.85%	21.11	(0.38%)	(2.85)
Torrent Pharma (Thailand) Co.Ltd.	0.04%	0.88	(0.03%)	(0.23)
Laboratories Torrent (Malaysia) SDN BHD	0.35%	8.69	(0.08%)	(0.58)
Torrent Pharma France S.A.S.	0.55%	13.66	(0.17%)	(1.31)
Heumann Pharma GmbH & Co. Generica KG	(7.61%)	(189.58)	3.48%	26.16
Heunet Pharma GmbH	(1.10%)	(27.34)	0.06%	0.44
Norispharm GmbH	0.05%	1.25	(0.02%)	(0.16)
Aptil Pharma Limited	1.97%	48.96	(0.27%)	(2.04)
<b>Minority Interests in all subsidiaries</b>	0.02%	0.43	0.00%	0.03
<b>Total</b>	<b>100.00%</b>	<b>2,490.99</b>	<b>100.00%</b>	<b>750.94</b>

In terms of our report attached

**For DELOITTE HASKINS & SELLS**  
Chartered Accountants

**Hemendra Shah**  
Partner

Ahmedabad  
15<sup>th</sup> May, 2015

Signatures to the notes forming part of Consolidated Financial Statement 1 to 35

**Samir Mehta**  
Executive Chairman

**Ashok Modi**  
Executive Director  
& Chief Financial Officer

**Mahesh Agrawal**  
VP (Legal) & Company Secretary

Ahmedabad  
15<sup>th</sup> May, 2015

## FIVE YEAR FINANCIAL HIGHLIGHTS

### CONSOLIDATED

₹ in crores

	2014-15	2013-14	2012-13	2011-12	2010-11
<b>SALES, PROFIT &amp; DIVIDEND</b>					
Revenue	4,653	4,185	3,211	2,696	2,226
EBDITA	1,291	962	702	512	417
EBIT	1,100	875	619	431	355
Profit before Exceptional Items and Tax (PBT)	940	844	619	424	342
Profit after Tax and Minority Interest (PAT)	751	664	433	284	270
Dividend (Amount)	190	169	195	72	68
Total Dividend Per share (₹)	11.25	10.00	23.00	8.50	8.00
Special Dividend Per Share (₹)	-	-	10.00	-	-
Normal Dividend Per Share (₹)	11.25	10.00	13.00	8.50	8.00
Normal Dividend Per share (₹) - Adjusted for Bonus	11.25	10.00	6.50	4.25	4.00

<b>FINANCIAL POSITION</b>					
Equity Share Capital	85	85	42	42	42
Reserves and Surplus	2,406	1,818	1,380	1,152	980
Long Term Borrowings	2,185	744	455	322	293
Capital Employed	4,676	2,647	1,876	1,516	1,315
Gross Block	4,205	1,954	1,581	1,318	1,145
Net Block	3,495	1,409	1,105	916	817
Investments	0	0	0	38	20
Net Current Assets	1,228	1,230	951	595	644

<b>RETURN</b>					
On Sales (PBT)%	20%	20%	19%	16%	15%
On Capital Employed (EBIT)%	24%	33%	33%	28%	27%
On Shareholders' Fund (PAT)%	30%	35%	30%	24%	26%
Earning Per share (₹)	44.38	39.23	51.15	33.57	31.93
Earning Per share (₹) - Adjusted for Bonus	44.38	39.23	25.58	16.79	15.97



## TORRENT PHARMACEUTICALS LIMITED

(CIN: L24230GJ1972PLC002126)

Registered Office: Torrent House, Off Ashram Road, Ahmedabad – 380 009, Gujarat, India

Phone: + 91 79 26585090 / 26583060 Fax: + 91 79 26582100

Website: www.torrentpharma.com Email Id: investorservices@torrentpharma.com

### PROXY FORM

Name of the member(s): \_\_\_\_\_

Registered address: \_\_\_\_\_

Email Id: \_\_\_\_\_

Folio No.: \_\_\_\_\_

DP Id / Client Id: \_\_\_\_\_

I / We, being the member(s) of ..... shares of the above named Company, hereby appoint

1. Name: \_\_\_\_\_

Address: \_\_\_\_\_

Email Id: \_\_\_\_\_ Signature: ....., or failing him

2. Name: \_\_\_\_\_

Address: \_\_\_\_\_

Email Id: \_\_\_\_\_ Signature: ....., or failing him

3. Name: \_\_\_\_\_

Address: \_\_\_\_\_

Email Id: \_\_\_\_\_ Signature: .....,

as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 42<sup>nd</sup> Annual General Meeting of the Company, to be held on Monday, 27<sup>th</sup> day of July, 2015 at 09:30 a.m. at J. B. Auditorium, Torrent AMA Centre, Ground Floor, Ahmedabad Management Association, Vastrapur, Ahmedabad – 380 015, Gujarat, India and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	RESOLUTIONS	OPTIONAL <sup>3</sup>	
		For	Against
1.	To receive, consider and adopt the Standalone and Consolidated Financial Statements as at 31 <sup>st</sup> March, 2015 including the Audited Balance Sheet as at 31 <sup>st</sup> March, 2015, the Statement of Profit and Loss for the year ended on that date and reports of the Directors' and Auditors' thereon		
2.	To confirm the payment of interim dividend on equity shares for the financial year ended 31 <sup>st</sup> March, 2015 and to declare final dividend on equity shares for the said financial year		
3.	Appoint a Director in place of Shri Markand Bhatt (holding DIN 00061955), Director, who retires by rotation, and being eligible, offers himself for re-appointment		
4.	Appoint Deloitte Haskins & Sells, Chartered Accountants, Ahmedabad (Firm Registration No. 117365W), as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorise the Board to fix their remuneration		

Resolution No.	RESOLUTIONS	OPTIONAL <sup>3</sup>	
Special Business			
5.	Ratification of remuneration of Cost Auditors of the Company for the year 2015-16		
6.	Re-appointment of Dr. Chaitanya Dutt as Director (Research & Development) and fixation of Remuneration		
7.	Appointment of Smt. Renu Challu as an Independent Director		
8.	Remuneration to Non-Executive Directors		
9.	Adoption of new set of Articles of Association		

Signed this..... day of..... 20.....

\_\_\_\_\_  
Signature of Shareholder(s)

Affix Revenue Stamp
---------------------------

\_\_\_\_\_  
Signature of Proxy holder(s)

**Notes:**

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. For the Resolutions, Explanatory Statement and Notes, please refer to the Notice of 42<sup>nd</sup> Annual General Meeting.
3. It is optional to put a 'X' in the appropriate column against the Resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your Proxy will be entitled to vote in the manner as he / she thinks appropriate.
4. Please complete all details including details of member(s) in above box before submission.





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(CIN: L24230GJ1972PLC002126)

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Phone: + 91 79 26585090 / 26583060 Fax: + 91 79 26582100

Website: www.torrentpharma.com Email Id: investorservices@torrentpharma.com

### ATTENDANCE SLIP

This attendance slip duly filled in is to be handed over at the entrance of the meeting hall.

DP ID**
CLIENT ID

REGD. FOLIO NO.
NO. OF SHARES HELD

Full name of the member attending \_\_\_\_\_

Full name of the first joint-holder \_\_\_\_\_

(To be filled in if first named joint-holder does not attend the meeting)

Name of Proxy \_\_\_\_\_

(To be filled in if Proxy Form has been duly deposited with the Company)

I hereby record my presence at the 42<sup>ND</sup> ANNUAL GENERAL MEETING being held at J. B. Auditorium, Torrent AMA Centre, Ground Floor, Ahmedabad Management Association, Vastrapur, Ahmedabad – 380 015, Gujarat, India on Monday, the 27<sup>th</sup> July, 2015 at 09:30 a.m.

\_\_\_\_\_  
Member's / Proxy's Signature  
(To be signed at the time of handing over of this slip)

\*\* Applicable to the members whose shares are held in dematerialized form.

**Note:** Persons attending the Annual General Meeting are requested to bring their copies of Annual Report.









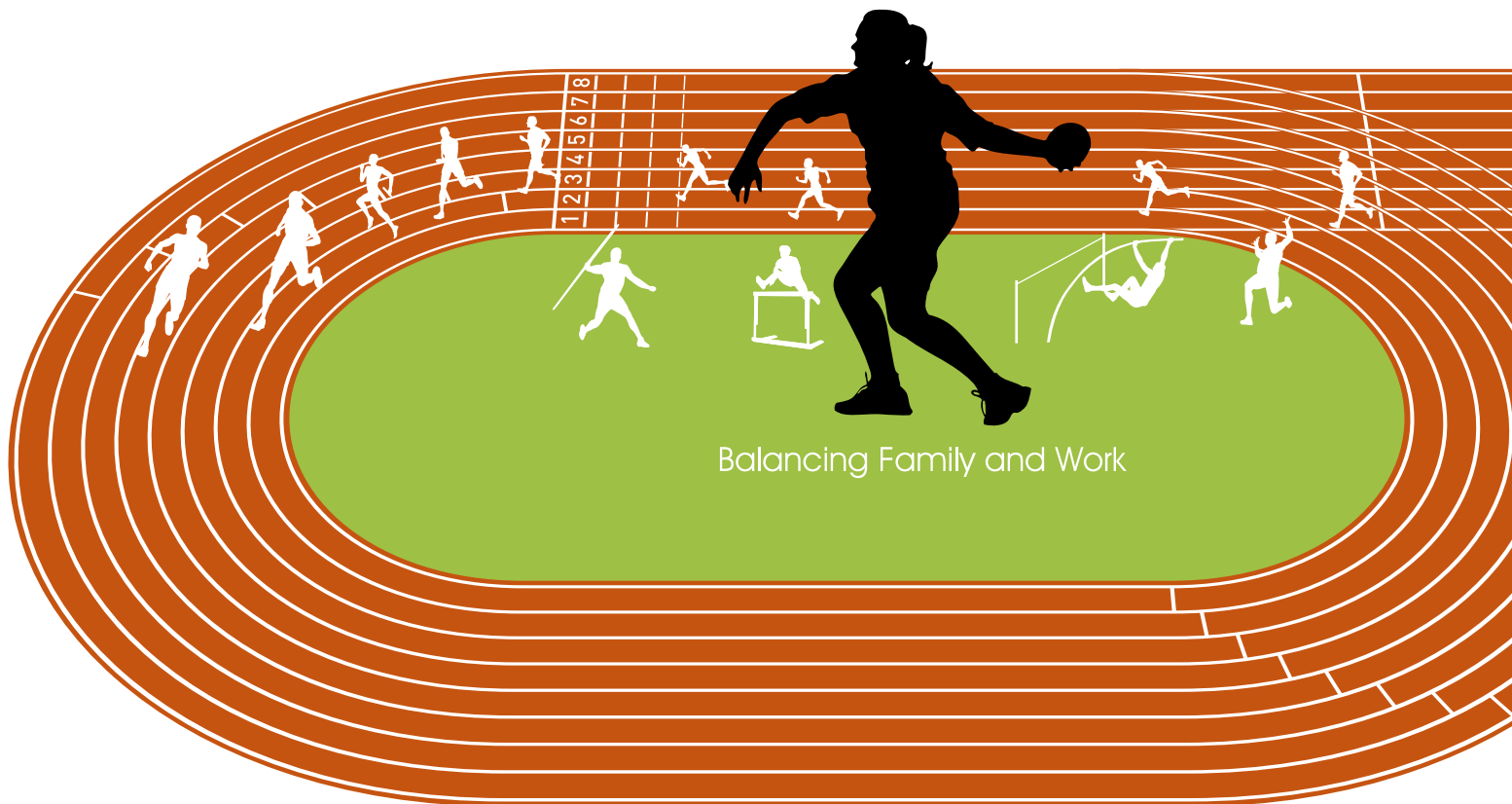


**TORRENT PHARMACEUTICALS LIMITED**

CIN: L24230GJ1972PLC002126

Torrent House, Off Ashram Road,  
Ahmedabad - 380 009, Gujarat, India.  
Telephone: +91-79-2658 5090, 2658 3060,  
Fax: +91-79-2658 2100  
Website: [www.torrentpharma.com](http://www.torrentpharma.com)  
Email ID: [investorservices@torrentpharma.com](mailto:investorservices@torrentpharma.com)

# Family First



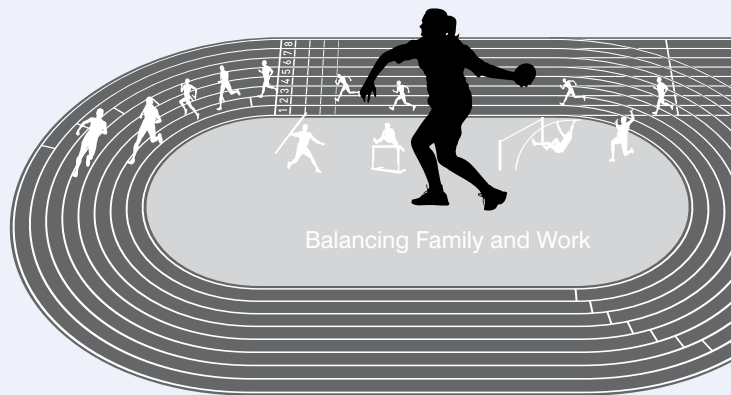
Balancing Family and Work

41<sup>st</sup> Annual Report 2013-14





## Family First



At Torrent, we strongly believe in placing the **Family First**. A woman, akin to a discus-thrower, balances her life filled with challenges at home and work, to reach her ultimate goals - both personal and professional. Torrent endeavours to provide a conducive work environment so that women at Torrent can achieve the desired work-life balance.

## Family First

Woman personifies sacrifice, support and versatility. She puts others before self - be it family, friends or colleagues – truly sacrificial; she is ever-supporting but remains behind the scenes – a great support system; she handles both home and work with ease – versatility at its best.

Like a discus-thrower moving in rhythm with perfect balance and strength to achieve a farther distance, a woman balances her personal and professional life with sacrifice, support and versatility enabling her to achieve the goals and well-being of her family.

Torrent strongly believes that a woman may not be able to work stress - free and contribute to the organisation at the cost of her family, happiness and comfort. Hence, with the philosophy of placing the 'Family First', it endeavours to provide a facilitative, encouraging and enhancing work environment to enable her achieve the work-life balance.

Besides giving priority to gender diversity, encouraging her greater participation and understanding her requirements in detail, from her as well as from other organisations in the world, Torrent has evolved a policy framework accommodating her needs to perform various roles in the organisation and has initiated plans to implement it.

It is difficult to enumerate all her qualities and generally manifested personality traits which primarily culminate in her sacrifice, support and versatility.

Torrent salutes this persona of woman.

## The Policy Framework

### Facilitation



Extended maternity leave, half-day working with full pay during pre-natal and post-natal phases and periodic medical check-ups inter-alia, pave the way for women at Torrent to address their special needs.

### Encouragement



Targeted increase in strength in defined time period, opportunities for second career, recruitment and advancement without gender bias, among others, provide impetus for greater participation of women at Torrent.

### Enhancement



Emphasis on career planning of eligible women employees, appropriate functional and / or managerial trainings and assignment of specific projects enable enrichment of women's role at Torrent.

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## CORPORATE INFORMATION

### DIRECTORS

1. Shri Sudhir Mehta  
*Chairman*
2. Shri Markand Bhatt
3. Shri Pradeep Bhargava
4. Shri Shailesh Haribhakti
5. Shri Haigreve Khaitan
6. Shri Samir Mehta  
*Executive Vice Chairman*
7. Dr. Chaitanya Dutt  
*Director (Research & Development)*

### AUDIT COMMITTEE

1. Shri Shailesh Haribhakti  
*Chairman*
2. Shri Pradeep Bhargava
3. Shri Haigreve Khaitan

### SECURITIES TRANSFER & STAKEHOLDERS RELATIONSHIP COMMITTEE

1. Shri Sudhir Mehta  
*Chairman*
2. Shri Markand Bhatt
3. Shri Samir Mehta

### NOMINATION AND REMUNERATION COMMITTEE

1. Shri Shailesh Haribhakti  
*Chairman*
2. Shri Markand Bhatt
3. Shri Pradeep Bhargava

### CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

1. Shri Pradeep Bhargava  
*Chairman*
2. Shri Markand Bhatt
3. Dr. Chaitanya Dutt

### COMMITTEE OF DIRECTORS

1. Shri Markand Bhatt  
*Chairman*
2. Shri Samir Mehta

### EXECUTIVE DIRECTOR & CHIEF FINANCIAL OFFICER

Shri Ashok Modi

### VP (LEGAL) & COMPANY SECRETARY

Shri Mahesh Agrawal

### AUDITORS

Deloitte Haskins & Sells, Ahmedabad  
*Chartered Accountants*

### REGISTERED OFFICE

Torrent House,  
Off Ashram Road,  
Ahmedabad – 380 009,  
Gujarat, India  
Phone: + 91 79 26585090 / 26583060  
Fax: + 91 79 26582100

### MANUFACTURING FACILITIES

1. Village Indrad, Taluka Kadi,  
Dist. Mehsana (Gujarat)
2. Village Bhud,  
Baddi, Teh. Nalagarh,  
Dist. Solan (Himachal Pradesh)
3. 32 No. Middle Camp, NH – 31 A,  
East District, Gangtok (Sikkim)

### DAHEJ PROJECT SITE

Plot No. Z104-106, Dahej SEZ Phase II,  
Taluka Vagra, Dist. Bharuch (Gujarat)

### RESEARCH & DEVELOPMENT FACILITY

Village Bhat, Dist. Gandhinagar (Gujarat)

### WEBSITE

[www.torrentpharma.com](http://www.torrentpharma.com)

### REGISTRARS & TRANSFER AGENTS

Karvy Computershare Private Limited  
Unit: Torrent Pharmaceuticals Limited  
Plot No. 17 to 24,  
Vittalrao Nagar, Madhapur,  
Hyderabad – 500 081  
Phone: + 91 40 44655000  
Fax: + 91 40 23420814  
Email Id: [einward.ris@karvy.com](mailto:einward.ris@karvy.com)

### INVESTOR SERVICES EMAIL ID

[investorservices@torrentpharma.com](mailto:investorservices@torrentpharma.com)

## NOTICE

NOTICE IS HEREBY GIVEN THAT THE FORTY FIRST ANNUAL GENERAL MEETING OF THE MEMBERS OF TORRENT PHARMACEUTICALS LIMITED will be held on Wednesday, 30<sup>th</sup> July, 2014 at 09:30 AM at J. B. Auditorium, Torrent AMA Centre, Ground Floor, Ahmedabad Management Association, Vastrapur, Ahmedabad – 380 015, Gujarat, India, to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Financial Statements as at 31<sup>st</sup> March, 2014 including the Audited Balance Sheet as at 31<sup>st</sup> March, 2014, the Statement of Profit and Loss for the year ended on that date and reports of the Directors' and Auditors' thereon.
2. To confirm the payment of interim dividend on equity shares for the financial year ended 31<sup>st</sup> March, 2014 and to declare final dividend on equity shares for the said financial year.

The Board of Directors at its meeting held on 21<sup>st</sup> January, 2014 declared normal annual dividend as interim dividend of ₹ 5.00 per equity share of fully paid up face value of ₹ 5.00 each for the financial year ended 31<sup>st</sup> March, 2014 and in its meeting held on 9<sup>th</sup> May, 2014 recommended a special dividend as final dividend of ₹ 5.00 per equity share of fully paid up face value of ₹ 5.00 each for the said financial year.

3. To appoint a Director in place of Shri Samir Mehta, Director, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint Deloitte Haskins & Sells, Chartered Accountants, Ahmedabad (Firm Registration No. 117365W), as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorise the Board to fix their remuneration.

### SPECIAL BUSINESS

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

#### **RATIFICATION OF REMUNERATION OF COST AUDITORS OF THE COMPANY FOR THE YEAR 2014-15**

“**RESOLVED THAT** pursuant to provisions of Section 148(3) of the Companies Act, 2013 read with Rule 14(a) of the Companies (Audit and Auditors) Rules, 2014 (“the Act”) and recommendation of the Audit Committee and approval by the Board of Directors at their meetings dated 21<sup>st</sup> January, 2014, the consent of the Company be and is hereby accorded for ratification of the below remuneration to Kirit Mehta & Co., Cost Accountants as the Cost Auditors of the Company for the financial year 2014-15:

- a) ₹ 5,00,000/- plus out of pocket expenses & service tax as applicable for conducting the audit of the cost accounting records for the Pharmaceutical activities of all manufacturing facilities of the Company except for its upcoming facility at Dahej SEZ.
  - b) ₹ 60,000/- plus out of pocket expenses & service tax as applicable for issuing the compliance report on cost accounting records maintained in respect of Company's upcoming facility at Dahej SEZ (subject to commencement of commercial production).”
6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

#### **APPOINTMENT OF SHRI SHAILESH HARIBHAKTI AS AN INDEPENDENT DIRECTOR**

“**RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof) (“the Act”) read with Schedule IV of the Act, Shri Shailesh Haribhakti (holding DIN 00007347), Director of the Company, in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director on the Board of Directors of the Company to hold office for a term upto five (5) consecutive years effective from 1<sup>st</sup> April, 2014 upto 31<sup>st</sup> March, 2019.”

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

**APPOINTMENT OF SHRI HAIGREVE KHAITAN AS AN INDEPENDENT DIRECTOR**

“**RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof) (“the Act”) read with Schedule IV of the Act, Shri Haigreve Khaitan (holding DIN 00005290), Director of the Company, in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director on the Board of Directors of the Company to hold office for a term upto five (5) consecutive years effective from 1<sup>st</sup> April, 2014 upto 31<sup>st</sup> March, 2019.”

8. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

**APPOINTMENT OF SHRI PRADEEP BHARGAVA AS AN INDEPENDENT DIRECTOR**

“**RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof) (“the Act”) read with Schedule IV of the Act, Shri Pradeep Bhargava (holding DIN 00525234), Director of the Company, in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director on the Board of Directors of the Company to hold office for a term upto five (5) consecutive years effective from 1<sup>st</sup> April, 2014 upto 31<sup>st</sup> March, 2019.”

9. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

**APPOINTMENT OF SHRI ASHISH NANDA AS AN INDEPENDENT DIRECTOR**

“**RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof) (“the Act”) read with Schedule IV of the Act, Shri Ashish Nanda (holding DIN 06823684), in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director on the Board of Directors of the Company to hold office for a term upto five (5) consecutive years effective from 30<sup>th</sup> July, 2014.”

10. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

**APPOINTMENT OF SMT. BHAVNA DOSHI AS AN INDEPENDENT DIRECTOR**

“**RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof) (“the Act”) read with Schedule IV of the Act, Smt. Bhavna Doshi (holding DIN 00400508), in respect of whom the Company has received a notice in writing from a member proposing her candidature for the office of Director, be and is hereby appointed as an Independent Director on the Board of Directors of the Company to hold office for a term upto five (5) consecutive years effective from 30<sup>th</sup> July, 2014.”

11. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

**APPOINTMENT OF SHRI SAMIR MEHTA AS EXECUTIVE CHAIRMAN AND FIXATION OF REMUNERATION**

“**RESOLVED THAT** in pursuance of the provisions under Sections 196, 197, 203 and Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder and subject to the provisions of Section 152(6) of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof) and any other approval as may be required, the consent of the Company be and is hereby accorded, for the appointment of Shri Samir Mehta as Executive Chairman of the Company for a period of five years effective from the conclusion of the Annual General Meeting of the Company scheduled on 30<sup>th</sup> July 2014 on the following terms and conditions:

1. **COMMISSION** : At a rate such that the total remuneration does not exceed percentage limit of net profits of the Company as specified in the Companies Act, 2013, calculated in accordance with Section 198, subject to the overall ceiling prescribed under Section 197 read with Section I of Part II of Schedule V of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof).
2. **PERQUISITES** : shall be allowed in addition as under:
  - A.
    - (i) The Company shall reimburse annual fees for two clubs.
    - (ii) The Company shall pay the premium on personal accident insurance policy as per the Company rules.
    - (iii) The Company shall pay the premium on medical insurance for self and family as per the Company rules.
  - B.
    - (i) The Company shall provide a car with driver for official and personal use.
    - (ii) The Company shall provide telephones at his residence, the cost of which will be borne by the Company.
3. **OTHER TERMS** :
  - (i) His entitlement for leave, its accumulation and encashment shall be as per the prevailing rules of the Company.
  - (ii) Such appointment shall not be considered as a break in his service as managerial personnel of the Company.
  - (iii) The total remuneration for any year shall not exceed percentage limit of net profits of the Company as specified in the Companies Act, 2013, calculated in accordance with Section 198, subject to the overall ceiling prescribed under Section 197 read with Section I of Part II of Schedule V of the Companies Act, 2013 as existing or modified or re-enacted.
  - (iv) He shall not be entitled to receive sitting fees for attending meetings of the Board of Directors or a Committee thereof."

**"RESOLVED FURTHER THAT** Shri Samir Mehta shall exercise substantial powers of management subject to superintendence, control and direction of the Board of Directors of the Company."

**"RESOLVED FURTHER THAT** in the event of loss or inadequacy of profit in any financial year, the Company shall pay Shri Samir Mehta, in respect of such financial year, remuneration by way of salary, allowances, perquisites and other benefits as the Board of Directors may deem fit, subject to the limits prescribed in Section II of Part II of Schedule V of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof), or such other amount as may be approved by the Central Government from time to time as minimum remuneration."

**"RESOLVED FURTHER THAT** the actual amount of Commission to be paid to Shri Samir Mehta each year and periodicity of payment shall be decided by the Board of Directors or any Committee thereof specifically authorized for this purpose from time to time."

12. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

**RE-APPOINTMENT OF DR. CHAITANYA DUTT AS DIRECTOR (RESEARCH & DEVELOPMENT) AND FIXATION OF REMUNERATION**

**"RESOLVED THAT** pursuant to provisions of Sections 196, 197, 203 and Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder and subject to the provisions of Section 152(6) of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof) and any other approval as may be required, the consent of the Company be and is hereby accorded for re-appointment of Dr. Chaitanya Dutt as a Whole-time Director of the Company, to be designated as Director (Research & Development) with effect from 1<sup>st</sup> January, 2015 for a period of 2 years on the following terms of remuneration:



1. BASIC SALARY : ₹ 1,400,000 per month with effect from 1<sup>st</sup> January, 2015;  
Salary may be revised, as may be decided by the Board from time to time, within the maximum ceiling of ₹ 2,500,000/- per month.
2. PERQUISITES : The appointee will be also allowed the perquisites as under:
  - A.
    - (i) The Company shall pay House Rent Allowance @ 60% of the salary.
    - (ii) The Company shall reimburse annual fees for two clubs.
    - (iii) The Company shall pay the premium on personal accident insurance policy as per Company rules.
    - (iv) The Company shall pay the premium on medical insurance for self and family as per the Company rules.
  - B.
    - (i) The Company shall provide a car with driver for official and personal use.
    - (ii) The Company shall provide telephones at his residence, the cost of which will be borne by the Company.
  - C.
    - (i) Company's contribution to the provident fund will be as per applicable laws and rules of the Company.
    - (ii) Company's contribution to the superannuation scheme will be as per applicable laws and rules of the Company.
    - (iii) He will be entitled to Gratuity as per applicable laws and rules of the Company.
3. OTHER TERMS : (i) His entitlement for leave and its accumulation and encashment shall be as per prevailing Company rules.  
(ii) The total remuneration for any year shall not exceed 5% of the profits of the Company as calculated in accordance with Section 198 of the Companies Act, 2013, as existing or modified or re-enacted from time to time.

**“RESOLVED FURTHER THAT** in the event of loss or inadequacy of profit in any financial year, the Company shall pay Dr. Chaitanya Dutt, in respect of such financial year, by way of salary, allowances, perquisites, benefits and contributions, as the Board of Directors may deem fit, subject to the limits prescribed here in and in Section II of Part II of Schedule V of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof), or such other amount as may be approved by the Central Government from time to time as minimum remuneration.”

Registered Office:  
Torrent House,  
Off Ashram Road,  
Ahmedabad – 380 009, Gujarat, India  
(CIN: L24230GJ1972PLC002126)  
Phone: + 91 79 26585090 / 26583060 Fax: + 91 79 26582100  
Website: www.torrentpharma.com  
Email Id: investorservices@torrentpharma.com

By Order of the Board of Directors  
**For TORRENT PHARMACEUTICALS LIMITED**

**MAHESH AGRAWAL**  
VP (Legal) & Company Secretary

Ahmedabad  
9<sup>th</sup> May, 2014

## NOTES:

1. The Explanatory Statement pursuant to Section 102(1) and (2) of the Companies Act, 2013 in respect of Item No. 3 and Special Business i.e. Item Nos. 5 to 12 is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF / HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
3. A member registered under Section 8 of the Companies Act, 2013 shall not be entitled to appoint any other person as his / her proxy unless such other person is also a member of the Company.
4. A person can act as proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. Provided that member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or member.
5. Proxies, in order to be effective should be duly stamped, completed, signed and must be sent to the Company so as to receive at its registered office not later than 48 hours before the commencement of the meeting.
6. The members are requested to bring duly filled attendance slip alongwith their copy of Annual Report at the Meeting.
7. Corporate members intending to send their authorised representatives to attend the meeting are requested to send a duly certified copy of the board resolution authorizing their representatives to attend and vote on their behalf at the meeting.
8. The members are requested to intimate to the Company, queries, if any, at least 10 days before the date of the meeting to enable the management to keep the required information available at the meeting.
9. As per SEBI Circular No. CIR/MRD/DP/10/2013 dated 21<sup>st</sup> March, 2013, listed companies are required to use, either directly or through their RTA, any RBI approved electronic mode of payment like ECS, NECS, NEFT etc. for distribution of dividends or providing other cash benefits to the investors. Accordingly, the members, holding shares in physical form, are requested to update their address or provide / update their bank mandate (including details of MICR, IFSC etc.) with the Company or its Registrars & Transfer Agents (RTA), Karvy Computershare Private Limited and members holding shares in dematerialized form are requested to intimate any change in their address or to change / update bank mandate with their Depository Participants (DP) to enable the Company or RTA for making arrangements for electronic credit of dividend and other cash benefits to members.
10. The Company has decided to close the Register of Members and the Share Transfer Register for a period of three days from 18<sup>th</sup> June, 2014 to 20<sup>th</sup> June, 2014 (both days inclusive) for determining the name of members eligible for final dividend on equity shares, if declared at this meeting.

The final dividend on equity shares, if declared at the meeting, will be paid / dispatched on or around 4<sup>th</sup> August, 2014 to those members whose names appear on the Company's Register of Members or on records of National Securities Depository Limited or Central Depository Services (India) Limited as beneficial owners as on 20<sup>th</sup> June, 2014.

11. Trading in the shares of the Company can be done in dematerialized form only. Dematerialisation would facilitate paperless trading through state-of-the-art technology, quick transfer of corporate benefits to members and avoid inherent problems of bad deliveries, loss in postal transit, theft and mutilation of share certificate and will not attract any stamp duty. Hence, we request all those members who have still not dematerialized their shares to get their shares dematerialized at the earliest.
12. The members who have not encashed their Dividend Warrants for previous financial years are requested to send the same for revalidation to the Company's RTA.

Members wishing to claim dividends for previous financial years, which remain unclaimed, are requested to correspond with the RTA.

During the year, the Company has requested those shareholders, whose dividends for previous financial years remaining unclaimed / unpaid, for claiming said dividend amount before transfer thereof to Investor Education and Protection Fund (IEPF).

Members are requested to note that dividends not encashed or claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account, will, as per Section 124 of the Companies Act, 2013, be transferred to the Investor Education and Protection Fund (IEPF).

In compliance with the same, unclaimed dividend for the financial year 2005-06 and interim dividend 2006-07 has already been transferred to the IEPF.

13. Pursuant to Section 72 of the Companies Act, 2013, shareholders holding shares in physical form may file nomination in the prescribed Form SH-13 and for cancellation / variation in nomination in the prescribed Form SH-14 with the Company's Registrar and Transfer Agent. In respect of shares held in electronic / demat form, the nomination form may be filed with the respective Depository Participant.
14. The Notice of 41<sup>st</sup> AGM, details and instructions for e-voting and the Annual Report of the Company for the year ended 31<sup>st</sup> March, 2014 is uploaded on the Company's website [www.torrentpharma.com](http://www.torrentpharma.com) and may be accessed by the members. The physical copies of the aforesaid documents will also be available at the Company's registered office for inspection during normal business hours on working days.

Copies of the above documents are being sent by electronic mode to the members whose email addresses are registered with the Company / Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email addresses, physical copies of the aforesaid documents are being sent by the permitted mode.

15. As required in terms of Clause 49 of the Listing Agreement with the Stock Exchanges, the information (including profile and expertise in specific functional areas) pertaining to Directors recommended for appointment / re-appointment in the Annual General Meeting is annexed to this Notice. The Directors have furnished the requisite declarations for their appointment / re-appointment.
16. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their DPs with whom they are maintaining their demat accounts and members holding shares in physical form to the Company / RTA.
17. In compliance with the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote at the 41<sup>st</sup> Annual General Meeting (AGM) by electronic means and all the items of the business may be transacted through e-voting services provided by Karvy Computershare Private Limited (Karvy). Shareholders of the Company holding shares either in physical form or in dematerialized form, as on the cut of date i.e. 17<sup>th</sup> June, 2014, may cast their vote electronically. The user id and password alongwith detailed instructions for e-voting through the e-voting platform provided by Karvy, forming part of the Notice, is enclosed with this Annual Report.
18. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal business hours (09:30 a.m. to 06:30 p.m.) on all working days except second and fourth Saturdays, up to and including the date of the Annual General Meeting of the Company.

## **EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) AND (2) OF THE COMPANIES ACT, 2013**

### **Item No. 3**

In terms of Section 149 read with Section 152(6) of the Companies Act, 2013, which has been brought into force with effect from 1<sup>st</sup> April, 2014, the provisions of retirement of directors by rotation are not applicable to Independent Directors and the office of two-thirds of all Non-Independent Directors will be liable to determination by retirement of directors by rotation. As per

Article 160 of the Articles of Association of the Company read with above provisions, the period of office of Shri Samir Mehta, Executive Vice Chairman and Dr. Chaitanya Dutt, Director (Research & Development), though both were appointed by the shareholders for a fixed term, have become liable to determination by retirement by rotation. Accordingly, Shri Samir Mehta, being the longest in office amongst the Directors liable to retire by rotation, will retire at the ensuing Annual General Meeting and being eligible offers himself for re-appointment. The period of office of Shri Samir Mehta, if re-appointed, shall not be considered as a break in his service as managerial personnel of the Company.

#### **Item No. 5**

The Board of Directors, at its meeting held on 21<sup>st</sup> January, 2014, on recommendation of the Audit Committee, approved the appointment of Kirit Mehta & Co., Cost Accountants as the Cost Auditors of the Company for the financial year 2014-15 at fees of ₹ 5,00,000/- for conducting the audit of the cost accounting records for the Pharmaceutical activities of all manufacturing facilities of the Company except for its upcoming facility at Dahej SEZ and at a fees of ₹ 60,000/- for issuing the compliance report on cost accounting records maintained in respect of upcoming facility at Dahej SEZ (subject to commencement of commercial production), plus out of pocket expenses & service tax as applicable.

Section 148(3) of the Companies Act, 2013 read with Rule 14(a) of the Companies (Audit and Auditors) Rules, 2014 ("the Act"), requires the Board to appoint an individual, who is a cost accountant in practice or a firm of cost accountants in practice, as cost auditor on the recommendations of the Audit committee, which shall also recommend remuneration for such cost auditor and such remuneration shall be considered and approved by the Board of Directors and ratified subsequently by the shareholders.

The resolution contained in Item no. 5 of the accompanying Notice, accordingly, seek members' approval for ratification of remuneration of Cost Auditors of the Company for the financial year 2014-15.

None of the Directors of the Company is in anyway concerned or interested in the proposed resolution.

The Board commends this resolution for your approval.

#### **Item Nos. 6 to 8**

The following Directors have been acting as Independent Directors on the Board of the Company under the provisions of Clause 49 of the Listing Agreement:

- a) Shri Shailesh Haribhakti since October, 2010;
- b) Shri Haigreva Khaitan since January, 2012;
- c) Shri Pradeep Bhargava since October, 2012.

Pursuant to the recommendations of Nomination and Remuneration Committee of the Board, your Board has at their meeting held on 9<sup>th</sup> May, 2014 recommended the appointment of aforesaid Directors as Independent Directors on the Board of the Company for a term of five (5) consecutive years effective from 1<sup>st</sup> April, 2014 till 31<sup>st</sup> March, 2019.

The Companies Act, 2013 and the rules made thereunder ("the Act"), which became effective from 1<sup>st</sup> April, 2014, have brought sea changes in the laws relating to Independent Directors ("INEDs") encompassing their appointment, tenure of such appointment, role and responsibilities, retirement, etc. In terms of provisions of Section 149(10) of the Act, an INED shall hold office for a term upto five (5) consecutive years and as per Schedule IV of the Act, the appointment of INEDs shall be approved at the meeting of the shareholders. As per the provisions of Section 149(13) read with explanation to Section 152(6) of the Act, the period of office of INEDs will not be liable to determination by retirement of directors by rotation at the Annual General Meeting.

The Company has received separate Notices in writing under the provisions of Section 160 of the Act from members along with deposit of ₹ 1,00,000/- each proposing the candidature of Shri Haribhakti, Shri Khaitan and Shri Bhargava for the office of INEDs, to be appointed as such under the provisions of Section 149 of the Companies Act, 2013.

All these existing INEDs have given their consent and the declaration regarding their independence in terms of the provisions of the Act. In the opinion of the Board, they fulfill the conditions specified in the Companies Act, 2013 and rules made thereunder for their appointment as Independent Directors.

All of above INEDs are eminent personalities in their respective fields. Particulars of the qualifications, brief resume, area of expertise and other details of the said Directors are provided in the Annexure attached to this Notice.

In view of above, your Board considers that their continued association would be of immense benefit to the Company and it is desirable to continue to avail their services as INEDs.

The resolutions contained in Item nos. 6 to 8 of the accompanying Notice, accordingly, seek members' approval for appointment of Shri Shailesh Haribhakti, Shri Haigreve Khaitan and Shri Pradeep Bhargava as Independent Directors on the Board of the Company on the terms & conditions as specified in the draft letter of appointment.

Copy of the draft letter of appointment of Shri Haribhakti, Shri Khaitan and Shri Bhargava as Independent Directors setting out the terms and conditions is available for inspection by the members at the registered office of the Company during working hours on any working day till the date of this Annual General Meeting.

Except Shri Haribhakti, Shri Khaitan and Shri Bhargava respectively, to whom the related resolution relates, none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested in the resolutions as set out at Item Nos. 6 to 8.

The Board commends these resolutions for your approval.

#### **Item No. 9**

Pursuant to the recommendations of Nomination and Remuneration Committee of the Board, your Board has at their meeting held on 9<sup>th</sup> May, 2014 recommended the appointment of Shri Ashish Nanda as Independent Director on the Board of the Company for a term of five (5) consecutive years effective from 30<sup>th</sup> July, 2014 till 29<sup>th</sup> July, 2019.

The Companies Act, 2013 and the rules made thereunder ("the Act"), which became effective from 1<sup>st</sup> April, 2014, have brought sea changes in the laws relating to Independent Directors ("INEDs") encompassing their appointment, tenure of such appointment, role and responsibilities, retirement, etc. In terms of provisions of Section 149(10) of the Act, an INED shall hold office for a term upto five (5) consecutive years and as per Schedule IV of the Act, the appointment of INEDs shall be approved at the meeting of the shareholders. As per the provisions of Section 149(13) read with explanation to Section 152(6) of the Act, the period of office of INEDs will not be liable to determination by retirement of directors by rotation at the Annual General Meeting.

The Company has received a Notice in writing under the provisions of Section 160 of the Act from a member along with deposit of ₹ 1,00,000/- proposing the candidature of Shri Ashish Nanda for the office of Independent Director, to be appointed as such under the provisions of the Companies Act, 2013.

Shri Ashish Nanda has given his consent and the declaration regarding his independence in terms of the provisions of the Act. In the opinion of the Board, he fulfill the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as Independent Director of the Company.

Particulars of the qualification, brief resume, area of expertise and other details of Shri Nanda are provided in the Annexure attached to this Notice.

Your Board considers that the Company will benefit from Shri Nanda's valuable, experience, knowledge and counsel.

The resolution contained in Item no. 9 of the accompanying Notice, accordingly, seek members' approval for appointment of Shri Ashish Nanda as Independent Non-Executive Director on the Board of the Company on the terms & conditions as specified in the draft letter of appointment.

Copy of the draft letter of appointment of Shri Nanda as Independent Director setting out the terms and conditions is available for inspection by the members at the registered office of the Company during working hours on any working day till the date of this Annual General Meeting.

Except Shri Nanda, none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested in the resolution as set out at Item no. 9.

The Board commends this resolution for your approval.

## Item No. 10

Pursuant to the recommendations of Nomination and Remuneration Committee of the Board, your Board has at their meeting held on 9<sup>th</sup> May, 2014 recommended the appointment of Smt. Bhavna Doshi as Independent Director on the Board of the Company for a term of five (5) consecutive years effective from 30<sup>th</sup> July, 2014 till 29<sup>th</sup> July, 2019.

The Companies Act, 2013 and the rules made thereunder (“the Act”), which became effective from 1<sup>st</sup> April, 2014, have brought sea changes in the laws relating to Independent Directors (“INEDs”) encompassing their appointment, tenure of such appointment, role and responsibilities, retirement, etc. In terms of provisions of Section 149(10) of the Act, an INED shall hold office for a term upto five (5) consecutive years and as per Schedule IV of the Act, the appointment of INEDs shall be approved at the meeting of the shareholders. As per the provisions of Section 149(13) read with explanation to Section 152(6) of the Act, the period of office of INEDs will not be liable to determination by retirement of directors by rotation at the Annual General Meeting.

The Company has received a Notice in writing under the provisions of Section 160 of the Act from a member along with deposit of ₹ 1,00,000/- proposing the candidature of Smt. Bhavna Doshi for the office of INED, to be appointed as such under the provisions of the Companies Act, 2013.

Smt. Bhavna Doshi has given her consent and the declaration regarding her independence in terms of the provisions of the Act. In the opinion of the Board, she fulfill the conditions specified in the Companies Act, 2013 and rules made thereunder for her appointment as INED of the Company

Particulars of the qualification, brief resume, area of expertise and other details of Smt. Doshi are provided in the Annexure attached to this Notice.

Your Board considers that the Company will benefit from Smt. Doshi’s valuable, experience, knowledge and counsel.

The resolution contained in Item no. 10 of the accompanying Notice, accordingly, seek members’ approval for appointment of Smt. Bhavna Doshi as Independent Non-Executive Director on the Board of the Company on the terms and conditions as specified in the draft letter of appointment.

Copy of the draft letter of appointment of Smt. Bhavna Doshi as Independent Director setting out the terms and conditions is available for inspection by the members at the registered office of the Company during working hours on any working day till the date of this Annual General Meeting.

Except Smt. Doshi, none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested in the resolution as set out at Item no. 10.

The Board commends this resolution for your approval.

## Item No. 11

Shri Sudhir Mehta, at the meeting of the Board of Directors held on 9<sup>th</sup> May, 2014, communicated to the Board his desire to relinquish the position as the Chairman of the Board and the Company, with a view to spend more time on social activities in which he is already involved and also spare more time for himself. The Board has agreed to his request with great reluctance, in view of Shri Sudhir Mehta continuing as a permanent member of the Board of the Company and accepting the position of Chairman Emeritus effective from the conclusion of the Annual General Meeting of the Company scheduled on 30<sup>th</sup> July 2014, so that his counsel and advise emanating from his vast experience would continue to be available to the Board and the Company.

The Board, at their aforesaid meeting, also appointed Shri Samir Mehta, who is currently the Executive Vice Chairman, as Executive Chairman of the Company, subject to shareholders approval, from the conclusion of the forthcoming Annual General Meeting of the Company scheduled on 30<sup>th</sup> July 2014, for a period of five (5) years with pre-closure of his existing term as Executive Vice Chairman. This step of Shri Sudhir Mehta assuming the role of Chairman Emeritus and elevating Shri Samir Mehta as Executive Chairman, has been taken as part of good governance initiative to achieve the objective of smooth succession to younger leadership.

Shri Samir Mehta has been associated with the Company since 1986 and as Executive Vice Chairman with effect from 1<sup>st</sup> August, 2010. As Executive Vice Chairman of the Company, he has substantial powers of management, as that of a Managing Director, subject to superintendence, control and direction of the Chairman and Board of Directors of the Company.

Particulars of the qualification, brief resume, area of expertise and other details of Shri Samir Mehta are provided in the Annexure attached to this Notice.

As the Executive Chairman, he will exercise substantial powers of the management, subject to superintendence, control and direction of the Board of Directors of the Company. Such appointment will not be considered as a break in his service with the Company.

The resolution contained in Item no. 11 of the accompanying Notice, accordingly, seek members' approval for appointment of Shri Samir Mehta as Executive Chairman of the Board and of the Company on the terms and conditions as specified in the resolutions.

Copy of the terms and conditions of appointment is available for inspection by the members at the registered office of the Company during working hours on any working day till the date of this Annual General Meeting.

Shri Samir Mehta is deemed to be concerned or interested in the resolution. Shri Sudhir Mehta, being relative of Shri Samir Mehta, is also to be considered interested in the resolution. None of other Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested in the resolution as set out at Item no. 11.

The Board commends this resolution for your approval.

#### **Item No. 12**

Dr. Chaitanya Dutt has been working as Director (Research & Development) of the Company since 27<sup>th</sup> June, 2000 and his existing tenure will expire on 31<sup>st</sup> December, 2014 as per the shareholders resolution passed at the Annual General Meeting held on 23<sup>rd</sup> July, 2012. The Board of Directors of the Company at their meeting held on 9<sup>th</sup> May, 2014, re-appointed Dr. Dutt as Whole-time Director of the Company, to be designated as Director (Research & Development) for a period of two years effective from 1<sup>st</sup> January, 2015, subject to approval of the members.

This ordinary resolution, accordingly, seeks members' approval for appointment of Dr. Chaitanya Dutt as Director (Research & Development) of the Company for a period of two years effective from 1<sup>st</sup> January, 2015 on such remuneration and other terms and conditions as mentioned in the said resolution.

Particulars of his qualifications, brief resume, area of expertise and other details are provided in the Annexure attached to this Notice.

No Director, except Dr. Dutt, is concerned or interested in his re-appointment and remuneration payable to him as Director (Research & Development).

The copies of relevant resolutions of the Board with respect to the re-appointment is available for inspection by members at the registered office of the Company during working hours on any working day till the date of this Annual General Meeting.

The Board commends this resolution for your approval.

Registered Office:  
Torrent House,  
Off Ashram Road,  
Ahmedabad – 380 009, Gujarat, India  
(CIN: L24230GJ1972PLC002126)  
Phone: + 91 79 26585090 / 26583060 Fax: + 91 79 26582100  
Website: www.torrentpharma.com  
Email Id: investorservices@torrentpharma.com

By Order of the Board of Directors  
**For TORRENT PHARMACEUTICALS LIMITED**

**MAHESH AGRAWAL**  
VP (Legal) & Company Secretary

Ahmedabad  
9<sup>th</sup> May, 2014

## ANNEXURE TO THE NOTICE

### INFORMATION ON DIRECTORS RECOMMENDED FOR APPOINTMENT / RE-APPOINTMENT AS PER NOTE 15 TO THE NOTICE:

#### Shri Shailesh Haribhakti

Shri Shailesh Haribhakti, aged 58 years, is a Chartered and Cost Accountant, Certified Internal Auditor, Financial Planner and Fraud Examiner. During a career span of four decades, he has successfully established and led many innovative services. His current passion involves Outsourcing of Knowledge Processes, Engaged Investing and efficiency & effectiveness enhancement in Social, Commercial and Governmental organisations. He strongly believes in 'shared value' creation, good public and corporate governance and promoting a green environment. He is actively promoting these causes and contributes towards their evolution by participating in the process of framing regulations and standards. He is currently serving as a member on the Board of several big listed and unlisted companies.

*Companies (other than Torrent Pharmaceuticals Limited) in which Shri Shailesh Haribhakti holds directorship and committee membership:*

Sr. No.	Directorship in Companies / Organisations (excluding alternate directorship)	Name of Committees
1.	Future Lifestyle Fashions Limited	Audit Committee – Chairman
2.	Blue Star Limited	Audit Committee – Chairman
3.	Raymond Limited	Audit Committee – Chairman
4.	L&T Finance Holdings Limited	Audit Committee – Chairman
5.	Mahindra Lifespace Developers Limited	Audit Committee – Member
6.	NSDL e-Governance Infrastructure Limited	Audit Committee – Member
7.	ACC Limited	-
8.	J K Paper Limited	-
9.	Milestone Capital Advisors Limited	-
10.	Karam Chand Thapar & Bros. (Coal Sales) Limited	-
11.	Ambuja Cements Limited	-
12.	Haribhakti Moti India Private Limited	-
13.	DH Consultants Private Limited	-
14.	Quadram Solutions Private Limited	-
15.	J M Financial Asset Reconstruction Co. Private Limited	-
16.	Planet People & Profit Consulting Private Limited	-
17.	MentorCap Management Private Limited	-
18.	AAA Infrastructure Consulting & Engineers Private Limited	-
19.	Reliance Enterprises & Ventures Private Limited	-
20.	ADA Enterprises & Ventures Private Limited	-
21.	AAA International Capital Private Limited	-
22.	AAA Industries Private Limited	-
23.	HB Advisory Services Private Limited	-

Shri Shailesh Haribhakti holds 6,000 shares of the Company.

#### Shri Haigreve Khaitan

Shri Haigreve Khaitan, aged 43 years, is a Corporate and Commercial lawyer and a Partner of Khaitan & Co. Shri Khaitan heads Khaitan & Co.'s Mergers & Acquisitions (M&A) practice. He joined Khaitan & Co. in the year 1988. He spent considerable



years of his initial practice in representing clients on litigation matters, and thereafter, he went on representing many clients on project finance and real estate transactions. Shri Khaitan presently focuses his practice on M&A, Private Equity, Venture Capital, Corporate Restructuring and advises various Indian and international clients on other strategic transactions. He comes highly recommended by world's leading law chambers / legal accreditation bodies as one of the leading lawyers in India and as the leading lawyer for Project Finance in Asia. He is currently serving as a member on the Board of several big listed and unlisted companies.

*Companies (other than Torrent Pharmaceuticals Limited) in which Shri Haigreave Khaitan holds directorship and committee membership:*

Sr. No.	Directorship in Companies / Organisations (excluding alternate directorship)	Name of Committees
1.	Harrisons Malayalam Limited	Audit Committee – Member
2.	Inox Leisure Limited	Audit Committee – Member
3.	Jindal Steel & Power Limited	Audit Committee – Member
4.	National Engineering Industries Limited	Audit Committee – Member Shareholder's Grievance Committee – Member
5.	Sterlite Technologies Limited	Audit Committee – Member
6.	AVTEC Limited	Audit Committee – Member
7.	Xpro India Limited	-
8.	Great Eastern Energy Corporation Limited.	-
9.	Ambuja Cements Limited	-
10.	Firstsource Solutions Limited	-
11.	Bajaj Corp Limited	-
12.	Ceat Limited	-
13.	Bharat Fritz Werner Limited	-
14.	Karam Chand Thapar & Bros (Coal Sales) Limited	-
15.	Vinar Systems Private Limited	-

Shri Haigreave Khaitan does not hold any shares of the Company.

#### **Shri Pradeep Bhargava**

Shri Pradeep Bhargava, aged 64 years, has been associated with Cummins group since 2000 and was Managing Director of Cummins Generator Technologies India Limited from 2003 to April 2012. He holds B. Sc. (Honours) degree from Rajasthan University, Jaipur, B.E. (Electronics and Communications) degree from Indian Institute of Science, Bangalore and completed his MBA from Indian Institute of Management (IIM), Ahmedabad in the year 1971. After graduating from IIM, Ahmedabad, first ten years of Shri Bhargava were with Public Sectors i.e. Atomic Energy Commission, Electronics Commission and at Bharat Heavy Electricals Limited. Prior to joining Cummins, he was Managing Director of GE Lighting India for 3 years. He had worked with Kalyani Group (Bharat Forge) for 15 years from 1982-1997.

He was the Chairman of Western Region Council of CII for the year 2012-13. He is Member of the Executive Committee of Mahratta Chambers of Commerce Industry & Agriculture. His key contributions have been Conceiving, Steering and Implementing the now famous “**Pune Model**” by virtue of which the city of Pune has been able to mitigate Load Shedding for the last 5 years. His primary focus has been to integrate the experience and knowledge of industry into causes which benefits both, the Society and the Environment. Under his leadership, Cummins has set up “**India's First Green Factory**” at Ranjangaon, near Pune.

He has also been associated with various academic institutes including Indian Institute of Management (Ahmedabad, Bangalore & Udaipur) and Symbiosis International University as guest faculty and / or in other capacity. He is also serving as a member on the Board of several other companies.

Companies (other than Torrent Pharmaceuticals Limited) in which Shri Pradeep Bhargava holds directorship and committee membership:

Sr. No.	Directorship in Companies / Organisations (excluding alternate directorship)	Name of Committees
1.	Automotive Stampings and Assemblies Limited	Audit Committee – Chairman Shareholder Grievance & Compliance Committee – Member Remuneration & Nomination Committee – Member
2.	Persistent Systems Limited	Audit Committee – Member Shareholder's / Investor's Grievance Committee – Member Nomination and Governance Committee – Member
3.	Rajkumar Forge Limited	Audit Committee – Chairman
4.	Cummins Generator Technologies India Limited	-
5.	Jost's Engineering Company Limited	-
6.	Cummins Technologies India Limited	-
7.	Cummins India Limited	-
8.	Pragati Leadership Institute Private Limited	-
9.	Secure International Holding Pte. Limited	-
10.	Pune City Connect Development Foundation	-

Shri Pradeep Bhargava does not hold any shares of the Company.

### Shri Ashish Nanda

Shri Ashish Nanda, aged 53 years, is Director of Indian Institute of Management, Ahmedabad (IIMA). Shri Nanda has a PhD in Business Economics (Harvard), AM in Economics (Harvard), PGDM in Management (IIMA) and B.Tech. in Electrical Engineering (IIT Delhi). Before his PhD, he worked for five years with the Tata group of companies as Tata Administrative Services officer.

Before joining IIMA, he was at Harvard Law School for seven years. As Robert Braucher Professor of Practice, he taught "Professional Services," "Leadership in Law Firms" and "Professional Services: Advanced Topics" in the JD program. He was faculty director of Executive Education, faculty director of the Case Development Initiative and research director at Program on the Legal Profession. Before Harvard Law School, Nanda was a Harvard Business School faculty member for 13 years, where he taught in MBA, DBA and Executive Education courses, including "Leadership in Professional Services" and "Owners Presidents Managers."

Shri Nanda continues to be affiliated with Harvard University as Robert Braucher Professor of Practice (on leave) at Harvard Law School and Harvard Business School Executive Education Fellow. He continues to teach in executive education programs at Harvard University.

A recipient of the Henry B. Arthur Fellowship, the Center in Ethics and the Professions Fellowship, President of India Gold Medal (twice) and the IIMA Director's Gold Medal, he has published several case studies and Harvard Business Review articles and is a coauthor (with Tom DeLong) of Professional Services: Cases & Text. His research, in the form of conceptual articles, case studies, surveys and large sample empirical analyses, focuses on professional services. It encompasses three streams – management of professional service organizations, professionals' labor market and professionalism.

Shri Nanda has advised professional service organizations including asset management, investment banking, accounting, advertising, engineering consulting, executive search, human resource consulting, IT consulting, management consulting, law firms, public relations and real estate firms. His work with these organizations has spanned strategic planning, organization design, governance systems, succession planning, compensation systems, recruitment and promotion practices, leadership development and coaching senior executives. He does not hold any directorship in any other Company.

### Smt. Bhavna Doshi

Smt. Bhavna Doshi, aged 60 years, is a fellow member of the Institute of Chartered Accountants of India and holds a Master Degree in Commerce from Mumbai University. She has had an exemplary academic career and was ranked second, at both, intermediate and final examinations conducted by the Institute of Chartered Accountants of India (ICAI). She is currently providing advisory services in the fields of taxation, accounting, corporate and regulatory matters. She has rich experience of over 3 decades as partner in renowned firms of chartered accountants, B S Mehta & Co., RSM & Co. and Bharat S Raut & Co. (member firm of KPMG in India). She is an elected member of the Council of Institute of Chartered Accountants of India for four terms, she served on its various committees and very actively contributed to the formulation of accounting standards in India, research publications, taxation and Vision Exercise for ICAI besides other areas. She was elected to the Western India Regional Council of the ICAI and held positions of Secretary and Chairperson. She was the President of the Indian Merchants' Chamber, a leading Chamber of Commerce headquartered at Mumbai and besides various innovative projects, she was instrumental in establishing IMC Inclusive Innovation Awards for recognition of work of grass root innovators and mentoring and supporting them in taking their innovative products and services to the market and scaling up their ventures.

She was a member of the Compliance Advisory Panel of International Federation of Accountants, New York as also of Government Accounting Standards Advisory Board constituted by Controller and Auditor General of India. During her tenure in the Compliance Advisory Panel, a program for evaluation of compliance with the global standards was launched and very successfully implemented at global level. She has addressed many conferences and seminars organised by various trade and professional organisations on variety of subjects. She is also involved in social sector projects.

She is also serving as a member on the Board of several other companies.

#### Companies in which Smt. Doshi holds directorship and committee membership:

Sr. No.	Directorship in Companies / Organisations (excluding alternate directorship)	Name of Committees
1.	Everest Industries Limited	-
2.	Peninsula Land Limited	-
3.	Peninsula Investment Management Company Limited	-
4.	SEAMEC Limited	-
5.	Walchandnagar Industries Limited	-
6.	LIC Pension Fund Limited	-
7.	Indian Merchants' Chamber	-
8.	Connect Capital Private Limited	-
9.	Connect Infotain Private Limited	-

### Shri Samir Mehta

Shri Samir Mehta, aged 50 years, holds a Masters Degree in Business Management and has been associated with the Company since 1986. Under his leadership, the Company has grown into becoming one of the most respected pharmaceutical companies in India. Under his able guidance, the Company consolidated its position in the domestic market, built leadership positions in several brands and has established a strong & growing profitable operation. The Company has also successfully established itself in the international markets such as Brazil, Germany and U.S.A. and today, the international business accounts for about 60% of the total revenue of the Company. He has been instrumental in identifying emerging opportunities - be it forays into new therapies or geographies or striking alliances with global leaders in the industry or creating resources to match the exacting demands of the markets. Apart from setting up an orderly and a system oriented organisation, development of prudent financial management policies and balanced human resource policies have been a hallmark of his leadership.

He is also serving as a member on the Board of several other group companies.

*Companies (other than Torrent Pharmaceuticals Limited) in which Shri Samir Mehta holds directorship and committee membership:*

Sr. No.	Directorship in Companies / Organisations (excluding alternate directorship)	Name of Committees
1.	Torrent Power Limited	Committee of Directors – Chairman Stakeholders Relationship Committee – Member Corporate Social Responsibility Committee – Member
2.	Torrent Energy Limited	Audit Committee – Chairman
3.	Torrent Private Limited	-
4.	Diamond Infrastructure Limited	-

Shri Samir Mehta holds 1,03,34,960 shares (including 20,80,000 shares held in the name of Samir Mehta HUF) of the Company.

#### **Dr. Chaitanya Dutt**

Dr. Chaitanya Dutt, aged 63 years, is one of the key functionaries in the top management team and has been associated with the Company for more than three decades. He holds an MD in Medicine and had practiced as a consulting physician before joining the Company in 1982.

He is in charge of the Research and Development activities including quality and regulatory matters. His existing tenure as Director (Research & Development) will expire on 31<sup>st</sup> December, 2014. At the age of 63, he has been expressing his desire to retire from services and have more time for himself and his family.

Acceding to his desire, it was earlier thought that he would be retiring from the Company by 31<sup>st</sup> December, 2014. This was in tandem with the development of alternate structure to shoulder his responsibilities. While most of the activities and agenda has been substantially completed, in view of the major regulatory changes being brought about by Governments across the world and the challenges arising there from, it was thought, prudent to continue to avail the benefit of his vast experience and knowledge for supervising the transition. Hence it is proposed to extend his term by two years, i.e. from 1<sup>st</sup> January, 2015 to 31<sup>st</sup> December, 2016. He does not hold any directorship in any other Company.

Dr. Chaitanya Dutt holds 800 shares of the Company.

## DIRECTORS' REPORT

To  
The Shareholders

The Directors have the pleasure of presenting the Forty First Annual Report of your Company together with the audited accounts for the year ended 31<sup>st</sup> March, 2014.

### FINANCIAL RESULTS

The summary of consolidated (Company and its subsidiaries) and standalone (Company) operating results for the year and appropriation of divisible profits is given below:

(₹ in crores except per share data)

	Consolidated		Standalone	
	2013-14	2012-13	2013-14	2012-13
Sales & Operating Income	4185	3212	3365	2766
Profit Before Depreciation, Finance Cost, Exceptional Items & Tax	990	736	1096	811
Less Depreciation	87	83	79	72
Less Finance Cost	59	34	58	37
Profit Before Exceptional Items & Tax	844	619	958	702
Less Exceptional Items	-	37	-	37
Less Tax Expense	180	147	196	119
Less Minority Interest	-	2	-	-
Net Profit for the Year	664	433	762	547
Balance brought forward	317	167	538	274
Distributable Profits	981	600	1300	821
Appropriated as under:				
Transfer to General Reserve	76	55	76	55
Interim Dividend	85	51	85	51
Proposed Final Dividend	85	144	85	144
Tax on Distributed Profits for Interim Dividend	14	8	14	8
Tax on Distributed Profits for Final Dividend	14	25	14	25
Balance Carried Forward	707	317	1026	538
Earnings Per Share (₹ per share)	39.23	25.58	45.05	32.29

#### Consolidated Operating Results

The consolidated sales and operating income increased to ₹ 4185 crores from ₹ 3212 crores in the previous year yielding a growth of 30.29%. The consolidated operating profit for the year was ₹ 990 crores as against ₹ 736 crores in the previous year registering an increase of 34.51%. The consolidated net profit increased to ₹ 664 crores from ₹ 433 crores in the previous year registering a growth of 53.35%. Adjusted for the exceptional item during the last year, consolidated net profit has grown by 41.28%.

#### Standalone Operating Results

The sales and operating income increased to ₹ 3365 crores from ₹ 2766 crores in the previous year yielding a growth of 21.66%. The operating profit for the year under review increased to ₹ 1096 crores as against ₹ 811 crores in the previous year registering a growth of 35.14%. The profits after tax for the year under review increased to ₹ 762 crores as against ₹ 547 crores in the previous year registering a growth of 39.31%. Adjusted for the exceptional item during the last year net profit has grown by 32.06%.

## Merger and Acquisition:

1. During the year under review, the Company had entered into a definite binding Business Transfer Agreement with Elder Pharmaceuticals Limited (“Elder”), for acquisition of Identified Indian Branded Formulation Business (“Identified Business”) in India and Nepal on slump sale basis for a total consideration of ₹ 2004 crores on a debt free & cash free basis. Elder's identified Business comprises a portfolio of 30 brands including market leading brands in the Women's Healthcare, Pain Management, Wound Care and Nutraceuticals therapeutic segments. The final closing of the transaction is subject to satisfactory completion of all terms and conditions laid down in the Business Transfer Agreement. This acquisition shall strengthen the Company's position in said segments by enhancing & accelerating market access. It is also expected to enable cost & revenue synergies in the Company's domestic formulations business.
2. The Company has also acquired portfolios of marketing authorisations in UK (through Torrent Pharma (UK) Ltd) and in France. This will speed up the Company's efforts to strength its position in the respective markets.

## Management Discussion and Analysis (MDA)

The detailed analysis of the operating performance of the Company for the year, the state of affairs and the key changes in the operating environment have been included in the Management Discussion and Analysis section which forms a part of the Annual Report.

## APPROPRIATIONS

### Dividend

As a policy, the Company endeavours to distribute 30% of its annual consolidated net profit after tax as dividend in one or more tranches.

Normal annual dividend of ₹ 5.00 per equity share of fully paid up face value of ₹ 5.00 amounting to ₹ 84.61 crores was paid to the shareholders as interim dividend during the year under review. The tax on distributed profits was ₹ 14.38 crores making the aggregate distribution to ₹ 98.99 crores. Further, the Board has recommended a special dividend as final dividend of ₹ 5.00 per equity share amounting to ₹ 84.61 crores. Total distribution including tax of ₹ 14.38 crores works out to be ₹ 98.99 crores towards such final dividend. Aggregate dividend for the year under review works out to be ₹ 10.00 (previous year ₹ 13.00) per equity share, post issue of bonus shares in the ratio of 1:1 on 25<sup>th</sup> July, 2013. In addition, ₹ 10.00 per share was also paid as special dividend in previous year for commemorating four decades of business operations of the Company, taking the total dividend for the year 2012-13 to ₹ 23.00 per share. The aggregate distribution amount including tax on distributed profit works out to be ₹ 197.98 crores (previous year ₹ 227.30 crores) post issue of bonus shares. These dividends are tax free in the hands of the shareholders.

### Transfer to Reserves

The Board has recommended a transfer of ₹ 76.00 crores to the general reserve and an amount of ₹ 1026.00 crores is retained in the Statement of Profit and Loss of Standalone financials.

## SHARE CAPITAL

During the year, pursuant to the approval of shareholders by passing requisite resolutions through postal ballot, the Authorised Capital of the Company was increased from ₹ 100 crores, divided into 15 crores Equity Shares of ₹ 5/- each and 25 lacs Preference Shares of ₹ 100/- each, to ₹ 125 crores, divided into 20 crores Equity Shares of ₹ 5/- each and 25 lacs Preference Shares of ₹ 100/- each, by creation of 5 crores Equity Shares of ₹ 5/- each ranking pari passu with the existing Equity Shares.

Shareholders have also approved, by passing requisite resolution through postal ballot, issue of Bonus Shares in the proportion of 1:1 i.e. 1 (one) new fully paid-up Equity Share of ₹ 5.00 each for every 1 (one) fully paid-up Equity Share of ₹ 5.00 each.

Pursuant to above, 8,46,11,360 Bonus Equity Shares of ₹ 5.00 each fully paid-up were issued and allotted to the eligible shareholders by way of capitalization of ₹ 38.46 crores from the securities premium account and ₹ 3.85 crores from capital redemption reserve. Post bonus issue, the issued and paid up capital of the Company was increased from ₹ 42.31 crores to ₹ 84.61 crores. The Net worth (stand alone) stands at ₹ 2289.81 crores as at 31<sup>st</sup> March, 2014 resulting an increase of ₹ 638.72 crores, on account of retained earnings.

## DIRECTORS' RESPONSIBILITY STATEMENT

In terms of Section 217(2AA) of the Companies Act, 1956, in relation to financial statements of the Company for the year ended 31<sup>st</sup> March, 2014, the Board of Directors state that:

- i the applicable Accounting Standards have been followed in preparation of the financial statements and there are no material departures from the said standards;
- ii reasonable and prudent accounting policies have been used in preparation of the financial statements and that they have been consistently applied and that reasonable and prudent judgments and estimates have been made in respect of items not concluded by the year end, so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March, 2014 and of the profit for the year ended on that date;
- iii proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv the financial statements have been prepared on a going concern basis.

## SUBSIDIARIES

Brief review of the important subsidiaries is given below:

### **Torrent Pharma Inc., USA (Torrent USA)**

During the year, Torrent USA earned revenues of USD 124.25 million (₹ 756.92 crores), as compared with USD 57.90 million (₹ 315.12 crores) in previous year registering a growth of 140.20% in Rupees. Net profit for the year was at USD 2.32 million (₹ 39.10 crores) as against a net profit of USD 1.05 million (₹ 7.95 crores) for the previous year. The Company received 5 ANDA approvals in 2013-14. Company plans to launch 8-12 products every year. The Company has 48 ANDA's approvals (including 5 tentative approvals), 22 pending approvals and 47 filings under development. Steady flow of product approvals from this pipeline is expected to sustain growth momentum.

### **Torrent do Brasil Ltda., Brazil (Torrent Brazil)**

During the year, Torrent Brazil achieved revenues of Reais 195.01 million (₹ 524.18 crores), as compared with Reais 180.29 million (₹ 488.58 crores) in the previous year, registering a growth of 7.29% in Rupees. Torrent Brazil has incurred a net loss after tax of Reais 15.67 million (₹ 41.50 crores), as compared to a net loss after tax of 2.47 million (₹ 9.23 crores) in the previous year. The losses during the year are largely attributable to the provisions made with respect to certain labour law related litigations.

### **Heumann Pharma GmbH & Co Generica KG, Heunet Pharma GmbH and Norispharm GmbH at Germany (Torrent Germany)**

Torrent Germany posted revenues of Euro 71.32 million (₹ 580.49 crores) for the financial year 2013-14 as compared with Euro 55.96 million (₹ 392.28 crores) for the previous year, registering a growth of 47.98% in Rupees. Net loss for the year was Euro 8.79 million (₹ 40.89 crores) as against a net loss of Euro 0.97 million (profit of ₹ 2.93 crores in Rupee) for the previous year. The increase in loss was due to legal claims and damages.

### **Laboratorios Torrent S.A. de C.V. (Torrent Mexico)**

During the year, Torrent Mexico earned revenues of Mexican Peso 86.63 million (₹ 40.51 crores) as compared with Mexican Peso 78 million (₹ 32.51 crores) for the previous year registering a growth of 24.61% in Rupees. Net profit for the year was at Mexican Peso 7.63 million (₹ 3.75 crores) as against a loss of Mexican Peso 2.71 million (₹ 1.09 crores) for the previous year.

## HUMAN RESOURCES

Committed and motivated employees are one of the most important assets for the Company. The Company is committed towards excellence in action through development and administration of opportunities for its employees that helps attract, retain and develop a diverse workforce.

Performance management area was also given prime attention. Contribution of each individual employee in the organization's growth was evaluated and their efforts were rewarded. The Company is committed to creating a healthy, conducive and safe working environment. During the year, there were significant areas of achievement around processes and policy development. Continuous efforts were taken to implement Gender Diversity initiatives, undertaken by the Company, in various areas to ensure enhanced representation of women employees. On the industrial front, the Company continued to strengthen cordial industrial relations during the year.

The Company has taken special initiatives to communicate more with its employees and to foster unity on occasions like Independence Day, Republic Day and Founder's Day.

The Company has a diverse workforce of 8,628 employees as on 31<sup>st</sup> March, 2014 vis-a-vis 8,719 as on 31<sup>st</sup> March 2013.

## **CORPORATE SOCIAL RESPONSIBILITY**

Concern for Society and Environment is a deeply rooted core value of the Company. As a part of its CSR, the Company makes concentrated efforts in the fields of Community Healthcare, Sanitation and Hygiene, Education and Knowledge Enhancement and Social Care and Concern. During the year, the Company was involved in following CSR activities taken up on its own or along with other Torrent group companies:

### **On its own**

- Initiated Sanitation Health Education at "Sharda Mandir" Primary school at Indrad village which focused on importance of personal hygiene. Besides this, art and craft activities were also promoted.
- Conducted various personality development programmes among the students at Middle School at Bhud, Baddi Plant through employee volunteers.

### **At Group level**

- Shiksha Setu: Teaching Learning Enhancement Programme in its third year included more than 4800 students and 250 teachers as beneficiaries. Outcomes included increase in participation of parents in parents-teachers meetings especially in rural areas, 55% cumulative learning level improvement over baseline year, enhanced learning interest in ICT based adaptive tool and improvement in attendance. 523 employee volunteers contributed towards implementation of the project activities effectively during the year.
- Construction work is in progress for new building for high school comprising 24 class rooms, science & computer lab, library, administrative block, assembly & dining hall, kitchen area, sports complex, etc. for accommodating 1500 students of class 9 - 12 at Chhapi village in Gujarat.
- Reconstruction activities at Memadpur school were completed during the year, which included renovation of existing school building and construction of new facilities including assembly hall and utility facility.
- A survey of 1769 households was conducted by 154 employee volunteers to understand women health issues and child health aspects, in order to conceptualize and design a community health care programme in the vicinity of Sabarmati area in Ahmedabad.

Besides the above, the Company has also made donations to various organizations involved in education, healthcare, providing relief to disaster victims and promotion of social welfare, harmony & nationalism.

In line with the provisions of the Companies Act, 2013 and rules made thereunder ("the Act"), a Corporate Social Responsibility (CSR) Committee has been formed by the Board of Directors through circular resolution dated 3<sup>rd</sup> May, 2014. Shri Pradeep Bhargava, Shri Markand Bhatt and Dr. Chaitanya Dutt are the members of the CSR Committee. The Board of Directors at their meeting held on 9<sup>th</sup> May, 2014 approved a CSR policy as recommended by the CSR Committee which include, inter alia, the CSR activities falling under the purview of Schedule VII of the Act.



## ENVIRONMENT, HEALTH & SAFETY

The 'Conviction for Safety Policy' implemented during 2012-13 has been very successful in creating awareness about the safety at work place and compliances of safety norms. Also the personnel affected adversely were paid substantially higher compensation under this Policy.

The Company has continued with OHSAS 18001 and ISO 14001 for occupational health, safety & environment management system & ISO 9001 for quality management.

## INSURANCE

The Company's plant, property, equipments and stocks are adequately insured against major risks. After taking into account all the relevant factors, including the risk benefit trade-off, the Company has consciously decided not to take insurance cover for loss of profit under the Consequential Loss (Fire) Policy. The Company also has appropriate liability insurance covers particularly for product liability and clinical trials. The Company has also taken Directors' and Officers' Liability Policy to provide coverage against the liabilities arising on them.

## DIRECTORS / KEY MANAGERIAL PERSONNEL

During the year under review, Dr. Prasanna Chandra and Shri Sanjay Lalbhai retired from the Board with effect from 26<sup>th</sup> July, 2013 (i.e. date of last Annual General Meeting). Dr. Leena Srivastava resigned as a member on the Board of Directors with effect from 26<sup>th</sup> April, 2014.

The Board at its meeting held on 9<sup>th</sup> May, 2014, subject to approval of the shareholders, appointed Shri Pradeep Bhargava (holding DIN 00525234), Shri Shailesh Haribhakti (holding DIN 00007347) and Shri Haigreva Khaitan (holding DIN 00005290), existing Independent Directors, as Independent Directors on the Board of Directors of the Company, for a period of five consecutive years from 1<sup>st</sup> April, 2014 upto 31<sup>st</sup> March, 2019, pursuant to the provisions of Sections 149, 150, 152, 178 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder ("the Act") read with Schedule IV of the Act.

The Board has also recommended to shareholders the appointment of Shri Ashish Nanda and Smt. Bhavna Doshi as Independent Directors on the Board of the Company for a period of five years effective from the date of ensuing Annual General Meeting.

Brief resume, area of expertise and other details of terms of appointment of these Directors forms integral part of the Notice of the Annual General Meeting.

All the Independent Non-Executive Directors of the Company have furnished declarations that they qualify the conditions of being Independent as per Section 149(6) & (7) of the Companies Act, 2013.

Shri Sudhir Mehta, at the meeting of the Board of Directors held on 9<sup>th</sup> May, 2014, communicated to the Board his desire to relinquish the position as the Chairman of the Board and the Company, with a view to spend more time on social activities in which he is already involved and also spare more time for himself. The Board has agreed to his request with great reluctance, in view of Shri Sudhir Mehta continuing as a permanent member of the Board of the Company and accepting the position of Chairman Emeritus, so that his counsel and advise emanating from his vast experience would continue to be available to the Board and the Company.

The Board has further at their aforesaid meeting, subject to the approval of the shareholders, appointed Shri Samir Mehta, Executive Vice Chairman, as Executive Chairman of the Company.

The above arrangements would be effective from the conclusion of the Annual General Meeting of the Company scheduled on 30<sup>th</sup> July 2014.

This step of Shri Sudhir Mehta assuming the role of Chairman Emeritus, while continuing to be permanent member on the Board and elevating Shri Samir Mehta as Executive Chairman, has been taken as part of good governance initiative to achieve the objective of smooth succession to younger leadership.

Pursuant to the provisions of Sections 203, 178 and other applicable provisions of the Companies Act, 2013 and Rule 8 of the Companies (Meetings of Board and its Powers) Rules, 2014, the Board at its aforesaid meeting also appointed Shri Samir Mehta, Executive Vice Chairman, Shri Ashok Modi, Executive Director and Chief Financial Officer (CFO) & Shri Mahesh Agrawal, Vice President (Legal) and Company Secretary, as Whole-time Key Managerial Personnel of the Company.

## CORPORATE GOVERNANCE

As required by Clause 49 of the Listing Agreement, a separate Report on Corporate Governance forms part of the Annual Report. A certificate from the Statutory Auditors of the Company regarding compliance of conditions of Corporate Governance forms part of this report as Annex 3.

## AUDITORS

### • Statutory Auditors

The term of appointment of Deloitte Haskins & Sells, Ahmedabad (Firm Registration No. 117365W), Statutory Auditors of the Company will expire at the ensuing Annual General Meeting. The Company has received a certificate from them about their eligibility for appointment as Statutory Auditors in accordance with Rule 4 of the Companies (Audit and Auditors) Rules, 2014 read with third proviso of Section 139(2) of the Companies Act, 2013. The Board has recommended to the shareholders their appointment for the year 2014-15 at the ensuing Annual General Meeting.

### • Cost Auditors

The Company has appointed Kirit Mehta & Co., Cost Accountants, Mumbai (Firm Registration No. 000353) as the Cost Auditor of the Company for audit of cost accounting records of its activities (Formulation & Bulk Drugs activities) for the financial year ended 31<sup>st</sup> March, 2014. Further, due date of filing the Cost Audit Report to the Central Government for the financial year ended 31<sup>st</sup> March, 2013 was 27<sup>th</sup> September, 2013 and the same was filed on 11<sup>th</sup> September, 2013. The Board of Directors has, on recommendation of the Audit Committee, at its meeting held on 21<sup>st</sup> January, 2014 appointed Kirit Mehta & Co. as the Cost Auditor of the Company for audit of cost accounting records of its activities (Formulation & Bulk Drugs activities) for the financial year 2014-15 and has also fixed the remuneration for audit of cost accounting records for the said financial year. In terms of Section 148(3) of the Companies Act, 2013 and Rule 14 of the Companies (Audit & Auditors) Rules, 2014, it is proposed by the Board to recommend the remuneration approved in its meeting, for ratification by the shareholders in the ensuing Annual General Meeting of the Company.

## CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, ETC.

A statement containing the necessary information required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is annexed to this report as Annex 1.

## PARTICULARS OF EMPLOYEES

The information required under Section 217(2A) of the Companies Act, 1956, read with Companies (Particular of Employees) Rules, 1975 as amended, forms part of this report as Annex 2. Having regards to the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, this Annual Report is being sent to all shareholders excluding the said Annexure. Any shareholder interested in obtaining the particulars may obtain it by writing to the Company Secretary at the registered office of the Company.

## APPRECIATION AND ACKNOWLEDGEMENTS

Your Directors appreciate the trust reposed by the medical fraternity and patients in the Company and look forward to their continued patronage. The Directors are also grateful and pleased to place on record their appreciation for the excellent support, guidance and cooperation extended by the Government of India, Government of Gujarat, Government of Himachal Pradesh, Government of Sikkim, Central and State Government Bodies and Authorities, Financial Institutions and Banks. The Board also expresses its appreciation of the understanding and support extended by the shareholders and employees of the Company.

For and on behalf of the Board

Ahmedabad  
9<sup>th</sup> May, 2014

**Sudhir Mehta**  
Chairman

## ANNEX 1 TO DIRECTORS' REPORT

Particulars required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988

### A. CONSERVATION OF ENERGY

**(a) Major energy conservation measures taken during the year:**

1. Power factor maintained nearer to Unity at Indrad Plant and received annual rebate of ₹ 45 Lacs from Uttar Gujarat Vij Company Limited.
2. Introduced atomized spray system in 3 numbers solar pond at Effluent Treatment Plant area. This has helped in increasing evaporation rate of water from 4 KL per day to 18 KL per day in each pond. This has helped in reduced operation of MEE resulting into saving of steam and cost saving of ₹ 12 Lacs for the year.

**(b) Additional investment and proposals, if any, being implemented for reduction of consumption of energy:**

Solar hot water system feasibility is being explored and for implementation as Green Initiative.

**(c) Impact of measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:**

The above measures have helped the Company in effective and economic consumption of electricity, fuel and reduced the energy expenses. The specific benefits have been mentioned in the respective heads under (a) and (b) above.

**(d) Particulars with respect to the conservation of energy are given below:**

**I. Power and Fuel Consumption:**

1	Electricity	2013-14	2012-13*	
1	A	Purchased Units (KWH in lacs)	630.33	528.46
		Total Amount (₹ in crores)	34.10	32.90
		Average Rate (₹ / KWH)	5.41	6.23
	B	Own generation through DG sets (KWH in lac Units)	31.21	17.83
		Units generated per liter of diesel	3.47	3.62
		Cost of fuel per Unit (₹ / KWH)	16.76	11.91
	C	Own generation through CPP (KWH in lac Units)	-	1.02
		Natural Gas consumed (in lacs SCM)	-	0.27
		Units generated per SCM of Gas	-	3.71
	Cost of gas per Unit (₹ / KWH)	-	9.05	
2	Fuel Consumption / Steam Generation			
2	A	HSD (in lac liters)	5.70	12.34
		Total amount (₹ in crores)	3.33	5.20
		Average Rate (₹ / liter)	58.48	42.19
	B	Furnace Oil (in lac liters)	16.84	5.18
		Total Amount (₹ in crores)	8.47	2.57
		Average Rate (₹ / liter)	50.27	49.55
	C	Purchased Gas (in lacs SCM)	36.25	32.64
		Total Amount (₹ in crores)	14.31	10.24
		Average Rate (₹ / SCM)	39.49	31.36

\* In respect of manufacturing facilities at Gangtok (Sikkim), the details are with effect from 1<sup>st</sup> October, 2012.

## II. Consumption per unit of production:

The Company manufactures several drug formulations in different pack sizes and bulk drugs. It is, therefore, impractical to apportion the consumption and cost of utilities to each formulation and bulk drug.

## B. TECHNOLOGY ABSORPTION

Particulars with respect to technology absorption are given below:

### Research and Development (R & D)

#### 1. Specific areas in which R&D is carried out by the Company

The Company's R&D Centre is engaged in the discovery of New Chemical Entities (NCEs) and development of new processes and suitable formulations for known Active Pharmaceutical Ingredients (APIs) and value-added & differentiated formulations by leveraging our proprietary technologies for which various patents have been filed.

#### 2. Benefits derived as a result of the above R & D

- At the end of the year under review, 70 ANDAs and 25 DMFs filed in US and 53 new product Dossiers & 24 DMF submitted in the EU.
- 818 patents filed for NDDS technology, drug discovery projects and innovative process of API & formulations for various geographies and 315 have been granted so far.
- New Discovery programmes in COPD & IBD has been initiated.

#### 3. Future plan of action

- Efforts would continue for development of new, value added and differentiated formulations and new cost effective, eco-friendly & safe processes for APIs for CVS & CNS therapeutics. To bridge the gap in current therapy, NDDS projects like long acting injectable, nasal sprays & oral films have been initiated to improve therapeutic outcome.
- The Company also has envisioned to invest in the areas like Oncology and Dermatology.

#### 4. Expenditure on R & D

Particulars	2013-14 (₹ in crores)
a. Capital expenses	6.48
b. Revenue expenses	130.98
Total (a+b)	137.46
c. Total R&D expenditure as a percentage of turnover	4.26%

### Technology absorption, adaptation and innovation

#### 1. Efforts, in brief, made towards technology absorption, adaptation and innovation

Process Analytical Tools like droplet size measurements has been adopted for characterizing spray pattern in Fluid bed coating, Pan coating as well as Quality check for actuators used in Nasal sprays.

#### 2. Benefits derived as a result of the above efforts, e.g., product improvement, cost reduction, product development, import substitution, etc.

The implementation of Process Analysis Techniques (PAT) tools has helped us to build a robust process and to reduce the number of trials and the time taken to complete the development process. Also the data generated is scalable up to commercial level.

3. Information in case of imported technology (imported during the last five years reckoned from the beginning of the financial year)

Technology Imported	Year of Import	Whether fully absorbed
<b>Online Particle Size measurement in Fluid bed Process</b> Online particle size analyzer help in monitoring granule growth in real time and the end-point can be set based on certain size distribution criteria. This will enable to design robust processes.	2013-14	Yes
<b>Droplet size measurement for pan coating or Fluid bed coating</b> Droplet size measurements has been adopted for characterizing spray pattern in Fluid bed coating, Pan coating as well as Quality check for actuators used in Nasal sprays.	2013-14	Yes
<b>Online NIR analyzer for blending end point determination</b> NIR analyzer for blending end point determination is used as an on-line, real-time, blend monitoring for confirmation of blend uniformity.	2013-14	Yes
<b>Actuator for Nasal spray</b> It is being used to determine Spray content uniformity (SCU), tail off study and pump delivery of Nasal Spray.	2013-14	Yes
<b>Colorimeter with computer</b> This instrument is used to control the colour, shade variation of powders, tablets, capsules, suspensions, solid materials, solutions, injections & printing colour variation of packaging materials of products.	2013-14	Yes
<b>Quadro co mill flame proof</b> High throughput equipment for size reduction of wet and dry granules.	2013-14	Yes
<b>Hot Stage Microscope</b> To study material behaviour at elevated temperature and admixtures of drug polymer blends.	2013-14	Yes
<b>Gel Permeable Chromatography (GPC)</b> Advanced equipment to characterize critical excipients like rate controlling polymers in Drug Delivery system.	2012-13	Yes
<b>High Pressure Homogenizer</b> Size reduction equipment which enables to produce nanoparticles at R&D using cavitation & high pressure. The common applications of this homogenizer are particle size reduction for preparation of micro and nanosuspension, fine emulsions preparation, cell disruption, dispersions, nanoparticles, liposomes, grinding and micro-encapsulating along with general blending and mixing.	2012-13	Yes
<b>FT4 – Powder Rheometer</b> Equipment to study the powder rheology at R&D as well as manufacturing to build robust processes.	2011-12	Yes
<b>DOE Software</b> Multi stage risk models can be used to rationally determine the number of experiments needed for formulation and process development and defining the design space.	2011-12	Yes

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

The Company used foreign exchange amounting to ₹ 339.05 crores and earned foreign exchange amounting to ₹ 1686.24 crores during the year ended 31<sup>st</sup> March, 2014 as compared to ₹ 308.81 crores and ₹ 1322.82 crores respectively for previous year.

## ANNEX 3 TO DIRECTORS' REPORT

### AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

#### TO THE MEMBERS OF TORRENT PHARMACEUTICALS LIMITED

We have examined the compliance of conditions of Corporate Governance by **TORRENT PHARMACEUTICALS LIMITED**, for the year ended on 31<sup>st</sup> March, 2014, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of an 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, and based on the representations made by the Directors and the Managements, we certify that the Company has complied with the conditions of the Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

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 DELOITTE HASKINS & SELLS**  
Chartered Accountants  
(Registration No. 117365W)

**Hemendra L. Shah**  
Partner  
(Membership No. 33590)

Ahmedabad  
9<sup>th</sup> May, 2014

## MANAGEMENT'S DISCUSSION AND ANALYSIS

To  
The Shareholders

### CAVEAT

Shareholders are cautioned that certain data and information external to the Company is included in this section. Though these data and information are based on sources believed to be reliable, no representation is made on their accuracy or comprehensiveness. Further, though utmost care has been taken to ensure that the opinions expressed by the management herein contain their perceptions on most of the important trends having a material impact on the Company's operations, no representation is made that the following presents an exhaustive coverage on and of all issues related to the same. The opinions expressed by the management may contain certain forward-looking statements in the current scenario, which is extremely dynamic and increasingly fraught with risks and uncertainties. Actual results, performances, achievements or sequence of events may be materially different from the views expressed herein. Shareholders are hence cautioned not to place undue reliance on these statements, and are advised to conduct their own investigation and analysis of the information contained or referred to in this section before taking any action with regard to their own specific objectives. Further, the discussion following herein reflects the perceptions on major issues as on date and the opinions expressed here are subject to change without notice. The Company undertakes no obligation to publicly update or revise any of the opinions or forward-looking statements expressed in this section, consequent to new information, future events, or otherwise.

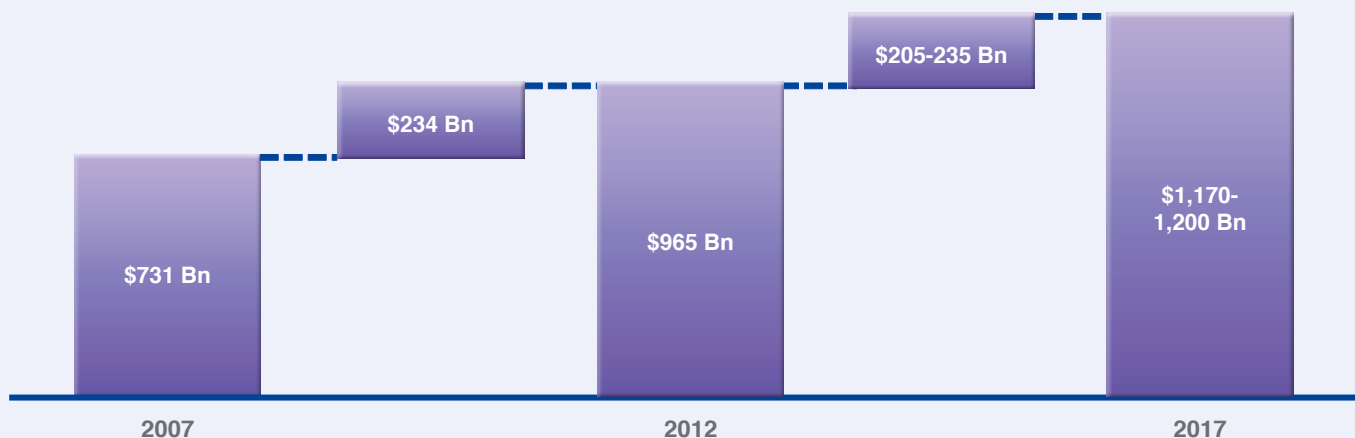
### NOTE

Except stated otherwise, all figures, percentages, analysis, views and opinions are on consolidated financial statements of Torrent Pharmaceuticals Ltd. and its wholly owned subsidiaries and their businesses (jointly referred as Torrent or Company, hereinafter). Financial information presented in various sections of the Management Discussion and Analysis is classified under suitable heads which may be different from the classification reported under the Consolidated Financial Statements. Some additional financial information is also included in this section which may not be readily available from the Consolidated Financial Statements. Previous year's figures have been regrouped to make it comparable with the current year.

### GLOBAL PHARMACEUTICALS MARKET

In the year 2013, Global Pharma Market is estimated to have crossed USD 1 trillion. The key growth drivers continue to be shift towards the use of generic medicines accompanied by patent expiries in the US and volume driven growth in Pharmerging markets. The Global Pharma Market is expected to reach around USD 1.2 trillion by 2017 increasing about USD 205-235 Bn between the years 2012-17 compared to USD 234 Bn over last five years which shows that the absolute spending is expected to be same over next five years as it was in previous five years.

Global Spending and Growth, 2007-2017



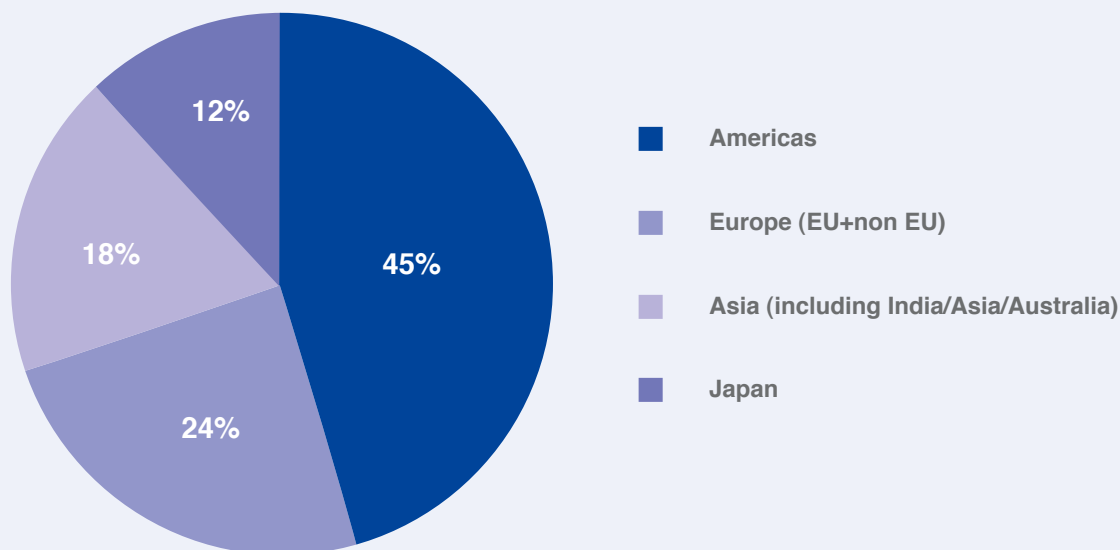
The next five years, however, also sees a continuing growth split between developed markets and Pharmerging markets<sup>1</sup>. The developed market will see very modest single digit growth, due to combination of economic reasons, healthcare measures and savings realized from growing availability of lower cost generic versions of brands following the patent expiry. In contrast, the leading Pharmerging markets show much higher double digit growth rates due to combination of economic growth, demographic and epidemiologic changes and improved state and private insurance funding for healthcare and medicines. Already, five<sup>2</sup> of the world's largest markets by sales value are Pharmerging markets; IMS expects almost two thirds of the entire global pharmaceutical market's value growth will be from Pharmerging markets, which will account for over one third of all global sales, by value, in 2017.

Although the center of gravity for global growth tips decisively in the direction of Pharmerging markets, they are low contributors to new launches. It is estimated that around 80% of the NCE (New Chemical Entities) are coming from major developed markets. In Pharmerging markets, complex and difficult approval process, pricing and market access hurdles, price adjustment to the more modest spending power of the patients are mainly the reasons for low level of NCE launches. The value growth of Pharmerging markets are primarily driven by low unit cost generics and therefore innovative agents do less well. The leading 20 branded products in these Pharmerging markets are all, without exception, over 10 years old.

Population growth and government initiatives in emerging markets are expected to drive sector expansion for the next several years. India, China, Indonesia, Mexico and Russia are pegged as main growth engines; companies are likely to continue expanding their presence in these and other emerging markets. Another demographic trend creating increased health care demand is the spread of chronic diseases like heart disease, stroke, cancer, respiratory diseases, diabetes, and mental illness, among others which is attributable to the aging population, more sedentary lifestyles, diet changes, and rising obesity levels, as well as improved diagnostics. The cost of treatment for these diseases may be out of reach for many consumers, especially in emerging markets which are expected to compel a more intense focus on disease education and prevention by governments while companies continue to develop innovative new medicines to address many of these diseases.

The Global Spending on healthcare was 10.5% of the GDP in 2013 which is expected to be at the same level in 2014 also. Most of the countries are facing the challenge of reducing the increasing cost of healthcare, although the spending rose by 3% in 2013 and it is expected to grow at a CAGR of around 5% upto 2017.

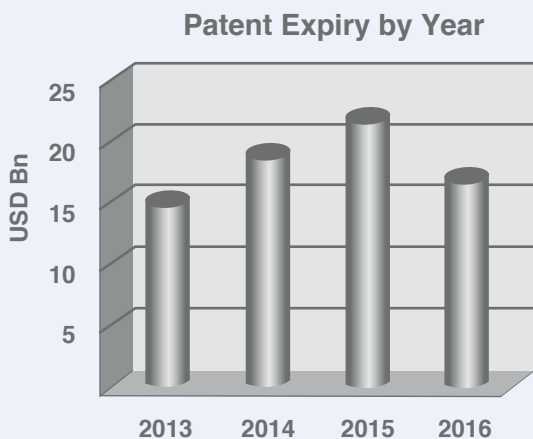
### Global Spend Breakup - 2013



<sup>1</sup>Pharmerging Markets: Tier 1: China; Tier 2: Brazil, India, Russia; Tier 3: Mexico, Turkey, Venezuela, Poland, Argentina, Saudi Arabia, Indonesia, Colombia, Thailand, Ukraine, South Africa, Egypt, Romania, Algeria, Vietnam, Pakistan and Nigeria.

<sup>2</sup>Large Pharmerging Market by Sales: China, Brazil, Russia, India & Mexico





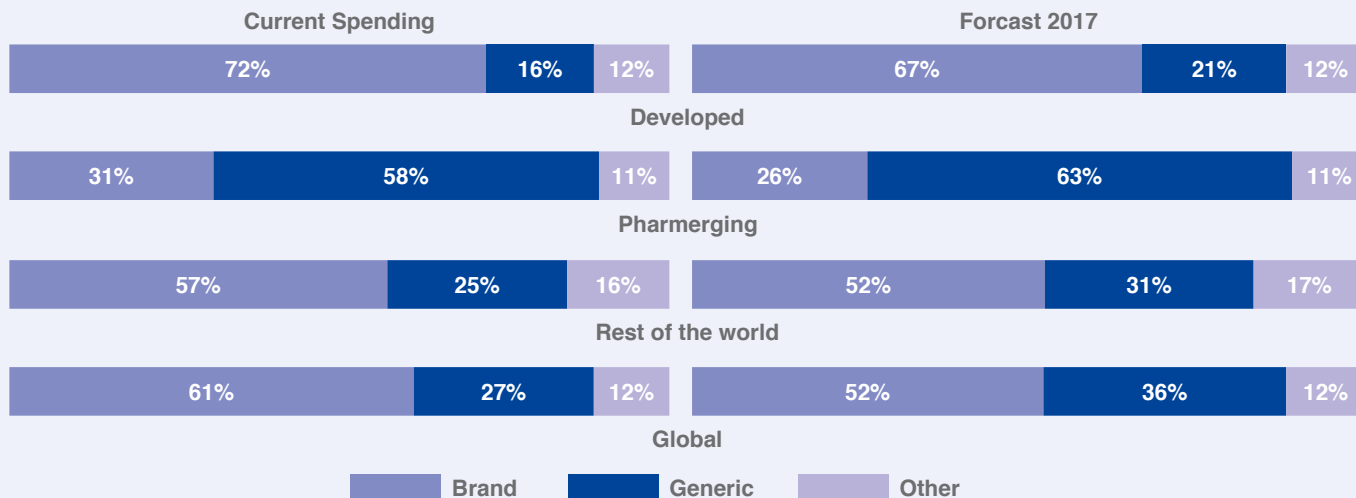
2012 was the transition year for Generics as drugs having sales value of USD 44 Bn, have lost their patent protection during that year. Although generic focused companies will continue to benefit from patent expirations in 2014 & 2015, these will not be to the same extent as in 2012, when a slew of blockbuster drugs came off patent. During the next 3-4 years drugs having value of around USD 75-80 Bn are going off patent which will be in the range of USD 15-25 Bn per year.

Improving access to health care and reducing spend on it is a major goal of governments around the world. Most national health care systems have been encouraging greater use of generic drugs; in the U.S. the proportion of generic prescriptions has risen from around half to 80% over the last decade. As cost-containment approach, Germany and several other countries have turned to value-based pricing for new drugs, which allows a price differential from existing offerings including generics based on a new product's demonstrated superiority. Finally, some countries are

increasingly mandating price control: India, Brazil and China, for example, have national lists of essential drugs with set prices.

Although the spending on the branded medicines will account for more than 2/3<sup>rd</sup> of spending in the developed market, the total global spending on generics will increase from 27% to 36% by 2017. However absolute spending on brands in developed markets will decline over the next five years due to losses of exclusivity, slower uptake of new medicines and more restrictive access approaches. The use of generics will be at its highest in Pharmerging markets where 63% of the spending will be on generic products.

### Brand vs. Generic Spending Current & 2017



In addition, the increase in mergers and acquisitions (M&A), joint ventures (JVs) and other collaborative business models implies that companies with disparate systems will need to synergize their local operations with global requirements. The top reason for increased consolidation and partnering is that companies have a host of blockbusters going off patent at a time when the industry is facing fewer drug approvals. With slowing sales, most drug companies are looking for growth by buying the companies that have solid pipelines that will deliver growth.

The market research organization IMS Health categorizes Pharmerging markets into Tier 1 (China), Tier 2 (Brazil, India and Russia) and Tier 3 (around 17 countries). The Company has presence in all of the Tier 2 countries and around 8 countries in Tier 3. Positive developments in these markets, such as greater government investments in healthcare, increasing demand for drugs to treat diseases and strengthening of regulatory and IP requirements, enable global players to launch their products in Pharmerging markets.

## INDIAN PHARMACEUTICALS MARKET

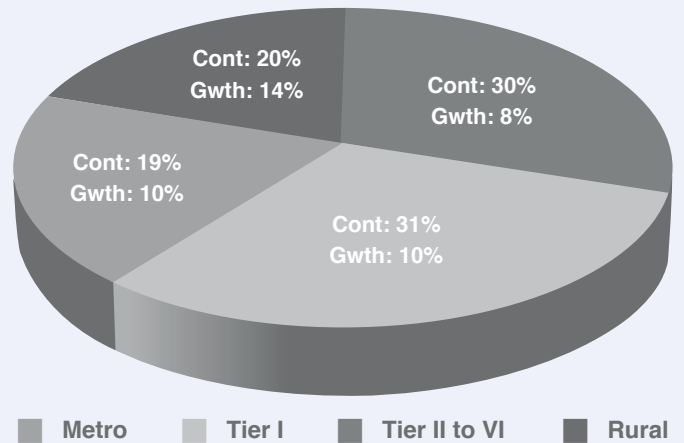
The Indian pharmaceutical market (IPM) is valued at INR 75,000 crores approximately as at March 2014. The year has seen deceleration of industry growth rate from 12% in 2013 to 6% in 2014. This has primarily been due to implementation of new DPCO 2013 coupled with the ensuing stalemate of stocks stuck at various levels in the distribution chain during the year. The products which were brought under price control showed degrowth compared to products which were not under price control.

Despite this, Indian pharma market remains one of the fastest growing pharma markets in the world and is dominated majorly by branded generics constituting nearly 70% to 80% of market. The market is estimated to be among the top 10 by 2015 (Source: IMS).

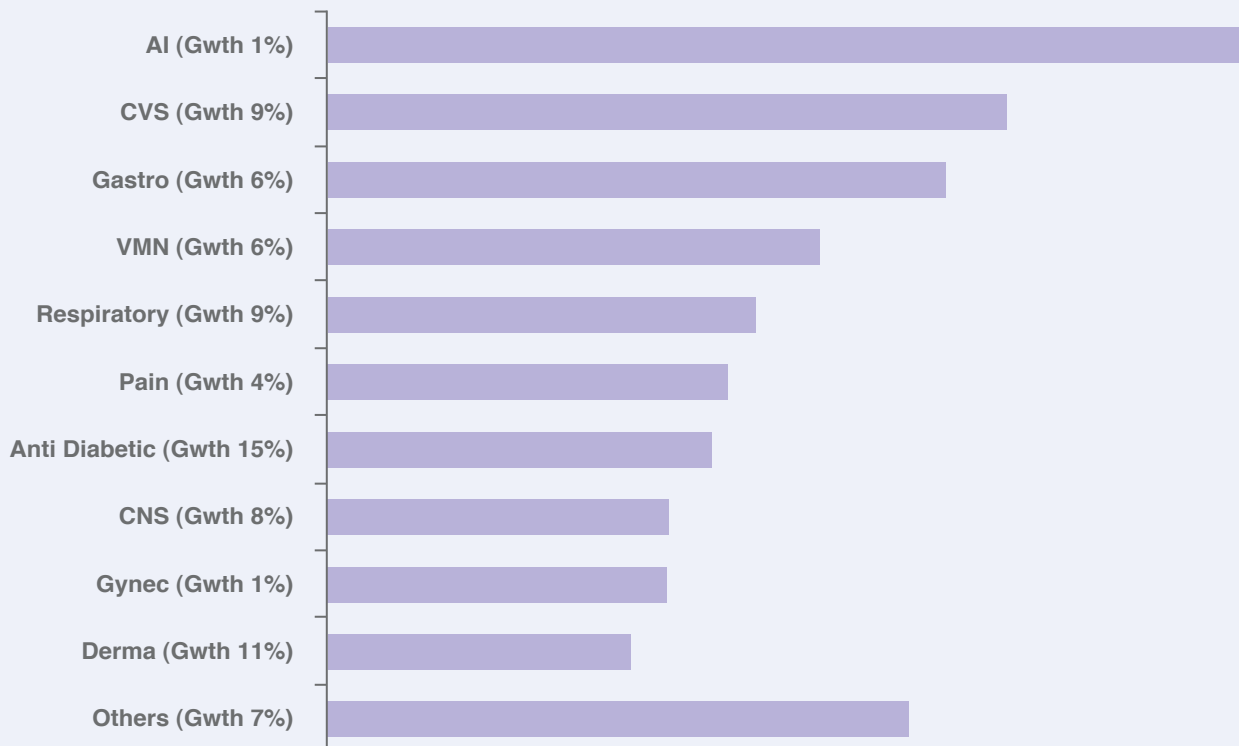
The Indian pharmaceuticals market is witnessing dynamic changing trends such as large acquisitions by multinational and Indian companies, increasing investment by domestic and international players and deeper penetration into rural and Tier II markets. These trends combined with increased purchasing power and access to good quality medical care will continue to propel the domestic pharmaceutical industry to new heights.

Urban regions (metros and tier I cities) contribute majority of total sales but rural and tier II cities are showing higher growths mainly driven by increased access to healthcare, improved infrastructure and greater penetration of pharmaceutical companies into tier II cities and rural areas.

IPM: Region wise Breakup



IPM: Therapy wise Breakup



One of the major reasons for the growth is increase in the incidence of the chronic disease and its early detection. While the acute segment dominates market share in the IPM, the contribution of chronic therapies to the IPM has been increasing consistently. Chronic therapies have outperformed the market in terms of growth for the past few years and are growing faster than the acute therapies. The mix of therapies will continue to gradually move in favour of specialty and super-specialty therapies.

Increasing urbanization, lifestyle changes & work stress are responsible for the higher incidences of chronic diseases. Indian market is witnessing gradual transition from acute diseases to lifestyle diseases and chronic therapies like Cardiology, Neuropsychiatry, Oncology and Diabetes. With current demographic profile and growth prospects of the economy, Indian Pharmaceutical market could see continuing trend of transition towards chronic and super specialty therapies, with acute therapies retaining their market size. The cardiac, CNS, Anti-diabetic, dermatology markets have been growing much higher than the Indian pharma market among the major therapies in the past 1 year.

Among the top therapies in the IPM the Company has the presence in all the major therapies. Torrent has entered into a business transfer agreement with Elder Pharmaceuticals Limited for transfer of identified business. This will strengthen Company's position in the Women Healthcare, Pain management & Vitamins/Nutrition segments by enhancing & accelerating market access.

The growth drivers for the companies' will be aligning their portfolios to bring focus on therapeutic class synergies, adding innovative-better margin products and brand building. Companies also have to focus on increasing the productivity of their field forces which will help in improving the overall efficiency of the business. The partnerships & Alliances between the multinational and Indian companies have also been increased with an aim of expanding the reach to the new customers and geographical areas. These were seen in the form of co-marketing, co-promotion, licensing and joint ventures.

## PERFORMANCE SNAPSHOT

Torrent has become one of the front runners in the Indian Pharmaceuticals Industry having presence in Domestic as well as International Markets. The Company's revenues are mainly from manufacture and sale of branded as well as unbranded generic pharmaceutical products. A further break down of the revenues can be done as India formulations (comprising branded pharmaceutical formulations sold in Indian market), International formulations (comprising sales outside India of branded and unbranded generic pharmaceutical formulations) and Contract manufacturing. International operations majorly include USA, Brazil, Europe and Rest of the world comprising inter alia, less regulated markets of Africa, Asia Pacific and Russia & CIS.

During the financial year 2013-14, the Company reported revenues of ₹ 4184 crores, a growth of 30% compared with ₹ 3212 crores in the previous financial year.

The breakup of Revenues under key segments is under:

Segment Revenue (₹ Crore)	2013-14		2012-13		Growth %
	Amount	Share	Amount	Share	
India formulations (net of excise duty)	1162	28%	1024	32%	13%
International Operations	2635	63%	1835	57%	44%
Contract Manufacturing	323	8%	300	9%	8%
Others	64	1%	53	2%	21%
<b>Total</b>	<b>4184</b>	<b>100%</b>	<b>3212</b>	<b>100%</b>	<b>30%</b>

## INDIA FORMULATION BUSINESS:

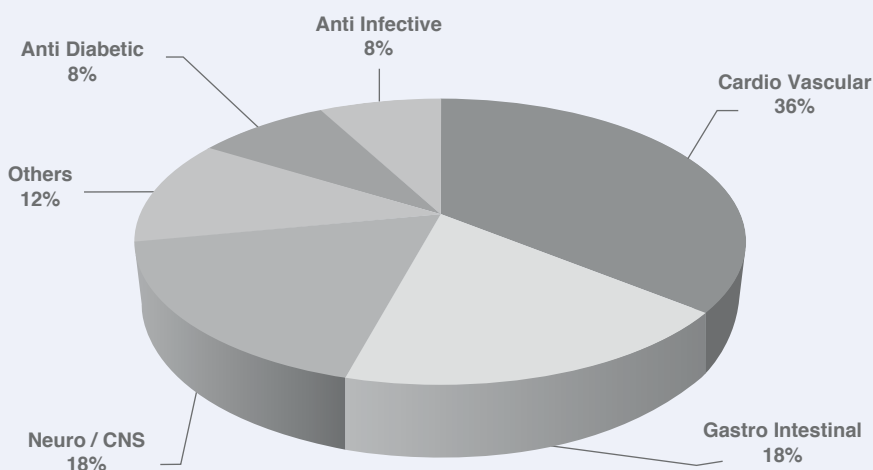
The India formulations segment registered growth of 13% over the previous year on the back of improved performance of Cardiology, Diabetology, CNS and Gastroenterology portfolio.

During the year the Company continued efforts and strategic initiatives towards improving its market share through focus on brand building, productivity improvement, identifying opportunities in existing therapies and new therapies. During the year Company has signed a business transfer agreement with Elder Pharmaceutical Limited which gives access to Vitamins market which is the fourth largest market in the IPM.

Torrent is one of the leading players in India Pharmaceuticals Industry maintaining leadership position in key chronic therapies of Cardiovascular and Neuro-Psychiatry. The Company is ranked No. 4 in cardiovascular segment and in Neuro-Psychiatry therapies. The Company is ranked 20<sup>th</sup> by turnover in the domestic market and has 4 brands in top 300 brands and 39 brands in leadership position in their respective molecule segments (Source: AIOCD).

Our strategic priorities remain i.e. to focus on driving productivity through brand building in major therapies, expanding the portfolio in newly entered segments & accelerating performance in the acute segment.

### Therapeutic Area Wise Sales



Growth was primarily driven by Cardiology, Diabetology, CNS in Chronic and Gastroenterology in acute segments. Recently launched Greenfield projects in Derma, Oncology, Gynecology and Pain segments are also making good inroads and gaining market share.

### INTERNATIONAL FORMULATION BUSINESS:

International generic opportunity continues to be a growth engine for the Company. The Company is well positioned to capitalize on these growth opportunities with strong development pipeline, low R&D and manufacturing cost and good market reach and marketing capabilities built over a period of time. Blockbuster drugs going off patent continue to offer significant opportunity.

The Company has witnessed 5 year CAGR of over 26% in the revenues from International operations which now accounts for more than 63% of the total revenues.

#### 1. US

The U.S. pharmaceutical market remains the world’s largest market. It is valued around USD 350Bn and is expected to grow at the CAGR of 1-4% till 2017. With the largest generic substitution of almost 80% (in volume terms), it again becomes the single largest generic market. Expected patent expiry in the industry in next 4 years will be majorly driven by the US, in which drugs worth USD 50 Bn are expected to go off patent.

Affordable Care Act (ACA) implementation is causing rapid change in the U.S. health care market, both directly from the legislation and through market-based changes.

The industry landscape is changing due to increasing consolidation amongst generic purchasers from different classes of trade. This enhanced concentration of purchasing power requires generic manufacturers to maintain their cost competitiveness as well as evolve their product portfolios to less competitive therapeutic areas and dosage forms.

Revenues from US operations were ₹ 776 crores (USD 125 Mn) during the financial year 2013-14 as compared to ₹ 355 crores (USD 64 Mn) during the previous financial year showing a growth of 119%.

The Company received 5 ANDA approvals in 2013-14. The Company has 48 ANDA approvals (including 5 tentative approvals) and its pipeline consists of 22 pending approvals and 47 products under development. The US business is expected to contribute to the growth of international business in a significant way.

## 2. Brazil

Brazil is the largest pharmaceutical market in Latin America and the 6<sup>th</sup> largest in the world. The Pharma market in Brazil is estimated to be in range of USD 30-33 Bn which is expected to grow at a CAGR of 11-15% till 2017. The growth drivers are increasing household incomes. Pricing pressure, cost control, and product portfolio management are among the issues faced by the industry.

Pricing pressures are occurring due to presence of strong local generics industry (the largest in Latin America), which is supported by government policies aimed at extending the availability of medicines to low income consumers. These pressures are prompting companies to employ various strategies to identify the optimal price for their key products.

During the year Brazilian operations registered revenue of ₹ 534 crores (Reais 195 Mn) with the growth of 6% (Reais Growth 8%) over previous year.

Among the Indian Companies, in terms of market share, Torrent ranks No. 1. The Company has 25 products under approval out of which 3 products are expected to be approved during the coming year. The Company has a basket of 15 products with 4 products in the Cardio Vascular (CV) segment, 5 products in the Central Nervous System (CNS) segment and 3 products in the Oral Anti Diabetic/obesity (OAD) segment and 3 products in other segments. The Company has a strong pipeline (products under development + under approval) of 40 products in the above therapies to augment future growth.

In view of the high growth in the pure generic segment, the Company has been building its product portfolio in this segment, with parallel filings of the Company's products in the CV, CNS, OAD & Other therapies. The Company has approvals of 31 products whereas 25 products are under approval. The total pipeline for this business consists of 40 products.

## 3. Europe (including Germany)

The Company has presence in the following major markets of the Europe:

### A. Germany

Germany is the fourth-largest pharmaceutical market in the world and the largest in Western Europe. It is valued around Euro 28 Bn and is expected to grow at a CAGR of 1-4% till 2017. Majority of the market is tender driven and it is expected to continue for foreseeable future which is putting the pressure on the margins of the industry.

Among the Generic players, Torrent holds the 5<sup>th</sup> position with a market share of 4.2% and is ranked No. 1 among Indian players in the Market. Torrent enjoys a high backward integration which puts it in a good position to succeed in this market. Revenues from Germany operations, during 2013 -14, were ₹ 573 crores (Euro 70 Mn) with a growth of 49%.

### B. United Kingdom

The UK Pharma market is valued around USD 22 Bn which is expected to grow 1-4% annually. The market share of generic medicines is increasing from a half in 2002 to around 3/4<sup>th</sup> currently. Public expenditure on generic medicines now accounts for about one-quarter of the total public spending. Further growth in the generic market will be driven by new products as blockbuster patents expire and drug consumption increases.

The Company registered sales of ₹ 52 crores (GBP 5 Mn) during the current financial year as compared to ₹ 38 crores (GBP 4 Mn) showing a growth of 37%.

### C. Other Markets

The Company recently entered in France one of the larger markets in Europe with the acquisition of marketing authorizations offering potential for future growth.

The Company is progressing well in Romania and it expects this to be one of its important markets in the coming years.

Dossier out licensing and product supply business continues to be an important part of the Europe business for the Company; it registered revenue growth of 28%, with revenues of ₹ 248 crores (Euro 29 Mn) during the financial year 2013-14 as compared with ₹ 194 crores (Euro 26 Mn) during the previous financial year.

### 4. Rest of the World (including Russia & CIS)

Rest of the World Segment consists of operations in Philippines, Africa, South East Asia, Sri Lanka and Russia & CIS. During the financial year this segment registered revenues of ₹ 343 crores as compared to ₹ 297 crores, during the previous year showing a growth of 15%.

The Company has identified Thailand as an important market for its operations in Asia Pacific. Thailand will be the eighth largest economy in the Asia Pacific region by 2016 with the real GDP growth projected to reach 7.1% by 2016. The Company has established a subsidiary and identified molecules in Cardiovascular, Neuro-Psychiatry and Anti-Diabetic segment for potential launch in the market.

The Company is in the process of conducting local bio-equivalence studies in Thailand as required by the Thai FDA for product registration. Post completion of the local Bio studies, the Company has been filing dossiers for building the Product Portfolio.

## CONTRACT MANUFACTURING SEGMENT

This segment registered revenues of ₹ 323 crores during the year, a major portion of which is from manufacture of human insulin. The Company has been a stable partner for manufacture of human insulin for Novo Nordisk for their India market needs.

## MANUFACTURING

The Company's state of art manufacturing facilities for formulation and API, have significantly contributed to the demand of high quality products and in sustaining its growth and success.

### New capital investments:

In order to meet the increasing requirements of the international markets, the Company is setting up a new formulation and API manufacturing facility at Dahej SEZ in Gujarat. The plant is expected to commercialize during the next year.

During the current year the Company completed decongestion and modification of manufacturing facilities at Indrad and Baddi plants. The additional capacities due to this will be fully available from financial year 2014-15.

## RESEARCH AND DEVELOPMENT

### Discovery Research

The Company is currently working on several in-house New Chemical Entities (NCE) projects within the areas of metabolic, cardiovascular and respiratory disorders. The Company has cumulatively filed 467 patents for NCEs from these and earlier projects in all major markets of which, 224 patents have been granted /accepted so far.

The most advanced discovery program of the Company is Advanced Glycation End-Products (AGE) Breaker, of which the Phase II clinical trials for the indication of diabetes associated heart failure in India and Europe is completed. Currently the scientific and commercial aspects for further clinical development of the NCE are being evaluated.

During the financial year 2012-13, the Company had initiated Phase-II clinical trial in India with its second NCE for the reduction of cardio metabolic risks. Currently the recruitment is underway. We expect to complete the study by Q2 of 2015-16. The Company believes that this program is uniquely positioned to address the consequences of relative chronic over-nutrition which is assuming alarming proportions of health hazard in India, other emerging economies and also in the developed countries.

In the financial year 2013-14, the Company had completed the Phase-I (SAD) clinical trial of its third NCE for the indication of acute kidney injury and in the financial year 2014-15, the molecule will progress to multiple dose studies. Another study for a second indication of inflammatory bowel disease is also being initiated.

There have been several changes in the regulations with respect to conduct of Clinical Trials and the manner in which trial related Adverse Events will be dealt with. We are evaluating the risks posed by these changes and have implemented several mitigation strategies as well as SOPs to deal with the evolving regulations.

There has been a slowing down of the clinical trial evaluation and approval process by the Regulators. Product development has been affected as a consequence. While efforts are on at an industry level to get the process back on track the progress is slow and a little difficult to predict.

The Company has published eleven well received research papers in above mentioned therapeutic areas, in peer reviewed international journals describing various findings of our NCE research.

## **THREATS, RISKS AND CONCERNS**

### **Drug Price Control:**

At present 348 bulk drugs and 654 formulations are covered under National List of Essential Medicines (NLEM). It is likely that the government may bring more such drugs and formulations under price control or change the mechanism of calculating the ceiling price of the Drugs which are under the ambit of the revised policy, which in turn will affect the net margins of the Company. The Company manages its product portfolio so as to minimize the product weightage of drugs under price control.

### **New Product Approvals:**

The success of any Company is dependent on the continuous launch of the new products in the market. In highly regulated business, the requirements to obtain regulatory approval based on a product's safety, efficacy and quality before it can be marketed for an indication in a particular country, as well as to maintain and comply with licenses and other regulations relating to its manufacture and marketing, are particularly important.

The submission of an application to regulatory authorities (which vary, with different requirements, in each region or country) may or may not lead to the grant of marketing approval. Regulators can refuse to grant approval or may require additional data before approval is given, even though the medicine may already be launched in other countries. In some instances, regulatory authorities require a Company to develop plans to ensure safe use of a marketed product before a product is approved, or after approval, if a new and significant safety issue is established.

The Industry is also subject to strict controls on the commercialization processes for products, including their development, manufacture, distribution and marketing.

The Company manages the risk through careful market research for selection of new products, detailed project planning and continuous monitoring.

### **Geographical expansion:**

The development of the business in new markets is a critical factor in determining future ability to sustain or increase global product revenues. This poses various challenges including; more volatile economic conditions; competition from companies with existing market presence; the need to identify correctly and to leverage appropriate opportunities for sales and marketing; poor IP protection; the need to impose developed market compliance standards; inadvertent breaches of local and international law;

not being able to recruit appropriately skilled and experienced personnel; identification of the most effective sales channels and route to market; and interventions by national governments or regulators restricting access to market and/or introducing adverse price controls.

However the Company carefully studies the business scenarios of the new market, prepares the business plan and undertakes various researches to reduce the risk at the minimal level.

#### **Overseas markets:**

The Company has expanded operations into select overseas markets of Latin America and European Union. Such expansion involves substantial business set up expenses, product pipeline development expenses and a gestation time before revenues begin to accrue. The Company faces the risk arising out of a failed or delayed market entry which may significantly affect the future profitability and financial position.

In the US, there is a continuing trend towards consolidation of certain customers groups such as wholesale drug distribution and retail pharmacies, as well as emergence of large buying groups. The consolidation may result into these groups gaining additional purchasing leverage and consequently increasing the product pricing pressures. Additionally the emergence of large buying groups representing independent retail pharmacies and prevalence and influence of managed care organizations and similar institutions potentially enable those groups to attempt to extract price discounts on our products. The result of such developments could affect the sales volumes and price realizations of our products on an overall basis.

In Brazil where the Company sells branded generics, the pure generic competition could adversely affect development of branded business. Price erosions continue in the German generic market leading to shrinking operating margins. The insurance companies have been empowered to enter into rebate contracts and float tenders. Aggressive bidding by competitors could lead to unsuccessful bids in tenders exposing the Company to loss of existing sales. Likewise in other European markets, regulatory changes could affect price realizations. The risks are sought to be mitigated through careful market analyses, improved management bandwidth, marketing alliances and corporate management oversight.

A significant portion of the revenue in various markets would be derived from sales to limited number of customers. In case of experiencing loss of business from one such customer or difficulties experienced by the customer in paying us on timely basis, it may impact the business performance.

#### **Manufacturing & Supplying Risk:**

Although a major portion of our finished formulations are being manufactured at in-house facilities, we also depend on third party suppliers for sourcing in some of the markets. Any significant disruption at any of such in-house facilities or third party manufacturing locations due to internal, third party lapses even on the short term basis due to economic, political & social unrest or by any event which is *Force Majeure*, which may lead to impair our ability to produce, procure and ship products to the market on a timely basis and could expose us to penalty & claims from customers.

We purchase active pharmaceutical ingredient (API) and other materials that we use in our manufacturing operations from other foreign and domestic suppliers. Although the Company has a policy to actively develop alternate supply sources for key products subject to economic justification, there would be certain cases where we have listed only one supplier in our application with regulatory agencies. An interruption in the supply from single sourced material can impact the financial performance of the Company. In addition, our manufacturing capabilities could be impacted by quality deficiencies in the products which our supplier provide leading to impact on our financial performance.

#### **Product liability risks:**

The business is exposed to potential claims for product liability. These risks are sought to be managed by appropriate laboratory and clinical studies for each new product, compliance with Good Manufacturing Practices and independent quality assurance system. The Company also has an insurance cover for product liability.



**Discovery research:**

The key risks are high rate of failure and long gestation period of a discovery project coupled with significant upfront costs to be incurred before results are known. The Company today may not have resources to carry through a discovery project to final commercial stage for global markets. These risks are sought to be mitigated by seeking suitable alliances with partners at appropriate stage to share the risks and rewards of the project while continuing to develop the NCE's for India.

Company undertakes clinical trials on an ongoing basis as part of its discovery research programme. Insurance is obtained to cover the risks associated with testing in human volunteers and the Company may be subject to claims that are not covered by the policy.

The bio equivalence (BE) facility is used for safety and efficacy studies for the generic products. The facility has been approved by the Indian, Brazilian and UAE authorities. The studies conducted at this facility have been approved by USFDA, European (Denmark, France and Austria) and Brazilian regulatory authorities.

**New product risk:**

New product development and launch involves substantial expenditure, which may not be recovered due to several factors including development uncertainties, increased competition, regulatory delays lower than anticipated price realizations, delay in market launch and marketing failure. The Company manages the risk through careful market research for selection of new products, detailed project planning and monitoring.

**Litigation risks:**

The Company faces the risk of high costs of litigation with the patent-holder in its business of international generic products. This risk is sought to be managed by a careful patent analysis prior to development & launch of the generic products and strategy of early settlement with the patent holders on case-to-case basis, particularly in the US market.

**New capital investments:**

The Company has commenced building a new formulation and API manufacturing facility at Dahej. The Company faces risks arising out of delay in implementation, cost overrun and inappropriate implementation. The capacities are built in anticipation of demand and the Company runs the risk of underutilization of capacities resulting in high manufacturing cost. The risks are sought to be mitigated by forming appropriate project management team and corporate management oversight.

**Currency fluctuation risks:**

Currency risks mainly arise out of overseas operations and financing activities. Exchange rate fluctuations could significantly impact earnings and net equity because of invoicing in foreign currencies, expenditures in foreign currencies, foreign currencies borrowing and translation of financial statements of overseas subsidiaries into Indian rupees. The Company has a defined foreign exchange risk management framework to manage these risks, excluding translation risks.

**International Taxation:**

We have potential tax exposure resulting from varying application of laws and interpretations which include intercompany transactions with our subsidiaries in relation to various aspects of our business. Although we believe our cross border transactions between affiliates are based on internationally accepted practices, tax authorities in various jurisdictions may have different views or interpretations and subsequently challenge the amount of profits taxed in their jurisdiction resulting into increase in tax liability, including interest and penalties causing the tax expenses to increase.

**Future Acquisition proposals:**

We continuously look for opportunities in order to expand our product line either through complimentary or strategic acquisitions of other companies, asset acquisition, licensing agreements or any other arrangement. Any such acquisitions, may involve significant challenges in terms of integration with existing operations which may lead to requiring considerable amount of time, resources and effort. This may lead to temporary disruption of ongoing business; affect relations with the employees, customers with whom we have been dealing.

### Dependence on information technology:

We are highly dependent on information technology systems and related infrastructure. Any breakdown, destruction or interruptions of this system could impact the day to day operations. There is also a risk of theft of information, reputational damage resulting from infiltration of a data center, data leakage of confidential information either internally or otherwise. The Company has invested appropriately in the protection of data and information technology to reduce these risks.

## HUMAN RESOURCES

The total employee strength of the Company at the end of financial year 2013-14 was 9540 against 9574 as at the end of financial year 2012-13, a decrease of 34 employees. The field force decreased by 264 from 4326 at the end of financial year 2012-13 to 4062 at the end of financial year 2013-14. The R&D center had 817 employees (of which 662 were scientists) at the end of financial year 2013-14 compared with 721 (of which 587 were scientists) as at the end of financial year 2012-13, an increase of 96 employees. The worker strength at plant was 1585 at the end of financial year 2013-14 compared with 1540 at the end of financial year 2012-13. The remaining employee strength comprising mainly of head office personnel, non-worker employees at Indrad, Baddi, Sikkim & Dahej Plant, branch & overseas offices employees increased to 3076 at the end of financial year 2013-14 from 2987 at the end of financial year 2012-13.

## INTERNAL CONTROL SYSTEM

The Company has a reasonable system of internal control comprising authority levels and powers, supervision, checks and balances, policies and procedures. The system is reviewed and updated on an on-going basis. The Company continuously upgrades its internal control systems by measures such as strengthening of IT infrastructure and use of external management assurance services. The Company has in place a well-defined internal audit system whereby an internal audit is performed across locations of the Company and the results of the audit findings are reviewed by the Audit Committee.

## RESULTS OF OPERATIONS FOR FINANCIAL YEAR 2013-14 COMPARED WITH FINANCIAL YEAR 2012-13

### Summary Financial Information:

Particulars	2013-14		2012-13		% Increase / (Decrease)
	₹ Crores	% to Revenues	₹ Crores	% to Revenues	
Net Sales and Operating Income (Revenues)	4,184	100%	3,212	100%	30%
<b>Gross Profit</b>	<b>2,941</b>	<b>70%</b>	<b>2,286</b>	<b>71%</b>	<b>29%</b>
Selling, General and Admin expenses (SG&A)	1,768	42%	1,463	46%	21%
Research and development spend	138	3%	125	4%	10%
Forex Gain / (Loss)	(84)	(2%)	(5)	0%	
<b>EBIDTA</b>	<b>951</b>	<b>23%</b>	<b>693</b>	<b>22%</b>	<b>38%</b>
Depreciation/Amortization	87	2%	83	3%	5%
Net Interest expense/(Income)	21	1%	(9)	0%	
<b>Profit before tax (PBT)</b>	<b>844</b>	<b>20%</b>	<b>619</b>	<b>19%</b>	<b>37%</b>
Exceptional Items	-		(37)		
<b>Profit before tax (PBT)</b>	<b>844</b>	<b>20%</b>	<b>582</b>	<b>18%</b>	<b>45%</b>
Income Tax	180	4%	147	5%	22%
<b>Profit after Tax (PAT)</b>	<b>664</b>	<b>16%</b>	<b>435</b>	<b>14%</b>	<b>53%</b>

### Net Sales and other operating income

Consolidated net sales stood at ₹ 4036 crores compared with net sales of ₹ 3054 crores during the previous financial year, registering growth of 32%.

Other operating income was ₹ 148 crores compared with ₹ 158 crores in previous financial year.

## Operating Profit before depreciation/amortization, tax and interest (PBDIT)

SG&A expenses have increased by 21% to ₹ 1768 crores as compared to ₹ 1463 crores during the previous financial year.

The Company has improved its EBIDTA margins by 1%, which stands at 23% in current financial year as compared to 22% in previous year.

Research & Development expenses increased by 10% to ₹ 138 crores, as compared to ₹ 125 crores during the previous year. Product development costs account for 71% (previous year 72%) and discovery research costs account for 29% (previous year 28%) of the total R&D cost.

Foreign exchange losses were ₹ 84 crores against exchange loss of ₹ 5 crores during the previous year.

## Depreciation and amortization

Depreciation and amortization charge during the financial year 2013-14 was ₹ 87 crores as compared with ₹ 83 crores during the previous year. Depreciation to total sales and operating income ratio was 2% for financial year 2013-14 compared with 3% for financial year 2012-13 causing the PAT margin gain of 1%.

## Net interest expense

Net Interest Expenses (i.e. net of income from investments made in debt and money market instruments as reduced by Financing Cost) were ₹ 21 crores compared to ₹ 9 crores income during the previous financial year.

## Exceptional Items

Exceptional item of ₹ 37 crores during the previous financial year represents the impairment in value of long term investments in GPC Cayman Investor I Limited, based on the assessment of value of investments.

## Income Tax

The income tax charge for the financial year 2013-14 stood at ₹ 180 crores compared to ₹ 147 crores in financial year 2012-13. Average income tax rate as a percentage of profit before tax is 21% for the year 2013-14 as compared to 25% for the year 2012-13.

## Net profit after taxes

The net profit after taxes for the financial year 2013-14 was ₹ 664 crores compared with ₹ 435 crores during the previous financial year, an increase of 53%.

## CAPITAL & DEBT

During the year the equity share capital increased from ₹ 42 crores to ₹ 85 crores on account of issue of bonus shares by capitalisation of reserves. Consequently the numbers of equity shares have also increased from 8.46 crores to 16.92 crores.

Out of the divisible profits of ₹ 664 crores (previous year ₹ 433 crores), a sum of ₹ 76 crores (previous year ₹ 55 crores) was transferred to General Reserve Account. Dividend of ₹ 169 crores (₹ 10 per share) is proposed during the year, Previous year ₹ 194 crores (₹ 23 per share including special dividend of ₹ 10 per share pre-bonus) was distributed. Adjusting for the Bonus issue of shares and special dividend given previous year there is an increase of ₹ 3.5 in dividend per share. This distribution (including tax thereon) is approximately 30% of profit after tax for the year (previous year 52%).

The net long-term borrowing increased by ₹ 353 crores during the year, to ₹ 921 crores at the end of FY 2013-14 from ₹ 568 crores at the end of FY 2012-13. Increase in long term borrowings is mainly attributable to expansion in Dahej. Outstanding working capital loans were ₹ 210 crores (previous year ₹ 125 crores). The total debt to net worth (including deferred tax liability) ratio as at the end of FY 2013-14 was 0.47 (previous year 0.42).

## FIXED ASSETS

The net investment in fixed assets during the year was ₹ 304 crores; comprising addition in gross assets, capital advances and capital work in progress of ₹ 383 crores reduced by increase in accumulated depreciation of ₹ 79 crores. Addition to fixed assets mainly include capital expenditure incurred for setting up of new manufacturing facility at Dahej dedicated to International operations and capacity expansion at manufacturing facility located at Indrad and Baddi.

## WORKING CAPITAL AND LIQUIDITY

The trade working capital i.e. the net working capital investment excluding cash and cash equivalents, short term borrowings, current maturity of long term debt increased by ₹ 195 crores from ₹ 570 crores at the end of financial year 2012-13 to ₹ 764 crores at the end of financial year 2013-14. Adjusting for accruals for health insurance contracts in Germany, the number of days of net trade working capital has increased from 118 days in 2012-13 to 133 days in 2013-14.

The liquidity of the Company as reflected by cash and bank balances and current investments increased by ₹ 268 crores, from ₹ 687 crores at the end of financial year 2012-13 to ₹ 955 crores at the end of financial year 2013-14. The Company generated net cash of ₹ 599 crores from operations (after working capital changes) during financial year 2013-14 while it spent a net amount of ₹ 356 crores in investing activities such as acquisition of new fixed assets and long term investments. Net cash flow generated in financing activities comprising dividend and interest paid and net debts taken, was ₹ 86 crores during financial year 2013-14.

For and on behalf of the Board

Ahmedabad  
9<sup>th</sup> May, 2014

**Samir Mehta**  
Executive Vice Chairman

## REPORT ON CORPORATE GOVERNANCE

The Securities and Exchange Board of India (SEBI) ushered in a formal code of corporate governance (hereinafter “the Code”) through Clause 49 in the Listing Agreement executed by the Company with stock exchanges. The Code has been periodically upgraded to ensure the adoption of best corporate governance practices by the corporates. This report sets out the details of corporate governance systems and processes of the Company, as set out in Clause 49 and the practices followed by the Company with respect thereto, for the financial year ended 31<sup>st</sup> March, 2014. The Company is in full compliance with the corporate governance norms as stipulated in Clause 49.

### Company’s Philosophy on Corporate Governance

The Company believes that the Code prescribes only a minimum framework for governance of a business in corporate framework. The Company’s philosophy is that while implementation of minimum framework is prerequisite, this should lay the foundation for further development of superior governance practices which are vital for growing a successful business. The Company recognises that transparency, disclosure, financial controls and accountability are the pillars of any good system of corporate governance and accordingly the Company has undertaken several initiatives towards maintaining the highest corporate governance standards and compliance system. It is the Company’s endeavour to attain highest level of governance to enhance the stakeholder’s value.

## 1. BOARD OF DIRECTORS

The Board comprised of eight directors as on 31<sup>st</sup> March, 2014 of which six are Non-Executive Directors (“NEDs”) (75% of the Board strength) and four are Independent Non-Executive Directors (“INEDs”) (50% of the Board strength). The total strength of Board reduced to seven due to resignation of Dr. Leena Srivastava, one of INEDs, on 26<sup>th</sup> April, 2014.

The Board has at their meeting held on 9<sup>th</sup> May, 2014 recommended to shareholders for appointment of Shri Ashish Nanda and Smt. Bhavna Doshi as new INEDs at the ensuing Annual General Meeting.

The Board has, at their aforesaid meeting, agreed to the request of Shri Sudhir Mehta for relinquishing his position as the Chairman of the Board and the Company, appointing him as the Chairman Emeritus effective from the conclusion of the Annual General Meeting of the Company scheduled on 30<sup>th</sup> July 2014, in addition to his continuing as a permanent member of the Board of the Company. The Board has further at the said meeting, subject to the approval of the shareholders, appointed Shri Samir Mehta, Executive Vice Chairman, as the Executive Chairman of the Company effective from the conclusion of the aforesaid Annual General Meeting.

The annual calendar of meetings is generally determined during last quarter of the preceding year after getting confirmation from all Directors on the same. It has been Company’s endeavour to have meetings at various plants / locations of the Company too, apart from the Registered Office of the Company.

During the financial year, the Board of Directors of the Company met four times on 30<sup>th</sup> May, 2013, 26<sup>th</sup> July, 2013, 30<sup>th</sup> October, 2013 and 21<sup>st</sup> January, 2014. The maximum time gap between any two consecutive meetings did not exceed four months.

The details of composition of the Board, the Board meetings held during the year & attendance of Directors at the said Board meetings and other related matters are as under:

Name & Designation of the Director	Category	No. of other Directorship held <sup>3</sup>	No. of other Board Committees of which Member / Chairman / Chairperson <sup>3</sup>	No. of Board Meetings held during the tenure	Board meetings attended	Attendance at the last AGM
Shri Sudhir Mehta, Chairman	NED	4	1 (Member)	4	4	Yes
Shri Markand Bhatt	NED	2	2 (Member)	4	4	Yes
Shri Pradeep Bhargava	INED	6	2 (Chairman); 3 (Member)	4	4	Yes
Dr. Prasanna Chandra <sup>1</sup>	INED	NA	NA	1	1	No
Shri Shailesh Haribhakti	INED	11	4 (Chairman); 2 (Member)	4	4	Yes
Shri Haigreve Khaitan	INED	14	7 (Member)	4	3	Yes
Shri Sanjay Lalbhai <sup>1</sup>	INED	NA	NA	1	Nil	No
Dr. Leena Srivastava <sup>2</sup>	INED	3	Nil	4	4	Yes
Shri Samir Mehta, Executive Vice Chairman	MD	2	1 (Chairman); 1 (Member)	4	4	Yes
Dr. Chaitanya Dutt, Director (Research & Development)	WTD	Nil	Nil	4	4	Yes

**Notes:**

- 1 Dr. Prasanna Chandra and Shri Sanjay Lalbhai retired as Directors with effect from 26<sup>th</sup> July, 2013 (i.e. date of last Annual General Meeting).
- 2 Dr. Leena Srivastava ceased to be a Director of the Company due to her resignation with effect from 26<sup>th</sup> April, 2014.
- 3 These numbers exclude the directorship / committee membership held in the Company and in private limited companies, foreign companies, companies registered under Section 25 of the Companies Act, 1956 (corresponding Section 8 of the Companies Act, 2013) and alternate directorship. Further, it includes only the chairmanship / membership of the Audit Committee and Shareholders' Grievance Committee. All Directors have informed the Company about the committee positions they occupy in other companies as per Clause 49 of the Listing Agreement, which were placed before the Board.
- 4 NED – Non-Executive Director; INED – Independent Non-Executive Director; MD – Managing Director; WTD – Whole-time Director; NA – Not Applicable.
- 5 Except Shri Sudhir Mehta and Shri Samir Mehta, who are related to each other as brothers, none of the other Directors is related to any other Director on the Board in term of definition of 'relative' as per the Companies Act, 1956 and the Companies Act, 2013.

Shri Samir Mehta is liable to retire by rotation at the forthcoming Annual General Meeting and being eligible, have offered himself for re-appointment. Relevant details pertaining to Shri Samir Mehta is provided in the Notice of the Annual General Meeting.

All INEDs of the Company have furnished declarations that they qualify the conditions of being independent as per Section 149(6) of the Companies Act, 2013 and Clause 49 of the Listing Agreement, which were placed before the Board.

**2. AUDIT COMMITTEE**

In accordance with the requirements of Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956, the Board of Directors has constituted an Audit Committee. The constitution of the Committee is also in compliance with the provisions of Section 177 of the Companies Act, 2013.

During the year under review, four meetings of the Committee were held on 30<sup>th</sup> May, 2013, 26<sup>th</sup> July, 2013, 30<sup>th</sup> October, 2013 and 21<sup>st</sup> January, 2014 and the gap between two meetings did not exceed four months.

The composition of the Committee as well as the particulars of attendance at the Committee meetings during the year and other related details are given in the table below:

Name & Designation	Category of Directorship	Qualification / Competence	No. of meetings held during the tenure	No. of meetings attended
Shri Shailesh Haribhakti, Chairman	Independent Non-Executive	F.C.A.	4	4
Shri Pradeep Bhargava <sup>1</sup>	-- do --	B. Sc. (Honours), B.E. (EC), MBA (IIMA)	3	3
Dr. Prasanna Chandra <sup>2</sup>	-- do --	MBA, Ph. D. in Finance	1	1
Shri Haigreve Khaitan	-- do --	LL. B.	4	3
Dr. Leena Srivastava <sup>3</sup>	-- do --	Ph. D. in Energy Economics	4	4

- 1 Shri Pradeep Bhargava was appointed as the Member of the Committee by the Board at their meeting held on 30<sup>th</sup> May, 2013.
- 2 Dr. Prasanna Chandra retired as Director with effect from 26<sup>th</sup> July, 2013 and consequently from the Committee with effect from said date.

3 Dr. Leena Srivastava ceased to be member of the Committee with effect from 26<sup>th</sup> April, 2014, as resigned from the Board.

The Chairman of the Committee attended the last Annual General Meeting of the Company.

The Company Secretary acts as the Secretary to the Audit Committee. In addition to the above, the Committee meetings were also attended by related Executive Director, the Chief Financial Officer, Statutory Auditors and Internal Auditors. Cost Auditor and other related functional Executives of the Company also attended the meetings, as and when required.

Usually, during every meeting of the Committee, members of the Committee also discuss with the representatives of the Statutory Auditors on one to one basis about their report and concern, if any, without presence of the Executives of the Company.

The broad terms of reference of the Committee are to review and recommend the financial statements and to review the adequacy of internal control systems and internal audit function. The Board has at their meeting held on 9<sup>th</sup> May, 2014 reviewed and revised the existing terms of reference of the Committee, in view of changes made in the provisions of the Companies Act, 2013 and Listing Agreement. The detailed terms of reference of the Committee as approved by the Board and as revised / updated from time to time by the Board, are given below:

- i. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- ii. Recommendation to the Board for appointment, re-appointment, remuneration and terms of appointment and, if required, the replacement or removal of statutory auditors of the Company.
- iii. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- iv. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
  - A Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013;
  - B Changes, if any, in accounting policies and practices and reasons for the same;
  - C Major accounting entries involving estimates based on the exercise of judgment by management;
  - D Significant adjustments made in the financial statements arising out of audit findings;
  - E Compliance with listing and other legal requirements relating to financial statements;
  - F Disclosure of any related party transactions; and
  - G Qualifications in the draft audit report.
- v. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
- vi. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter.
- vii. Review and monitor the auditor's independence and performance and effectiveness of audit process.
- viii. Approval of transactions with related parties or any subsequent modification thereof and recommend such transactions, if required, to the Board for its approval.
- ix. Scrutiny of inter-corporate loans and investments.
- x. Valuation of undertakings or assets of the Company, wherever it is necessary.
- xi. Evaluation of internal financial controls and risk management systems.

- xii. Reviewing, with the management, performance of statutory, cost and internal auditors, adequacy of the internal control systems.
  - xiii. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
  - xiv. Discussion with internal auditors of any significant findings and follow up there on.
  - xv. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
  - xvi. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
  - xvii. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
  - xviii. To review the functioning of the Whistle Blower mechanism.
  - xix. Recommend to the Board for approval of appointment of CFO (i.e., the Whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate.
  - xx. Recommending to the Board the terms of appointment, re-appointment and if required, the replacement or removal of cost auditors and internal auditors & fixation of their audit fees & fees for other services.
  - xxi. To review the following information:
    - A Management discussion and analysis of financial condition and results of operations;
    - B Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
    - C Management letters / letters of internal control weaknesses issued by the statutory auditors;
    - D Internal audit reports relating to internal control weaknesses; and
    - E The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the Audit Committee.
  - xxii. Investigate any matter referred to it by the Board or within its terms of reference.
  - xxiii. To review the financial statements, in particular, the investments made by the unlisted subsidiary companies of the Company.
- In addition to the above, the Committee shall have such functions / role / powers as may be specified in the Companies Act, Listing Agreement with stock exchanges or any other applicable laws.

### **3. SECURITIES TRANSFER & STAKEHOLDERS RELATIONSHIP COMMITTEE**

Pursuant to requirement of provisions of the Companies Act, 2013, the Board at its meeting held on 9<sup>th</sup> May, 2014 changed the nomenclature of the Committee to “Securities Transfer & Stakeholders Relationship Committee” (earlier Securities Transfer & Investors’ Grievance Committee) to consider and resolve the grievances of security holders / investors of the Company. The Board, at their above meeting, has also reviewed and revised the existing terms of reference of the Committee, in view of changes made in the provisions of the Companies Act, 2013 by extending the scope of its function relating to review, consideration & resolution of grievances, so as to include all security holders of the Company. Accordingly, the Securities Transfer & Stakeholders Relationship Committee, as a sub-committee of the Board will, inter alia, review and resolve grievances of shareholders / security holders / other investors (“stakeholders”). During the year, the Committee met seven times on 23<sup>th</sup> April, 2013, 12<sup>th</sup> July, 2013, 25<sup>th</sup> July, 2013, 1<sup>st</sup> October, 2013, 31<sup>st</sup> October, 2013, 6<sup>th</sup> December, 2013 and 6<sup>th</sup> January, 2014. The composition of the Committee as well as the



particulars of attendance at the Committee meetings during the year and other related details are given in the table below:

Name & Designation of Director	Category	No. of meetings attended
Shri Sudhir Mehta, Chairman	Non-Executive Director	6
Shri Markand Bhatt	Non-Executive Director	7
Shri Samir Mehta	Managing Director	6

Mahesh Agrawal, Vice President (Legal) & Company Secretary, provided secretarial support to the Committee and was also the designated Compliance Officer for such matters.

99.40% of the equity shares of the Company are held in dematerialised form & the handling of physical transfer of shares is minimal. No transfer of equity shares is pending as on 31<sup>st</sup> March, 2014.

During the year the Company received 5 complaints from the shareholders and the same were attended within a reasonable period of time. No complaint was pending as on 31<sup>st</sup> March, 2014.

#### 4. APPOINTMENT & REMUNERATION OF DIRECTORS

##### Nomination and Remuneration Committee

During the year under review, one meeting of the Committee was held on 30<sup>th</sup> May, 2013.

The composition of the Committee as well as the particulars of attendance at the Committee meeting during the year and other related details are given in the table below:

Name & Designation of Director	Category	No. of meetings attended
Shri Shailesh Haribhakti, Chairman <sup>1</sup>	Independent Non-Executive	1
Shri Markand Bhatt	Non-Executive Director	1
Shri Pradeep Bhargava <sup>2</sup>	Independent Non-Executive	N.A.
Dr. Prasanna Chandra <sup>3</sup>	Independent Non-Executive	1

- 1 Shri Shailesh Haribhakti was selected as Chairman of the Committee by the Members of the Committee at its meeting held on 30<sup>th</sup> May, 2013.
- 2 Shri Pradeep Bhargava was appointed as the Member of the Committee by the Board at their meeting held on 30<sup>th</sup> May, 2013.
- 3 Dr. Prasanna Chandra retired as Director with effect from 26<sup>th</sup> July, 2013 (i.e. date of last Annual General Meeting) and consequently from the Committee with effect from said date.

Mahesh Agrawal, Vice President (Legal) & Company Secretary, provided secretarial support to the Committee.

The 'Nomination and Remuneration Committee' of the Company recommends the nomination of Executive Directors (members of the Board) as well as Non-Executive Directors (NEDs) and remuneration of such Executive Directors and NEDs [other than Independent Non-Executive Directors (INEDs)] and recommend and monitor the level and structure of remuneration of senior management of the Company as per the Remuneration Policy.

The Board has at their meeting held on 9<sup>th</sup> May, 2014 reviewed and revised the existing terms of reference of the Committee, in view of promulgation of the provisions of the Companies Act, 2013 and Listing Agreement. The terms of reference of the Committee as approved and revised / updated from time to time by the Board, are as follows:

1. To evaluate and recommend the composition of the Board of Directors and sub-committees thereof.
2. To identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down by the Committee.

3. Consider and recommend to the Board appointment and removal of directors, other persons in senior management and key managerial personnel (KMP).
4. Determining processes for evaluating the effectiveness of individual directors and the Board as a whole and evaluating the performance of individual Directors.
5. Devising a Policy on Board Diversity.
6. Formulate the criteria for determining qualifications, positive attributes and independence of a Director.
7. Evolve the principles, criteria and basis of Remuneration policy and recommend to the Board a policy relating to the remuneration for all the Directors, KMP, senior management and other employees of the Company and to review the same from time to time.
8. The Committee shall, while formulating the policy, ensure the following:
  - (a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully;
  - (b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
  - (c) remuneration to Directors, KMP and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.
9. To undertake related activities, functions and duties as the Board of Directors may from time to time, after deliberations, prescribe or as may be required to be undertaken in terms of any statutory or regulatory provisions including Companies Act, 2013 and rules made thereunder and Listing Agreement with stock exchanges.
10. To make recommendations to the Board on any matter within its purview, by passing appropriate resolutions.

#### **Remuneration Policy, details of remuneration and other terms of appointment of Directors**

The remuneration policy of the Company is directed towards rewarding performance, based on review of achievements on a periodic basis. The Company endeavours to attract, retain, develop and motivate the high-calibre executives and to incentivize them to develop and implement the Group's Strategy, thereby enhancing the business value and maintain a high performance workforce. The policy ensures that the level and composition of remuneration of the Whole-time Directors / Executive Directors are optimum. Remuneration package for Executive Directors are designed with optimum combination of fixed component and / or performance linked pay reflecting the physical (quantitative and qualitative) and financial performance of the Company. The remuneration policy is in consonance with the existing industry practice subject to statutory limits as specified in the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof).

##### **a. Appointment & Remuneration of Executive Vice Chairman / Whole-time Director**

The appointment and remuneration of Shri Samir Mehta, Executive Vice Chairman, was decided by the Board at its meeting held on 30<sup>th</sup> July, 2010 with effect from 1<sup>st</sup> August, 2010 and approved by the shareholders at the Annual General Meeting held on 30<sup>th</sup> July, 2011 for a period of five years on payment of commission at a rate to be decided by the Board from time to time and other benefits such that the total remuneration does not exceed such percentage limit of net profits of the Company as specified in the Companies Act, 1956, calculated in accordance with Sections 349 and 350 read with Section 198, subject to the overall ceiling prescribed under Section 309 read with Section I of Part II of Schedule XIII of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof).

Appointment and remuneration of Dr. Chaitanya Dutt, Director (Research & Development) was decided by the Board and approved by the shareholders at the Annual General Meeting held on 23<sup>rd</sup> July, 2012 effective from 1<sup>st</sup> January, 2012 for a period of three years up to 31<sup>st</sup> December, 2014.

**b. Remuneration of Non-Executive Directors including Independent Directors**

1. The shareholders, at the Annual General Meeting held on 30<sup>th</sup> July, 2011, approved the payment of commission to the Directors of the Company who are neither in the whole time employment nor managing director(s) (NEDs), in accordance with and upto the limit laid down under the provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof) or such other limit as may be approved by the Central Government or the relevant authority, for a period of 5 years from the financial year commencing 1<sup>st</sup> April, 2010.
2. The Board or its Committee specifically authorised for this purpose shall determine the manner and extent upto which the commission shall be paid to the NEDs. The commission shall be determined based on the participation of the Directors in the meetings of Board and / or Committees thereof and other affairs of the Company .
3. In case of inadequacy of profits, remuneration upto ₹ 5 lacs per annum shall be payable as minimum remuneration to each NED who is also member of any Committee of the Directors and upto ₹ 3 lacs per annum to each NED who is not a member of any such Committee of the Directors subject to requisite approvals.
4. The commission for any financial year shall become due on approval by the Board of the amount of such commission and financial statements for that year.

**Details of remuneration of Directors for the year ended 31<sup>st</sup> March, 2014 are as under:**

(₹ in lacs)

Name & Designation of Director <sup>§</sup>	Salary & Perquisites <sup>#</sup>	Commission <sup>##</sup>	Total
Shri Sudhir Mehta, Chairman	Nil	750.00	750.00
Shri Markand Bhatt	Nil	Nil	Nil
Shri Pradeep Bhargava	Nil	25.00	25.00
Dr. Prasanna Chandra <sup>1</sup>	Nil	7.00	7.00
Shri Shailesh Haribhakti	Nil	28.00	28.00
Shri Haigreave Khaitan	Nil	18.00	18.00
Shri Sanjay Lalbhai <sup>1</sup>	Nil	Nil	Nil
Dr. Leena Srivastava <sup>2</sup>	Nil	24.00	24.00
Shri Samir Mehta, Executive Vice Chairman	3.13	750.00	753.13
Dr. Chaitanya Dutt, Director (Research & Development)	274.19	Nil	274.19
<b>Total</b>	<b>277.32</b>	<b>1602.00</b>	<b>1879.32</b>

**Notes:**

- 1 Dr. Prasanna Chandra and Shri Sanjay Lalbhai retired as Directors with effect from 26<sup>th</sup> July, 2013 (i.e. date of last Annual General Meeting).
  - 2 Dr. Leena Srivastava ceased to be a Director of the Company due to her resignation with effect from 26<sup>th</sup> April, 2014.
- § The terms of appointment of Managing Director / Whole-time Director are governed by the resolutions of the shareholders and applicable rules of the Company. None of the Directors are entitled to a severance fees.
- # Includes salary, house rent allowance, contribution to provident / gratuity / superannuation funds & approved perquisites. Directors have not been granted any stock options during the year.
- ## Commission as approved by the Board subject to maximum of such a rate of the eligible net profits so that the remuneration does not exceed the limit as approved by the shareholders and as specified in the Companies Act, 1956.

No sitting fee was paid to any of the Directors during the year.

Khaitan & Co., a law firm in which Shri Haigreve Khaitan, an Independent Non-Executive Director, is a partner, were paid ₹ 10.01 lacs as professional fees for legal services provided during the year. Apart from above, there were no other pecuniary relationships / transactions with the Non-Executive Directors vis-à-vis the Company.

### Shareholding of Non-Executive Directors

Details of the equity shares held by Non-Executive Directors as on 31<sup>st</sup> March, 2014 are as under:

Name of the Director	Nos. of Equity shares
Shri Sudhir Mehta	7,602,856*
Shri Markand Bhatt	10,200**
Shri Shailesh Haribhakti	6,000

\* Including shares held as Karta of HUF.

\*\* Held jointly with Shri Gunjan Bhatt (son of Shri Markand Bhatt being independent) as first holder and Shri Markand Bhatt as second holder.

## 5. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

In terms of the provisions of Section 135 of the Companies Act, 2013 and the rules made thereunder, the Board of Directors through circular resolution dated 3<sup>rd</sup> May, 2014 has constituted a Corporate Social Responsibility (CSR) Committee of the Board.

The composition of the CSR Committee as approved by the Board is as follows:

Name of the Member	Category
Shri Pradeep Bhargava <sup>1</sup>	Independent Non-Executive Director
Shri Markand Bhatt	Non-Executive Director
Dr. Chaitanya Dutt	Whole-time Director

<sup>1</sup> Shri Pradeep Bhargava was selected as Chairman of the CSR Committee by the Members of the Committee at its meeting held on 9<sup>th</sup> May, 2014.

Mahesh Agrawal, Vice President (Legal) & Company Secretary, provided secretarial support to the Committee.

## 6. GENERAL BODY MEETINGS

Details of the Annual General Meetings (AGM) held during last three years are as under:

AGM	Date	Time	Venue	No. of special resolutions passed
38 <sup>th</sup> AGM	30-Jul-11	09:30 AM	J. B. Auditorium, Torrent AMA Centre, Ground Floor, Ahmedabad Management Association, Vastrapur, Ahmedabad	1
39 <sup>th</sup> AGM	23-Jul-12	09:30 AM	-- do --	-
40 <sup>th</sup> AGM	26-Jul-13	09:30 AM	-- do --	-

During the year under review, the Company sought approval from the shareholders by Postal Ballots for the following proposals:

Date of Notice	Proposal	No. & % of votes casts in favour	No. & % of votes casts against	Date of Passing of resolutions
30 <sup>th</sup> May, 2013	Ordinary Resolution for increase in Authorised Share Capital and alteration in capital clause of the Memorandum of Association	70,759,676 (99.998%)	1,688 (0.002%)	12 <sup>th</sup> July, 2013
	Ordinary Resolution for issue of Bonus Shares in the ratio of 1 (one) new fully paid-up Equity Share of ₹ 5 each for every 1 (one) fully paid-up Equity Share of ₹ 5 each	70,755,966 (100%)	29 (negligible%)	
18 <sup>th</sup> December, 2013	Special Resolution for enhancement of Borrowing Limits of the Company from existing ₹ 3000 crores to ₹ 5000 crores	149,085,021 (99.92%)	126,930 (0.08%)	21 <sup>st</sup> January, 2014
	Special Resolution for creating charge on the Company's properties for securing the borrowing availed or to be availed within the said limits	149,084,699 (99.92%)	127,252 (0.08%)	

All of aforesaid resolutions were passed by the shareholders by overwhelming and requisite majority.

Shri Rajesh Parekh, Company Secretary conducted the Postal Ballot for both the aforesaid proposals.

The postal ballot exercise was conducted in accordance with the applicable provisions of Section 192A(2) and other applicable provisions of the Companies Act, 1956 and the Companies Act, 2013 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2011. The Postal Ballot Notice & Explanatory Statement alongwith the Postal Ballot Form and postage prepaid business reply envelope were dispatched to the shareholders to enable them to consider and vote for or against the proposals within a period of 30 days from the date of dispatch. After the last date of receipt of Postal Ballots, the Scrutinizer, after due verification, submitted his report to the Company. Thereafter, the results of the Postal Ballot were declared by the Company and were posted on the website of the Company and at the Registered Office of the Company.

At present there is no proposal to pass any resolution through postal ballot.

## 7. DISCLOSURES

### a. Legal Compliances

The Company follows a formal management policy and system of legal compliance & reporting to facilitate periodical review by the Board of compliance status of laws applicable to the Company and steps taken to rectify non-compliances, if any.

There were no instances of material non-compliance and no strictures or penalties were imposed on the Company either by SEBI, Stock Exchanges or any statutory authorities on any matter related to capital markets during the last three years.

### b. Code of Business Conduct

The Code of Business Conduct adopted by the Company has been posted on the website of the Company. The Members of the Board and senior management of the Company have submitted their affirmation on compliance with the Code of Business Conduct for the effective period. The declaration by the Executive Vice Chairman to that effect forms part of this report as Annex 1.

**c. Related Party Transactions**

Transactions with related parties are disclosed in detail in Note 43 annexed to the financial statements for the year. Adequate care was taken to ensure that the potential conflict of interest did not harm the interests of the Company at large.

**d. CEO / CFO Certification**

The Executive Vice Chairman (EVC) and Chief Financial Officer (CFO) of the Company give annual certificate on financial reporting and internal controls to the Board in terms of Clause 49 of the Listing Agreement. The EVC and CFO also give quarterly certificate on financial results while placing the financial results before the Board in terms of Clause 41 of the Listing Agreement.

**e. Details of unclaimed shares as per Clause 5A of the Listing Agreement**

Pursuant to Clause 5A of the Listing Agreement, the shares remaining unclaimed by the shareholders were transferred by the Company during the financial year 2011-12 to the "Torrent Pharmaceuticals Limited - Unclaimed Suspense Account". During the year, on the basis of requests received from some of the shareholders, the Company credited the shares from said Account to the individual account of the related shareholders to the extent of their entitlement. The details as required under Clause 5A.II (h) of the Listing Agreement are as under:

Particulars	Number of shareholders	Number of Equity shares
Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the beginning of the year i.e. 1 <sup>st</sup> April, 2013	211	57,700
Fully paid-up Equity Shares of ₹ 5 each issued in the ratio of 1:1 as Bonus Shares on 25 <sup>th</sup> July, 2013 (400 shares lying in the Unclaimed Suspense Account were transferred to shareholders prior to Bonus Issue)	-	57,300
<b>Total Shares</b>	-	115,000
Number of shareholders who approached to the Company / Registrars and Transfer Agents (RTA) for transfer of shares from Unclaimed Suspense Account during the year ended 31 <sup>st</sup> March, 2014	8	3,760
Number of shareholders to whom shares were transferred from Unclaimed Suspense Account during the year ended 31 <sup>st</sup> March, 2014	8	3,760
Aggregate Number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the end of the year i.e. as on 31 <sup>st</sup> March, 2014	203	111,240

**f. Whistle Blower Policy**

The Company believes in the conduct of its affairs in a fair and transparent manner to foster professionalism, honesty, integrity and ethical behaviour. The Company is committed to developing a culture where it is safe for all the employees to raise concerns about any misconduct or unacceptable practice. The Company has adopted a whistle blower policy through which the Company encourages employees to bring to the attention of Senior Management including Audit Committee, any unethical behaviour and improper practices and wrongful conduct taking place in the Company for taking appropriate action. The confidentiality of those reporting such practices is maintained without any discrimination. Pursuant to Section 177 of the Companies Act, 2013 read with the Rules made thereunder and Clause 49 of the SEBI Equity Listing Agreement, every listed Company is required to establish a vigil mechanism through a

Whistle Blower Policy both for employees and Directors to report their concerns and grievances about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics policy. In view of this, the Whistle Blower Policy was revised by the Board at its meeting held on 9<sup>th</sup> May, 2014 to report the concerns and grievances by Directors and employees about unethical behaviour and improper practices and wrongful conduct taking place in the Company for taking appropriate action.

**g. Policy on protection of Women against Sexual Harassment at Work Place**

The Company is committed to creating a healthy & conducive working environment that enables women at workplace to function without fear of prejudice, gender bias and sexual harassment in implicit or explicit form. Further, the Company considers sexual harassment as a gross misconduct and in line with "The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013" and Rules made thereunder, the Company has adopted a "Policy on protection of women against sexual harassment at work place" with effect from 1<sup>st</sup> March, 2014 by replacing the old policy earlier adopted by the Company. The new Policy intends to establish a more robust mechanism for prevention of sexual harassment of women at work place. Through this Policy, the Company seeks to provide protection against sexual harassment of women at work place and their further prevention and redressal of complaints of sexual harassment and for matters connected therewith or incidental thereto.

**h. Mandatory & Non-Mandatory Clauses**

The Company has complied with all mandatory requirements laid down by the Clause 49. The non-mandatory requirements complied with have been disclosed at the relevant places.

**8. COMMUNICATION TO SHAREHOLDERS**

During the year, audited quarterly and annual financial results on the standalone basis and un-audited quarterly and audited annual financial results on the consolidated basis of the Company were submitted to the stock exchanges soon after the Board meeting approved these and un-audited quarterly financial results on the consolidated basis were published in two leading newspapers - The Business Standard (English) & Jaihind (Gujarati) and audited annual financial results on the consolidated basis were published in all the English editions of The Financial Express and The Indian Express and in Gujarati language of The Financial Express. These were also promptly put on the Company's website www.torrentpharma.com. All official news release of relevance, quarterly results and presentations made by the Company to the investors / analysts were also made available on the Company's website for a reasonable period of time. In line with last year, the Company plans to send the soft copies of Annual Report 2013-14 to those shareholders whose email ids are registered with the Depository Participants (DPs) and / or with the Company's Registrars and Transfer Agents, unless opted by them to get the physical copy, to support the "Green Initiative in the Corporate Governance", an initiative taken by the Ministry of Corporate Affairs (MCA).

**9. GENERAL SHAREHOLDER INFORMATION**

**a. 41<sup>st</sup> Annual General Meeting**

Date & Time	Wednesday, 30 <sup>th</sup> July, 2014 at 09:30 AM
Venue	J. B. Auditorium, Torrent AMA Centre, Ground Floor, Ahmedabad Management Association, Vastrapur, Ahmedabad

**b. Tentative Financial Calendar for the year 2014-15**

Financial year	1 <sup>st</sup> April to 31 <sup>st</sup> March
First Quarter results	Fourth week of July 2014
Half Yearly results	First week of November 2014
Third Quarter results	Fourth week of January 2015
Results for year-end	Third week of May 2015

**c. Date of Book Closure**

18<sup>th</sup> June, 2014 to 20<sup>th</sup> June, 2014 (both days inclusive)

**d. Dividend payment date**

The proposed dividend, if approved at the ensuing Annual General Meeting will be distributed on or around 4<sup>th</sup> August, 2014.

**e. Listing on Stock Exchanges and Security Codes**

Name of Stock Exchange	Security Code
BSE Limited, Mumbai (BSE)	500420
National Stock Exchange of India Limited, Mumbai (NSE)	TORNTPHARM

The Company has paid the annual listing fees for the year 2014-15 to both of the above stock exchanges.

**f. Market Price Data**

The closing market price of equity share on 31<sup>st</sup> March, 2014 (last trading day of the year) was ₹ 523.65 on BSE & ₹ 524.25 on NSE. During the year under review, the Company has issued 84,611,360 Equity Shares of ₹ 5 each as fully paid-up Bonus Shares in the ratio of 1:1.

The monthly movement of equity share prices during the year at BSE & NSE are summarized below (*adjusted for Bonus issue in the ratio of 1:1 on 25<sup>th</sup> July, 2013, for first four months to achieve comparability*):

Monthly Share Price movement during the financial year ended 31 <sup>st</sup> March, 2014 at BSE & NSE (share price in ₹)						
Month	BSE			NSE		
	High	Low	Volume	High	Low	Volume
Apr-13	351.98	334.25	459,082	351.35	334.23	570,766
May-13	404.75	334.50	279,228	404.50	335.00	2,274,432
Jun-13	435.90	384.00	776,004	436.20	385.20	3,521,346
Jul-13	454.30	405.10	830,324	454.35	404.00	3,415,588
Aug-13	464.80	385.95	331,837	466.40	384.90	1,500,850
Sep-13	464.45	400.00	192,274	463.15	400.95	1,566,640
Oct-13	451.00	404.00	165,690	456.05	403.00	1,583,647
Nov-13	500.60	447.75	155,143	502.00	440.30	1,132,954
Dec-13	521.00	457.40	2,175,711	521.85	458.00	6,758,717
Jan-14	568.00	461.40	1,647,232	567.70	460.00	5,148,670
Feb-14	572.85	534.30	216,952	572.00	533.00	1,410,700
Mar-14	578.00	519.00	243,252	578.50	518.60	1,814,730
<b>Total</b>			<b>7,472,729</b>			<b>30,699,040</b>
<b>% of volume traded to outstanding shares</b>			<b>4.42%</b>			<b>18.14%</b>

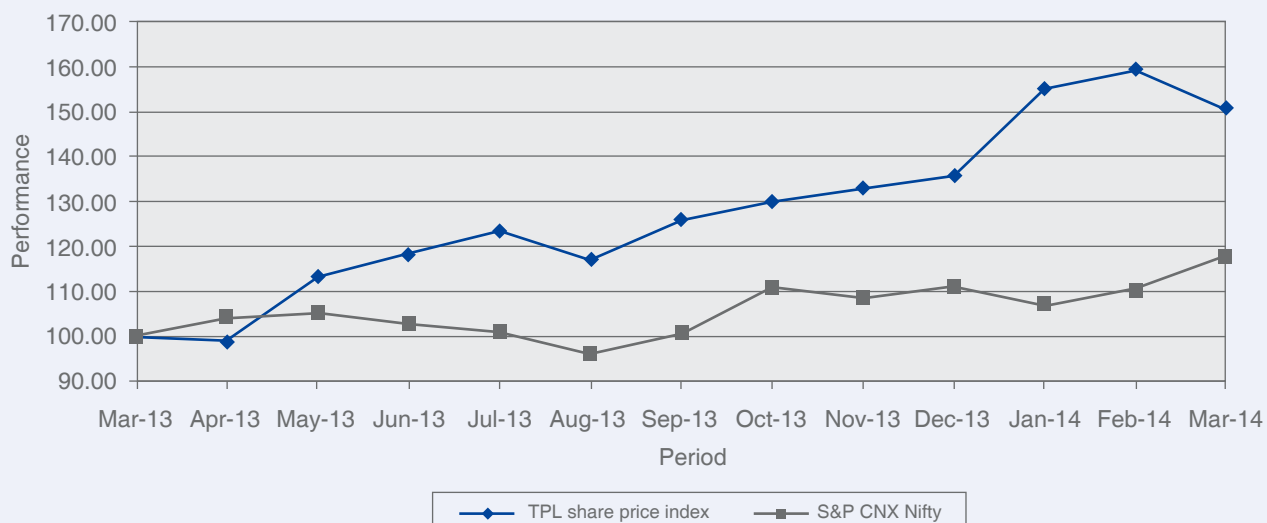


The performance of the equity share price of the Company vis-à-vis the S&P CNX Nifty at NSE is as under (adjusted for Bonus issue in the ratio of 1:1 on 25<sup>th</sup> July, 2013 for first four months to achieve comparability):

Month	TPL Share Price in ₹ at NSE**	S&P CNX Nifty**	Relative Index for comparison purpose	
			TPL share price index	S&P CNX Nifty
Mar-13	347.77	5682.55	100.00	100.00
Apr-13	344.87	5930.20	99.17	104.36
May-13	394.07	5985.95	113.31	105.34
Jun-13	411.12	5842.20	118.22	102.81
Jul-13	428.95	5742.00	123.34	101.05
Aug-13	407.60	5471.80	117.20	96.29
Sep-13	438.20	5735.30	126.00	100.93
Oct-13	451.50	6299.15	129.83	110.85
Nov-13	462.05	6176.10	132.86	108.69
Dec-13	472.25	6304.00	135.79	110.94
Jan-14	539.15	6089.50	155.03	107.16
Feb-14	553.80	6276.95	159.24	110.46
Mar-14	524.25	6704.20	150.74	117.98

\*\* closing data on the last day of the month

### Relative performance of TPL share price vs. S&P CNX Nifty



**g. Distribution of shareholding as at 31<sup>st</sup> March, 2014**

By size of shareholding:

From – To	Mode of holding	Shares held		No. of Shareholders	
		Number	% of total	Number	% of total
Up to 1,000	Physical	825,415	0.49	1,662	6.37
	Electronic	4,226,296	2.50	23,113	88.60
1,001 - 2,000	Physical	116,800	0.07	73	0.28
	Electronic	968,416	0.57	631	2.42
2,001 - 10,000	Physical	64,800	0.04	17	0.07
	Electronic	1,599,060	0.94	373	1.43
10,001 - 20,000	Physical	-	-	-	-
	Electronic	810,750	0.48	59	0.23
Above 20,000	Physical	-	-	-	-
	Electronic	160,611,183	94.91	159	0.61
<b>Total</b>	<b>Physical</b>	<b>1,007,015</b>	<b>0.60</b>	<b>1,752</b>	<b>6.72</b>
	<b>Electronic</b>	<b>168,215,705</b>	<b>99.40</b>	<b>24,335</b>	<b>93.28</b>
	<b>Total</b>	<b>169,222,720</b>	<b>100.00</b>	<b>26,087</b>	<b>100.00</b>

By category of shareholders:

Category	No. of Shares		Total Shares	% of Holding
	Electronic	Physical		
Promoter's Group	121,006,720	-	121,006,720	71.51
Mutual Fund and UTI	12,884,578	800	12,885,378	7.61
Bank, FIs & Insurance Companies	16,934	-	16,934	0.01
Foreign Institutional Investors / QFIs / NRIs	20,542,035	-	20,542,035	12.14
Other Bodies Corporate	1,968,045	10,035	1,978,080	1.17
Indian Public	11,797,393	996,180	12,793,573	7.56
<b>Total</b>	<b>168,215,705</b>	<b>1,007,015</b>	<b>169,222,720</b>	<b>100.00</b>

**h. Dematerialisation of securities**

The equity shares of the Company are traded compulsorily in the dematerialized segment of all the stock exchanges and are under rolling settlement. Approximately 99.40% of the shares have been dematerialised. Shares held by promoters are in 100% dematerialised form. The demat security (ISIN) code for the equity share is INE685A01028.

**i. Share transfer system**

To expedite the transfer of shares held in physical mode the powers to authorise transfers have been delegated to specified officials of the Company. The transfers which are complete in all respects are taken up for approval generally every ten days and the transferred securities dispatched to the transferee within fifteen days. The details of transfers / transmission approved by the delegates are noted by the Securities Transfer & Stakeholders Relationship Committee at its next meeting. The Company obtains from a Company Secretary in Practice half-yearly certificate of compliance with the share transfer formalities as required under Clause 47(c) of the Listing Agreement and files a copy of the certificate with the Stock Exchanges.

The Company has signed necessary agreements with two depositories currently functional in India viz. National Securities Depository Limited & Central Depository Services (India) Limited. The transfer of shares in depository mode need not be approved by the Company.

**j. Outstanding GDRs / ADRs / Warrants / any other convertible instruments**

The Company does not have any outstanding instruments of the captioned type.

**k. Registered Office**

Torrent House, Off Ashram Road, Ahmedabad – 380 009, Gujarat, India  
Phone: + 91 79 26585090 / 26583060  
Fax: + 91 79 26582100

**l. Plant Locations**

1. Village Indrad, Taluka Kadi, Dist. Mehsana (Gujarat)
2. Village Bhud, Baddi, Teh. Nalagarh, Dist. Solan (Himachal Pradesh)
3. 32 No. Middle Camp, NH-31A, East District, Gangtok (Sikkim)

**m. Dahej Project Site**

Plot No. Z104-106, Dahej SEZ Phase II, Taluka Vagra, Dist. Bharuch (Gujarat)

**n. Research & Development Facility**

Village Bhat, Dist. Gandhinagar - 382 428 (Gujarat)

**o. Compliance Officer**

Mahesh Agrawal  
VP (Legal) & Company Secretary  
Torrent Pharmaceuticals Limited  
Torrent House, Off Ashram Road, Ahmedabad – 380 009, Gujarat, India  
Phone: + 91 79 26585090 / 26583060 Fax: + 91 79 26582100  
Email Id: maheshagrwal@torrentpharma.com

**p. Investor services**

Email Id: investorservices@torrentpharma.com

**q. Registrars & Transfer Agents (RTA)**

KARVY COMPUTERSHARE PRIVATE LIMITED  
Unit: Torrent Pharmaceuticals Limited  
Plot No. 17 to 24, Vittalrao Nagar, Madhapur,  
Hyderabad – 500 081  
Phone: + 91 40 44655000  
Fax: + 91 40 23420814  
Contact person: K. S. Reddy  
Email Id: einward.ris@karvy.com

For & on behalf of the Board

Ahmedabad  
9<sup>th</sup> May, 2014

**Sudhir Mehta**  
Chairman

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## ANNEX 1 TO CORPORATE GOVERNANCE REPORT

To  
The Shareholders,

**Affirmation of Compliance with Code of Business Conduct**

I, Samir Mehta, Executive Vice Chairman, declare that the Board of Directors of the Company has received affirmation on compliance with the Code of Business Conduct for the period from 1<sup>st</sup> April, 2013 or the date of their joining the Company, whichever is later to 31<sup>st</sup> March, 2014 from all Members of the Board and employees under Senior Management Cadre comprising CEO / Executive Directors (not a Member of the Board), Vice Presidents and General Managers.

Ahmedabad  
9<sup>th</sup> May, 2014

**Samir Mehta**  
Executive Vice Chairman

# Standalone Financial Statements 2013-14

# AUDITORS' REPORT

## INDEPENDENT AUDITORS' REPORT

### TO THE MEMBERS OF TORRENT PHARMACEUTICALS LIMITED

#### Report on the Financial Statements

We have audited the accompanying financial statements of **TORRENT PHARMACEUTICALS LIMITED** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13<sup>th</sup> September, 2013 of the Ministry of Corporate Affairs) and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2014;
- (b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

#### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by Section 227(3) of the Act, we report that:

- (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Act (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13<sup>th</sup> September, 2013 of the Ministry of Corporate Affairs).
- (e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2014 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2014 from being appointed as a director in terms of Section 274(1)(g) of the Act.

**For DELOITTE HASKINS & SELLS**

Chartered Accountants  
(Firm's Registration No. 117365W)

**Hemendra L. Shah**

Partner  
(Membership No. 33590)

Ahmedabad  
9<sup>th</sup> May, 2014

## ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) Having regard to the nature of the Company's business/activities, clauses (xiii) and (xiv) of CARO are not applicable.
- (ii) In respect of its fixed assets:
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
  - (b) The fixed assets were physically verified over a period of three years by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, discrepancies noticed on such verification have been properly dealt with in the books of account.
  - (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- (iii) In respect of its inventories:
  - (a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.
  - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
  - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iv) The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.
- (v) In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weaknesses in such internal control system.
- (vi) In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:
  - (a) the particulars of contracts or arrangements referred to in Section 301 that needed to be entered in the Register maintained under the said Section have been so entered.
  - (b) transactions during the year exceeding the value of Rupees Five lacs in respect of any party have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vii) According to the information and explanations given to us, the Company has not accepted any deposits from the public.
- (viii) In our opinion, the internal audit functions carried out during the year by firm of Chartered Accountants appointed by the management have been commensurate with the size of the Company and the nature of its business.
- (ix) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(x) According to the information and explanations given to us in respect of statutory dues:

- (a) The Company has been generally regular in depositing undisputed dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
- (b) There were no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31<sup>st</sup> March, 2014 for a period of more than six months from the date they became payable.
- (c) Details of dues of Income-tax, Sales Tax/VAT, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and employees' state insurance which have not been deposited as on 31<sup>st</sup> March, 2014 on account of disputes are given below:

Statute	Nature of Dues	Forum where Dispute is pending	Period to which the amount relates	Amount involved (₹ in lacs)
The West Bengal Sales Tax Act, 1994	Demand of Tax	Taxation Tribunal, West Bengal	2004-05	9.98
West Bengal Value Added Tax Act, 2003	Demand of Tax	Additional C.C.T , West Bengal	2007-08 to 2009-10	149.82
West Bengal Value Added Tax Act, 2003	Demand of Tax	Joint Commissioner Commercial Tax, West Bengal	2010-11	47.00
Uttar Pradesh Trade Tax Act, 1948	Demand of Tax	Joint Commissioner Commercial Tax, Uttar Pradesh	2003-04 to 2010-11	42.41
Uttar Pradesh Trade Tax Act, 1948	Demand of Penalty	Tribunal, Uttar Pradesh	2009-10	1.84
Kerala Value Added Tax Act , 2003	Demand of Tax	Deputy Commissioner - Appeals	2005-06 to 2007-08	41.13
Maharashtra Value Added Tax Act ,2002	Demand of Tax	Deputy Commissioner - Appeals	2006-07	84.66
Income Tax Act, 1961	Demand of Tax	Commissioner of Income Tax (Appeals)	2004-05	0.15
E.S.I Act, 1948	E.S.I Contribution	Gujarat High Court	1993-94 to 2013-14	730.75
Central Excise Act, 1944	Cenvat Credit / Input Service Tax / Demand of Duty and penalty	Additional / Deputy Commissioner / Commissioner (Appeals)	2013-14	32.14
	Cenvat Credit / Input Service Tax / Demand of Duty and penalty	Deputy Commissioner of Central Excise Kalol	2012-13	9.97
	Cenvat Credit / Input Service Tax / Demand of Duty and penalty	Commissioner (Appeals)	2006-07 to 2012-13	14.16
	Cenvat Credit / Input Service Tax / Demand of Duty and penalty	CESTAT	2005-06 to 2011-12	86.69



Statute	Nature of Dues	Forum where Dispute is pending	Period to which the amount relates	Amount involved (₹ in lacs)
Finance Act, 1994	Demand of Penalty	CESTAT	2008-09 to 2010-11	18.21
	Demand of Duty, Interest & Penalty	CESTAT	2007-08 to June 2012	3,630.08
	Demand of Penalty	Commissioner (Appeals)	2006-07 to 2011-12	13.35

- (xi) The Company does not have accumulated losses at the end of the financial year. The Company has not incurred cash losses during the financial year covered by the audit and in the immediately preceding the financial year.
- (xii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks and financial institutions. The Company has not issued any debentures.
- (xiii) In our opinion, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiv) In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company for loans taken by others from banks and financial institutions are not prima facie prejudicial to the interests of the Company.
- (xv) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained, other than temporary deployment pending application.
- (xvi) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis have not been used during the year for long- term investment.
- (xvii) According to the information and explanations given to us, the Company has not made preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (xviii) The Company has not issued any debenture during the year.
- (xix) The Company has not raised money by public issue during the year.
- (xx) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

**For DELOITTE HASKINS & SELLS**  
Chartered Accountants  
(Firm's Registration No. 117365W)

**Hemendra L. Shah**  
Partner  
(Membership No. 33590)

Ahmedabad  
9<sup>th</sup> May, 2014

## BALANCE SHEET

	Notes	As at 31-Mar-2014	(₹ in Crores) As at 31-Mar-2013
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholder's funds</b>			
Share capital	2	84.62	42.31
Reserves and surplus	3	2,205.19	1,608.78
		<b>2,289.81</b>	<b>1,651.09</b>
<b>Non-current liabilities</b>			
Long-term borrowings	4	744.46	454.54
Deferred tax liabilities (net)	5	47.46	56.89
Other long-term liabilities	6	9.61	9.76
Long-term provisions	7	74.40	71.01
		<b>875.93</b>	<b>592.20</b>
<b>Current liabilities</b>			
Short-term borrowings	4	210.34	124.62
Trade payables		479.69	450.74
Other current liabilities	6	337.72	329.87
Short-term provisions	7	139.19	207.84
		<b>1,166.94</b>	<b>1,113.07</b>
	<b>TOTAL</b>	<b>4,332.68</b>	<b>3,356.36</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets	8		
Tangible assets		831.39	784.99
Intangible assets		4.77	6.39
Capital work-in-progress		507.58	276.31
		<b>1,343.74</b>	<b>1,067.69</b>
Non-current investments	9	149.38	147.50
Long-term loans and advances	10	106.49	53.36
Other non-current assets	11	60.74	23.90
		<b>1,660.35</b>	<b>1,292.45</b>
<b>Current assets</b>			
Current investments	9	172.48	42.76
Inventories	12	694.51	697.09
Trade receivables	13	1,317.43	831.27
Cash and cash equivalents	14	218.49	277.76
Short-term loans and advances	10	80.88	69.37
Other current assets	11	188.54	145.66
		<b>2,672.33</b>	<b>2,063.91</b>
	<b>TOTAL</b>	<b>4,332.68</b>	<b>3,356.36</b>
<b>Notes forming part of the Financial Statements</b>	1-43		

In terms of our report attached

**For DELOITTE HASKINS & SELLS**  
Chartered Accountants

**Hemendra Shah**  
Partner

Ahmedabad  
9<sup>th</sup> May, 2014

**Sudhir Mehta**  
Chairman

**Ashok Modi**  
Executive Director  
& Chief Financial Officer

Signatures to the Balance Sheet

**Samir Mehta**  
Executive Vice Chairman

**Mahesh Agrawal**  
VP (Legal) & Company Secretary

Ahmedabad  
9<sup>th</sup> May, 2014

## STATEMENT OF PROFIT AND LOSS

		(₹ in Crores)	
	Notes	Year ended 31-Mar-2014	Year ended 31-Mar-2013
<b>REVENUE</b>			
Revenue from operations			
Sales		3,228.00	2,624.65
Less : Excise duties	27	7.38	7.10
Net sales		3,220.62	2,617.55
Operating income		144.25	148.68
Revenue from operations (net)	15	3,364.87	2,766.23
Other income	16	35.54	131.67
<b>Total Revenue</b>		<b>3,400.41</b>	<b>2,897.90</b>
<b>EXPENSES</b>			
Cost of materials consumed	17	876.08	797.43
Purchases of stock-in-trade		93.38	292.52
Changes in inventories of finished goods, work-in-progress and stock-in-trade	18	30.61	(110.43)
Employee benefits expense	19	418.90	366.34
Finance costs	20	58.44	36.51
Depreciation and amortization expense		79.47	71.50
Other expenses	21	885.21	741.22
<b>Total Expenses</b>		<b>2,442.09</b>	<b>2,195.09</b>
<b>PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX</b>		<b>958.32</b>	702.81
Exceptional items		-	37.49
<b>PROFIT BEFORE TAX</b>		<b>958.32</b>	665.32
<b>TAX EXPENSE</b>			
Current tax [Net of MAT credit utilized ₹ 14.94 Crores (previous year ₹ 24.78 Crores)]		205.80	126.91
Deferred tax (credit) / charge		(9.42)	(6.29)
(Excess) / short provision for tax of earlier years		(0.40)	(1.72)
		<b>195.98</b>	118.90
<b>NET PROFIT FOR THE YEAR</b>		<b>762.34</b>	546.42
Earnings per share [Nominal value per equity share of ₹ 5]			
Basic	22	45.05	32.29
Diluted	22	45.05	32.29
<b>Notes forming part of the Financial Statements</b>	1-43		

In terms of our report attached

**For DELOITTE HASKINS & SELLS**  
Chartered Accountants

**Hemendra Shah**  
Partner

Ahmedabad  
9<sup>th</sup> May, 2014

**Sudhir Mehta**  
Chairman

**Ashok Modi**  
Executive Director  
& Chief Financial Officer

Signatures to the Statement of Profit and Loss

**Samir Mehta**  
Executive Vice Chairman

**Mahesh Agrawal**  
VP (Legal) & Company Secretary

Ahmedabad  
9<sup>th</sup> May, 2014

## CASH FLOW STATEMENT

	(₹ in Crores)	
	Year ended 31-Mar-2014	Year ended 31-Mar-2013
<b>A CASH FLOW FROM OPERATING ACTIVITIES :</b>		
PROFIT BEFORE TAX	958.32	665.32
Adjustments for :		
Depreciation and amortization expense	79.47	71.50
Allowance for doubtful debts (net of bad debts)	21.84	1.84
Foreign exchange loss / (gain) on borrowings	2.88	0.03
Loss on sale / discard / write-off of fixed assets	3.87	5.11
Provision / (reversal) on asset held for sale	0.29	-
Provision for diminution in value of long-term investment	-	37.49
(Profit) / loss on sale of current investments	(10.54)	(8.69)
Finance cost	58.45	36.51
Interest income	(23.94)	(39.45)
Government grant	(0.68)	(0.31)
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>1,089.96</b>	<b>769.35</b>
Adjustments for changes in working capital :		
Trade receivables, loans & advances and other assets	(517.91)	(582.98)
Inventories	2.58	(303.96)
Trade payables, liabilities and provisions	(47.54)	152.10
<b>CASH GENERATED FROM OPERATIONS</b>	<b>527.09</b>	<b>34.51</b>
Direct taxes paid	(217.01)	(103.20)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>310.08</b>	<b>(68.69)</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(364.45)	(294.63)
Proceeds from fixed assets sold	1.81	1.28
Long-term investments in subsidiaries	(0.94)	(7.43)
Refund of / (investment in) capital of partnership firms	(0.94)	153.37
Profit on sale of current investments	10.54	8.69
Interest received	27.85	49.24
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(326.13)</b>	<b>(89.48)</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from long-term borrowings	426.74	242.53
Repayment of long-term borrowings	(84.87)	(82.82)
Net proceeds/ (repayment) of short-term borrowings	72.17	(20.38)
Government grant	0.68	0.31
Dividend paid	(267.39)	(83.44)
Finance cost paid	(60.83)	(30.71)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>86.50</b>	<b>25.49</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>70.45</b>	<b>(132.68)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>320.52</b>	<b>453.20</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>390.97</b>	<b>320.52</b>
<b>Note:</b> Cash and cash equivalents as at end of the year :		
Cash and cash equivalents as per Note - 14	218.49	277.76
Current investments as per Note - 9	172.48	42.76
	<b>390.97</b>	<b>320.52</b>

In terms of our report attached

Signatures to the Cash Flow Statement

**For DELOITTE HASKINS & SELLS**  
Chartered Accountants

**Sudhir Mehta**  
Chairman

**Samir Mehta**  
Executive Vice Chairman

**Hemendra Shah**  
Partner

**Ashok Modi**  
Executive Director  
& Chief Financial Officer

**Mahesh Agrawal**  
VP (Legal) & Company Secretary

Ahmedabad  
9<sup>th</sup> May, 2014

Ahmedabad  
9<sup>th</sup> May, 2014

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### NOTE - 1 : SIGNIFICANT ACCOUNTING POLICIES

#### 1.1 Basis for preparation of financial statements

The financial statements have been prepared and presented under the historical cost convention on an accrual basis of accounting and in accordance with the Generally Accepted Accounting Principles (GAAP) in India. GAAP includes Accounting Standards (AS) notified by the Central Government of India under Section 211 (3C) of The Companies Act, 1956, (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13 September, 2013 of the Ministry of Corporate Affairs) provisions of The Companies Act, 1956, pronouncements of Institute of Chartered Accountants of India and guidelines issued by Securities and Exchange Board of India (SEBI). The Company has presented financial statements as per format prescribed by Revised Schedule VI, notified under The Companies Act, 1956, issued by Ministry of Corporate Affairs. Except where otherwise stated, the accounting policies are consistently applied.

All the assets and liabilities have been classified as current or non current as per the Company's normal operating cycle and other criteria set out in the Revised Schedule VI to the Companies Act, 1956.

Current assets / liabilities include the current portion of non current financial assets / liabilities respectively. All other assets / liabilities are classified as non current.

#### 1.2 Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make assumptions, critical judgements and estimates, which it believes are reasonable under the circumstances, that affect the reported amounts of assets, liabilities and contingent liabilities on the date of financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates. Difference between the actual results and estimates are recognized in the period in which the results are known or materialize.

#### 1.3 Fixed assets, depreciation and amortization

##### Tangible assets

- (a) Tangible fixed assets are stated at cost of acquisition or construction less accumulated depreciation. The cost of fixed asset comprises of its purchase price, non-refundable taxes & levies, freight and other incidental expenses related to the acquisition and installation of the respective assets. Borrowing cost attributable to acquisition or construction of qualifying fixed assets is capitalized to respective assets when the time taken to put the assets to use is substantial.
- (b) Pre-operative expenditure comprising of revenue expenses incurred in connection with project implementation during the period up to commencement of commercial production are treated as part of project costs and are capitalized. Such expenses are capitalized only if the project to which they relate, involve substantial expansion of capacity or upgradation.
- (c) Depreciation on fixed assets is provided using the straight-line method at the rates prescribed in Schedule XIV of The Companies Act, 1956 or based on useful life of the assets as estimated by the management, whichever is higher.

The management's estimate of the useful life for various categories of fixed assets are given below:

Office buildings	58 years
Factory buildings	28 years
Plant and machinery	10 to 20 years
Laboratory equipment	5 to 20 years
Electrical equipment	10 to 20 years
Furniture and fixtures	10 years
Office equipment	10 years
Computer equipment	3 years
Vehicles	10 years

- (d) Cost of leasehold land (except for lease of long tenure) is amortized over the period of the lease. Cost of lease hold land where lease period is of long tenure and substantial rights of ownership are with lessee, is not amortized.

##### Intangible assets

- (a) Acquired product licenses are capitalized at costs comprising of direct costs of purchase and expenses directly attributable to the purchase of product licenses.

- (b) Software costs are capitalized and recognized as intangible assets based on materiality, accounting prudence and significant economic benefits expected to flow there from for a period longer than one year.
- (c) Intangible assets are amortized over their estimated useful lives on a straight-line basis. The management's estimate of the useful life of various categories of intangible assets are given below:

Product licenses	Upto 10 years
Software	3 to 5 years

#### **Impairment of assets**

- (a) Fixed assets are reviewed for impairment losses at each balance sheet date for events or changes in circumstances indicating that the carrying amount may not be recoverable. An impairment loss is then recognized for the amount by which the carrying amount of the assets exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.
- (b) Fixed assets that have been retired from their active use and held for disposal, are classified as current assets, and are stated at lower of their cost and net realizable value.

#### **1.4 Investments**

- (a) Non-current investments are carried at cost. Provision is made to recognize any diminution in value, other than that of a temporary nature.
- (b) Current investments are carried at lower of cost and fair value. Diminution in value is charged to the statement of profit and loss.
- (c) Current investments readily convertible in known amount of cash and subject to insignificant risk of changes in value are classified as cash and cash equivalents for preparation of cash flow statement.

#### **1.5 Cash flow statement**

The cash flow statement is prepared as per the "Indirect Method" as set out in AS - 3 "Cash Flow Statements" issued by the Institute of Chartered Accountants of India.

#### **1.6 Inventories**

Inventories are valued at the lower of cost and net realizable value. Provision for impairment is made when there is uncertainty in salability of an item. Costs incurred in bringing inventories to its existing location and condition are determined on the following basis:

- (a) Raw materials and packing materials - Purchase cost of materials on moving average basis.
- (b) Finished goods (manufactured) and work-in-progress - Cost of purchase, cost of conversion and other costs proportionately allocated determined on weighted average basis.
- (c) Finished goods (traded) - Purchase cost on moving average basis.

#### **1.7 Revenue recognition**

- (a) Revenue from sale of goods is recognized when the significant risks and rewards of ownership of goods are transferred to the customers. Sales are net of discounts, sales tax, value added tax and estimated returns. Excise duty collected on sales are shown by way of deduction from sales.
- (b) Provision for sales returns are estimated on the basis of historical experience, market conditions and specific contractual terms and provided for in the year of sale as reduction from revenue. The methodology and assumptions used to estimate returns are monitored and adjusted regularly in line with contractual and legal obligations, trade practices, historical trends, past experience and projected market conditions.
- (c) Income from services is recognized when the services are rendered or when contracted milestones have been achieved.
- (d) Revenue from arrangements which includes performance of obligations is recognized in the period in which related performance obligations are completed.
- (e) Export entitlements are recognized as income when right to receive credit as per the terms of the scheme is established in respect of the exports made and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

- (f) Dividend income is recognized when the unconditional right to receive dividend is established.
- (g) Interest income is recognized using the time proportionate method, based on rates implicit in the transaction.
- (h) Revenue in respect of other income is recognized when a reasonable certainty as to its realization exists.

## 1.8 Employees retirement and other benefits

### Short-term employee benefits :

Short-term employee benefits like salaries, wages, bonus and welfare expenses payable wholly within twelve months of rendering the service are accrued in the year in which the associated services are rendered by the employees.

### Long-term employee benefits :

- (a) Defined contribution plan :

Contribution in case of defined contribution plans (provident fund, superannuation benefit, social security schemes and other fund/schemes) is charged to the statement of profit and loss as and when it is incurred as employee benefits.

- (b) Defined benefit plan :

The accruing liability on account of gratuity (retirement benefit in the nature of defined benefits plan) is actuarially valued every year. The current service cost, interest cost, expected return on plan assets and the actuarial gain/ loss are debited / credited, as the case may be, to the statement of profit and loss of the year as employees benefits.

- (c) Other long-term benefits :

Long-term compensation plan to employees (being deferred compensation paid 12 months or more after the end of the period in which it is earned) are expensed out in the period to which the costs relate at present value of the benefits under the plan.

The liability for compensated absences and leave encashment is provided on the basis of actuary valuation, as at balance sheet date.

## 1.9 Government grants

- (a) Government grants are recognized when there is reasonable assurance that the grant will be received and all relevant conditions are complied with.
- (b) Grants received by way of investment subsidy scheme in relation to total investment are credited to capital reserve and are treated as part of owners' fund.
- (c) Grants that compensate expenses are recognized on receipt basis.

## 1.10 Finance costs

Finance costs consist of interest, amortization of ancillary costs and other costs in connection with the borrowing of funds and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

## 1.11 Cenvat credit

Cenvat (Central value added tax) credit in respect of excise, custom and service tax is accounted on accrual basis on purchase of eligible inputs, capital goods and services. The balance of cenvat credit is reviewed at the end of each year and amount estimated to be un-utilisable is charged to the statement of profit and loss for the year.

## 1.12 Stores and spares

Stores and spares (other than spares acquired with fixed assets) are charged to the statement of profit and loss as and when purchased.

## 1.13 Software costs

Expenditure incurred for procuring, developing, improving and maintaining software programs are charged to the statement of profit and loss as and when incurred, except when capitalized in accordance with Note 1.3 above.

#### **1.14 Research and development**

Revenue expenditure on research and development is expensed off under the respective head of expenses in the year in which it is incurred. Capital expenditure on research and development is reported as fixed assets under the relevant head. Depreciation on research and development fixed assets are not classified as research and development expenses and instead included under depreciation expenses.

#### **1.15 Leases**

Lease rentals in respect of assets taken on operating lease are charged to the statement of profit and loss on accrual and straightline basis over the lease term.

#### **1.16 Accounting for taxes**

- (a) Current tax is accounted on the basis of estimated taxable income for the current accounting year and in accordance with the provisions of the Income Tax Act, 1961.
- (b) Deferred tax resulting from “timing differences” between accounting and taxable profit for the period is accounted by using tax rates and laws that have been enacted or substantively enacted as at the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future. Net deferred tax liabilities are arrived at after setting off deferred tax assets.

#### **1.17 Foreign currency transactions and balances**

- (a) Foreign currency transactions are recorded at the exchange rates prevailing on the date of the transaction.
- (b) The net gain or loss on account of exchange differences arising on settlement of foreign currency transactions are recognized as income or expense of the period in which they arise.
- (c) Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the closing rate. The resultant exchange differences are recognized in the statement of profit and loss. Non-monetary assets and liabilities are carried at the rates prevailing on the date of transaction. The Company has not exercised the option for capitalization or amortization of exchange differences on long term foreign currency monetary items as provided by notification issued by the Ministry of Corporate Affairs.
- (d) Investments in shares of foreign subsidiaries and other entities are expressed in reporting currency at the rates of exchange prevailing at the time when the original investments were made.

#### **1.18 Derivative instruments and hedge accounting**

- (a) In case of forward contracts, to which AS 11, “The Effects of Changes in Foreign Exchange Rates” applies, the difference between the forward rate and the exchange rate on the date of the contract is recognized as income or expense over the life of the contract. Exchange differences on such a contract are recognized in the statement of profit and loss in the period in which the exchange rates change.
- (b) Foreign currency forward contracts, to which AS 11 does not apply, hedge accounting principles set out in AS 30 “Financial Instruments: Recognition and Measurement” are adopted w.e.f. 01<sup>st</sup> April, 2011 to the extent they do not conflict with existing mandatory accounting standards and other authoritative pronouncements, Company law and other regulatory requirements. These transactions comprise of forward contracts taken to hedge risks associated with foreign currency fluctuations relating to highly probable forecast transactions and designated as cash flow hedges and valued at fair value. Changes in the fair value of these forward contracts that are effective hedges are recognized directly in cash flow hedge reserve account and the ineffective portion is recognized in the statement of profit and loss.

Amount accumulated in cash flow hedge reserve account is reclassified to the statement of profit and loss in the same period during which the forecasted transaction materialize. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting.

If the forecasted transaction is no longer expected to occur, the net cumulative gain or loss recognized in cash flow hedge reserve account is immediately transferred to the statement of profit and loss for the period.

#### **1.19 Provisions, contingent liabilities and contingent assets**

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources for which reliable estimate can be made. Liabilities which are of a contingent nature are not provided but are disclosed at their estimated amount in the notes forming part of the financial statements. Contingent assets are neither recognized nor disclosed in the financial statements.



	As at 31-Mar-2014	(₹ in Crores) As at 31-Mar-2013
<b>NOTE - 2 : SHARE CAPITAL</b>		
<b>Authorised</b>		
200,000,000 (previous year 150,000,000) equity shares of ₹ 5 each	100.00	75.00
2,500,000 (previous year 2,500,000) preference shares of ₹ 100 each	25.00	25.00
	<b>125.00</b>	<b>100.00</b>
<b>Issued</b>		
169,236,720 (previous year 84,625,360) equity shares of ₹ 5 each	84.62	42.31
<b>Subscribed and fully paid-up</b>		
169,222,720 (previous year 84,611,360) equity shares of ₹ 5 each	84.62	42.31
	<b>84.62</b>	<b>42.31</b>
<b>Forfeited shares</b>		
Amount originally paid up on 14,000 (previous year 14,000) equity shares of ₹ 5 each forfeited * [Amount ₹ 35,000/- (previous year ₹ 35,000/-)]	*	*
	<b>84.62</b>	<b>42.31</b>

Notes:

- (i) Reconciliation of equity shares outstanding at the beginning and at the end of the reporting year:

	As at 31-Mar-2014		As at 31-Mar-2013	
	Number	₹ in Crores	Number	₹ in Crores
As at the beginning of the year	84,611,360	42.31	84,611,360	42.31
Add: Bonus issued during the year	84,611,360	42.31	-	-
<b>Outstanding at the end of the year</b>	<b>169,222,720</b>	<b>84.62</b>	<b>84,611,360</b>	<b>42.31</b>

- (ii) Details of shares allotted for consideration other than cash, bonus shares and shares bought back in previous five financial years is as under:  
The Company allotted 84,611,360 Equity Shares as fully paid up bonus shares of ₹ 5 each on 25-Jul-2013, pursuant to the shareholders' resolution passed on 12-Jul-2013.
- (iii) Torrent Private Limited, the holding Company, holds 86,115,472 (previous year 43,057,736) equity shares of ₹ 5 each, equivalent to 50.89% (previous year 50.89%) of the total number of equity shares, which is the only shareholder holding more than 5 % of total equity shares.
- (iv) The Company has one class of equity shares having par value of ₹ 5 each. Each shareholder is eligible for one vote per share held. The final dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amount, in proportion to shareholding.

	As at 31-Mar-2014	(₹ in Crores) As at 31-Mar-2013
<b>NOTE - 3 : RESERVES AND SURPLUS</b>		
<b>Capital reserve</b>	0.71	0.71
<b>Capital redemption reserve</b>	3.85	3.85
Less : Utilized for issue of bonus shares during the year	(3.85)	-
	-	3.85
<b>Securities premium account</b>	42.80	42.80
Less : Utilized for issue of bonus shares during the year	(38.46)	-
	4.34	42.80
<b>Cash flow hedge reserve</b>		
Balance as per last balance sheet	9.96	(17.50)
Add : Adjustment during the year	74.38	27.46
	84.34	9.96
<b>General reserve</b>		
Balance as per last balance sheet	1,013.29	958.29
Add : Transfer from statement of profit and loss	76.23	55.00
	1,089.52	1,013.29
<b>Balance in statement of profit and loss</b>		
Balance as per last balance sheet	538.17	274.04
Add: Net profit for the year	762.34	546.42
Less: Appropriations		
Interim dividend [₹ 5.00 per share, (previous year ₹ 6.00 per share)]	84.62	50.77
Proposed dividend [₹ 5.00 per share (previous year ₹ 17.00 per share)]	84.62	143.84
Tax on distributed profits	28.76	32.68
Transfer to general reserve	76.23	55.00
<b>Balance in statement of profit and loss</b>	<b>1,026.28</b>	<b>538.17</b>
	<b>2,205.19</b>	<b>1,608.78</b>

	Notes	As at 31-Mar-2014	(₹ in Crores) As at 31-Mar-2013
<b>NOTE - 4 : BORROWINGS</b>			
<b>Long-term borrowings, non-current portion</b>			
Secured term loans :			
from banks [Note: (i)(a)]		730.72	403.19
Unsecured term loans :			
from banks		-	38.92
from others		13.74	12.43
		13.74	51.35
		744.46	454.54
<b>Long-term borrowings, current portion</b>			
Secured term loans :			
from banks [Note: (i)(a)]		135.00	72.44
Unsecured term loans :			
from banks		39.64	38.92
from others		2.23	2.45
		41.87	41.37
	6	176.87	113.81
<b>Short-term borrowings</b>			
Secured loans from banks [Note: (i)(b)]		19.62	68.68
Unsecured loans from banks		190.72	55.94
		210.34	124.62
		1,131.67	692.97

Notes:

(i) Loans are secured by:

(a) Term loans of ₹ 295.27 Crores (previous year ₹ 122.10 Crores) from banks are secured by & Term loans of ₹ 270.45 Crores (previous year ₹ 353.53 Crores) are to be secured by first equitable mortgage of immovable fixed assets and hypothecation of movable fixed assets, present and future, located at formulation manufacturing facilities, village Indrad; research facilities, village Bhat; corporate office, Ahmedabad, all in Gujarat, and manufacturing facilities, village Bhud; in Himachal Pradesh, on pari passu basis.

Term loan of ₹ 100 Crores (previous year ₹ Nil) from bank is secured by first equitable mortgage of immovable fixed assets and hypothecation of movable fixed assets, present and future, located at formulation manufacturing facilities, Dahej (SEZ); in Gujarat and Gangtok; in Sikkim, on pari passu basis along with some of the identified brands of the Company in respect of which the Company is in the process of creating the charge.

Term loan of ₹ 200 Crores (previous year ₹ Nil) from bank is secured by first equitable mortgage of free hold land located at village Rakanpur and free hold land and buildings located at Delhi, on pari passu basis along with some of the identified brands of the Company in respect of which the Company is in the process of creating the charge.

(b) Working capital facilities are secured by hypothecation of inventories and book debts.

(ii) The terms of repayment of loan obligations on principal amount repayable in yearly installments, for the secured and unsecured long-term loans are as under:

	(₹ in Crores)	
Financial year	Secured	Unsecured
2014-15	135.00	41.87
2015-16	80.13	2.99
2016-17	322.71	3.38
2017-18	104.16	3.26
2018-19	100.81	2.16
2019-20	71.00	1.55
2020-21	29.67	0.40
2021-22	22.24	-
<b>Total</b>	<b>865.72</b>	<b>55.61</b>

		As at 31-Mar-2014	(₹ in Crores) As at 31-Mar-2013
<b>NOTE - 5 : DEFERRED TAX</b>			
<b>Deferred tax liabilities</b>			
Excess of aggregate depreciation claimed under the income tax law over that debited to statement of profit and loss			
		74.42	76.30
<b>Deferred tax assets</b>			
Provision for leave salary			
		(15.30)	(13.32)
Provision for gratuity			
		(0.64)	(2.52)
Provision for bonus			
		(2.12)	(2.02)
Provision for doubtful debts			
		(8.89)	(1.54)
Provision for doubtful claim receivables			
		(0.01)	(0.01)
		<b>(26.96)</b>	<b>(19.41)</b>
		<b>47.46</b>	<b>56.89</b>
<b>NOTE - 6 : OTHER LIABILITIES</b>			
<b>Long-term liabilities</b>			
Creditors for capital goods			
		5.35	8.08
Security deposits			
		0.34	0.20
Derivative financial instruments			
		3.92	1.48
		<b>9.61</b>	<b>9.76</b>
<b>Current liabilities</b>			
Current maturities of long-term debt			
	4	176.87	113.81
Interest accrued but not due on borrowings			
		3.68	3.05
Unclaimed dividend (not due)			
		0.92	1.03
Creditors for capital goods			
		38.21	21.12
Payables for Employee Benefits			
		43.36	34.01
Trade advances and deposits			
		14.34	23.71
Payables to statutory and other authorities			
		19.54	13.88
Book overdraft			
		4.17	24.71
Advance from related parties			
		20.83	87.21
Derivative financial instruments			
		13.82	6.29
Other payables			
		1.98	1.05
		<b>337.72</b>	<b>329.87</b>
		<b>347.33</b>	<b>339.63</b>
<b>NOTE - 7 : PROVISIONS</b>			
<b>Long-term provisions</b>			
Provision for employee benefits			
Gratuity			
	28	1.87	7.44
Leave benefits			
		37.24	32.80
		<b>39.11</b>	<b>40.24</b>
Provision for sales returns			
	29	35.29	30.77
		<b>74.40</b>	<b>71.01</b>
<b>Short-term provisions</b>			
Provision for employee benefits			
Leave benefits			
		7.78	6.39
Long-term compensation			
		-	0.02
		<b>7.78</b>	<b>6.41</b>
Provision for sales returns			
	29	32.41	33.14
Proposed dividend			
		84.62	143.84
Tax on distributed profits			
		14.38	24.45
		<b>139.19</b>	<b>207.84</b>
		<b>213.59</b>	<b>278.85</b>

**NOTE - 8 : FIXED ASSETS**

(₹ in Crores)

Particulars	Gross Block (At Cost)				Depreciation and Amortization				Net Block	
	As at 1-Apr-2013	Additions during the year	Deductions/ Adjustments during the year	As at 31-Mar-2014	As at 1-Apr-2013	Additions during the year	Deductions/ Adjustments during the year	As at 31-Mar-2014	As at 31-Mar-2014	As at 31-Mar-2013
<b>TANGIBLES</b>										
Land										
Freehold	116.02	0.03	-	<b>116.05</b>	-	-	-	-	<b>116.05</b>	116.02
Leasehold	43.76	2.43	-	<b>46.19</b>	0.32	0.83	-	<b>1.15</b>	<b>45.04</b>	43.44
Buildings	294.20	18.46	2.61	<b>310.05</b>	59.26	8.79	0.06	<b>67.99</b>	<b>242.06</b>	234.94
Plant and equipment	549.55	88.95	3.53	<b>634.97</b>	239.52	52.51	3.03	<b>289.00</b>	<b>345.97</b>	310.03
Furniture and fixtures	34.35	2.07	0.45	<b>35.97</b>	20.16	2.50	0.39	<b>22.27</b>	<b>13.70</b>	14.19
Vehicles	16.17	0.95	5.25	<b>11.87</b>	5.71	1.37	2.77	<b>4.31</b>	<b>7.56</b>	10.46
Office equipment	41.26	2.69	0.49	<b>43.46</b>	30.76	3.85	0.44	<b>34.17</b>	<b>9.29</b>	10.50
Electric equipment	84.00	12.00	0.40	<b>95.60</b>	38.59	5.51	0.22	<b>43.88</b>	<b>51.72</b>	45.41
<b>(A)</b>	<b>1,179.31</b>	<b>127.58</b>	<b>12.73</b>	<b>1,294.16</b>	<b>394.32</b>	<b>75.36</b>	<b>6.91</b>	<b>462.77</b>	<b>831.39</b>	
Previous Year	964.99	230.56	16.24	1,179.31	336.40	67.77	9.85	394.32		784.99
<b>INTANGIBLES</b>										
Computer softwares	24.13	3.00	-	<b>27.13</b>	18.18	4.18	-	<b>22.36</b>	<b>4.77</b>	5.95
Product licenses	0.44	0.01	0.45	-	-	0.05	0.05	-	-	0.44
<b>(B)</b>	<b>24.57</b>	<b>3.01</b>	<b>0.45</b>	<b>27.13</b>	<b>18.18</b>	<b>4.23</b>	<b>0.05</b>	<b>22.36</b>	<b>4.77</b>	
Previous Year	22.11	2.46	-	24.57	14.40	3.78	-	18.18		6.39
<b>TOTAL (A+B)</b>	<b>1,203.88</b>	<b>130.59</b>	<b>13.18</b>	<b>1,321.29</b>	<b>412.50</b>	<b>79.59</b>	<b>6.96</b>	<b>485.13</b>	<b>836.16</b>	
Previous Year	987.10	233.02	16.24	1,203.88	350.80	71.55	9.85	412.50		791.38

**Notes:**

(i) Additions to Research and Development assets during the year are as under :

(₹ in Crores)

Particulars	Year ended 31-Mar-2014	Year ended 31-Mar-2013
Buildings	<b>0.26</b>	0.41
Plant and equipment [including laboratory equipment]	<b>5.19</b>	3.48
Electrical equipment	<b>0.05</b>	0.13
Furniture and fixtures	<b>0.66</b>	0.35
Office equipment	<b>0.18</b>	0.08
Vehicles	<b>0.01</b>	0.80
Intangibles being softwares	<b>0.68</b>	0.03
<b>Total</b>	<b>7.03</b>	5.28

(ii) Pro-rata cost of assets owned jointly with Torrent Power Limited, a Company under same management are as under:

(₹ in Crores)

Particulars	Proportion of holding	As at 31-Mar-2014	As at 31-Mar-2013
Freehold land	50%	<b>23.79</b>	23.79
Freehold land	30%	<b>35.66</b>	35.66
Buildings	30%	<b>0.11</b>	0.11

(iii) Depreciation and amortization for the year includes ₹ 0.12 Crores (previous year ₹ 0.05 Crore) transferred to capital work-in-progress.

	No. of Units	As at 31-Mar-2014	(₹ in Crores) As at 31-Mar-2013
<b>NOTE - 9 : INVESTMENTS</b>			
<b>Non-current [valued at cost]</b>			
<b>Trade investment in subsidiaries, unquoted</b>			
Zao Torrent Pharma	23802	58.80	58.80
fully paid-up equity shares of Russian Roubles 100 each			
Less : Provision for diminution in value		23.08	23.08
		35.72	35.72
Torrent Do Brasil Ltda	19144418	31.11	31.11
fully paid-up equity shares (Quotas) of Brazilian Reai 1 each			
Torrent Pharma GmbH : equity capital	-	23.37	23.37
Torrent Pharma Inc.	12000	4.99	4.99
fully paid-up common Stock of USD 100 each			
Torrent Pharma Philippines Inc	55852	0.92	0.92
fully paid-up equity shares of Philippines Pesos 200 each			
Laboratorios Torrent , S.A. De C.V.	74741	27.99	27.99
fully paid-up equity shares of Mexican Pesos 1000 each			
Torrent Australasia Pty Limited	675000	0.30	0.30
partly paid-up common stock of Australian Dollar (AUD) 1 each, AUD 0.1282 paid each			
Torrent Pharma Canada Inc.	334279	1.49	1.49
fully paid-up equity shares of Canadian Dollar 1 each			
Torrent Pharma SRL	97000	6.27	6.27
fully paid-up equity shares of Euro 10 each			
Torrent Pharma (UK) Ltd.	225000	1.68	1.68
fully paid-up equity shares of United Kingdom's Sterling 1 each			
Torrent Pharma (Thailand) Co.Ltd.	1880000	1.59	0.74
fully paid-up equity shares of 5 Thai baht each	[1000000]		
Laboratories Torrent (Malaysia) SDN BHD	500000	0.77	0.77
fully paid-up equity shares of 1 Malaysian Ringgit each			
Opening Pharma France S.A.S.	1	0.09	-
fully paid-up equity shares of 1 Euro each			
		136.29	135.35
<b>Trade investment in partnership firms [Note (iii)]</b>			
Torrent Pharmaceuticals (Sikkim)		13.06	12.12
<b>Trade investments, unquoted</b>			
GPC Cayman Investors I Ltd. - fully paid-up equity shares of USD 10 each	820601	37.49	37.49
Less: Provision for diminution in value		37.49	37.49
		-	-
Shivalik Solid Waste Limited - fully paid-up equity shares of ₹ 10 each	20000	0.02	0.02
		0.02	0.02
<b>Non-trade investments, unquoted</b>			
National savings certificates		0.01	0.01
		149.38	147.50

	No. of Units	As at 31-Mar-2014	(₹ in Crores) As at 31-Mar-2013
<b>Current investments [valued at lower of cost and fair value]</b>			
Units of mutual fund schemes - Debt funds [Note (ii)]			
ICICI Prudential Liquid - Regular Plan - Growth	1002375	19.00	-
Birla Sun Life Cash Plus-Insti.Prem.-Growth	1925449	39.40	15.76
	[840334]		
Tata Liquid Fund Plan A - Growth	46634	11.02	-
IDFC Cash Fund - Regular Plan - Growth	253747	39.50	-
Kotak Liquid Scheme Plan A - Growth	11792	3.06	-
DSP BlackRock Liquidity Fund - Insti. Plan - Growth	114587	21.00	-
HDFC Liquid Fund - Growth	15630936	39.50	-
		172.48	15.76
Corporate deposit with HDFC Limited		-	27.00
		172.48	42.76
Aggregate unquoted investments		321.86	190.26
Notes:			
(i) Aggregate provision for diminution in value of investments		60.57	60.57
(ii) Aggregate NAV of investment in mutual funds		172.85	15.79
(iii) Disclosures in respect of investment in partnership firms:			

(₹ in Crores)			
Name of the firm	Name of Partner	Share in Partnership	Capital
Torrent Pharmaceuticals (Sikkim)	Torrent Pharmaceuticals Limited	97%	13.06
	Torrent Employee's Welfare Trust	3%	0.40

	As at 31-Mar-2014	(₹ in Crores) As at 31-Mar-2013
<b>NOTE - 10 : LOANS AND ADVANCES</b>		
[Unsecured and considered good, unless otherwise stated]		
<b>Non-current loans and advances</b>		
Capital advances	83.59	42.04
Security deposits	9.99	9.85
Other advances recoverable in cash or kind or for value to be received	1.14	1.31
Advance tax paid, net of provisions	11.77	0.16
	106.49	53.36
<b>Current loans and advances</b>		
Security deposits	0.02	0.02
Loans and advances to related parties	14.88	13.11
Balance with VAT / excise and customs department	0.54	0.06
Other advances recoverable in cash or kind or for value to be received	65.44	56.18
	80.88	69.37
	187.37	122.73

	As at 31-Mar-2014	(₹ in Crores) As at 31-Mar-2013
<b>NOTE - 11 : OTHER ASSETS</b>		
[Unsecured and considered good, unless otherwise stated]		
<b>Non-current assets</b>		
Derivative financial instruments	60.74	23.90
<b>Current assets</b>		
Export benefits receivable	50.02	21.46
Claims receivable : indirect tax / insurance		
Considered good	62.69	56.34
Considered doubtful	0.02	0.02
Less : Allowance for doubtful claims receivable	0.02	0.02
	<b>62.69</b>	<b>56.34</b>
Interest accrued on loans and deposits	4.96	8.87
Derivative financial instruments	70.33	58.74
Fixed assets held for sale (At lower of cost or net realisable value)	0.54	0.25
	<b>188.54</b>	<b>145.66</b>
	<b>249.28</b>	<b>169.56</b>
<b>NOTE - 12 : INVENTORIES</b>		
[At lower of cost and net realizable value]		
Raw materials	375.83	332.94
Packing materials	28.47	43.33
Work in progress	108.53	122.89
Finished goods	151.27	164.84
Stock-in-trade	30.41	33.09
	<b>694.51</b>	<b>697.09</b>
<b>NOTE - 13 : TRADE RECEIVABLES</b>		
Debts less six months from due date		
Considered good [Note (i) and (ii)]	1,191.26	787.42
Considered doubtful	5.92	-
Less : Allowance for doubtful trade receivables	5.92	-
	<b>1,191.26</b>	<b>787.42</b>
Debts over six months from due date		
Considered good [Note (ii)]	126.17	43.85
Considered doubtful	20.26	4.54
Less : Allowance for doubtful trade receivables	20.26	4.54
	<b>126.17</b>	<b>43.85</b>
	<b>1,317.43</b>	<b>831.27</b>
Notes:		
(i) Trade receivables includes debts due from Torrent Power Limited, a Company under the same management as per section 370 (1B) of The Companies Act, 1956	0.01	-
(ii) Trade receivables includes debts due from group companies as below:		
Considered good		
Debts over six months from due date	110.89	19.66
Other debts	1,011.84	579.82
	<b>1,122.73</b>	<b>599.48</b>



	As at 31-Mar-2014	(₹ in Crores) As at 31-Mar-2013
<b>NOTE - 14 : CASH AND CASH EQUIVALENTS</b>		
Cash on hand	0.07	0.06
Balances with banks	28.85	14.01
Fixed deposits	188.52	262.38
Balances with banks for unclaimed dividend	0.92	1.03
Balances with banks held as margin money	0.11	0.26
Term deposits lodge with banks as securities	0.02	0.02
	<b>218.49</b>	<b>277.76</b>

Note: Cash and cash equivalents stated above excludes investment in mutual funds and corporate deposits disclosed under Note - 9 : Current investments as per requirements of AS 13 "Accounting for Investments".

	Notes	Year ended 31-Mar-2014	(₹ in Crores) Year ended 31-Mar-2013
<b>NOTE - 15 : REVENUE FROM OPERATIONS</b>			
<b>Sales</b>			
Sales in india		1,462.32	1,277.72
Sales outside india		1,765.68	1,346.93
		<b>3,228.00</b>	<b>2,624.65</b>
Less : Excise duties	30	7.38	7.10
		<b>3,220.62</b>	<b>2,617.55</b>
<b>Operating Income</b>			
Export benefits		52.10	30.05
Income from product registration dossiers		18.33	48.15
Compensation and settlement income		13.65	12.04
Patent assignment income		41.52	29.41
Other operating income		18.65	29.03
		<b>144.25</b>	<b>148.68</b>
		<b>3,364.87</b>	<b>2,766.23</b>
<b>NOTE - 16 : OTHER INCOME</b>			
Interest income		23.94	39.45
Net gain on sale of current investments		10.54	8.69
Net foreign exchange gain	35	-	6.58
Share of profit from partnership firms		0.94	69.50
Royalty income		-	5.94
Other non-operating income		0.12	1.51
		<b>35.54</b>	<b>131.67</b>
<b>NOTE - 17 : COST OF MATERIALS CONSUMED</b>			
Raw materials		741.27	683.62
Packing materials		134.81	113.81
		<b>876.08</b>	<b>797.43</b>
<b>NOTE - 18 : CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE</b>			
Opening stock			
Finished goods		164.84	67.28
Stock-in-trade		33.09	67.64
Work-in-progress		122.89	75.47
		<b>320.82</b>	<b>210.39</b>
Less : Closing stock			
Finished goods		151.27	164.84
Stock-in-trade		30.41	33.09
Work-in-progress		108.53	122.89
		<b>290.21</b>	<b>320.82</b>
Net (increase) / decrease in stock		<b>30.61</b>	<b>(110.43)</b>

	Notes	Year ended 31-Mar-2014	(₹ in Crores) Year ended 31-Mar-2013
<b>NOTE - 19 : EMPLOYEES BENEFITS EXPENSE</b>			
[Other than those included in pre-operative expenses]			
Salaries, wages and bonus		373.81	322.80
Contribution to provident and other funds		27.97	23.66
Gratuity cost	28 (c)	5.49	10.35
Staff welfare expenses		11.63	9.53
		<b>418.90</b>	<b>366.34</b>
<b>NOTE - 20 : FINANCE COST</b>			
[Other than those included in pre-operative expenses]			
Interest expense		34.05	28.50
Other borrowing cost		3.76	0.29
Net foreign exchange loss, to the extent considered as finance cost		20.63	7.72
		<b>58.44</b>	<b>36.51</b>
<b>NOTE - 21 : OTHER EXPENSES</b>			
[Other than those included in pre-operative expenses]			
Power and fuel		70.93	58.58
Stores and spares consumed		54.91	40.24
Cost of outsourced manpower		35.56	24.69
Job work charges		14.27	14.64
Laboratory goods and testing expenses		40.86	27.93
Clinical research expense		13.08	13.54
Excise duties	30	4.00	5.02
Repairs and maintenance			
Machinery		10.06	7.47
Buildings		6.15	4.21
Others		3.62	3.42
		<b>19.83</b>	<b>15.10</b>
Selling, publicity and medical literature expenses		279.20	241.35
Commission on sales		17.70	14.48
Sales and turnover taxes		6.62	6.25
Allowance for doubtful debts [net of bad debts written-off ₹ 0.20 Crores (previous year ₹ 1.31 Crores)]		21.84	1.84
Travelling, conveyance and vehicle expenses		63.32	51.71
Liaison support services		99.28	62.90
Compensation expense [net of reversal ₹ 37 Crores (previous year ₹ Nil)]		(30.40)	65.90
Communication expenses		8.67	8.14
Printing and stationery expenses		3.84	3.14
Royalty Expense		1.22	0.64
Rent		5.99	5.16
Rates and taxes		0.43	0.92
Registration expenses		16.02	5.19
Insurance		4.92	4.82
Net foreign exchange loss	34	49.01	-
Loss on sale / discard / write-off of fixed assets		3.87	5.11
Provision / (reversal) on asset held for sale		0.29	-
Auditors remuneration and expenses			
Audit fees		0.16	0.16
Other services		0.26	0.25
Out of pocket expenses		0.01	0.01
		<b>0.43</b>	<b>0.42</b>
Cost audit fees		0.06	0.05
Commission to non executive directors		9.54	5.67
Donation	33	15.03	9.30
General charges		54.89	48.49
		<b>885.21</b>	<b>741.22</b>

**NOTE - 22 : EARNINGS PER SHARE**

The basic and diluted Earnings Per Share [EPS] are:

			(₹ in Crores)	
			Year ended 31-Mar-2014	Year ended 31-Mar-2013
Net profit for the year	(a)	(₹ in Crores)	762.34	546.42
Weighted average number of equity shares	(b)	(Nos.)	169,222,720	84,611,360
EPS (basic and diluted) *	(a) / (b)	(₹)	45.05	32.29
Nominal value per equity share		(₹)	5.00	5.00

\* The earnings per share has been restated for the previous year consequent to issue of bonus shares in the ratio of 1:1 on 25-Jul-2013.

**NOTE - 23 : CAPITAL AND OTHER COMMITMENTS**

	(₹ in Crores)	
	As at 31-Mar-2014	As at 31-Mar-2013
(a) Estimated amount of unexecuted capital contracts [net of advances] not provided for:	128.28	251.00
(b) Uncalled liability on partly paid shares of Torrent Australasia Pty Ltd., a wholly owned subsidiary. [Australian Dollar (AUD) 0.06 Crores (previous year AUD 0.06 Crores)]	3.26	3.34
	<b>131.54</b>	<b>254.34</b>

**NOTE - 24 : CONTINGENT LIABILITIES**

Contingent Liabilities not provided for in respect of :

(a) Claims against the Company not acknowledged as debts		
Disputed demand of income tax for which appeals have been preferred	5.25	5.25
Disputed employee state insurance contribution liability under E.S.I. Act, 1948	7.30	5.80
Disputed cases for supply of goods and services	0.19	40.97
Disputed demand of excise and service tax	32.41	37.93
Disputed demand of local sales tax and C.S.T.	0.19	0.17
Disputed cases at labour court / industrial court	2.86	2.22
	<b>48.20</b>	<b>92.34</b>
Against the above, the Company has paid ₹ 0.28 Crores (previous year ₹ 8.16 Crores). The expected outflow will be determined at the time of final outcome in respect of the concerned matter. No amount is expected to be reimbursed.		
(b) The Company has issued guarantees aggregating USD 0.6 crore (previous year Nil) to secure lines of credit to its wholly owned subsidiaries. The outstanding amount of liabilities by the subsidiaries as on balance sheet date, converted at closing exchange rate, is	36.06	-
	<b>84.26</b>	<b>92.34</b>

**NOTE - 25 : ACQUISITION OF IDENTIFIED BRANDED FORMULATION BUSINESS OF ELDER PHARMACEUTICALS LIMITED**

The Company has entered into a definitive binding agreement, on 13-Dec-2013, with Elder Pharmaceuticals Limited to acquire its Identified Branded Formulations Business in India and Nepal on a going concern basis for a consideration of ₹ 2004 crores. Both the parties are in the process of taking applicable regulatory approvals and satisfying with various Conditions Precedent.

**NOTE - 26 : LOANS TO GROUP COMPANIES**

(a) The details of loans given by the Company to its wholly owned subsidiaries are as under : (₹ in Crores)

Name of subsidiary	Loan given		Maximum Amount outstanding during the year	Balance as at	
	2013-14	2012-13		31-03-2014	31-03-2013
Opening Pharma France S.A.S.	10.64	-	11.05	11.05	-
Torrent Pharma Philippines Inc.	-	-	3.33	3.01	2.72
Torrent Pharma Inc.	-	77.62	4.89	-	4.90
Total	<b>10.64</b>	<b>77.62</b>		<b>14.06</b>	<b>7.62</b>

(b) Other than above, the Company has not given any loans or advances in the nature of loan to any of its subsidiaries and associates or firms / companies in which Directors are interested.

(c) There are no loans where either repayment schedule is not prescribed or repayment is scheduled beyond seven years.

(d) There are no loans where either no interest is charged or interest is below the rate specified in section 372A of the Companies Act, 1956.

**NOTE - 27 : MICRO, SMALL AND MEDIUM ENTERPRISES**

Disclosures required by the Micro, Small and Medium Enterprises Development [MSMED] Act, 2006 are as under :

(₹ in Crores)

	31-Mar-2014	31-Mar-2013
(a) (i) The principal amount remaining unpaid at the end of the year	0.93	0.56
(ii) Interest due on principal remaining unpaid at the end of the year	-	-
(b) (i) The delayed payments of principal amount paid beyond the appointed date during the year	0.65	0.29
(ii) Interest actually paid under Section 16 of the MSMED Act	0.01	0.01
(c) Normal interest due and payable during the year, for all the delayed payments, as per the agreed terms	0.01	0.01
(d) Total interest accrued during the year and remaining unpaid	0.01	0.01

The above information regarding Micro, Small and Medium Enterprises has been determined on the basis of information available with the Company.

**NOTE - 28 : GRATUITY BENEFIT PLAN**

The accruing liability on account of gratuity (retirement benefit in the nature of defined benefits plan) is accounted as per Accounting Standard 15 (revised 2005) "Employee Benefits".

**General Description of the Plan :**

The Company operates a defined benefit plan (the Gratuity Plan) covering eligible employees, which provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employees salary and the tenure of employment.

	Year ended 31-Mar-2014	Year ended 31-Mar-2013
(a) Reconciliation of opening and closing balances of the present value of the defined benefit obligation :		
Obligations at the beginning of the year	48.47	37.11
Current service cost	6.63	5.75
Interest cost	3.88	3.15
Liabilities transferred in	-	0.75
Actuarial (gain) / loss	0.17	5.24
Benefits paid directly by the employer	(0.26)	(0.13)
Benefits paid from the fund	(3.29)	(3.40)
Obligations at the end of the year	55.60	48.47
(b) Reconciliation of opening and closing balances of the fair value of plan assets :		
Plan assets at the beginning of the year, at fair value	41.03	34.79
Expected return on plan assets	4.41	3.70
Actuarial gain / (loss)	0.58	(0.06)
Contributions	11.00	6.00
Benefits paid	(3.29)	(3.40)
Plan assets at the end of the year	53.73	41.03
Actual return on plan assets	4.99	3.64
(c) Gratuity cost for the year :		
Current service cost	6.63	5.75
Interest cost	3.88	3.15
Expected return on plan assets	(4.41)	(3.70)
Net Actuarial (gain) / loss	(0.41)	5.30
Net gratuity cost	5.69	10.50

		(₹ in Crores)	
		Year ended 31-Mar-2014	Year ended 31-Mar-2013
(d)	(i) Reconciliation of the present value of the defined benefit obligation & fair value of plan assets :		
	Obligations at the end of the year	55.60	48.47
	Plan assets at the end of the year, at fair value	53.73	41.03
	(Asset) / Liability recognised in Balance sheet	1.87	7.44
	(ii) Experience adjustments gain / (loss)		
	Plan liabilities	(4.79)	(3.64)
	Plan assets	0.58	(0.06)
(e)	Expected contribution for the next year	12.00	12.00
(f)	Assumptions		
	Discount rate	9.29%	8.00%
	Expected rate of return on plan assets	10.74%	10.74%
	Salary escalation rate	10.00%	10.00%

Expected long term productivity gains & long term risk-free real rate of interest have been used as guiding factors to determine long term salary growth.

Future mortality rates are obtained from relevant table of Indian Assured Lives Mortality (2006-08) Ultimate.

(g) Data for defined benefit obligation and fair value of plan assets are as under :

(₹ in Crores)

Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
Present value of defined benefit obligations at the end of the year [independent actuary]	26.42	31.98	37.11	48.47	55.60
Fair value of plan assets at the end of the year	25.10	32.16	34.79	41.03	53.73
<b>(Net assets)/ liability at the end of year</b>	1.32	(0.18)	2.32	7.44	1.87

(h) Investment details of plan assets :

The plan assets are managed by Insurance Company viz Life Insurance Corporation of India and ICICI Prudential Life Insurance Company Limited who has invested the funds substantially as under :

	As at 31-Mar-2014	As at 31-Mar-2013
Equity Instruments	22.26%	22.74%
Corporate Bonds	46.78%	45.05%
Government Securities	14.91%	14.05%
Fixed Deposits with Banks	16.05%	18.17%

#### NOTE - 29 : PROVISION FOR SALES RETURNS

The Company as a trade practice accepts returns from market for formulations which are primarily in the nature of expired or near expiry products. Provision for such returns estimated on the basis of historical experience, market conditions and specific contractual terms and are provided for. Details of the provision is as under :

		(₹ in Crores)	
		As at 31-Mar-2014	As at 31-Mar-2013
	Opening provision	63.91	61.20
	Add: Additional provision	33.17	36.28
	Less: Actual returns during the year	29.38	33.57
	Closing provision	67.70	63.91

**NOTE - 30 : EXCISE DUTIES**

Excise duties shown as deduction from domestic sales represents the amount of excise duty collected on sales. Excise duty expense under Note -21, "Other Expenses", represents (i) the difference between excise duty element in closing stock and opening stock, and (ii) excise duty paid on samples and on inventory write-off, which is not recoverable from sales.

(₹ in Crores)

	Year ended 31-Mar-2014	Year ended 31-Mar-2013
<b>NOTE - 31 : PRE-OPERATIVE EXPENSES</b>		
Pre-operative expenses allocated to projects during the year (included in capital work-in-progress & fixed assets) are as under:		
Employee benefits expenses		
Salaries, wages and bonus	13.16	3.62
Contribution to provident and other funds	1.03	0.36
Gratuity cost	0.20	0.15
Welfare expenses	0.55	0.14
	<b>14.94</b>	<b>4.27</b>
Power and fuel	6.48	0.33
Cost of outsourced manpower	1.62	0.07
Travelling, conveyance and vehicle expenses	1.29	0.31
Communication expenses	0.05	0.01
Printing and stationery expenses	0.21	0.03
Insurance	0.33	0.16
Rent	0.11	0.03
Depreciation	0.12	0.05
Finance costs	24.49	4.96
General charges	1.97	0.72
	<b>51.61</b>	<b>10.94</b>
<b>NOTE - 32 : RESEARCH AND DEVELOPMENT EXPENSES</b>		
(a) Break-up of research and development expenses included in statement of profit and loss under below heads:		
<b>Operating income:</b>		
Government grant income [Refer Note (b)]	0.68	0.31
<b>Material cost - Exhibit batches</b>	<b>8.49</b>	<b>4.52</b>
<b>Employee benefits expenses:</b>		
Salaries, wages and bonus	50.20	46.85
Contribution to provident and other funds	4.01	3.87
Gratuity cost	1.78	1.64
Welfare expenses	1.83	1.35
	<b>57.82</b>	<b>53.71</b>
<b>Other expenses:</b>		
Power and fuel	3.91	3.79
Stores and spares consumed	7.09	5.79
Cost of outsourced manpower	1.76	1.65
Laboratory goods and testing expenses	18.40	9.83
Clinical research expenses	12.14	11.27
Repairs and maintenance	3.57	2.78
Travelling, conveyance and vehicle expenses	2.54	2.59
Communication expenses	0.80	0.72
Printing and stationery expenses	0.49	0.39
Insurance	0.28	0.30
Rates and taxes	0.13	0.12
Interest on fixed period loans	0.45	0.46
General charges	13.79	13.53
	<b>130.98</b>	<b>111.14</b>

- (b) The Government grant income during the year represents grant received from Biotechnology Industry Research Assistance Council for development of Diiodothyronine (T2) mimetic, a New Chemical Entities [NCE] project.
- (c) Depreciation and amortization includes ₹ 13.81 crore (previous year ₹14.85 crore) pertaining to research and development fixed assets.
- (d) Capital work in progress and advances for capital expenditure on research and development assets are as under :

(₹ in Crores)

Particulars	As at 31-Mar-2014	As at 31-Mar-2013
Capital work in progress	0.79	1.42
Advances for Capital expenditure	0.27	0.19
<b>Total</b>	<b>1.06</b>	<b>1.61</b>

(₹ in Crores)

	Year ended 31-Mar-2014	Year ended 31-Mar-2013
<b>NOTE - 33 : DONATION TO POLITICAL PARTIES</b>		
Donation includes political contributions as under:		
Bhartiya Janata Party	4.00	2.00
Indian National Congress	1.00	1.50
Sikkim Democratic Front	0.30	-
	<b>5.30</b>	<b>3.50</b>
<b>NOTE - 34 : FOREIGN EXCHANGE LOSS / (GAIN)</b>		
Foreign exchange loss / (gain) included in the net profit for the year :		
Net foreign exchange loss / (gain), included in other expenses (Note - 21) / other income (Note - 16) :	49.01	(6.58)
(a) Add: Net foreign exchange loss on foreign currency borrowings to the extent regarded as an adjustment to finance cost, included in Note 20.	20.63	7.72
(b) Less: MTM on forward exchange contracts to hedge the foreign currency risk of highly probable forecast transactions accounted as per AS 30	48.80	(37.01)
Total foreign exchange loss / (gain) as per AS 11	<b>20.84</b>	<b>38.15</b>

## NOTE - 35 : NET FOREIGN CURRENCY HEDGE POSITION

Net foreign currency positions outstanding as at 31-Mar-2014 under derivatives contracts for hedging are summarised below:

(Amount in Crores)

Hedged item / nature of derivative contracts	Net position under derivative contracts			Unhedged foreign currency exposures	
	Buy/Sell	Currency	31-Mar-2014	Currency	31-Mar-2014
<b>1. Foreign currency loan - payable</b>					
Forward exchange contracts	Buy	USD - INR	3.88	USD	-
	Buy	JPY - USD	33.69		
Currency cum interest rate swap	Buy	USD - INR	9.41		
	Buy	JPY - USD	33.69		
<b>2. Foreign currency interest - payable</b>	-	-	-	JPY	0.24
[Refer Note (b)]	-	-	-		
<b>3. Trade payables</b>	Buy	EUR - USD	0.01	USD	0.02
	Buy	JPY - USD	0.19	EUR	0.76
				RUB	2.46
				AUD	0.00
				THB	0.04
				CAD	0.00
<b>4. Foreign currency receivables</b>					
Forward exchange contracts	Sell	USD - INR	12.79	USD	1.67
[Refer Note (c)]	Sell	EUR - USD	3.41		
	Sell	RUB - USD	14.09		
	Sell	GBP - USD	0.30		

Notes :

- (a) INR = Indian Rupees, reporting currency      JPY = Japanese Yen      AUD = Australian Dollars  
 USD = United States Dollars      GBP = Great Britain Pound      THB = Thai Baht  
 EUR = Euro      RUB = Russian Rouble      CAD = Canadian Dollar
- (b) Foreign currency loan - payable, outstanding as on 31-March-2014 JPY 33.69 Crores (Previous year JPY 67.39 crores) bears a floating rate of interest linked to JPY Libor and interest is payable in JPY thereon. The floating interest rate basis and interest are partially unhedged for the outstanding term of the loan.
- (c) The following are outstanding foreign exchange forward contracts on receivables, which have been designated as cash flow hedges, as at 31-Mar-2014:

Foreign currency	Buy/Sell	Net position (Amount in Crores)	Fair value gain/(loss) (₹ in Crores)
		31-Mar-2014	31-Mar-2014
USD	Sell	28.05	94.84
EUR	Sell	6.02	(10.50)
<b>Balance in cash flow hedge reserve</b>			<b>84.34</b>



**NOTE - 36 : BREAK-UP OF IMPORTED AND INDIGENOUS CONSUMPTION**

(₹ in Crores)

	Year ended 31-Mar-2014		Year ended 31-Mar-2013	
	₹ in Crores	%	₹ in Crores	%
(a) Raw Materials				
Imported	227.32	31%	198.67	29%
Indigenous	513.95	69%	484.95	71%
	<b>741.27</b>	<b>100%</b>	<b>683.62</b>	<b>100%</b>
(b) Components and spares parts				
Imported	6.08	11%	2.96	7%
Indigenous	48.83	89%	37.28	93%
	<b>54.91</b>	<b>100%</b>	<b>40.24</b>	<b>100%</b>

**NOTE - 37 : CONSUMPTION OF RAW MATERIALS**

(₹ in Crores)

	Year ended 31-Mar-2014	Year ended 31-Mar-2013
Dry Insulin MU	184.95	164.64
Others	556.32	518.98
	<b>741.27</b>	<b>683.62</b>

**NOTE - 38 : VALUE OF IMPORTS ON CIF BASIS IN RESPECT OF**

(a) Raw Materials and Packing Material	252.92	214.18
(b) Components and Spares Parts	13.99	7.12
(c) Capital Goods	74.68	22.02

**NOTE - 39 : EXPENDITURE IN FOREIGN CURRENCY**

(a) Books and Periodicals	1.16	0.50
(b) Traveling	3.23	3.60
(c) Professional Fees	2.66	3.85
(d) Interest Expenses	5.45	6.72
(e) Royalty Expenses	1.20	0.64
(f) Liaison Support Services	96.45	61.31
(g) Others	72.26	153.50

**NOTE - 40 : EARNINGS IN FOREIGN EXCHANGE**

(a) F.O.B. value of exports	1,566.48	1,211.43
(b) Interest	0.27	0.29
(c) Other income [Product registration dossiers and others]	119.49	111.10

**NOTE - 41 : SEGMENT REPORTING**

Accounting Standard 17 requires segment information to be presented on the basis of consolidated financial statements. Accordingly segment information is disclosed in consolidated financial statements.

**NOTE - 42 : REGROUPING**

Previous year figures have been regrouped / recasted, wherever necessary, so as to make them comparable with those of the current year.

## Note - 43 : RELATED PARTIES AND TRANSACTIONS

The disclosures pertaining to related parties and transactions therewith are set out in the table below :

(₹ in Crores)

Particulars	Subsidiaries		Enterprises controlled by the Company		Holding Company/ Enterprises Controlled by the Holding Company		Key Management Personnel		Enterprises Controlled by Key Management Personnel/Relatives of Key Management Personnel		Total	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
<b>(A) Nature of Transactions</b>												
Sale of finished goods	1,310.87	945.37	-	-	0.28	0.27	-	-	-	-	1,311.15	945.65
Torrent Do Brasil Ltda.	229.04	212.76	-	-	-	-	-	-	-	-	229.04	212.76
Torrent Pharma Inc.	683.83	360.35	-	-	-	-	-	-	-	-	683.83	360.35
Heumann Pharma GmbH & Co. Generica KG	148.59	106.36	-	-	-	-	-	-	-	-	148.59	106.36
Torrent Pharma S.R.L.	71.48	107.46	-	-	-	-	-	-	-	-	71.48	107.46
Torrent Power Limited	-	-	-	-	0.28	0.27	-	-	-	-	0.28	0.27
Others	177.94	158.44	-	-	-	-	-	-	-	-	177.94	158.44
Sale of material	-	-	-	1.97	-	-	-	-	-	-	-	1.97
Torrent Pharmaceuticals (Sikkim)	-	-	-	1.97	-	-	-	-	-	-	-	1.97
Sale of dossiers	1.02	3.47	-	-	-	-	-	-	-	-	1.02	3.47
Torrent Pharma GmbH	1.02	3.47	-	-	-	-	-	-	-	-	1.02	3.47
Purchase of material, consumables etc	0.11	0.48	-	-	0.03	1.04	-	-	-	-	0.14	1.52
Torrent Pharma Inc.	-	0.22	-	-	-	-	-	-	-	-	-	0.22
Torrent Cables Limited	-	-	-	-	0.03	1.04	-	-	-	-	0.03	1.04
Torrent Pharma GmbH	0.10	0.14	-	-	-	-	-	-	-	-	0.10	0.14
Others	0.01	0.12	-	-	-	-	-	-	-	-	0.01	0.12
Purchase of finished goods	-	-	-	203.14	-	-	-	-	-	-	-	203.14
Torrent Pharmaceuticals (Sikkim)	-	-	-	203.14	-	-	-	-	-	-	-	203.14
Remuneration to key management personnel	-	-	-	-	-	-	17.77	15.25	-	-	17.77	15.25
Samir Mehta, Executive Vice Chairman	-	-	-	-	-	-	7.53	7.53	-	-	7.53	7.53
Sudhir Mehta, Chairman	-	-	-	-	-	-	7.50	5.00	-	-	7.50	5.00
Dr. Chaitanya Dutt, Director (Research & Development)	-	-	-	-	-	-	2.74	2.72	-	-	2.74	2.72
Contribution to Gratuity / Superannuation funds	-	-	16.02	11.51	-	-	-	-	-	-	16.02	11.51
TPL Employees Group Gratuity Trust	-	-	11.00	6.00	-	-	-	-	-	-	11.00	6.00
TPL Employees Superannuation Trust	-	-	5.02	5.51	-	-	-	-	-	-	5.02	5.51
Lease rent paid	-	-	-	-	0.02	0.02	-	-	-	-	0.02	0.02
Torrent Private Limited	-	-	-	-	0.02	0.02	-	-	-	-	0.02	0.02
Services received	96.45	61.30	-	-	10.15	5.43	-	-	14.07	10.91	120.67	77.65
Tsunami Tours & Travels Pvt. Ltd.	-	-	-	-	-	-	-	-	14.07	10.91	14.07	10.91
Torrent Pharma S.R.L.	88.10	46.89	-	-	-	-	-	-	-	-	88.10	46.89
Torrent Energy Limited	-	-	-	-	5.28	0.62	-	-	-	-	5.28	0.62
Torrent Power Limited	-	-	-	-	4.87	4.81	-	-	-	-	4.87	4.81
Others	6.66	5.63	-	-	-	-	-	-	-	-	6.66	10.45
Commission & interest paid to carrying & forwarding agents	-	-	-	-	-	-	-	-	1.31	1.22	1.31	1.22
Zeal Pharmachem India Pvt. Ltd.	-	-	-	-	-	-	-	-	1.31	1.22	1.31	1.22
Donation	-	-	-	-	-	-	-	-	8.80	4.88	8.80	4.88
U. N. Mehta Charitable Trust	-	-	-	-	-	-	-	-	8.00	4.35	8.00	4.35
Others	-	-	-	-	-	-	-	-	0.80	0.53	0.80	0.53
Interest income	0.27	0.29	0.33	8.59	0.07	0.04	-	-	-	-	0.66	8.92
Torrent Pharmaceuticals (Sikkim)	-	-	0.33	3.42	-	-	-	-	-	-	0.33	3.42
Torrent Pharmaceuticals (Dahej)	-	-	-	5.17	-	-	-	-	-	-	-	5.17
Opening Pharma France S.A.S.	0.22	-	-	-	-	-	-	-	-	-	0.22	-
Torrent Power Limited	-	-	-	-	0.07	0.04	-	-	-	-	0.07	0.04
Others	0.05	0.29	-	-	-	-	-	-	-	-	0.05	0.29
Interest expense	-	0.20	-	-	-	-	-	-	-	-	-	0.20
Heumann Pharma GmbH & Co. Generica KG	-	0.20	-	-	-	-	-	-	-	-	-	0.20
Fixed Asset	-	-	-	-	-	0.35	-	-	-	-	-	0.35
Torrent Power Limited	-	-	-	-	-	0.35	-	-	-	-	-	0.35

(₹ in Crores)

Particulars	Subsidiaries		Enterprises controlled by the Company		Holding Company/ Enterprises Controlled by the Holding Company		Key Management Personnel		Enterprises Controlled by Key Management Personnel/Relatives of Key Management Personnel		Total	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
<b>(A) Nature of Transactions</b>												
Expenses reimbursement	25.14	19.27	-	-	0.01	0.02	-	-	0.24	0.21	25.39	19.50
Torrent Pharma GmbH	17.25	15.88	-	-	-	-	-	-	-	-	17.25	15.88
Heumann Pharma GmbH & Co. Generica KG	3.43	0.08	-	-	-	-	-	-	-	-	3.43	0.08
Torrent Pharma Uk Ltd	2.94	2.53	-	-	-	-	-	-	-	-	2.94	2.53
Zeal Pharmachem India Pvt. Ltd.	-	-	-	-	-	-	-	-	0.24	0.21	0.24	0.21
Torrent Power Limited	-	-	-	-	0.01	0.02	-	-	-	-	0.01	0.02
Others	1.53	0.77	-	-	-	-	-	-	-	-	1.78	1.00
Compensation expense	-	23.24	-	-	-	-	-	-	-	-	-	23.24
Torrent Pharma GmbH	-	23.24	-	-	-	-	-	-	-	-	-	23.24
Purchase of fixed assets	-	-	-	-	5.94	0.24	-	-	-	-	5.94	0.24
Torrent Power Limited	-	-	-	-	-	0.09	-	-	-	-	-	0.09
Torrent Cables Limited	-	-	-	-	5.94	0.15	-	-	-	-	5.94	0.15
Value of net assets assumed on dissolution of partnership firm	-	-	-	77.67	-	-	-	-	-	-	-	77.67
Torrent Pharmaceuticals (Dahej)	-	-	-	77.67	-	-	-	-	-	-	-	77.67
Equity contribution	0.94	20.52	-	-	-	-	-	-	-	-	0.94	20.52
Zao Torrent Pharma	-	20.52	-	-	-	-	-	-	-	-	-	20.52
Torrent Pharma (Thailand) Co.Ltd.	0.85	-	-	-	-	-	-	-	-	-	0.85	-
Others	0.09	-	-	-	-	-	-	-	-	-	0.09	-
Repayment of equity contribution by	-	13.08	-	-	-	-	-	-	-	-	-	13.08
Torrent Pharma GmbH	-	13.08	-	-	-	-	-	-	-	-	-	13.08
Repayment Fixed capital partnership firm	-	-	-	38.80	-	-	-	-	-	-	-	38.80
Torrent Pharmaceuticals (Dahej)	-	-	-	38.80	-	-	-	-	-	-	-	38.80
Repayment variable capital partnership firm	-	-	-	116.19	-	-	-	-	-	-	-	116.19
Torrent Pharmaceuticals (Sikkim)	-	-	-	71.63	-	-	-	-	-	-	-	71.63
Torrent Pharmaceuticals (Dahej)	-	-	-	44.55	-	-	-	-	-	-	-	44.55
Distribution of profit from partnership firm	-	-	-	149.14	-	-	-	-	-	-	-	149.14
Torrent Pharmaceuticals (Sikkim)	-	-	-	149.14	-	-	-	-	-	-	-	149.14
Share of profit/(loss) from partnership firm	-	-	0.94	69.50	-	-	-	-	-	-	0.94	69.50
Torrent Pharmaceuticals (Sikkim)	-	-	0.94	71.69	-	-	-	-	-	-	0.94	71.69
Others	-	-	-	(2.19)	-	-	-	-	-	-	-	(2.19)
Other income - (common services)	-	-	-	1.00	-	-	-	-	-	-	-	1.00
Torrent Pharmaceuticals (Sikkim)	-	-	-	1.00	-	-	-	-	-	-	-	1.00
Royalty income	-	-	-	5.94	-	-	-	-	-	-	-	5.94
Torrent Pharmaceuticals (Sikkim)	-	-	-	5.94	-	-	-	-	-	-	-	5.94
Loans given	11.05	77.62	-	89.73	-	-	-	-	-	-	11.05	167.35
Torrent Pharma Inc.	-	77.62	-	-	-	-	-	-	-	-	-	77.62
Opening Pharma France S.A.S.	11.05	-	-	-	-	-	-	-	-	-	11.05	-
Torrent Pharmaceuticals (Dahej)	-	-	-	84.23	-	-	-	-	-	-	-	84.23
Torrent Pharmaceuticals (Sikkim)	-	-	-	5.50	-	-	-	-	-	-	-	5.50
Repayment of loan	4.90	71.38	-	114.23	-	-	-	-	-	-	4.90	185.61
Torrent Pharma Inc.	4.90	71.38	-	-	-	-	-	-	-	-	4.90	71.38
Torrent Pharmaceuticals (Dahej)	-	-	-	114.23	-	-	-	-	-	-	-	114.23
Consideration of slump purchase	-	-	-	216.00	-	-	-	-	-	-	-	216.00
Torrent Pharmaceuticals (Sikkim)	-	-	-	216.00	-	-	-	-	-	-	-	216.00
Deposits given	-	-	-	-	0.44	1.00	-	-	-	-	0.44	1.00
Torrent Energy Limited	-	-	-	-	0.43	0.97	-	-	-	-	0.43	0.97
Others	-	-	-	-	0.01	-	-	-	-	-	0.01	-
Recovery of expenses	1.19	-	-	0.06	-	-	-	-	0.01	0.02	1.20	0.09
Laboratories Torrent(Malaysia) SDN BHD	0.55	-	-	-	-	-	-	-	-	-	0.55	-
Torrent Pharma Inc.	0.48	-	-	-	-	-	-	-	-	-	0.48	-
Others	0.16	-	-	0.06	-	-	-	-	0.01	0.02	0.17	0.09

(₹ in Crores)

Particulars	Subsidiaries		Enterprises controlled by the Company		Holding Company/ Enterprises Controlled by the Holding Company		Key Management Personnel		Enterprises Controlled by Key Management Personnel/Relatives of Key Management Personnel		Total	
	31-Mar-14	31-Mar-13	31-Mar-14	31-Mar-13	31-Mar-14	31-Mar-13	31-Mar-14	31-Mar-13	31-Mar-14	31-Mar-13	31-Mar-14	31-Mar-13
<b>(B) Balances at the end of the year</b>												
Trade receivables	1,122.73	598.67	-	-	0.01	-	-	-	-	-	1,122.74	598.67
Torrent Pharma Inc.	524.65	199.62	-	-	-	-	-	-	-	-	524.65	199.62
Torrent Do Brasil Ltda.	258.48	161.94	-	-	-	-	-	-	-	-	258.48	161.94
Torrent Pharma S.R.L.	217.32	129.05	-	-	-	-	-	-	-	-	217.32	129.05
Torrent Power Limited	-	-	-	-	0.01	-	-	-	-	-	0.01	-
Others	122.28	108.06	-	-	-	-	-	-	-	-	122.28	108.06
Other receivables	0.62	-	-	-	-	-	-	-	-	-	0.62	-
Laboratorios Torrent S.A. de C.V.	0.10	-	-	-	-	-	-	-	-	-	0.10	-
Torrent Pharma Inc.	0.47	-	-	-	-	-	-	-	-	-	0.47	-
Others	0.05	-	-	-	-	-	-	-	-	-	0.05	-
Loans	14.05	7.61	-	5.50	-	-	-	-	-	-	14.05	13.11
Opening Pharma France S.A.S.	11.05	-	-	-	-	-	-	-	-	-	11.05	-
Torrent Pharma Philippines Inc.	3.00	7.61	-	-	-	-	-	-	-	-	3.00	7.61
Torrent Pharmaceuticals (Sikkim)	-	-	-	5.50	-	-	-	-	-	-	-	5.50
Interest receivable on loan to subsidiary / partnership firm	0.91	0.59	-	0.02	-	-	-	-	-	-	0.91	0.61
Torrent Pharma Philippines Inc.	0.69	0.59	-	-	-	-	-	-	-	-	0.69	0.59
Torrent Pharmaceuticals (Sikkim)	-	-	-	0.02	-	-	-	-	-	-	-	0.02
Opening Pharma France S.A.S.	0.22	-	-	-	-	-	-	-	-	-	0.22	-
Advances recoverable in cash or kind	0.91	-	0.22	0.32	1.48	1.02	-	-	0.14	1.29	2.75	2.63
Tsunami Tours & Travels Pvt. Ltd.	-	-	-	-	-	-	-	-	0.14	1.29	0.14	1.29
Torrent Pharma (UK) Ltd.	0.91	-	-	-	-	-	-	-	-	-	0.91	-
Torrent Energy Limited	-	-	-	-	1.39	0.97	-	-	-	-	1.39	0.97
TPL Employees group gratuity Trust	-	-	0.22	0.32	-	-	-	-	-	-	0.22	0.32
Torrent Power Limited	-	-	-	-	0.09	0.05	-	-	-	-	0.09	0.05
Others	-	-	-	0.00	-	-	-	-	-	0.00	0.00	0.01
Trade advances	20.83	87.21	-	-	-	-	-	-	-	-	20.83	87.21
Heumann Pharma Gmbh & Co. Generica KG	18.96	64.23	-	-	-	-	-	-	-	-	18.96	64.23
Heunet Pharma Gmbh	1.87	22.98	-	-	-	-	-	-	-	-	1.87	22.98
Investments in equities	159.36	158.42	-	-	-	-	-	-	-	-	159.36	158.42
Torrent Pharma GmbH	23.37	23.37	-	-	-	-	-	-	-	-	23.37	23.37
Torrent Do Brasil Ltda.	31.11	31.11	-	-	-	-	-	-	-	-	31.11	31.11
Laboratorios Torrent S.A. de C.V.	27.99	27.99	-	-	-	-	-	-	-	-	27.99	27.99
Zao Torrent Pharma	58.79	58.79	-	-	-	-	-	-	-	-	58.79	58.79
Others	18.10	17.16	-	-	-	-	-	-	-	-	18.10	17.16
Investments in partnership firm	-	-	13.10	13.10	-	-	-	-	-	-	13.10	13.10
Torrent Pharmaceuticals (Sikkim)	-	-	13.10	13.10	-	-	-	-	-	-	13.10	13.10
Share of profit/(loss) from partnership firm	-	-	(0.03)	(0.97)	-	-	-	-	-	-	(0.03)	(0.97)
Torrent Pharmaceuticals (Sikkim)	-	-	(0.03)	(0.97)	-	-	-	-	-	-	(0.03)	(0.97)
Provision for diminution in value investment	23.08	23.08	-	-	-	-	-	-	-	-	23.08	23.08
Zao Torrent Pharma	23.08	23.08	-	-	-	-	-	-	-	-	23.08	23.08
Trade & services payables	89.92	52.41	-	-	0.86	-	-	-	0.76	0.38	91.54	52.79
Torrent Pharma GmbH	5.78	15.63	-	-	-	-	-	-	-	-	5.78	15.63
Torrent Pharma S.R.L.	71.17	14.13	-	-	-	-	-	-	-	-	71.17	14.13
Torrent Pharma Inc.	1.04	8.64	-	-	-	-	-	-	-	-	1.04	8.64
Tsunami Tours & Travels Pvt. Ltd.	-	-	-	-	-	-	-	-	0.66	0.29	0.66	0.29
Zeal Pharmachem India Pvt. Ltd.	-	-	-	-	-	-	-	-	0.10	0.09	0.10	0.09
Torrent Cables Limited	-	-	-	-	0.48	-	-	-	-	-	0.48	-
Torrent Power Limited	-	-	-	-	0.37	0.00	-	-	-	-	0.37	0.00
Others	11.93	14.01	-	-	0.02	-	-	-	-	-	11.95	14.01
Other payables	-	-	-	-	-	-	16.69	14.19	-	-	16.69	14.19
Samir Mehta, Executive Vice Chairman	-	-	-	-	-	-	9.19	9.19	-	-	9.19	9.19
Sudhir Mehta, Chairman	-	-	-	-	-	-	7.50	5.00	-	-	7.50	5.00
Guarantees given	36.06	-	-	-	-	-	-	-	-	-	36.06	-
Torrent Pharma SRL (6 Million USD)	36.06	-	-	-	-	-	-	-	-	-	36.06	-

**Names of related parties and description of relationship :**

1	Subsidiaries and step down subsidiaries	Zao Torrent Pharma, Torrent Pharma GmbH, Torrent Do Brasil Ltda., Torrent Pharma Inc., Torrent Pharma Philippines Inc., Heumann Pharma GmbH & Co. Generica KG, Torrent Australasia Pty Ltd, Torrent Pharma S.R.L., Laboratorios Torrent, S.A. De C.V., Heunet Pharma GmbH, Norispharm GmbH, Torrent Pharma Canada Inc., Torrent Pharma (Thailand) Co., Ltd., Torrent Pharma (UK) Ltd., Laboratories Torrent (Malaysia) SDN.BHD., Opening Pharma France S.A.S.		
2	Enterprises controlled by the Company	TPL Employee Group Gratuity Trust, TPL Employee Superannuation Trust, Torrent Phramaceuticals (Sikkim)		
3	Holding Company / Enterprises controlled by the holding Company	Torrent Private Limited, Torrent Financiers, Torrent Power Limited, Torrent Cables Limited, Torrent Power Services Pvt. Limited, Torrent Pipavav Generation Limited, Torrent Energy Limited, Torrent Power Grid Limited, Torrent Power Bhiwandi Limited, AEC Cements and Constructions Limited.		
4	Key management personnel	Shri Sudhir Mehta Chairman	Shri Samir Mehta Executive Vice Chairman	Dr. Chaitanya Dutt Director (Research & Development)
5	Relatives of key management personnel	Smt. Anita Mehta, wife Smt. Shardaben Mehta, mother Shri Varun Mehta, son Shri Jinal Mehta, son Shri Samir Mehta, brother Smt. Meena Modi, sister Smt. Nayna Shah, sister	Smt. Sapna Mehta, wife Smt. Shardaben Mehta, mother Shri Aman Mehta, son Shri Shaan Mehta, son Shri Sudhir Mehta, brother Smt. Meena Modi, sister Smt. Nayna Shah, sister	Smt. Shobha Dutt, wife Shri Umang Dutt, son Shri Uttang Dutt, son
6	Enterprises controlled by key management personnel / relatives of key management personnel	U N Mehta Charitable Trust, D N Modi Charitable Trust, Shardaben Mehta Charitable Trust, Tsunami Tours & Travels Pvt. Ltd., Torrel Cosmetics Pvt. Ltd., Zeal Pharmachem India Pvt. Ltd., Diamond Infrastructure Private Limited, U. N. Mehta Institute of Cardiology & Research Centre, Dushyant Shah Charitable Trust, Shri Vadgam Mahal Kelavani Mandal, Memadpur Kelavani Mandal		

As per our attached report of even date

Signatures to notes forming part of Financial Statements 1 to 43

**For DELOITTE HASKINS & SELLS**  
Chartered Accountants

**Sudhir Mehta**  
Chairman

**Samir Mehta**  
Executive Vice Chairman

**Hemendra Shah**  
Partner

**Ashok Modi**  
Executive Director  
& Chief Financial Officer

**Mahesh Agrawal**  
VP (Legal) & Company Secretary

Ahmedabad  
9<sup>th</sup> May, 2014

Ahmedabad  
9<sup>th</sup> May, 2014

# Consolidated Financial Statements 2013-14

# AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENT

## INDEPENDENT AUDITORS' REPORT

### TO THE BOARD OF DIRECTORS OF TORRENT PHARMACEUTICALS LIMITED

#### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **TORRENT PHARMACEUTICALS LIMITED** (the "Company"), and its subsidiaries (the Company and its subsidiaries constitute "the Group"), which comprise the Consolidated Balance Sheet as at 31<sup>st</sup> March, 2014, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

#### Management's Responsibility for the Consolidated Financial Statements

The Company's Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the reports of the other auditors on the financial statements / financial information of the subsidiaries referred to below in the Other Matter paragraph, the aforesaid consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31<sup>st</sup> March, 2014;
- (b) in the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date; and
- (c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

#### Other Matter

We did not audit the financial statements of seventeen subsidiaries, whose financial statements reflect total assets of ₹ 1,988.88 crores as at 31<sup>st</sup> March, 2014, total revenues of ₹ 2,135.86 crores and net cash flows amounting to ₹ 171.18 crores for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on the reports of the other auditors.

Our opinion is not qualified in respect of this matter.

**For DELOITTE HASKINS & SELLS**

Chartered Accountants  
(Registration No. 117365W)

**Hemendra L. Shah**

Partner  
(Membership No. 33590)

Ahmedabad  
9<sup>th</sup> May, 2014

## CONSOLIDATED BALANCE SHEET

	Notes	As at 31-Mar-2014	(₹ in Crores) As at 31-Mar-2013
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholder's funds</b>			
Share capital	3	84.62	42.31
Reserves and surplus	4	1,817.81	1,379.62
		<b>1,902.43</b>	<b>1,421.93</b>
<b>Minority interest</b>			
		0.40	0.37
<b>Non-current liabilities</b>			
Long-term borrowings	5	744.46	454.54
Deferred tax liabilities (net)	6	47.48	56.91
Other long-term liabilities	7	10.03	10.01
Long-term provisions	8	190.43	129.51
		<b>992.40</b>	<b>650.97</b>
<b>Current liabilities</b>			
Short-term borrowings	5	210.43	124.62
Trade payables		1,429.13	1,067.74
Other current liabilities	7	371.63	275.83
Short-term provisions	8	163.39	242.46
		<b>2,174.58</b>	<b>1,710.65</b>
<b>TOTAL</b>		<b>5,069.81</b>	<b>3,783.92</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets			
	9		
Tangible assets		846.72	797.19
Intangible assets		28.62	22.63
Capital work-in-progress		534.11	285.28
		<b>1,409.45</b>	<b>1,105.10</b>
Non-current investments	10	0.03	0.03
Deferred tax assets (net)	6	65.64	31.16
Long-term loans and advances	11	129.47	62.84
Other non-current assets	12	60.74	23.90
		<b>1,665.33</b>	<b>1,223.03</b>
<b>Current assets</b>			
Current investments	10	185.63	60.44
Inventories	13	1,006.06	923.86
Trade receivables	14	1,099.42	687.82
Cash and cash equivalents	15	769.42	626.97
Short-term loans and advances	11	84.95	75.95
Other current assets	12	259.00	185.85
		<b>3,404.48</b>	<b>2,560.89</b>
<b>TOTAL</b>		<b>5,069.81</b>	<b>3,783.92</b>
<b>Notes forming part of the Consolidated Financial Statements</b>		1-35	

In terms of our report attached

**For DELOITTE HASKINS & SELLS**  
Chartered Accountants

**Hemendra Shah**  
Partner

Ahmedabad  
9<sup>th</sup> May, 2014

**Sudhir Mehta**  
Chairman

**Ashok Modi**  
Executive Director  
& Chief Financial Officer

Signatures to the Consolidated Balance Sheet

**Samir Mehta**  
Executive Vice Chairman

**Mahesh Agrawal**  
VP (Legal) & Company Secretary

Ahmedabad  
9<sup>th</sup> May, 2014



## CONSOLIDATED STATEMENT OF PROFIT AND LOSS

	Notes	Year ended 31-Mar-2014	(₹ in Crores) Year ended 31-Mar-2013
<b>REVENUE</b>			
Revenue from operations			
Sales		4,043.68	3,060.63
Less : Excise duties	27	7.38	7.10
Net sales		4,036.30	3,053.53
Operating income		148.42	157.61
Revenue from operations (net)	16	4,184.72	3,211.14
Other income	17	38.13	43.36
<b>Total Revenue</b>		<b>4,222.85</b>	<b>3,254.50</b>
<b>EXPENSES</b>			
Cost of materials consumed	18	878.02	844.81
Purchases of stock-in-trade		419.02	294.81
Changes in inventories of finished goods, work-in-progress and stock-in-trade	19	(53.53)	(213.85)
Employee benefits expense	20	741.10	623.29
Finance costs	21	58.63	33.80
Depreciation, amortisation and impairment expense		87.00	82.69
Other expenses	22	1,248.63	969.86
<b>Total Expenses</b>		<b>3,378.87</b>	<b>2,635.41</b>
<b>PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX</b>		<b>843.98</b>	619.09
Exceptional items		-	37.49
<b>PROFIT BEFORE TAX</b>		<b>843.98</b>	581.60
<b>TAX EXPENSE</b>			
Current tax [Net of MAT credit utilized ₹ 14.94 Crores (previous year ₹ 24.78 Crores)]		224.56	173.22
Deferred tax (credit) / charge		(41.29)	(25.62)
(Excess) / short provision for tax of earlier years		(3.20)	(0.91)
		180.07	146.69
<b>NET PROFIT FOR THE YEAR BEFORE MINORITY INTEREST</b>		<b>663.91</b>	434.91
Minority interest		0.03	2.15
<b>NET PROFIT FOR THE YEAR AFTER MINORITY INTEREST</b>		<b>663.88</b>	432.76
Earnings per share [Nominal value per equity share of ₹ 5]			
Basic	24	39.23	25.58
Diluted	24	39.23	25.58
<b>Notes forming part of the Consolidated Financial Statements</b>	1-35		

In terms of our report attached

Signatures to the Consolidated Statement of Profit and Loss

**For DELOITTE HASKINS & SELLS**  
Chartered Accountants

**Sudhir Mehta**  
Chairman

**Samir Mehta**  
Executive Vice Chairman

**Hemendra Shah**  
Partner

**Ashok Modi**  
Executive Director  
& Chief Financial Officer

**Mahesh Agrawal**  
VP (Legal) & Company Secretary

Ahmedabad  
9<sup>th</sup> May, 2014

Ahmedabad  
9<sup>th</sup> May, 2014

## CONSOLIDATED CASH FLOW STATEMENT

	Year ended 31-Mar-2014	(₹ in Crores) Year ended 31-Mar-2013
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
PROFIT BEFORE TAX	843.98	581.60
Adjustments for :		
Depreciation, amortization and impairment	87.00	82.69
Allowance for doubtful debts (net of bad debts)	22.84	2.91
Foreign exchange loss on borrowings	2.89	0.03
Loss on sale / discard / write-off of fixed assets	3.78	4.99
Impairment loss on valuation of fixed assets	-	7.06
Provision / (reversal) on asset held for sale	0.29	-
Provision for diminution in value of long term investment	-	37.49
(Profit) on sale of current investments	(10.55)	(8.72)
Finance cost	58.64	33.80
Interest income	(27.42)	(33.81)
Government grant	(0.68)	(0.31)
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>980.77</b>	<b>707.73</b>
Adjustments for changes in working capital :		
Trade receivables, loans & advances and other assets	(475.13)	(262.10)
Inventories	(82.21)	(392.29)
Trade payables, liabilities and provisions	437.66	232.64
<b>CASH GENERATED FROM OPERATIONS</b>	<b>861.09</b>	<b>285.98</b>
Direct taxes paid	(261.67)	(132.50)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>599.42</b>	<b>153.48</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(400.08)	(292.89)
Proceeds from fixed assets sold	1.90	8.46
Profit on sale of current investments	10.55	8.72
Interest received	31.82	34.01
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(355.81)</b>	<b>(241.70)</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from long-term borrowings	426.74	242.53
Repayment of long-term borrowings	(84.87)	(82.84)
Net proceeds / (repayment) of short term borrowings	72.26	(20.38)
Net capital financed to / by minority partners	-	(5.28)
Government grant	0.68	0.31
Dividend paid	(267.39)	(83.44)
Finance cost paid	(61.02)	(31.17)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>86.40</b>	<b>19.73</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>330.01</b>	<b>(68.49)</b>
Effect of exchange rate changes on foreign currency cash and cash equivalents	(62.37)	(4.90)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>687.41</b>	<b>760.80</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>955.05</b>	<b>687.41</b>
<b>Note: Cash and cash equivalents as at end of the year</b>		
Cash and cash equivalents as per Note - 15	769.42	626.97
Current investments as per Note - 10	185.63	60.44
	<b>955.05</b>	<b>687.41</b>

In terms of our report attached

**For DELOITTE HASKINS & SELLS**  
Chartered Accountants

**Hemendra Shah**  
Partner

Ahmedabad  
9<sup>th</sup> May, 2014

**Sudhir Mehta**  
Chairman

**Ashok Modi**  
Executive Director  
& Chief Financial Officer

Signatures to the Consolidated Cash Flow Statement

**Samir Mehta**  
Executive Vice Chairman

**Mahesh Agrawal**  
VP (Legal) & Company Secretary

Ahmedabad  
9<sup>th</sup> May, 2014

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### NOTE - 1 : GROUP INFORMATION

The consolidated financial statements comprise the financial statements of the Parent Company, Torrent Pharmaceuticals Limited (TPL) and the following subsidiaries / step-down subsidiaries / partnership entity (together referred to as Group) :

Entity	Country of Incorporation
<b>Subsidiaries</b> [having 100% proportion of ownership interest]	
Zao Torrent Pharma	Russia
Torrent Do Brasil Ltda	Brazil
Torrent Pharma GmbH (TPG)	Germany
Torrent Pharma Inc.	USA
Torrent Pharma Philippines Inc.	Philippines
Laboratorios Torrent, S.A. de C.V.	Mexico
Torrent Australasia Pty Ltd.	Australia
Torrent Pharma Canada Inc.	Canada
Torrent Pharma (Thailand) Co., Limited.	Thailand
Torrent Pharma S.R.L.	Romania
Torrent Pharma (UK) Ltd	United Kingdom
Laboratorios Torrent (Malaysia) SDN.BHD.	Malaysia
Opening Pharma France S.A.S.	France
<b>Step-down subsidiaries of TPG</b> [having 100% proportion of ownership interest]	
Heumann Pharma GmbH & Co. Generica KG	Germany
Heunet Pharma GmbH	Germany
Norispharm GmbH	Germany
<b>Partnership Firm</b> [having 97% proportion of ownership interest]	
Torrent Pharmaceuticals (Sikkim)	India

Opening Pharma France, a wholly owned subsidiary was acquired on 19-Jun-2013.

### NOTE - 2 : SIGNIFICANT ACCOUNTING POLICIES OF THE GROUP

#### 2.1. Basis for preparation of financial statements

The consolidated financial statements have been prepared and presented under the historical cost convention on an accrual basis of accounting and in accordance with the Generally Accepted Accounting Principles (GAAP) in India. GAAP includes Accounting Standards (AS) notified by the Central Government of India under Section 211 (3C) of The Companies Act, 1956 (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13 September, 2013 of the Ministry of Corporate Affairs), the provisions of The Companies Act, 1956, pronouncements of Institute of Chartered Accountants of India and guidelines issued by Securities and Exchange Board of India (SEBI).

The consolidated financial statements are presented, to the extent possible, in the same format as that adopted by the Parent Company for its separate financial statements.

Except where otherwise stated, the accounting policies are consistently applied.

All the assets and liabilities have been classified as current or non current as per the Company's normal operating cycle and other criteria set out in the Revised Schedule VI to the Companies Act, 1956.

Current assets / liabilities include the current portion of non current financial assets / liabilities respectively. All other assets / liabilities are classified as non current.

## 2.2. Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make assumptions, critical judgments and estimates, which it believes are reasonable under the circumstances, that affect the reported amounts of assets, liabilities and contingent liabilities on the date of financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates. Difference between the actual results and estimates are recognized in the period in which the results are known or materialise.

## 2.3. Principles of consolidation

The consolidated financial statements are prepared in accordance with principles and procedures required for preparation and presentation of consolidated financial statements as laid down under AS 21 "Consolidated Financial Statements". The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

The consolidated financial statements have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances/transactions and resulting unrealized profits in full. Unrealised losses resulting from intra-group transactions have also been eliminated except to the extent that recoverable value of related asset is lower than their cost to the group. The amounts shown in respect of reserves comprise the amount of the relevant reserves as per the balance sheet of the Parent Company and its share in the post-acquisition increase in the relevant reserves of the consolidated entities. Minority interest represents part of net profit / loss and net assets of entities that are not directly or indirectly, owned by The Company and is excluded and disclosed separately.

The excess / shortfall of cost to the Parent Company of its investment over its portion of equity in the consolidated entities at the respective dates on which the investment in such entities was made is recognized in the financial statements as goodwill/capital reserve.

## 2.4. Fixed assets, depreciation and amortization

### Tangible assets

- (a) Tangible fixed assets are stated at cost of acquisition or construction less accumulated depreciation. The cost of fixed asset comprises of its purchase price, non-refundable taxes & levies, freight and other incidental expenses related to the acquisition and installation of the respective assets. Borrowing cost attributable to acquisition or construction of qualifying fixed assets is capitalized to respective assets when the time taken to put the assets to use is substantial.
- (b) Pre-operative expenditure comprising of revenue expenses incurred in connection with project implementation during the period upto commencement of commercial production are treated as part of project costs and are capitalized. Such expenses are capitalized only if the project to which they relate, involve substantial expansion of capacity or upgradation.
- (c) Depreciation on fixed assets is provided using the straight line method at the rates prescribed under the respective domestic laws or based on useful life of the assets as estimated by the management, whichever is higher.

The management's estimate of the useful life for various categories of fixed assets is given below:

Office buildings	58 years
Factory buildings	28 years
Plant and machinery	10 to 20 years
Laboratory equipment	5 to 20 years
Electrical equipment	5 to 20 years
Furniture and fixtures	3 to 10 years
Office equipment	10 years
Computer equipment	2 to 5 years
Vehicles	5 to 10 years

- (d) Cost of leasehold land (except for lease of long tenure) is amortized over the period of the lease. Cost of lease hold land where lease period is of long tenure and substantial rights of ownership are with lessee, is not amortized.

### Intangible assets

- (a) Acquired product licenses are capitalized at costs comprising of direct costs of purchase and expenses directly attributable to the purchase of Product licenses.
- (b) Software costs are capitalized and recognized as intangible assets based on materiality, accounting prudence and significant economic benefits expected to flow there from for a period longer than one year.
- (c) Intangible assets are amortized over their estimated useful lives on a straight-line basis. The management's estimate of the useful life of various categories of intangible assets are given below:

Product license	Upto 10 years
Software	3 to 5 years

### Impairment of assets

- (a) Fixed assets are reviewed for impairment losses at each balance sheet date for events or changes in circumstances indicating that the carrying amount may not be recoverable. An impairment loss is then recognized for the amount by which the carrying amount of the assets exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.
- (b) Fixed assets that have been retired from their active use and held for disposal, are classified as current assets, and are stated at lower of their cost and net realizable value.

### 2.5. Investments

- (a) Non-current investments are carried at cost. Provision is made to recognize any diminution in value, other than that of a temporary nature.
- (b) Current investments are carried at lower of cost and fair value. Diminution in value is charged to the statement of profit and loss.
- (c) Current investments readily convertible in known amount of cash and subject to insignificant risk of changes in value are classified as cash and cash equivalents for preparation of cash flow statement.

### 2.6. Cash flow statement

The cash flow statement is prepared as per the "Indirect Method" as set out in AS - 3 "Cash Flow Statements" issued by The Institute of Chartered Accountants of India.

### 2.7. Inventories

Inventories are valued at the lower of cost and net realizable value. Provision for impairment is made when there is uncertainty in salability of an item. Costs incurred in bringing inventories to its existing location and condition are determined on the following basis:

- (a) Raw material and packing material-Purchase cost of materials on moving average basis.
- (b) Finished goods (manufactured) and work-in-progress- Cost of purchase, cost of conversion and other costs proportionately allocated determined on weighted average basis.
- (c) Finished goods (traded) - Purchase cost on moving average basis.

### 2.8. Revenue recognition

- (a) Revenue from sale of goods is recognized when the significant risks and rewards of ownership of goods are transferred to the customer. Sales are net of discounts, sales tax, value added tax and estimated returns. Excise duty collected on sales are shown by way of deduction from sales.
- (b) Provision / accrual for sales returns, chargeback rebates and medicaid payments are estimated and provided for in the year of sale and recorded as reduction from revenue. A chargeback claim is made by the wholesaler for the difference between the price at which the product is initially invoiced to the wholesaler and the contracted price at which it is agreed to be sold to third parties. Provision / accruals for chargeback, rebates, returns and medicaid payments are estimated primarily on the basis of historical experience, market conditions and specific contractual terms. The methodology and assumptions used to estimate rebates and returns are monitored and adjusted regularly in line with contractual and legal obligations, trade practices, historical trends, past experience and projected market conditions.

- (c) Income from services is recognized when the services are rendered or when contracted milestones have been achieved.
- (d) Revenue from arrangements which includes performance of obligations is recognized in the period in which related performance obligations are completed.
- (e) Export entitlements are recognized as income when right to receive credit as per the terms of the scheme is established in respect of the exports made and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.
- (f) Dividend income is recognized when the unconditional right to receive dividend is established.
- (g) Interest income is recognized using the time-proportionate method, based on rates implicit in the transaction.
- (h) Revenue in respect of other income is recognized when a reasonable certainty as to its realization exists.

## 2.9. Employees retirement and other benefits

### (a) Short-term employee benefits:

Short term employee benefits like salaries, wages, and bonus and welfare expenses payable wholly within twelve months of rendering the service are accrued in the year in which the associated services are rendered by the employees.

### (b) Long-term employee benefits:

Defined contribution plan:

Contribution in case of defined contribution plans (Provident Fund, Superannuation benefit, Social Security schemes and other fund/schemes) is charged to statement of profit and loss as and when it is incurred as employee benefits.

Defined benefit plan:

The accruing liability on account of defined benefit plans (gratuity, pension and other retirement benefit plans) is actuarially valued every year. The current service cost, interest cost, expected return on plan assets and the actuarial gain/ loss are debited / credited, as the case may be, to the statement of profit and loss of the year as employee benefits.

Other long-term benefits:

Long-term compensation plan to employees (being deferred compensation paid 12 months or more after the end of the period in which it is earned) are expensed out in the period to which the costs relate at present value of the benefits under the plan.

The liability for compensated absences and leave encashment is provided on the basis of actuary valuation, as at Balance Sheet date.

## 2.10. Government grants

- (a) Government grants are recognized when there is reasonable assurance that the grant will be received and all relevant conditions are complied with.
- (b) Grants received by way of investment subsidy scheme in relation to total investment are credited to capital reserve and are treated as part of owners' fund.
- (c) Grants that compensate expenses are recognized on receipt basis.

## 2.11. Finance costs

Finance costs consist of interest, amortization of ancillary costs and other costs in connection with the borrowing of funds and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

## 2.12. Research and development

Revenue expenditure on research and development is expensed off under the respective head of expenses in the year in which it is incurred.

## 2.13. Leases

Lease rentals in respect of assets taken on operating lease are charged to the statement of profit and loss on accrual and straight line basis over the lease term.

## 2.14. Accounting for taxes

- (a) Current tax is the aggregation of the tax charge appearing in the group companies.
- (b) Deferred Tax resulting from “timing differences between accounting and taxable profit for the period is accounted by using tax rates and laws that have been enacted or substantively enacted as at the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future. Deferred tax assets and liabilities are arrived at after setting off deferred tax assets and liabilities where the group has a legally enforceable right to set-off assets against liabilities, and where such assets and liabilities relate to taxes on income levied by the same governing taxation laws.

## 2.15. Foreign currency transactions and balances

The reporting currency of the group is Indian Rupee. However, the local currencies of foreign operation are different from the reporting currency of the group.

- (a) Foreign currency transactions are recorded at the exchange rates prevailing on the date of the transaction.
- (b) The net gain or loss on account of exchange differences arising on settlement of foreign currency transactions are recognized as income or expense of the period in which they arise.
- (c) Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the closing rate. The resultant exchange differences are recognized in the statement of profit and loss. Non-monetary assets and liabilities are carried at the rates prevailing on the date of transaction. The Company has not exercised the option for capitalization or amortization of exchange differences on long term foreign currency monetary items as provided by notification, issued by the Ministry of Corporate Affairs.

Investments in shares of foreign subsidiaries and other entities are expressed in reporting currency at the rates of exchange prevailing at the time when the original investments were made.

## 2.16. Derivative instruments and hedge accounting

- (a) In case of forward contracts, to which AS 11, The Effects of Changes in Foreign Exchange Rate (AS 11) applies, the difference between the forward rate and the exchange rate on the date of the contract is recognized as income or expense over the life of the contract. Exchange differences on such a contract are recognized in the statement of profit and loss in the period in which the exchange rates change.
- (b) Foreign currency forward contracts, to which AS 11 does not apply, hedge accounting principles set out in AS 30 “Financial Instruments: Recognition and Measurement” are adopted w.e.f. 01-Apr-2011 to the extent they do not conflict with existing mandatory accounting standards and other authoritative pronouncements, Company law and other regulatory requirements. These transactions comprise of forward contracts taken to hedge risks associated with foreign currency fluctuations relating to highly probable forecast transactions and designated as cash flow hedges and valued at fair value. Changes in the fair value of these forward contracts that are effective hedges are recognized directly in cash flow hedge reserve account and the ineffective portion is recognized in the statement of profit and loss.

Amount accumulated in cash flow hedge reserve account is reclassified to the statement of profit and loss in the same period during which the forecasted transaction materialize. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting.

If the forecasted transaction is no longer expected to occur, the net cumulative gain or loss recognized in cash flow hedge reserve account is immediately transferred to the statement of profit and loss for the period.

## 2.17. Translation of financial statements of foreign operations

Foreign operations comprises of foreign subsidiaries and representative offices. All foreign subsidiaries are classified as non-integral and representative offices as integral considering the way in which they are financed and operate in relation to the Parent Company. Consequently, translation of respective financial statements is effected as under:

### Non-integral operations:

- (a) Revenues and expenses are translated to reporting currency at the monthly average exchange rates based on the daily closing rates.
- (b) Inventories are translated at the six monthly average exchange rates based on the daily closing rates for the period of six months to the date of balance sheet.

- (c) All assets and liabilities, both monetary and non-monetary (except inventory), are translated to reporting currency at the exchange rate prevalent at the date of the balance sheet.
- (d) The resulting net exchange differences are recognized as foreign currency translation reserve.

**Integral operations:**

- (a) Revenues and expenses (except depreciation) are translated at the respective monthly average exchange rates based on the daily closing rates. Depreciation is kept at historical rates.
- (b) Monetary & Non-monetary items are translated using closing rate and historical rate respectively.
- (c) Exchange differences arising on translation are recognized in statement of profit and loss.

**2.18. Provisions, contingent liabilities and contingent assets**

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources for which reliable estimates can be made. Liabilities which are of a contingent nature are not provided but are disclosed at their estimated amount in the notes forming part of the accounts. Contingent assets are neither recognized nor disclosed in the financial statements.



	Notes	As at 31-Mar-2014	(₹ in Crores) As at 31-Mar-2013
<b>NOTE - 3 : SHARE CAPITAL</b>			
<b>Authorised</b>			
200,000,000 (previous year 150,000,000) equity shares of ₹ 5 each		100.00	75.00
2,500,000 (previous year 2,500,000) preference shares of ₹ 100 each		25.00	25.00
		125.00	100.00
<b>Issued</b>			
169,236,720 (previous year 84,625,360) equity shares of ₹ 5 each		84.62	42.31
<b>Subscribed and paid-up</b>			
169,222,720 (previous year 84,611,360) equity shares of ₹ 5 each		84.62	42.31
<b>Forfeited shares</b>			
Amount originally paid up on 14,000 (previous year 14,000) equity shares of ₹ 5 each forfeited * Amount ₹ 35,000/- (previous year ₹ 35,000/-)		*	*
		84.62	42.31

Notes:

- (i) Reconciliation of equity shares outstanding at the beginning and at the end of the reporting year:

	As at 31-Mar-2014		As at 31-Mar-2013	
	Numbers	₹ in Crores	Numbers	₹ in Crores
As at the beginning of the year	84,611,360	42.31	84,611,360	42.31
Add : Bonus issued during the year	84,611,360	42.31	-	-
Outstanding at the end of the year	169,222,720	84.62	84,611,360	42.31

- (ii) Details of shares allotted for consideration other than cash, bonus shares and shares bought back in previous five financial years is as under:

The Company allotted 84,611,360 Equity Shares as fully paid up bonus shares of ₹ 5 each on 25-Jul-2013, pursuant to the shareholders' resolution passed on 12-Jul-2013.

- (iii) 86,115,472 (previous year 43,057,736) equity shares of ₹ 5 each are held by the holding Company, Torrent Private Limited.

	Notes	As at 31-Mar-2014	(₹ in Crores) As at 31-Mar-2013
<b>NOTE - 4 : RESERVES AND SURPLUS</b>			
<b>Capital reserve</b>		6.27	6.27
<b>Capital redemption reserve</b>			
Balance as per last balance sheet		3.85	3.85
Less : Utilised for issue of bonus shares during the year		(3.85)	-
		-	3.85
<b>Securities premium account</b>			
Balance as per last balance sheet		42.80	42.80
Less : Utilised for issue of bonus shares during the year		(38.46)	-
		4.34	42.80
<b>Cash flow hedge reserve</b>			
Balance as per last balance sheet		9.96	(17.50)
Add : Adjustment during the year		74.38	27.46
		84.34	9.96
<b>General reserve</b>			
Balance as per last balance sheet		1,013.38	958.38
Add : Transfer from statement of profit and loss		76.23	55.00
		1,089.61	1,013.38
<b>Foreign currency translation reserve</b>			
Balance as per last balance sheet		(14.10)	(9.27)
Add : Foreign currency translation reserve for the year		(59.76)	(4.83)
		(73.86)	(14.10)
<b>Balance in statement of profit and loss</b>			
Balance as per last balance sheet		317.46	166.99
Add: Net profit for the year		663.88	432.76
Less: Appropriations			
Interim dividend [₹ 5.00 (previous year ₹ 6.00) per share]		84.62	50.77
Proposed dividend [₹ 5.00 (previous year ₹ 17.00) per share]		84.62	143.84
Tax on distributed profits		28.76	32.68
Transfer to general reserve		76.23	55.00
<b>Balance in statement of profit and loss</b>		707.11	317.46
		1,817.81	1,379.62

	Notes	As at 31-Mar-2014	(₹ in Crores) As at 31-Mar-2013
<b>NOTE - 5 : BORROWINGS</b>			
<b>Long-term borrowings, non-current portion</b> [Note: (ii)]			
Secured term loans:			
from banks	[Note: (i)(a)]	730.72	403.19
Unsecured term loans:			
from banks		-	38.92
from others		13.74	12.43
		13.74	51.35
		744.46	454.54
<b>Long-term borrowings, current portion</b> [Note: (ii)]			
Secured term loans:			
from banks	[Note: (i)(a)]	135.00	72.44
Unsecured term loans:			
from banks		39.64	38.92
from others		2.23	2.45
		41.87	41.37
		176.87	113.81
<b>Short-term borrowings</b>			
Secured loans from banks [Note: (i)(b)]			
Unsecured loans from banks			
		19.62	68.68
		190.81	55.94
		210.43	124.62
		1,131.76	692.97

Notes:

(i) Loans are secured by:

(a) Term loans of ₹ 295.27 Crores (previous year ₹ 122.10 Crores) from banks are secured by and Term loans of ₹ 270.45 Crores (previous year ₹ 353.53 Crores) are to be secured by first equitable mortgage of immovable fixed assets and hypothecation of movable fixed assets, present and future, located at formulation manufacturing facilities, village Indrad; research facilities, village Bhat; corporate office, Ahmedabad, all in Gujarat, and manufacturing facilities, village Bhud; in Himachal Pradesh, on pari passu basis.

Term loan of ₹ 100 Crores (previous year ₹ Nil) from bank is secured by first equitable mortgage of immovable fixed assets and hypothecation of movable fixed assets, present and future, located at formulation manufacturing facilities, Dahej (SEZ); and Gangtok, in Sikkim, on pari passu basis along with some of the identified brands of the Company in respect of which the Company is in process of creating the charge.

Term loan of ₹ 200 Crores (previous year ₹ Nil) from bank is secured by first equitable mortgage of free hold land located at village Rakanpur and free hold land and buildings located at Delhi, on pari passu basis along with some of the identified brands of the Company in respect of which the Company is in process of creating the charge.

(b) Working capital facilities are secured by hypothecation of inventories and book debts.

(ii) The terms of repayment of loan obligations on principal amount repayable in yearly installments, for the secured and unsecured long-term loans are as under:

(₹ in Crores)

Financial year	Secured	Unsecured
2014-15	135.00	41.87
2015-16	80.13	2.99
2016-17	322.71	3.38
2017-18	104.16	3.26
2018-19	100.81	2.16
2019-20	71.00	1.55
2020-21	29.67	0.40
2021-22	22.24	-
<b>Total</b>	<b>865.72</b>	<b>55.61</b>

		(₹ in Crores)
	Notes	As at 31-Mar-2014
		As at 31-Mar-2013
<b>NOTE - 6 : DEFERRED TAX</b>		
<b>Deferred tax liabilities</b>		
Excess of aggregate depreciation claimed under the income tax law over that debited to statement of profit and loss in the earlier years		77.26
Unrealized foreign exchange gain		0.69
		<b>75.38</b>
		<b>0.23</b>
		<b>75.61</b>
<b>Deferred tax assets</b>		
Provision for employee benefits expense		(20.70)
Provision for impairment of inventories		(16.76)
Provision for expenses		(4.51)
Provision for chargebacks		(5.70)
Provision for doubtful debts		(3.18)
Unrealized foreign exchange loss		(1.08)
Provision for goods dispatched but not delivered		(0.27)
Provision for doubtful claim receivables		-
Tax losses of subsidiaries		-
		<b>(0.26)</b>
		<b>(93.77)</b>
		<b>(52.20)</b>
<b>Deferred tax liabilities (net)</b>		<b>25.75</b>
		<b>(18.16)</b>
The deferred tax liabilities / assets are off-set, where the group has a legally enforceable right to set-off assets against liabilities, and are presented in balance sheet as follows:		
Deferred tax liabilities		56.91
Deferred tax assets		(31.16)
		<b>47.48</b>
		<b>(65.64)</b>
		<b>(18.16)</b>
<b>NOTE - 7 : OTHER LIABILITIES</b>		
<b>Long-term liabilities</b>		
Creditors for capital goods		8.33
Trade deposits		0.20
Derivative financial instruments		1.48
		<b>5.77</b>
		<b>0.34</b>
		<b>3.92</b>
		<b>10.03</b>
<b>Current liabilities</b>		
Current maturities of long-term debt	5	113.81
Interest accrued but not due on borrowings		3.05
Unclaimed dividend (not due)		1.03
Creditors for capital goods		21.18
Payables for employee benefits		51.01
Trade advances and deposits		26.17
Payables to statutory and other authorities		22.61
Book overdraft		24.71
Derivative financial instruments		9.35
Other payables		2.91
		<b>176.87</b>
		<b>3.68</b>
		<b>0.92</b>
		<b>38.22</b>
		<b>63.12</b>
		<b>17.20</b>
		<b>36.37</b>
		<b>4.17</b>
		<b>25.71</b>
		<b>5.37</b>
		<b>371.63</b>
		<b>275.83</b>
		<b>381.66</b>
		<b>285.84</b>

	Notes	As at 31-Mar-2014	(₹ in Crores) As at 31-Mar-2013
<b>NOTE - 8 : PROVISIONS</b>			
<b>Long-term provisions</b>			
Provision for employee benefits			
Post-retirement benefits	28	70.53	58.53
Leave benefits		37.24	32.80
		107.77	91.33
Provision for sales returns	29	47.31	34.23
Provision for expenses	29	35.35	3.95
		190.43	129.51
<b>Short-term provisions</b>			
Provision for employee benefits			
Post-retirement benefits	28	1.58	1.19
Leave benefits		7.82	6.41
Employee compensation plan		-	0.02
		9.40	7.62
Provision for sales returns	29	53.42	47.57
Proposed dividend		84.62	143.84
Tax on distributed profits		14.38	24.45
Provision for taxation, net of advance tax		1.57	18.98
		163.39	242.46
		353.82	371.97

**NOTE - 9 : FIXED ASSETS**

Particulars	Gross Block (At Cost)				Depreciation, Amortisation and Impairment				Net Block		
	As at 01-Apr-13	Additions during the period	Deductions/ Adjustments during the period	As at 31-Mar-14	Foreign Exchange Translation	As at 31-Mar-14	Additions during the period	Deductions/ Adjustments during the period	Foreign Exchange Translation	As at 31-Mar-14	As at 31-Mar-13
<b>TANGIBLES</b>											
Land											
Freehold	116.02	0.03	-	116.05	-	-	-	-	-	-	116.02
Leasehold	43.76	2.43	-	46.19	0.32	0.83	-	-	-	1.15	43.44
Building	296.43	18.46	2.61	312.28	0.42	8.85	0.06	68.63	0.11	68.74	236.59
Plant & equipment	556.81	90.57	3.53	643.85	0.76	53.19	3.03	292.39	0.15	292.54	314.58
Furniture & fixtures	39.36	2.24	0.45	41.15	0.41	3.05	0.39	25.31	0.19	25.50	16.71
Vehicles	17.38	1.83	5.78	13.43	0.02	1.52	3.30	4.98	0.03	5.01	10.62
Office equipment	46.67	3.78	0.70	49.75	0.49	4.82	0.65	38.36	0.32	38.68	12.48
Electrical equipment	86.73	12.81	0.40	99.14	(0.06)	5.81	0.22	45.57	(0.03)	45.54	46.75
<b>(A)</b>	1,203.16	132.15	13.47	1,321.84	2.04	78.07	7.65	476.39	0.77	477.16	846.72
Previous Year	1,130.76	112.87	23.38	1,220.25	(0.05)	75.26	9.93	423.09	(0.08)	423.01	797.19
<b>INTANGIBLES</b>											
Computer software	29.68	4.29	-	33.97	0.64	5.01	-	27.16	0.55	27.71	7.53
Product licenses	45.31	8.18	0.44	53.05	8.50	3.95	0.04	34.12	5.71	39.83	15.10
<b>(B)</b>	74.99	12.47	0.44	87.02	9.14	8.96	0.04	61.28	6.26	67.54	22.63
Previous Year	68.88	5.97	0.29	74.56	0.76	7.50	0.31	52.20	0.49	52.69	
<b>Total (A+B)</b>											
<b>Current Year</b>	1,278.15	144.62	13.91	1,408.86	11.18	87.03	7.69	537.67	7.03	544.70	875.34
Previous Year	1,199.64	118.84	23.67	1,294.81	0.71	82.76	10.24	475.29	0.41	475.70	819.82

Notes:

(i) Foreign Exchange Translation represents foreign exchange difference arising due to translation of all foreign subsidiaries fixed assets at closing exchange rate.

(ii) Pro-rata cost of assets owned jointly with Torrent Power Limited, a Company under same management is as under :

Particulars	Proportion of holding	As at 31-Mar-14	As at 31-Mar-13
Freehold Land	50%	23.79	23.79
Freehold Land	30%	35.69	35.66
Buildings	30%	0.11	0.11

(iii) Depreciation, Amortization and Impairment includes ₹ 0.12 Crores (previous year ₹ 0.07 Crores) transferred to capital work in progress as pre operative expenses

	Notes	As at 31-Mar-2014	(₹ in Crores) As at 31-Mar-2013
<b>NOTE - 10 : INVESTMENTS</b>	No. of Units		
<b>Non-current investments [valued at cost]</b>			
<b>Trade investments, unquoted</b>			
GPC Cayman Investors I Ltd. - fully paid up equity shares of USD 10 each [Note i]	820601	37.49	37.49
Less: Provision for diminution in value		37.49	37.49
		-	-
Shivalik Solid Waste Limited - fully paid up equity shares of ₹ 10 each	20000	0.02	0.02
		0.02	0.02
<b>Non-trade investments, unquoted</b>			
National savings certificates		0.01	0.01
		0.01	0.01
		0.03	0.03
<b>Current investments [valued at lower of cost and fair value]</b>			
Mutual funds [Note ii]		173.63	16.44
Corporate deposit with HDFC Limited		12.00	44.00
		185.63	60.44
Aggregate unquoted investments		185.66	60.47
<b>Notes :</b>			
(i) Aggregate provision for diminution in value of investments		37.49	37.49
(ii) Aggregate net asset value of investment in mutual funds		174.07	16.47
<b>NOTE - 11 : LOANS AND ADVANCES</b>			
[Unsecured and considered good, unless otherwise stated]			
<b>Non-current loans and advances</b>			
Capital advances		83.59	42.04
Security deposits		18.01	15.66
Other advances recoverable in cash or kind or for value to be received		1.14	1.31
Advance tax paid, net of provisions		26.73	3.83
		129.47	62.84
<b>Current loans and advances</b>			
Security deposits		0.17	0.16
Balance with VAT, excise and customs department		0.57	0.27
Other advances recoverable in cash or kind or for value to be received		84.21	75.52
		84.95	75.95
		214.42	138.79

	Notes	As at 31-Mar-2014	(₹ in Crores) As at 31-Mar-2013
<b>NOTE - 12 : OTHER ASSETS</b>			
[Unsecured and considered good, unless otherwise stated]			
<b>Non-current assets</b>			
Derivative financial instruments		60.74	23.90
		<b>60.74</b>	<b>23.90</b>
<b>Current assets</b>			
Export benefits receivable		50.02	21.46
Claims receivable : indirect tax / insurance			
Considered good		131.74	96.04
Considered doubtful		0.02	0.02
Less : Allowance for doubtful claims receivable		0.02	0.02
		<b>131.74</b>	<b>96.04</b>
Interest accrued on loans and deposits		4.48	8.88
Derivative financial instruments		70.33	58.74
Fixed assets held for sale		0.73	0.25
Others		1.70	0.48
		<b>259.00</b>	<b>185.85</b>
		<b>319.74</b>	<b>209.75</b>
<b>NOTE - 13 : INVENTORIES</b>			
[At lower of cost or net realisable value]			
Raw materials		377.17	333.64
Packing materials		28.47	43.33
Work-in-progress		108.53	122.89
Finished goods		366.50	336.85
Stock-in-trade		125.39	87.15
		<b>1,006.06</b>	<b>923.86</b>
<b>NOTE - 14 : TRADE RECEIVABLES</b>			
Debts less than six months from due date			
Considered good [see note]		1,078.74	662.05
Considered doubtful		5.94	1.07
Less : Allowance for doubtful trade receivables		5.94	1.07
		<b>1,078.74</b>	<b>662.05</b>
Debts over six months from due date			
Considered good		20.68	25.77
Considered doubtful		29.16	12.39
Less : Allowance for doubtful trade receivables		29.16	12.39
		<b>20.68</b>	<b>25.77</b>
		<b>1,099.42</b>	<b>687.82</b>
Note: Trade receivables includes debts due from Torrent Power Limited, a Company under the same management as per section 370 (1B) of The Companies Act, 1956.		0.01	-



	Notes	As at 31-Mar-2014	(₹ in Crores) As at 31-Mar-2013
<b>NOTE - 15 : CASH AND CASH EQUIVALENTS</b>			
Cash on hand		0.23	0.23
Balances with banks		198.40	101.96
Fixed deposit		569.74	523.47
Balances with banks for unclaimed dividend		0.92	1.03
Balances with banks held as margin money		0.11	0.26
Term deposits lodge with banks as securities		0.02	0.02
		<b>769.42</b>	<b>626.97</b>

**Note:** Cash and cash equivalents stated above excludes investment in mutual funds and corporate deposits disclosed under Note - 10 current investments as per requirements of AS 13 - "Accounting for Investments".

	Notes	Year ended 31-Mar-2014	(₹ in Crores) Year ended 31-Mar-2013
<b>NOTE - 16 : REVENUE FROM OPERATIONS</b>			
<b>Sales</b>			
Sales in India		1,462.32	1,275.75
Sales outside India		2,581.36	1,784.88
		<b>4,043.68</b>	<b>3,060.63</b>
Less : Excise duties	27	7.38	7.10
		<b>4,036.30</b>	<b>3,053.53</b>
<b>Operating Income</b>			
Export benefits		52.10	30.05
Income from product registration dossiers		21.14	53.60
Patent assignment income		41.52	29.41
Compensation and settlement income		13.65	12.04
Other operating income		20.01	32.51
		<b>148.42</b>	<b>157.61</b>
		<b>4,184.72</b>	<b>3,211.14</b>
<b>NOTE - 17 : OTHER INCOME</b>			
Interest income		27.42	33.81
Net gain on sale of current investments		10.55	8.72
Other non-operating income		0.16	0.83
		<b>38.13</b>	<b>43.36</b>
<b>NOTE - 18 : COST OF MATERIALS CONSUMED</b>			
Raw materials		743.21	722.00
Packing materials		134.81	122.81
		<b>878.02</b>	<b>844.81</b>

	Notes	Year ended 31-Mar-2014	(₹ in Crores) Year ended 31-Mar-2013
<b>NOTE - 19 : CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE</b>			
Opening stocks			
Finished goods		336.85	139.75
Work-in-progress		122.89	87.62
Stock-in-trade		87.15	105.67
		<b>546.89</b>	<b>333.04</b>
Less : Closing stocks			
Finished goods		366.50	336.85
Work-in-progress		108.53	122.89
Stock-in-trade		125.39	87.15
		<b>600.42</b>	<b>546.89</b>
Net (increase) / decrease in stock		<b>(53.53)</b>	<b>(213.85)</b>
<b>NOTE - 20 : EMPLOYEE BENEFITS EXPENSE</b>			
[Other than those included in pre-operative expenses]			
Salaries, wages and bonus		633.77	518.50
Contribution to provident and other funds		66.70	64.67
Contribution for defined benefit plans	28	15.63	18.82
Staff welfare expenses		25.00	21.30
		<b>741.10</b>	<b>623.29</b>
<b>NOTE - 21 : FINANCE COSTS</b>			
[Other than those included in pre-operative expenses]			
Interest expense		34.24	25.79
Other borrowing cost		3.76	0.29
Net foreign exchange loss, to the extent considered as finance cost		20.63	7.72
		<b>58.63</b>	<b>33.80</b>

	Notes	Year ended 31-Mar-2014	(₹ in Crores) Year ended 31-Mar-2013
<b>NOTE - 22 : OTHER EXPENSES</b>			
[Other than those included in pre-operative expenses]			
Power and fuel		71.88	62.80
Stores and spares consumed		54.91	42.14
Cost of outsourced manpower		32.71	25.98
Job work charges		14.27	14.80
Laboratory goods and testing expense		41.12	28.58
Clinical research expense		17.33	24.29
Excise duties	27	4.00	5.02
Repairs and maintenance			
Machinery		10.06	7.75
Buildings		6.15	4.92
Others		7.36	6.24
		<b>23.57</b>	<b>18.91</b>
Selling, publicity and medical literature expense		429.49	368.55
Commission on sales		18.91	16.16
Sales and turnover taxes		13.13	8.36
Allowance for doubtful debts [net of bad debts written off ₹ 1.20 Crores (previous year ₹ 5.10 Crores)]		22.84	2.91
Travelling, conveyance and vehicle expenses		94.35	80.45
Compensation expense		60.73	51.79
Professional and legal fees		44.42	42.73
Registration expenses		32.40	16.84
Royalty Expense		2.06	0.64
Rent		37.39	27.40
Rates and taxes		1.97	3.14
Communication expenses		16.38	15.10
Printing and stationery expenses		4.41	4.07
Insurance		10.28	8.79
Net foreign exchange loss	30	84.24	4.82
Loss on sale / discard / write-off of fixed assets		3.78	4.99
Impairment loss on valuation of fixed assets		-	7.06
Provision / (Reversal) on asset held for sale		0.29	-
Auditors remuneration and expenses			
Audit Fees		2.94	2.13
Other Services		0.88	0.61
Out of pocket expenses		0.09	0.05
		<b>3.91</b>	<b>2.79</b>
Cost audit fees		0.06	0.05
Commission to non-executive directors		9.54	5.67
Donation		15.03	9.30
General charges		83.23	65.73
		<b>1,248.63</b>	<b>969.86</b>

**NOTE - 23 : ACQUISITION OF IDENTIFIED BRANDED FORMULATION BUSINESS OF ELDER PHARMACEUTICALS LIMITED**

The Company has entered into a definitive binding agreement, on 13-Dec-2013, with Elder Pharmaceuticals Limited to acquire its Identified Branded Formulations Business in India and Nepal on a going concern basis for a consideration of ₹ 2004 crores. Both the parties are in the process of taking applicable regulatory approvals and satisfying with various Conditions Precedent.

**NOTE - 24 : EARNINGS PER SHARE**

The basic and diluted earnings per share [EPS] are :

			Year ended 31-Mar-2014	Year ended 31-Mar-2013
Net profit for the year	(a)	[₹ in Crores]	663.88	432.76
Weighted average number of equity shares	(b)	[Nos]	169,222,720	84,611,360
EPS (basic and diluted)*	(a) / (b)	[₹]	39.23	25.58
Nominal value per equity share		[₹]	5.00	5.00

\* The earnings per share has been restated for previous year consequent to issue of bonus shares in the ratio of 1:1 on 25-Jul-2013.

	As at 31-Mar-2014	(₹ in Crores) As at 31-Mar-2013
<b>NOTE - 25 : CAPITAL COMMITMENTS</b>		
Estimated amount of contracts remaining unexecuted on capital account & not provided for :	128.28	251.00

**NOTE - 26 : CONTINGENT LIABILITIES**

Contingent Liabilities not provided for in respect of :

	As at 31-Mar-2014	As at 31-Mar-2013
(a) Claims against the Group not acknowledged as debts		
Disputed demand of income tax for which appeals have been preferred	5.25	5.25
Disputed employee state insurance contribution liability under E.S.I. Act, 1948	7.30	5.80
Disputed cases for supply of goods and services	0.19	40.97
Disputed demand of excise and service tax	32.41	37.93
Disputed demand of local sales tax and C.S.T	0.19	0.17
Disputed cases at labour court / industrial court	3.07	3.24
	<b>48.41</b>	<b>93.36</b>

Against the above, the Company has paid ₹ 0.28 Crores (previous year ₹ 8.16 Crores). The expected outflow will be determined at the time of final outcome in respect of the concerned matter. No amount is expected to be reimbursed.

**NOTE - 27 : EXCISE DUTIES**

Excise duties shown as deduction from sales represents the amount of excise duty collected on sales. Excise duty expenses under the head "Other expenses", represents (i) the difference between excise duty element in closing stocks and opening stocks, and (ii) excise duty paid on samples and on inventory write-off which is not recoverable from sales.

**NOTE - 28 : EMPLOYEE'S BENEFIT**

The accruing liability on account of enclosed plans (retirement benefits in the nature of defined benefits plan) is accounted as per AS 15 (revised 2005) "Employee Benefits".

**General Description of the Plan :**

- (i) **Gratuity:** The Company operates a defined benefit plan (the gratuity plan) covering eligible employees in India, which provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employees salary and the tenure of employment.
- (ii) **Pension:** Employees pension benefit plan in Germany is the liability which accrues and gets discharged as per the terms and condition of pension scheme called "Monsanto Pension Plan 2000". It is a defined benefit plan (the pension plan) which provides pension benefits to eligible employees post retirement.
- (iii) **Retirement Benefit Plan:** The Company has a non-contributory defined benefit retirement plan, in Philippines, covering all of its regular employees. The benefits are based on respective employees salary and the tenure of employment.

(iv) **Retirement Benefit and Seniority Premium Plan:** The retirement benefit and seniority premium plan in Mexico is the liability which accrues and gets discharged as per the terms and conditions of Mexican federal labor laws. It is a defined benefit plan which provides benefits to eligible employees post retirement / termination.

(₹ in Crores)

Particulars	Year ended 31-Mar-2014				Year ended 31-Mar-2013			
	Gratuity	Pension	Retirement Benefit Plan	Retirement Benefit and Seniority Premium Plan	Gratuity	Pension	Retirement Benefit Plan	Retirement Benefit and Seniority Premium Plan
(a) Reconciliation of opening and closing balances of the present value of the defined benefit obligation :								
Obligations at the beginning of the year	48.47	50.63	0.93	0.72	37.62	43.86	0.57	-
Current service cost	6.63	0.58	0.31	0.34	5.99	0.44	0.23	0.40
Interest cost	3.88	2.46	0.05	0.05	3.15	2.13	0.04	0.05
Actuarial (gain) / loss	0.17	6.26	(0.04)	0.13	5.24	4.50	0.02	0.01
Benefits paid directly by the employer	(0.26)	(1.28)	-	(0.32)	(0.13)	(0.98)	-	(0.23)
Benefits paid from the fund	(3.29)	-	-	-	(3.40)	-	-	-
Past service cost	-	-	-	0.01	-	-	-	0.48
Translation forex	-	9.43	(0.01)	0.01	-	0.68	0.07	0.01
Obligations at the end of the year	55.60	68.08	1.24	0.94	48.47	50.63	0.93	0.72
(b) Reconciliation of opening and closing balances of the fair value of plan assets :								
Plan assets at the beginning of the year	41.03	-	-	-	34.79	-	-	-
Expected return on plan assets	4.41	-	-	-	3.70	-	-	-
Actuarial gain / (loss)	0.58	-	-	-	(0.06)	-	-	-
Contributions	11.00	-	-	-	6.00	-	-	-
Benefits paid	(3.29)	-	-	-	(3.40)	-	-	-
Plan assets at the end of the year	53.73	-	-	-	41.03	-	-	-
Actual return on plan assets	4.99	-	-	-	3.64	-	-	-

(₹ in Crores)

Particulars	Year ended 31-Mar-2014				Year ended 31-Mar-2013			
	Gratuity	Pension	Retirement Benefit Plan	Retirement Benefit and Seniority Premium Plan	Gratuity	Pension	Retirement Benefit Plan	Retirement Benefit and Seniority Premium Plan
(c) Defined benefit cost for the year :								
Current service cost	6.63	0.58	0.31	0.34	5.99	0.44	0.23	0.40
Interest cost	3.88	2.46	0.05	0.05	3.15	2.13	0.04	0.05
Expected return on plan assets	(4.41)	-	-	-	(3.70)	-	-	-
Net Actuarial (gain) / loss	(0.41)	6.26	(0.04)	0.13	5.30	4.50	0.02	0.01
Past service cost	-	-	-	0.01	-	-	-	0.48
Net defined benefit cost	5.69	9.30	0.32	0.53	10.74	7.07	0.29	0.94
(d) (i) Reconciliation of the present value of the defined benefit obligation & fair value of plan assets :								
Obligations at the end of the year	55.60	68.08	1.24	0.94	48.47	50.63	0.93	0.72
Plan assets at the end of the year, at fair value	53.73	-	-	-	41.03	-	-	-
(Asset) / Liability recognised in balance sheet	1.87	68.08	1.24	0.94	7.44	50.63	0.93	0.72
(ii) Experience adjustments gain / (loss)								
Plan liabilities	(4.79)	1.22	(0.15)	-	(3.64)	0.60	0.10	-
Plan assets	0.58	-	-	-	(0.06)	-	-	-
(e) Expected contribution for the next year	12.00	-	-	-	12.00	-	-	-

(f) Data for defined benefit obligation and fair value of plan assets are as under :

(₹ in Crores)

Particulars	Gratuity Plan				
	2009-10	2010-11	2011-12	2012-13	2013-14
Present value of defined benefit obligations at the end of the year	26.42	32.27	37.62	48.47	55.60
Plan assets at the end of the year	25.10	32.16	34.79	41.03	53.73
Net (assets) / liability at the end of year	1.32	0.11	2.83	7.44	1.87

Particulars	Pension Plan				
	2009-10	2010-11	2011-12	2012-13	2013-14
Present value of defined benefit obligations at the end of the year	32.77	34.70	43.86	50.63	68.08
Plan assets at the end of the year	-	-	-	-	-
Net (assets) / liability at the end of year	32.77	34.70	43.86	50.63	68.08

(₹ in Crores)

Particulars	Year ended 31-Mar-2014				Year ended 31-Mar-2013			
	Gratuity	Pension	Retirement Benefit Plan	Retirement Benefit and Seniority Premium Plan	Gratuity	Pension	Retirement Benefit Plan	Retirement Benefit and Seniority Premium Plan
(g) Assumptions								
Discount rate	9.29%	3.40%	5.75%	8.25%	8.00%	4.10%	5.00%	7.00%
Expected rate of return on plan assets	10.74%	-	-	-	10.74%	-	-	-
Salary escalation rate	10.00%	3.00%	6.00%	4.50%	10.00%	3.00%	6.00%	4.50%

Expected long-term productivity gains & long term risk-free real rate of interest have been used as guiding factors to determine long-term salary growth.

Future mortality rates (for gratuity plan) are obtained from relevant table of Indian Assured Lives Mortality (2006-08) Ultimate.

(h) Investment details of plan assets (Gratuity Plan) :

The plan assets, with respect to gratuity plan, are managed by Insurance Company viz Life Insurance Corporation of India and ICICI Prudential Life Insurance Company Limited who has invested the funds substantially as under :

	As at 31-Mar-2014	As at 31-Mar-2013
Equity instruments	22.26%	22.74%
Corporate bonds	46.78%	45.05%
Government securities	14.91%	14.05%
Fixed deposits with banks	16.05%	18.17%

**NOTE - 29 : PROVISIONS**

**(a) Provision for sales returns**

The Group as a trade practice accepts returns from market for formulations which are primarily in the nature of expired or near expiry products. Provision for such returns estimated on the basis of historical experience, market conditions and specific contractual terms, if any and are provided for. Details of the provision is as under :

	As at 31-Mar-2014	As at 31-Mar-2013
Opening provision	81.80	69.51
Add: Additional provision	77.45	65.86
Less: Actual returns during the year	(60.57)	(53.74)
Add: Exchange fluctuation	2.05	0.17
Closing provision	100.73	81.80

**(b) Provision for expenses**

Provision for expenses includes estimated amount of liability pertaining to administrative and judicial proceedings disputed with past employees pending at various labour courts in Brazil. Details of the provision are as under :

Opening provision	3.95	5.75
Add: Additional provision / (reversal)	31.46	(1.58)
Add: Exchange fluctuation	(0.06)	(0.22)
Closing provision	35.35	3.95

**NOTE - 30: FOREIGN EXCHANGE LOSS / (GAIN)**

	(₹ in Crores)	
	Year ended 31-Mar-2014	Year ended 31-Mar-2013
Net Foreign exchange loss, included in other expenses [Note - 22] :	84.24	4.82
Add / (less) :		
Add: Net foreign exchange loss on foreign currency borrowings to the extent regarded as an adjustment to interest cost included in finance cost [Note - 21] :	20.63	7.72
Less: MTM on forward exchange contracts to hedge the foreign currency risk of highly probable forecast transactions accounted as per AS 30 :	48.80	(37.01)
<b>Total foreign exchange loss as per AS 11</b>	<b>56.07</b>	<b>49.55</b>

**NOTE - 31 : OPERATING LEASE**

The Group leases office spaces on non-cancellable operating lease at various subsidiaries location. The total future minimum lease payments under this non-cancellable lease are as below:

Not later than 1 Year	2.06	2.98
Later than 1 Year and not later than 5 Years	4.42	2.94
<b>Total</b>	<b>6.48</b>	<b>5.92</b>

Lease rentals on the above lease amounting to ₹ 2.70 crores (previous year ₹ 2.29 crores) are charged to statement of profit and loss.

**NOTE - 32 : SEGMENT INFORMATION**

The primary and secondary reportable segments considered are Business Segments and Geographical Segments respectively.

The group operates in a solitary business segment i.e. pharmaceuticals, comprising mainly manufacture of branded formulations. A further breakdown of pharmaceuticals sales is given.

Geographical Segments have been identified based on location of customers and management structure. Accordingly, geographical segments are divided into two segments namely, (a) India (b) outside India. Sales are made in these geographical areas with production based in India. The reportable Geographical Segments and Segment revenue (external net sales) for the year is as under:

	(₹ in Crores)	
	Year ended 31-Mar-2014	Year ended 31-Mar-2013
(a) India	1,454.94	1,268.65
(b) Outside India	2,581.36	1,784.88
<b>Total</b>	<b>4,036.30</b>	<b>3,053.53</b>

Segment assets are not directly identifiable / properly allocable against each of the above reportable segments. Fixed assets, forming a substantial portion of the total assets of the Group, are interchangeably used between all the segments and cannot be identified against a specific segment. Significant portion of current assets are interchangeable between all the segments and not identifiable against any individual segment. Hence no meaningful disclosure of segment assets is possible.

**NOTE - 33 : REGROUPING**

Previous year figures have been regrouped / recast, wherever necessary, so as to make them comparable with those of the current year.



**NOTE - 34 : RELATED PARTIES AND TRANSACTIONS**

(a) The disclosures pertaining to related parties and transactions therewith are set out in table below :

(₹ in Crores)

Particulars	Enterprises controlled by the Company		Holding Company / Enterprises controlled by the Holding Company		Key management personnel		Enterprises controlled by key management personnel / relatives of key management personnel		Total	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
<b>(A) Nature of Transactions</b>										
Sale of finished goods	-	-	0.28	0.27	-	-	-	-	0.28	0.27
Torrent Power Limited	-	-	0.28	0.27	-	-	-	-	0.28	0.27
Purchase of material, consumables etc.	-	-	0.03	2.30	-	-	-	-	0.03	2.30
Torrent Cables Limited	-	-	0.03	2.30	-	-	-	-	0.03	2.30
Remuneration to key management personnel	-	-	-	-	17.77	15.25	-	-	17.77	15.25
Shri Sudhir Mehta, Chairman	-	-	-	-	7.50	5.00	-	-	7.50	5.00
Shri Samir Mehta, Executive Vice Chairman	-	-	-	-	7.53	7.53	-	-	7.53	7.53
Dr. Chaitanya Dutt Director (Research & Development)	-	-	-	-	2.74	2.72	-	-	2.74	2.72
Contribution to Gratuity / Superannuation funds	16.02	11.51	-	-	-	-	-	-	16.02	11.51
TPL Employee Group Gratuity Trust	11.00	6.00	-	-	-	-	-	-	11.00	6.00
TPL Employee Superannuation Trust	5.02	5.51	-	-	-	-	-	-	5.02	5.51
Lease rent paid	-	-	0.02	0.02	-	-	-	-	0.02	0.02
Torrent Private Limited	-	-	0.02	0.02	-	-	-	-	0.02	0.02
Services received	-	-	10.15	7.28	-	-	14.07	10.91	24.22	18.19
Tsunami Tours & Travels Limited	-	-	-	-	-	-	14.07	10.91	14.07	10.91
Torrent Power Limited	-	-	4.87	4.81	-	-	-	-	4.87	4.81
Torrent Energy Limited	-	-	5.28	2.47	-	-	-	-	5.28	2.47
Commission & interest paid to carrying & forwarding agents	-	-	-	-	-	-	1.31	1.22	1.31	1.22
Zeal Pharmachem India Pvt. Limited	-	-	-	-	-	-	1.31	1.22	1.31	1.22
Donation	-	-	-	-	-	-	8.80	4.88	8.80	4.88
U. N. Mehta Charitable Trust	-	-	-	-	-	-	8.00	4.35	8.00	4.35
Memadpur Kelavani Mandal	-	-	-	-	-	-	0.80	0.13	0.80	0.13
Shri Vadgam Mahal Kelavani Mandal	-	-	-	-	-	-	-	0.40	-	0.40
Interest income	-	-	0.07	0.04	-	-	-	-	0.07	0.04
Torrent Power Limited	-	-	0.07	0.04	-	-	-	-	0.07	0.04
Amount reimbursed towards purchase of fixed asset	-	-	-	0.35	-	-	-	-	-	0.35
Torrent Power Limited	-	-	-	0.35	-	-	-	-	-	0.35
Expenses reimbursement	-	-	0.08	0.08	-	-	0.24	0.21	0.33	0.29
Zeal Pharmachem India Pvt. Limited	-	-	-	-	-	-	0.24	0.21	0.24	0.21
Torrent Power Limited	-	-	0.08	0.08	-	-	-	-	0.08	0.08
Purchase of fixed assets	-	-	5.94	0.24	-	-	-	-	5.94	0.24
Torrent Power Limited	-	-	-	0.09	-	-	-	-	-	0.09
Torrent Cables Limited	-	-	5.94	0.15	-	-	-	-	5.94	0.15

(₹ in Crores)

Particulars	Enterprises controlled by the Company		Holding Company / Enterprises controlled by the Holding Company		Key management personnel		Enterprises controlled by key management personnel / relatives of key management personnel		Total	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
<b>(A) Nature of Transactions</b>	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Deposit given	-	-	0.44	1.00	-	-	-	-	0.44	1.00
Torrent Energy Limited	-	-	0.43	0.97	-	-	-	-	0.43	0.97
Torrent Power Limited	-	-	0.01	0.03	-	-	-	-	0.01	0.03
Recovery of expenses	-	-	-	-	-	-	0.01	0.02	0.01	0.02
Zeal Pharmachem India Pvt. Limited	-	-	-	-	-	-	0.01	0.02	0.01	0.02
<b>(B) Balances at the end of the year</b>	31-Mar-14	31-Mar-13	31-Mar-14	31-Mar-13	31-Mar-14	31-Mar-13	31-Mar-14	31-Mar-13	31-Mar-14	31-Mar-13
Trade receivables	-	-	0.08	0.06	-	-	-	-	0.08	0.06
Torrent Power Limited	-	-	0.08	0.06	-	-	-	-	0.08	0.06
Advances recoverable in cash or kind	0.22	0.32	1.48	1.02	-	-	0.14	1.29	1.83	2.63
TPL Employees Group Gratuity Trust	0.22	0.32	-	-	-	-	-	-	0.22	0.32
Tsunami Tours & Travels Pvt. Limited	-	-	-	-	-	-	0.14	1.29	0.14	1.29
Torrent Energy Limited	-	-	1.39	0.97	-	-	-	-	1.39	0.97
Torrent Power Limited	-	-	0.09	0.05	-	-	-	-	0.09	0.05
Trade payables	-	-	0.86	-	-	-	0.76	0.38	1.63	0.38
Zeal Pharmachem India Pvt. Limited	-	-	-	-	-	-	0.10	0.09	0.10	0.09
Torrent Power Limited.	-	-	0.37	-	-	-	-	-	0.37	-
Tsunami Tours & Travels Pvt. Limited	-	-	-	-	-	-	0.66	0.29	0.66	0.29
Torrent Private Limited	-	-	0.02	-	-	-	-	-	0.02	-
Torrent Cables Limited	-	-	0.48	-	-	-	-	-	0.48	-
Other payables	-	-	-	-	16.69	14.19	-	-	16.69	14.19
Shri Sudhir Mehta, Chairman	-	-	-	-	7.50	5.00	-	-	7.50	5.00
Shri Samir Mehta, Executive Vice Chairman	-	-	-	-	9.19	9.19	-	-	9.19	9.19

**(b) Names of related parties and description of relationship :**

1.	Enterprises controlled by the Company	TPL Employee Group Gratuity Trust, TPL Employee Superannuation Trust		
2.	Holding Company / Enterprises controlled by the Holding Company	Torrent Private Limited, Torrent Financiers, Torrent Power Limited, Torrent Cables Limited, Torrent Power Services Pvt. Limited, Torrent Pipavav Generation Limited, Torrent Energy Limited, Torrent Power Grid Limited, Torrent Power Bhiwandi Limited, AEC Cements and Constructions Limited.		
3.	Key management personnel	Shri Sudhir Mehta Chairman	Shri Samir Mehta Executive Vice Chairman	Dr. Chaitanya Dutt Director (Research & Development)
4.	Relatives of key management personnel	Smt. Anita Mehta, wife Smt. Shardaben Mehta, mother Shri Varun Mehta, son Shri Jinal Mehta, son Shri Samir Mehta, brother Smt. Meena Modi, sister Smt. Nayna Shah, sister	Smt. Sapna Mehta, wife Smt. Shardaben Mehta, mother Shri Aman Mehta, son Shri Shaan Mehta, son Shri Sudhir Mehta, brother Smt. Meena Modi, sister Smt. Nayna Shah, sister	Smt. Shobha Dutt, wife Shri Umang Dutt, son Shri Uttang Dutt, son
5.	Enterprises controlled by key management personnel / relatives of key management personnel	U N Mehta Charitable Trust, D N Modi Charitable Trust, Shardaben Mehta Charitable Trust, Tsunami Tours & Travels Pvt. Ltd., Torrel Cosmetics Pvt. Ltd., Zeal Pharmachem India Pvt Ltd, Diamond Infrastructure Private Limited, U N Mehta Institute of Cardiology & Research Centre, Dushyant Shah Charitable Trust, Shri Vadgam Mahal Kelavani Mandal, Memadpur Kelavani Mandal.		

**NOTE - 35 : DETAILS AS PER SECTION 212(1) OF THE COMPANIES ACT, 1956**

As per Section 212 (1) of the Companies Act, 1956, the Company is required to attach the directors' report, the auditors' report, balance-sheet and statement of profit & loss alongwith other statements and reports referred to in the said section in respect of its subsidiary companies ("subsidiaries annual accounts") with the financial statement of the Company.

(a) In terms of the general circular No. 2/2011 dated 8<sup>th</sup> February, 2011 issued by the Ministry of Corporate Affairs, Government of India under Section 212 (8) of the Companies Act, 1956, the subsidiaries annual accounts are not attached to this Annual Report. As required under above circular, the audited consolidated financial statements of the Company and all its subsidiaries are presented in this Annual Report and also the summarised details for each subsidiary as required under the said circular are appended herewith.

The above subsidiaries annual accounts shall be made available to the shareholders of the holding and subsidiary companies seeking such information at any point of time. These documents shall also be available for inspection by the shareholders at the registered office of the Company and the respective subsidiaries and are also being posted on the Company's Website: [www.torrentpharma.com](http://www.torrentpharma.com).

(b) Summarised details regarding subsidiary companies for the year ended on 31-Mar-2014 as required under general circular No. 2/2011 dated 8<sup>th</sup> February, 2011 issued by the Ministry of Corporate Affairs under Section 212 (b) of the Companies Act, 1956 are as under :

(₹ in Crores)

Name of the Subsidiary Company	Exchange Rate as on 31-Mar-2014	Capital	Reserves	Total assets	Total liabilities	Turnover	Profit before taxation	Provision for taxation	Profit after taxation
Zao Torrent Pharma	1 Ruble = ₹ 1.6841	0.40	28.98	40.27	10.89	49.59	4.35	-	4.35
Torrent Pharma GmbH	1 Euro = ₹ 82.5765	0.21	46.19	84.55	38.15	11.85	3.71	0.73	2.98
Torrent Do Brasil Ltda.	1 Reals = ₹ 26.5576	50.84	(8.77)	317.14	275.07	517.85	(58.33)	(18.74)	(39.59)
Torrent Pharma Inc.	1 USD = ₹ 60.0998	7.21	25.98	554.90	521.71	742.76	21.54	7.62	13.92
Torrent Pharma Philippines, Inc.	1 Peso = ₹ 1.3357	1.49	(21.78)	52.41	72.70	58.42	(19.35)	(2.45)	(16.90)
Heumann Pharma GmbH & Co. Generica KG	1 Euro = ₹ 82.5765	0.09	(14.88)	542.45	557.24	392.96	(24.99)	0.09	(25.08)
Torrent Australasia Pty Ltd	1 AU\$ = ₹ 55.418	0.48	(0.27)	0.24	0.03	-	0.02	-	0.02
Torrent Pharma S.R.L.	1 RON = ₹ 18.5344	7.68	(14.89)	184.03	191.24	53.29	(9.66)	-	(9.66)
Laboratorios Torrent, S.A. De C.V.	1 Mxn\$ = ₹ 4.5933	34.33	(15.51)	24.43	5.61	39.79	3.50	-	3.50
Heunet Pharma GmbH	1 Euro = ₹ 82.5765	0.21	(4.23)	362.86	366.88	144.64	1.54	-	1.54
Norispharm GmbH	1 Euro = ₹ 82.5765	0.21	(2.00)	5.33	7.12	1.37	(0.45)	-	(0.45)
Torrent Pharma Canada Inc.	1 CAD = ₹ 54.3644	1.82	(1.30)	0.55	0.03	-	0.03	-	0.03
Torrent Pharma (Thailand) Co., Ltd.	1 THB = ₹ 1.8521	1.74	(0.67)	1.13	0.06	-	(0.27)	-	(0.27)
Torrent Pharma (UK) Ltd	1 GBP = ₹ 99.8498	2.25	3.32	34.93	29.36	51.93	(0.19)	0.04	(0.23)
Laboratories Torrent (Malaysia) SDN.BHD.	1 MYR = ₹ 18.3960	0.92	0.38	1.30	-	19.43	(1.45)	(0.26)	(1.19)
Opening Pharma France S.A.S.	1 Euro = ₹ 82.5765	-	0.11	14.22	14.11	1.62	0.13	0.04	0.09

\* Details of Investments (except in case of investment in subsidiaries) & Proposed Dividend are Nil in each subsidiary.

In terms of our report attached

**For DELOITTE HASKINS & SELLS**  
Chartered Accountants

**Hemendra Shah**  
Partner

Ahmedabad  
9<sup>th</sup> May, 2014

Signatures to the notes forming part of Consolidated Financial Statement 1 to 35

**Sudhir Mehta**  
Chairman

**Ashok Modi**  
Executive Director & Chief Financial Officer

**Samir Mehta**  
Executive Vice Chairman

**Mahesh Agrawal**  
VP (Legal) & Company Secretary

Ahmedabad  
9<sup>th</sup> May, 2014



## TORRENT PHARMACEUTICALS LIMITED

(CIN: L24230GJ1972PLC002126)

Registered Office: Torrent House, Off Ashram Road, Ahmedabad – 380 009, Gujarat, India

Phone: + 91 79 26585090 / 26583060 Fax: + 91 79 26582100

Website: www.torrentpharma.com Email Id: investorservices@torrentpharma.com

### PROXY FORM

Name of the member(s): \_\_\_\_\_

Registered Office address: \_\_\_\_\_

Email Id: \_\_\_\_\_

Folio No.: \_\_\_\_\_

DP Id / Client Id: \_\_\_\_\_

I / We, being the member(s) of ..... shares of the above named Company, hereby appoint

1. Name: \_\_\_\_\_

Address: \_\_\_\_\_

Email Id: \_\_\_\_\_ Signature: \_\_\_\_\_, or failing him

2. Name: \_\_\_\_\_

Address: \_\_\_\_\_

Email Id: \_\_\_\_\_ Signature: \_\_\_\_\_, or failing him

3. Name: \_\_\_\_\_

Address: \_\_\_\_\_

Email Id: \_\_\_\_\_ Signature: \_\_\_\_\_,

as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 41<sup>st</sup> Annual General Meeting of the Company, to be held on Wednesday, 30<sup>th</sup> day of July, 2014 at 09:30 a.m. at J. B. Auditorium, Torrent AMA Centre, Ground Floor, Ahmedabad Management Association, Vastrapur, Ahmedabad – 380 015, Gujarat, India and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	RESOLUTIONS	OPTIONAL <sup>3</sup>	
		For	Against
1.	To receive, consider and adopt the Financial Statements as at 31 <sup>st</sup> March, 2014 including the Audited Balance Sheet as at 31 <sup>st</sup> March, 2014, the Statement of Profit and Loss for the year ended on that date and reports of the Directors' and Auditors' thereon		
2.	To confirm the payment of interim dividend on equity shares for the financial year ended 31 <sup>st</sup> March, 2014 and to declare final dividend on equity shares for the said financial year		
3.	Appoint a Director in place of Shri Samir Mehta, Director, who retires by rotation, and being eligible, offers himself for re-appointment		
4.	Appoint Deloitte Haskins & Sells, Chartered Accountants, Ahmedabad (Firm Registration No. 117365W), as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorise the Board to fix their remuneration		

Resolution No.	RESOLUTIONS	OPTIONAL <sup>3</sup>	
Special Business			
5.	Ratification of remuneration of Cost Auditors of the Company for the year 2014-15		
6.	Appointment of Shri Shailesh Haribhakti as an Independent Director		
7.	Appointment of Shri Haigreve Khaitan as an Independent Director		
8.	Appointment of Shri Pradeep Bhargava as an Independent Director		
9.	Appointment of Shri Ashish Nanda as an Independent Director		
10.	Appointment of Smt. Bhavna Doshi as an Independent Director		
11.	Appointment of Shri Samir Mehta as Executive Chairman and fixation of Remuneration		
12.	Re-appointment of Dr. Chaitanya Dutt as Director (Research & Development) and fixation of Remuneration		

Signed this..... day of..... 20.....

\_\_\_\_\_  
Signature of Shareholder(s)

\_\_\_\_\_  
Signature of Proxy holder(s)

Affix 15 Paise Revenue Stamp
---------------------------------------

**Notes:**

- 1 This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
- 2 For the Resolutions, Explanatory Statement and Notes, please refer to the Notice of 41<sup>st</sup> Annual General Meeting.
- 3 It is optional to put a 'X' in the appropriate column against the Resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your Proxy will be entitled to vote in the manner as he / she thinks appropriate.
- 4 Please complete all details including details of member(s) in above box before submission.



## TORRENT PHARMACEUTICALS LIMITED

(CIN: L24230GJ1972PLC002126)

Registered Office: Torrent House, Off Ashram Road, Ahmedabad – 380 009, Gujarat, India

Phone: + 91 79 26585090 / 26583060 Fax: + 91 79 26582100

Website: www.torrentpharma.com Email Id: investorservices@torrentpharma.com

### ATTENDANCE SLIP

This attendance slip duly filled in is to be handed over at the entrance of the meeting hall.

DP ID**
CLIENT ID

REGD. FOLIO NO.
NO. OF SHARES HELD

Full name of the member attending \_\_\_\_\_

Full name of the first joint-holder \_\_\_\_\_

(To be filled in if first named joint-holder does not attend the meeting)

Name of Proxy \_\_\_\_\_

(To be filled in if Proxy Form has been duly deposited with the Company)

I hereby record my presence at the 41<sup>ST</sup> ANNUAL GENERAL MEETING being held at J. B. Auditorium, Torrent AMA Centre, Ground Floor, Ahmedabad Management Association, Vastrapur, Ahmedabad – 380 015, Gujarat, India on Wednesday, the 30<sup>th</sup> July, 2014 at 09:30 a.m.

\_\_\_\_\_  
Member's / Proxy's Signature  
(To be signed at the time of handing over of this slip)

\*\* Applicable to the members whose shares are held in dematerialized form.

**Note:** Persons attending the Annual General Meeting are requested to bring their copies of Annual Report.









**TORRENT PHARMACEUTICALS LIMITED**

(CIN: L24230GJ1972PLC002126)

Torrent House, Off Ashram Road, Ahmedabad - 380 009, Gujarat, India

Phone: + 91 79 26585090 / 26583060 Fax: + 91 79 26582100

Website: [www.torrentpharma.com](http://www.torrentpharma.com) Email Id: [investorservices@torrentpharma.com](mailto:investorservices@torrentpharma.com)

ENSURES OUR LONGEVITY

INTEGRITY

PASSION FOR EXCELLENCE

PARTICIPATIVE DECISION-MAKING

CONCERN FOR SOCIETY & ENVIRONMENT

FAIRNESS WITH CARE

TRANSPARENCY

40<sup>TH</sup> ANNUAL REPORT



TORRENT PHARMACEUTICALS LIMITED

## ENSURES OUR LONGEVITY

Torrent as a Group has many decades of existence, though some of its units have greater or fewer. Some of these units have grown organically; while some have been acquired.

The Journey of Torrent...

It all began with the toil of one enterprising individual, Shri U N Mehta, when he ventured on his own to create history in the Indian pharmaceutical industry by implementing successfully the concept of niche marketing. Today's Torrent Pharma, which has evolved from such an extra-ordinary effort, has grown from a one-man enterprise to a group enterprise; from a one-location company to a multi-location company; from a single-product company to a multi-product company and from being so local to being so global.

And for that matter, Torrent Power too has seen itself transitioning from only a cable manufacturer to an integrated power utility; from a bureaucratically managed company to a professionally managed enterprise; from having a single generating station to state-of-the-art generating stations; from huge distribution losses to the lowest distribution losses in the country; from a successful regulated distribution licensee to a successful distribution franchisee as well and from single-state operations to multi-state operations.

Torrent's units have evolved over different time periods to various states of existence and are slowly but surely on the path towards a Sustainable Torrent. Over the years, these units have displayed a powerful drive for growth and advancement while endeavouring to root in the pillar-like well-founded principles in Torrent that are critical and enduring; that are essential and rock solid; and that remain unaffected by changing circumstances.

**These strong pillars, the Core Values, which Torrent believes in and constantly strives to build, are: Integrity, Passion for Excellence, Participative Decision-Making, Concern for Society & Environment, Fairness with Care and Transparency.**

**Each of these Timeless Values, a Pillar of Strength, ENSURES OUR LONGEVITY.**



## INTEGRITY

### **When truth is paramount**

Thoughts and actions entail doing the right thing at all times and in all circumstances; whether or not anyone is watching. This requires inner courage and conviction, no matter what the consequences are. It is honouring one's commitments and being accountable for one's actions, end-to-end.

## PASSION FOR EXCELLENCE

### **When best is not enough**

Passion for excellence means not doing extra-ordinary things, but doing ordinary things in all pursuits exceedingly well. Passion and excellence are forces that fuel each other on the exclusive path to leadership. As we are what we repeatedly do, excellence then is not an act, but a habit.

## PARTICIPATIVE DECISION MAKING

### **Involvement that engenders effectiveness**

An ideal organisation facilitates participation and involvement of each of its members in various decision making processes, thus ensuring their commitment to such decisions as well as its outcome. It provides a platform for seeking and nurturing constructive ideas from individuals, teams and units which eventually yields exceptional results.

## CONCERN FOR SOCIETY & ENVIRONMENT

### **When every smile matters**

Concern for Society & Environment is a sense of responsibility and contribution to society that defines our existence. It entails making a difference in the quality of lives and environment surrounding us. It is important to encourage fellow-members on collective as well as individual basis to fulfil the responsibility of leaving behind a world rich in flora and fauna and rich in time tested values and ideals and above all rich in social fervour for our future generations.

## FAIRNESS WITH CARE

### **Harnessing equality**

Fairness and Care towards all fellow members are inextricably linked. Weaving the threads of equality, irrespective of caste, creed, religion and gender, into the day to day fabric, ensures fairness for each and every individual. Empathic care recognises needs and aspirations of all. Only such fairness and care eventually lead fellow members to the dawn of eternal success.

## TRANSPARENCY

### **Openness that builds enduring trust**

Transparency implies openness. It is the opposite of secrecy. It encourages more informed decision making and aids in creating enduring trust among all stakeholders.

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## CORPORATE INFORMATION

### **DIRECTORS**

1. Shri Sudhir Mehta  
*Chairman*
2. Shri Markand Bhatt
3. Shri Pradeep Bhargava
4. Dr. Prasanna Chandra
5. Shri Shailesh Haribhakti
6. Shri Haigreve Khaitan
7. Shri Sanjay Lalbhai
8. Dr. Leena Srivastava
9. Shri Samir Mehta  
*Executive Vice Chairman*
10. Dr. Chaitanya Dutt  
*Director (Research & Development)*

### **AUDIT COMMITTEE**

1. Shri Shailesh Haribhakti  
*Chairman*
2. Shri Pradeep Bhargava
3. Dr. Prasanna Chandra
4. Shri Haigreve Khaitan
5. Dr. Leena Srivastava

### **SECURITIES TRANSFER &**

### **INVESTORS' GRIEVANCE COMMITTEE**

1. Shri Sudhir Mehta  
*Chairman*
2. Shri Markand Bhatt
3. Shri Samir Mehta

### **NOMINATION AND**

### **REMUNERATION COMMITTEE**

1. Shri Shailesh Haribhakti  
*Chairman*
2. Shri Markand Bhatt
3. Shri Pradeep Bhargava
4. Dr. Prasanna Chandra

### **COMMITTEE OF DIRECTORS**

1. Shri Markand Bhatt  
*Chairman*
2. Shri Samir Mehta

### **VP (FINANCE) & CHIEF FINANCIAL OFFICER**

R. Srinivasan

### **VP (LEGAL) & COMPANY SECRETARY**

Mahesh Agrawal

### **AUDITORS**

Deloitte Haskins & Sells, Ahmedabad  
*Chartered Accountants*

### **REGISTERED OFFICE**

Torrent House,  
Off Ashram Road,  
Ahmedabad – 380 009  
Gujarat  
Telephone: 079 – 26585090  
Fax: 079 – 26582100

### **MANUFACTURING FACILITIES**

1. Village Indrad, Taluka Kadi,  
Dist. Mehsana (Gujarat)
2. Village Bhud,  
Baddi, Teh. Nalagarh,  
Dist. Solan (Himachal Pradesh)
3. 32 No. Middle Camp, NH – 31 A,  
East District, Gangtok (Sikkim)

### **DAHEJ PROJECT SITE**

Plot No. Z104-106, Dahej SEZ Phase II,  
Taluka Vagra, Dist. Bharuch (Gujarat)

### **RESEARCH & DEVELOPMENT FACILITY**

Village Bhat, Dist. Gandhinagar (Gujarat)

### **WEBSITE**

[www.torrentpharma.com](http://www.torrentpharma.com)

### **REGISTRARS & TRANSFER AGENTS**

Karvy Computershare Private Limited  
Unit: Torrent Pharmaceuticals Limited  
Plot No. 17 to 24,  
Vittalrao Nagar, Madhapur,  
Hyderabad – 500 081  
Telephone: 040 – 44655000  
Fax: 040 – 23420814  
Email: [einward.ris@karvy.com](mailto:einward.ris@karvy.com)

### **INVESTOR SERVICES E – MAIL**

[investorservices@torrentpharma.com](mailto:investorservices@torrentpharma.com)

## NOTICE

NOTICE IS HEREBY GIVEN THAT THE FORTIETH ANNUAL GENERAL MEETING OF THE MEMBERS OF TORRENT PHARMACEUTICALS LIMITED will be held on Friday, 26<sup>th</sup> July, 2013 at 09:30 AM at J. B. Auditorium, Torrent AMA Centre, Ground Floor, Ahmedabad Management Association, Vastrapur, Ahmedabad – 380 015, to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2013, the Statement of Profit and Loss for the year ended on that date and reports of the Directors' and Auditors' thereon.
2. To confirm the payment of interim dividend on equity shares for the financial year ended 31<sup>st</sup> March, 2013 and to declare final dividend on equity shares for the said financial year.

The Board of Directors at its meeting held on 29<sup>th</sup> January, 2013 declared normal annual dividend as interim dividend of ₹ 6.00 per equity share of fully paid up face value of ₹ 5.00 each for the financial year ended 31<sup>st</sup> March, 2013 and in its meeting held on 30<sup>th</sup> May, 2013 recommended an additional dividend of ₹ 7.00 per equity share of fully paid up face value of ₹ 5.00 each. Commemorating four decades of Company's business operations, Board also recommended a special dividend of ₹ 10.00 per equity share of fully paid up face value of ₹ 5.00 each. Total final dividend amounts to ₹ 17.00 per equity share (pre bonus) of fully paid up face value of ₹ 5.00 each for the said financial year.

3. To resolve not to fill the vacancy for the time being in the Board, caused by the retirement of Dr. Prasanna Chandra, Director, who retires by rotation and has expressed his intention to retire and consequently not getting re-appointed.
4. To resolve not to fill the vacancy for the time being in the Board, caused by the retirement of Shri Sanjay Lalbhai, Director, who retires by rotation and has expressed his intention to retire and consequently not getting re-appointed.
5. To appoint Deloitte Haskins & Sells, Chartered Accountants, Ahmedabad (Firm Registration No. 117365W), as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorize the Audit Committee to fix their remuneration.

### SPECIAL BUSINESS

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

#### **MAKING SHRI SUDHIR MEHTA AS NON ROTATIONAL DIRECTOR**

**"RESOLVED THAT** subject to the provisions of Sections 255 & 256 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof ) and further subject to any statutory or other approval as may be required, Shri Sudhir Mehta, Non-Executive Chairman of the Company, shall not be liable to retire by rotation at any Annual General Meeting of the Company and his period of office shall not be liable to determination by retirement of directors by rotation."

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

#### **APPROVAL UNDER SECTION 293(1)(d) OF THE COMPANIES ACT, 1956 FOR INCREASE IN BORROWING LIMITS**

**"RESOLVED THAT** in supercession of resolution passed at the Annual General Meeting of the Company held on 21<sup>st</sup> July, 2006 on the matter, and pursuant to the provisions of Section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof) and the Articles of Association of the Company, the consent of the Company be and is hereby accorded to the Board of Directors (hereinafter referred as 'Board' which term shall include a Committee thereof authorized for the purpose) of the Company, to borrow, from time to time, any sum or sums of money (including non-fund based banking facilities) as may be required for the purpose of the business of the Company, from one or more Banks, Financial Institutions and other persons, firms, bodies corporates, whether in India or

abroad, notwithstanding that the monies so borrowed together with the monies already borrowed (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) may at any time exceed the aggregate of the paid-up Capital of the Company and its Free Reserves (reserves not set apart for any specific purpose) provided that the total amount that may be borrowed by the Board and outstanding at any point of time, shall not exceed the sum of ₹ 3000 crores (Rupees Three Thousand Crores only) and the Board be and is hereby authorized to decide all terms and conditions in relation to such borrowing, at their absolute discretion and to do all such acts, deeds and things and to execute all such documents, instruments and writings as may be required."

8. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

**APPROVAL UNDER SECTION 293(1)(a) OF THE COMPANIES ACT, 1956 FOR CREATION OF CHARGE ON COMPANY'S PROPERTIES**

"**RESOLVED THAT** in supercession of resolution passed at the Annual General Meeting of the Company held on 21<sup>st</sup> July, 2006 on the matter and pursuant to the provisions of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof), the consent of the Company be and is hereby accorded to the Board of Directors (hereinafter referred as 'Board' which term shall include a Committee thereof authorized for the purpose) of the Company, to mortgage, hypothecate, pledge and / or charge, in addition to the mortgage, hypothecate, pledge and / or charge already created, in such form, manner and ranking and on such terms as the Board deems fit in the interest of the Company, on all or any of the movable and / or immovable properties of the Company (both present and future) and / or the whole or part of any of the undertaking of the Company together with or without the power to take over the management of the business or any undertaking of the Company in case of certain events of defaults, in favour of the Lender(s), Agent(s) and Trustee(s), for securing the borrowing availed or to be availed by the Company, by way of loans, debentures (comprising fully / partly Convertible Debentures and / or Non-Convertible Debentures or any other securities) or otherwise, in foreign currency or in Indian rupees, from time to time, up to the limits approved or as may be approved by the shareholders under Section 293(1)(d) of the Companies Act, 1956 (including any statutory modification or re-enactment thereof) along with interest, additional interest, accumulated interest, liquidated charges, commitment charges or costs, expenses and all other monies payable by the Company including any increase as a result of devaluation / revaluation / fluctuation in the rate of exchange and the Board be and is hereby authorized to decide all terms and conditions in relation to such creation of charge, at their absolute discretion and to do all such acts, deeds and things and to execute all such documents, instruments and writings as may be required."

9. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

**APPOINTMENT OF SHRI PRADEEP BHARGAVA AS DIRECTOR**

"**RESOLVED THAT** Shri Pradeep Bhargava, who was appointed as Additional Director under Section 260 of the Companies Act, 1956, by the Board of Directors on 26<sup>th</sup> October, 2012 and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed with effect from the commencement of this meeting as Director of the Company, liable to retire by rotation."

Registered Office:  
Torrent House,  
Off Ashram Road,  
Ahmedabad – 380 009  
Gujarat

Ahmedabad  
30<sup>th</sup> May, 2013

By Order of the Board of Directors  
**For TORRENT PHARMACEUTICALS LIMITED**

**MAHESH AGRAWAL**  
VP (Legal) & Company Secretary

## NOTES:

1. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Item Nos. 3 & 4 and Special Business i.e. Item Nos. 6, 7, 8 & 9 is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF / HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
3. Proxies, in order to be effective should be duly stamped, completed, signed and must be sent to the Company so as to receive at its registered office not later than 48 hours before the commencement of the meeting.
4. The members are requested to bring duly filled attendance slip alongwith their copy of Annual Report at the Meeting.
5. Corporate members intending to send their authorised representatives to attend the meeting are requested to send a duly certified copy of the board resolution authorizing their representatives to attend and vote on their behalf at the meeting.
6. The members are requested to intimate to the Company, queries, if any, at least 10 days before the date of the meeting to enable the management to keep the required information available at the meeting.
7. As per SEBI Circular No. CIR/MRD/DP/10/2013 dated 21<sup>st</sup> March, 2013, listed companies are required to use, either directly or through their RTA, any RBI approved electronic mode of payment like ECS, NECS, NEFT etc. for distribution of dividends or providing other cash benefits to the investors. Accordingly, the members, holding shares in physical form, are requested to update their address or provide / update their bank mandate (including details of MICR, IFSC etc.) with the Company or its Registrars & Transfer Agents (RTA), Karvy Computershare Private Limited and members holding shares in dematerialized form are requested to intimate any change in their address or to change / update bank mandate with their Depository Participants (DP) to enable the Company or RTA for making arrangements for electronics credit of dividend and other cash benefits to members.
8. The Company has decided to close the Register of Members and the Share Transfer Register for a period of three days from 12<sup>th</sup> June, 2013 to 14<sup>th</sup> June, 2013 (both days inclusive) for determining the name of members eligible for final dividend on equity shares, if declared at this meeting.

The final dividend on equity shares, if declared at the meeting, will be paid / dispatched on or around 30<sup>th</sup> July, 2013 to those members whose names appear on the Company's Register of Members or on records of National Securities Depository Limited and Central Depository Services (India) Limited as beneficial owners as on 14<sup>th</sup> June, 2013.

9. Trading in the shares of the Company can be done in dematerialized form only. Dematerialisation would facilitate paperless trading through state-of-the-art technology, quick transfer of corporate benefits to members and avoid inherent problems of bad deliveries, loss in postal transit, theft and mutilation of share certificate and will not attract any stamp duty. Hence, we request all those members who have still not dematerialized their shares to get their shares dematerialized at the earliest.
10. The members who have not encashed their Dividend Warrants for previous financial years are requested to send the same for revalidation to the Company's RTA.

Members wishing to claim dividends for previous financial years, which remain unclaimed, are requested to correspond with the RTA.

During the year, the Company has requested those shareholders, whose dividends for previous financial years remaining unclaimed / unpaid, for claiming said dividend amount before transfer thereof to Investor Education and Protection Fund (IEPF).

Members are requested to note that dividends not encashed or claimed within seven years from the date of transfer to the

Company's Unpaid Dividend Account, will, as per Section 205A of the Companies Act, 1956, be transferred to the Investor Education and Protection Fund (IEPF) and under the amended provisions of Section 205B of the Companies Act, 1956, no claim from IEPF by the members shall lie in respect of said dividends.

In compliance with the same, unclaimed dividend for the financial year 2004-05 has already been transferred to the IEPF.

11. Pursuant to Section 109A of the Companies Act, 1956, individual shareholders holding shares in the Company singly or jointly may nominate an individual to whom all the rights in the shares in the Company shall vest in the event of death of the sole / all joint shareholders. Members are requested to avail the above facility by submitting prescribed Form 2B to the Company / RTA in case of shareholders holding shares in physical form and to their respective DP in case of shareholders holding shares in demat form.
12. The annual report of the Company for the year ended 31<sup>st</sup> March, 2013 is uploaded on the Company's website [www.torrentpharma.com](http://www.torrentpharma.com) and may be accessed by the members.
13. As required in terms of Clause 49 of the Listing Agreement with the Stock Exchanges, the information (including profile and expertise in specific functional areas) pertaining to Shri Pradeep Bhargava recommended for appointment in the Annual General Meeting is annexed to this Notice.
14. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their DPs with whom they are maintaining their demat accounts and members holding shares in physical form to the Company / RTA.

#### **EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**

##### **Item No. 3**

Dr. Prasanna Chandra retires by rotation at this Annual General Meeting. Dr. Chandra has expressed his intention to retire and consequently not getting re-appointed. It has been decided by the Board that the vacancy so created on the Board of Directors of the Company should not be filled.

Dr. Chandra is a Director of the Company since 25<sup>th</sup> May, 2001 and is also Member of the Audit Committee & Nomination and Remuneration Committee of the Company. The Directors place on record their deep appreciation for the able guidance & support provided and invaluable contribution made by Dr. Chandra for the overall growth of the Company during long tenure of his fruitful association with the Company as member of the Board and its various Committees.

##### **Item No. 4**

Shri Sanjay Lalbhai retires by rotation at this Annual General Meeting. Shri Lalbhai has expressed his intention to retire and consequently not getting re-appointed. It has been decided by the Board that the vacancy so created on the Board of Directors of the Company should not be filled.

Shri Lalbhai is a Director of the Company since 23<sup>rd</sup> January, 2003. The Directors place on record their deep appreciation for the able guidance & support provided and invaluable contribution made by Shri Lalbhai for the overall growth of the Company during long tenure of his fruitful association with the Company as member of the Board.

##### **Item No. 6**

Shri Sudhir Mehta, a promoter-director, has been associated with the Company since its inception. His term of office is liable to determination by retirement of directors by rotation under Sections 255 & 256 of the Companies Act, 1956 ("Act"). He was last re-appointed as a Director by the shareholders at the Annual General Meeting of the Company held on 23<sup>rd</sup> July, 2012.

The growth and progress of the Company is significantly attributable to Shri Mehta's vision, strategy & leadership. His entrepreneurial acumen coupled with a pro-active approach to business and strong sense of conviction has been instrumental in Company's success. The Torrent Group has achieved many milestones in the Pharma and Power sectors under the visionary leadership of Shri Mehta. His drive to excel is deeply rooted in his commitment to investors. As Chairman of Torrent Group, Shri Sudhir Mehta has provided the right strategic vision that has, time and again, brought laurels to the Group.

In view of the above, it is proposed by the Board to make Shri Mehta as permanent member on the Board not liable to retire by rotation and his period of office shall not be liable to determination by retirement of directors by rotation. Such appointment, if approved by shareholders through the resolution contained in item no. 6 of the accompanying Notice, will be within the provisions of Section 255 of the Act which allows the Company to appoint one-third of the total number of directors as non-rotational director.

Shri Sudhir Mehta is deemed to be concerned or interested in this resolution. Shri Samir Mehta, being relative of Shri Sudhir Mehta, is also to be considered interested in the resolution. None of the other Directors of the Company is in anyway concerned or interested in the resolution.

The Board commends this resolution for your approval.

#### **Item No. 7 & 8**

In terms of the provisions of Section 293(1)(d) of the Companies Act, 1956, the Board of Directors of the Company cannot, except with the consent of the Company in General Meeting, borrow monies, apart from temporary loans obtained from the Company's bankers in the ordinary course of business, in excess of aggregate of the paid-up Capital and its Free Reserves (reserves not set apart for any specific purpose). At the Annual General Meeting of the Company held on 21<sup>st</sup> July, 2006, the shareholders had accorded consent to the Board of Directors borrowing any sum or sums of money outstanding at any point of time, not exceeding the sum of ₹ 1500 crores (Rupees Fifteen Hundred Crores only).

At the same Annual General Meeting of the Company, the shareholders had accorded consent to the Board of Directors for creation of mortgages, charges and hypothecations etc. to secure aforesaid borrowings.

Since the last approval from shareholders, turnover of the Company had increased by more than 300%. Last 5 year CAGR for sales was 19%. The future growth also needs to be factored in line with this. In view of the above and as per Company's future growth plans, both organic & inorganic, including capacity buildup it is proposed to increase the said borrowing limits from the existing ₹ 1500 crores to an amount not exceeding at any time a limit of ₹ 3000 crores (Rupees Three Thousand Crores only).

The proposed borrowings by the Company, if required, is to be secured by mortgage or charge on all or any of the movable or immovable properties of the Company (both present & future), in favour of the financial institutions / banks / debenture trustees etc. in such form, manner and ranking as may be determined by the Board of Directors of the Company from time to time, in consultation with the lender(s).

The mortgage and / or charge on any of the movable and / or immovable properties and / or the whole or any part of the undertaking(s) of the Company, to secure borrowings of the Company with a power to the charge holders to take over the management of the business of the Company in certain events of default, may be regarded as disposal of the Company's undertaking(s) within the meaning of Section 293(1)(a) of the Companies Act, 1956.

The resolutions contained in item nos. 7 & 8 of the accompanying Notice, accordingly, seek members' approval for increasing the borrowing limits and disposal of the Company's undertaking(s) by creation of mortgage / charge etc. thereon, respectively.

None of the Directors of the Company is in anyway concerned or interested in the proposed resolution.

The Board commends these resolutions for your approval.

**Item No. 9**

Shri Pradeep Bhargava was appointed as Additional Director by the Board on 26<sup>th</sup> October, 2012 pursuant to the provisions of Section 260 of the Companies Act, 1956 and holds office up to the date of this Annual General Meeting. The Company has received a notice in writing from a member pursuant to the provisions of Section 257 of the Companies Act, 1956 proposing the name of Shri Pradeep Bhargava for the office of Director.

Particulars of his qualifications, brief resume, area of expertise and other details are provided in the Annexure attached to this Notice.

This resolution contained in item no. 9 of the accompanying Notice, accordingly, seeks members' approval for appointment of Shri Bhargava as a Director of the Company.

None of the Directors, except Shri Pradeep Bhargava is concerned or interested in the proposed resolution.

The Board commends this resolution for your approval.

Registered Office:  
Torrent House,  
Off Ashram Road,  
Ahmedabad – 380 009  
Gujarat

Ahmedabad  
30<sup>th</sup> May, 2013

By Order of the Board of Directors  
**For TORRENT PHARMACEUTICALS LIMITED**

**MAHESH AGRAWAL**  
VP (Legal) & Company Secretary

## ANNEXURE TO THE NOTICE

### Information pertaining to Shri Pradeep Bhargava recommended for appointment as per note 13 to the Notice:

Shri Pradeep Bhargava, 63, has been associated with Cummins group since 2000 and was Managing Director of Cummins Generator Technologies India Limited from 2003 to April 2012. He holds B. Sc. (Honours) degree from Rajasthan University, Jaipur, B.E. (Electronics and Communications) degree from Indian Institute of Science, Bangalore and completed his MBA from Indian Institute of Management (IIM), Ahmedabad in the year 1971. After graduating from IIM, Ahmedabad, first ten years of Shri Bhargava were with Public Sectors i.e. Atomic Energy Commission, Electronics Commission and at Bharat Heavy Electricals Limited. Prior to joining Cummins, he was Managing Director of GE Lighting India for 3 years. He had worked with Kalyani Group (Bharat Forge) for 15 years from 1982-1997.

He was the Chairman of Western Region Council of CII for the year 2012-13. He is Member of Mahratta Chambers of Commerce Industry & Agriculture. His key contributions have been Conceiving, Steering and Implementing the now famous “**Pune Model**” by virtue of which the city of Pune has been able to mitigate Load Shedding for the last 5 years. His primary focus has been to integrate the experience and knowledge of industry into causes which benefits both, the Society and the Environment. Under his leadership, Cummins has set up “**India's First Green Factory**” at Ranjangaon, near Pune.

He has also been associated with various academic institutes including Indian Institute of Management at Ahmedabad, Bangalore & Udaipur as guest faculty and / or in other capacity.

Companies (other than Torrent Pharmaceuticals Limited) in which Shri Pradeep Bhargava holds directorship and committee membership:

Sr. No.	Directorship in Companies / Organisations (excluding alternate directorship)	Name of Committees
1.	Cummins Generator Technologies India Limited	-
2.	Cummins Technologies India Limited	-
3.	Rajkumar Forge Limited	Audit Committee - Chairman
4.	Jost's Engineering Company Limited	-
5.	Persistent Systems Limited	Audit Committee - Member
6.	Pragati Leadership Institute Private Limited	-
7.	Secure International Holding Pte. Limited	-
8.	Pune City Connect Development Foundation	-

Shri Pradeep Bhargava does not hold any shares of the Company.



## DIRECTORS' REPORT

To

The Shareholders

The Directors have the pleasure of presenting the Fortieth Annual Report of your Company together with the audited accounts for the year ended 31<sup>st</sup> March, 2013.

### FINANCIAL RESULTS

The summary of consolidated (Company and its subsidiaries) and standalone (Company) operating results for the year and appropriation of divisible profits is given below:

(₹ in crores except per share data)

	Consolidated		Standalone	
	2012-13	2011-12	2012-13	2011-12
Sales & Operating Income	3212	2696	2766	2076
Profit Before Depreciation, Finance Cost, Exceptional Items & Tax	736	544	811	536
Less Depreciation	83	82	72	64
Less Finance Cost	34	39	37	40
Profit Before Exceptional Items & Tax	619	423	702	432
Less Exceptional Items	37	65	37	61
Less Tax Expense	147	72	119	60
Less Minority Interest	2	2	0	0
Net Profit for the Year	433	284	547	311
Balance brought forward	167	158	274	237
Distributable Profits	600	442	821	548
Appropriated as under:				
Transfer to General Reserve	55	191	55	191
Interim Dividend	51	51	51	51
Proposed Final Dividend	144	21	144	21
Tax on Distributed Profits for Interim Dividend	8	8	8	8
Tax on Distributed Profits for Final Dividend	25	4	25	3
Balance Carried Forward	317	167	538	274
Earnings Per Share (₹ per share)	51.15	33.57	64.58	36.79

#### Consolidated Operating Results

The consolidated sales and operating income increased to ₹ 3212 crores from ₹ 2696 crores in the previous year yielding a growth of 19.14%. The consolidated operating profit for the year was ₹ 736 crores as against ₹ 544 crores in the previous year registering an increase of 35.29%. The consolidated net profit increased to ₹ 433 crores from ₹ 284 crores in the previous year registering a growth of 52.46%. During the current year, exceptional item pertaining to provision for diminution in the value of long term investment amounting to ₹ 37 crores is charged to the Statement of Profit and Loss. Adjusting for the exceptional item (net of tax), consolidated net profit has grown by 39.88%.

#### Standalone Operating Results

The sales and operating income increased to ₹ 2766 crores from ₹ 2076 crores in the previous year yielding a growth of 33.24%. The operating profit for the year under review increased to ₹ 811 crores as against ₹ 536 crores in the previous year registering a growth of 51.31%. The profits after tax for the year under review increased to ₹ 546 crores as against ₹ 311 crores in the previous year registering a growth of 75.56%. During the current year, exceptional item pertaining to provision for diminution in the value of long term investment amounting to ₹ 37 crores is charged to the Statement of Profit and Loss. Adjusting for the exceptional item (net of tax), net profit has grown by 61.94%.

## Management Discussion and Analysis (MDA)

The detailed analysis of the operating performance of the Company for the year, the state of affairs and the key changes in the operating environment have been included in the Management Discussion and Analysis section which forms a part of the Annual Report.

## APPROPRIATIONS

### Dividend

As a policy, the Company endeavours to distribute 30% of its annual consolidated net profit after tax as dividend in one or more tranches.

Normal annual dividend of ₹ 6.00 per equity share of fully paid up face value of ₹ 5.00 amounting to ₹ 50.77 crores was paid to the shareholders as interim dividend during the year under review. The tax on distributed profits was ₹ 8.24 crores making the aggregate distribution to ₹ 59.00 crores. Further, the Board has recommended an additional dividend of ₹ 7.00 per equity share (pre bonus) amounting to ₹ 59.23 crores. Commemorating four decades of business operations, the Board has also recommended a special dividend of ₹ 10.00 per equity share (pre bonus) amounting to ₹ 84.61 crores. Total distribution including tax of ₹ 24.45 crores works out to be ₹ 168.29 crores towards such additional and special dividend. Aggregate dividend works out to be ₹ 23.00 per share (previous year ₹ 8.50 including special dividend of ₹ 2.50 per share) and distribution amount including tax on distributed profit works out to be ₹ 227.30 crores (previous year ₹ 83.58 crores). These dividends are tax free in the hands of the shareholders.

### Transfer to Reserves

The Board has recommended a transfer of ₹ 55.00 crores to the general reserve and an amount of ₹ 538.00 crores is retained in the Statement of Profit and Loss of Standalone financials.

## BONUS ISSUE

The Board has recommended the issue of Bonus Shares in the proportion of 1:1 i.e. 1 (one) new fully paid-up Equity Share of ₹ 5.00 each for every 1 (one) fully paid-up Equity Share of ₹ 5.00 each, to the eligible shareholders of the Company as on the Record Date as may be fixed by the Board or a Committee thereof authorized for the purpose and for approving the increase in the Authorized Share Capital & consequent amendment to Capital clause of the Memorandum of Association of the Company. Pursuant to Section 192A(2) of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2011, the Board seeks shareholders' approval through passing of necessary resolutions by Postal Ballot for the above.

## DIRECTORS' RESPONSIBILITY STATEMENT

In terms of Section 217(2AA) of the Companies Act, 1956, in relation to financial statements of the Company for the year ended 31<sup>st</sup> March, 2013, the Board of Directors state that:

- i the applicable Accounting Standards have been followed in preparation of the financial statements and there are no material departures from the said standards;
- ii reasonable and prudent accounting policies have been used in preparation of the financial statements and that they have been consistently applied and that reasonable and prudent judgments and estimates have been made in respect of items not concluded by the year end, so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March, 2013 and of the profit for the year ended on that date;
- iii proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv the financial statements have been prepared on a going concern basis.

## SUBSIDIARIES

Brief review of the important subsidiaries is given below:

### **Heumann Pharma GmbH & Co Generica KG (Heumann), Heunet Pharma GmbH and Norispharm GmbH at Germany**

Heumann along with Heunet Pharma GmbH and Norispharm GmbH at Germany posted revenues of Euro 58.76 million (₹ 412.07 crores) for the financial year 2012-13 as compared with Euro 55.43 million (₹ 365.33 crores) for the previous year, registering a growth of 12.79% in Rupees. Net loss for the year was Euro 0.97 million (₹ 2.93 crores) as against a net loss of Euro 0.13 million (profit of ₹ 7.41 crores in Rupee) for the previous year. The increase in loss was due to one-time penalty and legal cost.

### **Torrent do Brasil Ltda. (TdBL), Brazil**

During the year, TdBL achieved revenues of Reai 180.29 million (₹ 488.58 crores), as compared with Reai 165.88 million (₹ 467.80 crores) in the previous year, registering a growth of 4.44% in Rupees. TdBL has incurred a net loss after tax of Reai 2.47 million (₹ 9.23 crores), as compared to a net profit after tax of Reai 8.46 million (₹ 26.27 crores) in the previous year. The losses during the year are largely attributable to price reduction of one of key product and field force expansion.

### **Torrent Pharma Inc. (TPI), USA**

During the year, TPI earned revenues of USD 57.90 million (₹ 315.12 crores), as compared with USD 44.50 million (₹ 214.57 crores) in previous year registering a growth of 46.86% in Rupees. Net profit for the year was at USD 1.05 million (₹ 7.95 crores) as against a net profit of USD 0.89 million (₹ 10.39 crores) for the previous year. The Company has 43 ANDA's approvals, 24 pending approvals and 33 filings under development. Steady flow of product approvals from this pipeline is expected to sustain growth momentum.

### **Laboratorios Torrent S.A. de C.V. (LTSA)**

During the year, LTSA earned revenues of Mexican Peso 78 million (₹ 32.51 crores) as compared with Mexican Peso 70.93 million (₹ 26.85 crores) for the previous year registering a growth of 21.08% in Rupees. Net loss for the year was at Mexican Peso 2.71 million (₹ 1.09 crores) as against a loss of Mexican Peso 1.33 million (₹ 0.56 crores) for the previous year.

## HUMAN RESOURCES

To enhance the effectiveness & efficiency of human resources towards better productivity and competitiveness, the Company during the year undertook focused recruitment & induction of management trainees as well as lateral hires in middle & upper management levels and up-gradation of technical & marketing skills. The performance management area also received requisite attention at individual as well as organizational levels. On the industrial relations front, the Company enjoyed a cordial rapport during the year.

The Company makes an effort to bring together (including through webcast), all the employees across all locations as well as the Senior Management team, on various occasions. Such occasions during the year were:

- **The Founder's Day, 2013** – The employees of Torrent pay respect to the legendary and visionary founder Chairman, Shri U. N. Mehta. Also, on this day, two employees selected from across the group are awarded the "Torrentian" title for their dedication, commitment and contribution in the overall development of the organization and the society.
- **Independence Day 2012** – The Vice Chairman, addressed all the employees on the theme of "Understanding Past, Interpreting Present and Decoding Future" in the context of Group's business.
- **Republic Day 2013** – The Chairman in his address on the theme "Unity in Diversity", solicited views from all employees on various significantly important matters including but not limited to core values and steps needed to achieve equal involvement and participation of both genders at all levels.

## CORPORATE SOCIAL RESPONSIBILITY

Concern for Society and Environment is a deeply rooted core value of the Company. As a part of its CSR, the Company makes concentrated efforts in the fields of Community Healthcare, Sanitation and Hygiene, Education and Knowledge Enhancement and Social Care and Concern. During the year, the Company was mainly involved in the following CSR activities:

- Getting a new High School building constructed with total outlay of ₹ 1500 lacs and an existing School building reconstructed at a total outlay of ₹ 155 lacs at group level out of which Company's contribution is expected to be 30%.
- Shiksha Setu – Teaching Learning Enhancement Programme in its second year included more than 3400 students and 150 teachers as beneficiaries. Relevant outcomes observed include increase in attendance, 10% learning level improvement and enhanced learning interest through ICT based adaptive tool.
- Shardashish Scholarship Programme provided scholarship support to 32 meritorious students from economically weak background.
- Holistic Psychometric Test and Counseling for 685 students of 9<sup>th</sup> standard focusing on their career paths in three schools were conducted.
- More than 70 teachers were trained with the purpose of developing them as Counselors for further counseling & development of students.
- Primary Dental Health check up Camp was organized for 865 students of Sharda Mandir Primary School at Indrad, which ensured secondary and tertiary treatment for needy students.

## ENVIRONMENT, HEALTH & SAFETY

The Company provides the highest importance to safety in its various operations. In line with that philosophy, last year the Company implemented “Conviction for Safety” policy which was first of its kind in the country. This has resulted into better awareness at the work place about safety and compliance of safety norms and substantially higher compensation to the personnel and their families adversely affected by any accident.

The Company was awarded 'Sword of Honor' along with Five Star rating by British Safety Council. HSE audit is conducted by the Company not only for its own plants but also for its loan licensees. The Company has also successfully commissioned solar evaporation pond with improved evaporation efficiency of high TDS water and new ETP exclusively for API with latest energy saving concept and efficiently removal of COD / BOD / ammonical nitrogen by two stage bio-reaction.

The Company has received ISO-50001-2011 certification for Energy Management System at its Indrad Plant, which is helping to achieve continual improvement in energy use and consumption.

## INSURANCE

The Company's plant, property, equipments and stocks are adequately insured against major risks. After taking into account all the relevant factors, including the risk benefit trade-off, the Company has consciously decided not to take insurance cover for loss of profit under the Consequential Loss (Fire) Policy. The Company also has appropriate liability insurance covers particularly for product liability and clinical trials. The Company has also taken Directors' and Officers' Liability Policy to provide coverage against the liabilities arising on them.

## DIRECTORS

During the year under review, Shri Shashikant Bhojani retired from the Board with effect from 23<sup>rd</sup> July, 2012 (i.e. date of last Annual General Meeting).

During the year, Shri Pradeep Bhargava was appointed as Additional Director of the Company with effect from 26<sup>th</sup> October, 2012. It is proposed to appoint him as Director of the Company, liable to retire by rotation, at the ensuing Annual General Meeting. Brief resume of Shri Pradeep Bhargava forms part of the Notice of the ensuing Annual General Meeting. The Board recommends his appointment.

Dr. Prasanna Chandra and Shri Sanjay Lalbhai retire by rotation at the ensuing Annual General Meeting. Dr. Chandra and Shri Lalbhai have expressed their intention to retire and consequently not getting re-appointed. The Directors place on record their deep appreciation for the able guidance & support provided and invaluable contributions made by Dr. Chandra and Shri Lalbhai for the overall growth of the Company during their long tenure on the Board and fruitful association for more than a decade.

As per the provisions of Section 255 of the Companies Act, 1956 and subject to approval of the shareholders at the ensuing Annual General Meeting, it is proposed by the Board to make Shri Sudhir Mehta, Non-Executive Chairman of the Company as permanent member on the Board not liable to retire by rotation.

## **CORPORATE GOVERNANCE**

As required by Clause 49 of the Listing Agreement, a separate Report on Corporate Governance forms part of the Annual Report. A certificate from the Statutory Auditors of the Company regarding compliance of conditions of Corporate Governance forms part of this report as Annex 3.

## **AUDITORS**

### **• Statutory Auditors**

The term of appointment of Deloitte Haskins & Sells, Ahmedabad (Firm Registration No. 117365W), Statutory Auditors of the Company will expire at the ensuing Annual General Meeting. The Company has received a certificate from them about their eligibility for appointment as Statutory Auditors as per Section 224(1B) of the Companies Act, 1956. The Audit Committee in their meeting held on 30<sup>th</sup> May, 2013 has recommended their appointment for the year 2013-14.

### **• Cost Auditors**

The Company has appointed Kirit Mehta & Co., Cost Accountants, Mumbai (Firm Registration No. 000353) as the Cost Auditor of the Company for audit of cost accounting records of its activities (Formulation & Bulk Drugs activities) for the financial year ended 31<sup>st</sup> March, 2013. Further, due date of filing the Cost Audit Report for the financial year ended 31<sup>st</sup> March, 2012 was 28<sup>th</sup> February, 2013 and the same was filed on 11<sup>th</sup> January, 2013. Subject to the approval of the Central Government under Section 233B of the Companies Act, 1956, Kirit Mehta & Co. were appointed as the Cost Auditor of the Company for audit of cost accounting records of its activities (Formulation & Bulk Drugs activities) for the financial year 2013-14.

## **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, ETC.**

A statement containing the necessary information required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is annexed to this report as Annex 1.

## **PARTICULARS OF EMPLOYEES**

The information required under Section 217(2A) of the Companies Act, 1956, read with Companies (Particular of Employees) Rules, 1975 as amended, forms part of this report as Annex 2. Having regards to the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, this Annual Report is being sent to all shareholders excluding the said Annexure. Any shareholder interested in obtaining the particulars may obtain it by writing to the Company Secretary at the registered office of the Company.

## **APPRECIATION AND ACKNOWLEDGEMENTS**

Your Directors appreciate the trust reposed by the medical fraternity and patients in the Company and look forward to their continued patronage. The Directors are also grateful and pleased to place on record their appreciation for the excellent support, guidance and cooperation extended by the Government of India, Government of Gujarat, Government of Himachal Pradesh, Government of Sikkim, Central and State Government Bodies and Authorities, Financial Institutions and Banks. The Board also expresses its appreciation of the understanding and support extended by the shareholders and employees of the Company.

For and on behalf of the Board

Ahmedabad  
30<sup>th</sup> May, 2013

**Sudhir Mehta**  
Chairman

## ANNEX 1 TO DIRECTORS' REPORT

Particulars required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988

### A. CONSERVATION OF ENERGY

#### (a) Major energy conservation measures taken during the year:

1. Power factor maintained nearer to Unity at Intrad Plant and received net annual rebate of ₹ 31 lacs from Uttar Gujarat Vij Company Limited.
2. As proposed during last year, the Company received certification for ISO-50001-2011 for Energy Management System, at Intrad Plant, which has helped in reduction in energy consumption through various measures such as Reuse of RO & UF Reject water; installation of Variable Frequency Drives in Hot Water System; installation of Temperature Control System in Utility & Process Cooling Towers. Expected annual saving on this will be ₹ 16 lacs.

#### (b) Additional investment and proposals, if any, being implemented for reduction of consumption of energy:

1. An Economizer is installed in 14 TPH Boiler at Intrad Plant, with an investment of ₹ 14 lacs, which is expected to be commissioned from 2<sup>nd</sup> Quarter. It will result in reduction in gas consumption which is utilized to heat the feed water of the Boiler. Annual saving forecast is of ₹ 10 lacs.
2. Proposal to install Heat Recovery System in Screw Air Compressors, at Intrad Plant is being evaluated with an investment of ₹ 50 lacs, which will reduce consumption of steam used for heating water. Payback period is about 2 years.
3. Evacuated Tube Collectors (ETC) based Solar Water Heating System is being evaluated for installation, at Intrad Plant, with an investment of ₹ 50 lacs, which will be used for generating Hot Water required in HVAC System. Payback period is about 4 years.

#### (c) Impact of measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:

The above measures have helped the Company in effective and economic consumption of electricity, fuel and reduced the energy expenses. The specific benefits have been mentioned in the respective heads under (a) and (b) above.

#### (d) Particulars with respect to the conservation of energy are given below:

##### I. Power and Fuel Consumption:

1	Electricity	2012-13 <sup>#</sup>	2011-12*	
a	Purchased Units (KWH in lacs)	528.46	398.97	
	Total Amount (₹ in crores)	32.90	24.85	
	Average Rate (₹ / KWH)	6.23	6.23	
	b	Own generation through DG sets (KWH in lac Units)	17.83	19.92
		Units generated per liter of diesel	3.62	3.65
		Cost of fuel per Unit (₹ / KWH)	11.91	10.41
	c	Own generation through CPP (KWH in lac Units)	1.02	67.35
		Natural Gas consumed (in lacs SCM)	0.27	18.06
		Units generated per SCM of Gas	3.71	3.73
Cost of gas per Unit (₹ / KWH)		9.05	6.87	
2	Fuel Consumption			
a	HSD (in lac liters)	12.34	0.86	
	Total amount (₹ in crores)	5.20	0.33	
	Average Rate (₹ / liter)	42.19	38.72	
b	Furnace Oil (in lac liters)	5.18	13.17	
	Total Amount (₹ in crores)	2.57	5.86	
	Average Rate (₹ / liter)	49.55	44.51	
c	Natural Gas Steam Generation			
	Purchased Gas (in lacs SCM)	32.64	27.31	
	Total Amount (₹ in crores)	10.24	6.74	
	Average Rate (₹ / SCM)	31.36	24.67	

# In respect of all manufacturing facilities consisting of Indrad (Gujarat), Baddi (Himachal Pradesh) and Sikkim, out of which Sikkim facility was previously owned by a partnership firm where the Company has partnership interest and which was acquired by the Company effective from 1<sup>st</sup> October, 2012.

\* In respect of manufacturing facilities at Indrad (Gujarat) and Baddi (Himachal Pradesh).

## II. Consumption per unit of production:

The Company manufactures several drug formulations in different pack sizes and bulk drugs. It is, therefore, impractical to apportion the consumption and cost of utilities to each formulation and bulk drug.

## B. TECHNOLOGY ABSORPTION

Particulars with respect to technology absorption are given below:

### Research and Development (R & D)

#### 1. Specific areas in which R&D is carried out by the Company

The Company's R&D Centre is engaged in the discovery of New Chemical Entities (NCEs) and developed new processes and suitable formulations of known Active Pharmaceutical Ingredients (APIs) and value-added & differentiated formulations on NDDS platforms.

#### 2. Benefits derived as a result of the above R & D

- At the end of the year under review, 67 ANDAs and 24 DMFs filed in US and 48 new product Dossiers & 24 DMF submitted in the EU.
- Robust, viable and environment friendly processes developed for APIs and transferred to plant during the year.
- Company has marked its presence in the field of differentiated products by launch of Diclofenac injection; the first injection which can be given by both intramuscular and intravenous route. This would be followed by many differentiated products in the pipeline.
- The continuous up gradation and adoption of new technology has benefited the Company in the form of better production process, better yields, better quality of the end product and cost reduction.
- 772 patents filed for NDDS technology, drug discovery projects and innovative process of API & formulations for various geographies and 302 have been granted so far.

#### 3. Future plan of action

- Our commitment to drug discovery would continue by concentrating on focused therapeutic areas. Building capabilities and infrastructure for preclinical development and clinical trials required for NCEs is being pursued aggressively.
- Efforts would continue for development of new, value added, differentiated formulations and new cost effective, eco-friendly & safe processes for APIs.
- Efforts would also continue to identify the limitation in the current therapeutic areas and to develop novel technologies / delivery system to satisfy the unmet medical needs through NDDS Program like long acting injectable, nasal sprays & oral films. The products based on these technologies would provide patients with newer dosage forms that are safer, more effective and which enable to improve the quality of life of patients.
- Company also has vision to invest in new development areas like Oncology.

#### 4. Expenditure on R & D

Particulars	2012-13 (₹ in crores)
a. Capital expenses	6.43
b. Revenue expenses	111.14
Total (a+b)	117.57
c. Total R&D expenditure as a percentage of turnover	4.49%

#### Technology absorption, adaptation and innovation

##### 1. Efforts, in brief, made towards technology absorption, adaptation and innovation

Gel Permeable Chromatography (GPC) for polymer characterization and High Pressure Homogenizer for nano-sizing API have been deployed in 2012-13.

##### 2. Benefits derived as a result of the above efforts, e.g., product improvement, cost reduction, product development, import substitution, etc.

The equipments as mentioned in para 3 below have helped in broadening the product basket of the Company and further strengthened the Company's position as a research based organization.

##### 3. Information in case of imported technology (imported during the last five years reckoned from the beginning of the financial year)

Technology Imported	Year of Import	Whether fully absorbed
<p><b>Gel Permeable Chromatography (GPC)</b></p> <p>It is coupled with light scattering, viscometer and concentration detectors together (triple detection) and provides a distribution of absolute molecular weight, molecular size and intrinsic viscosity as well as information on macromolecular structure, conformation aggregation and branching of polymers used in formulation and as such.</p>	2012-13	Yes
<p><b>High Pressure Homogenizer</b></p> <p>This is processing equipment designed for particle engineering and size reduction of pharmaceutical formulations. The technology surpasses other systems that only use shear or cavitation or impact forces. BEE technology combines a variety of particle size reduction techniques. It produces turbulent Premixing-like stirrers and agitators, Cavitation like sonic mixers, Impact-like bead mills, higher shear level than high shear mixers.</p> <p>Advantages over other homogenizer system includes:</p> <p>a) Ability to shorten extended process duration-multiple passes:</p> <ul style="list-style-type: none"> <li>• Lower Production Costs</li> <li>• Lower Maintenance Costs</li> </ul> <p>b) Ability to customize the mix to product with different configurations</p> <p>The common applications of this homogenizer are particle size reduction for preparation of micro and nanosuspension, fine emulsions preparation, cell disruption, dispersions, nanoparticles, liposomes, grinding and micro-encapsulating along with general blending and mixing.</p>	2012-13	Yes



Technology Imported	Year of Import	Whether fully absorbed
<b>FT4 – Powder Rheometer</b> Dynamic powder testing involves precisely measuring the axial and rotational forces, acting on a helical blade as it rotates through a powder sample, to generate values of flow energy – a direct measure of powder flowability. Well-defined methodologies and high degree of automation make dynamic testing, carried out using instruments such as the FT4 Powder Rheometer, highly reproducible. Furthermore, tests can be carried out using consolidated, conditioned, aerated or even fluidized powders.	2011-12	Yes
<b>DOE Software</b> Multi stage risk models can be used to rationally determine the number of experiments needed for formulation and process development and defining the design space.	2011-12	Yes

### C. FOREIGN EXCHANGE EARNINGS AND OUTGO

The Company used foreign exchange amounting to ₹ 308.81 crores and earned foreign exchange amounting to ₹ 1322.82 crores during the year ended 31<sup>st</sup> March, 2013 as compared to ₹ 186.77 crores and ₹ 815.02 crores respectively for previous year.

## ANNEX 3 TO DIRECTORS' REPORT

### Auditors' Certificate on Corporate Governance

To the Members of  
**Torrent Pharmaceuticals limited**

We have examined the compliance of conditions of Corporate Governance by TORRENT PHARMACEUTICALS LIMITED, for the year ended on 31<sup>st</sup> March, 2013, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of an 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, and based on the representations made by the Directors and the Managements, we certify that the Company has complied with the conditions of the Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

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 Deloitte Haskins & Sells**  
 Chartered Accountants  
 (Registration No. 117365W)

**Hemendra L. Shah**  
 Partner  
 (Membership No. 33590)

Ahmedabad  
 30<sup>th</sup> May, 2013

## MANAGEMENT'S DISCUSSION AND ANALYSIS

To  
The Shareholders

### CAVEAT

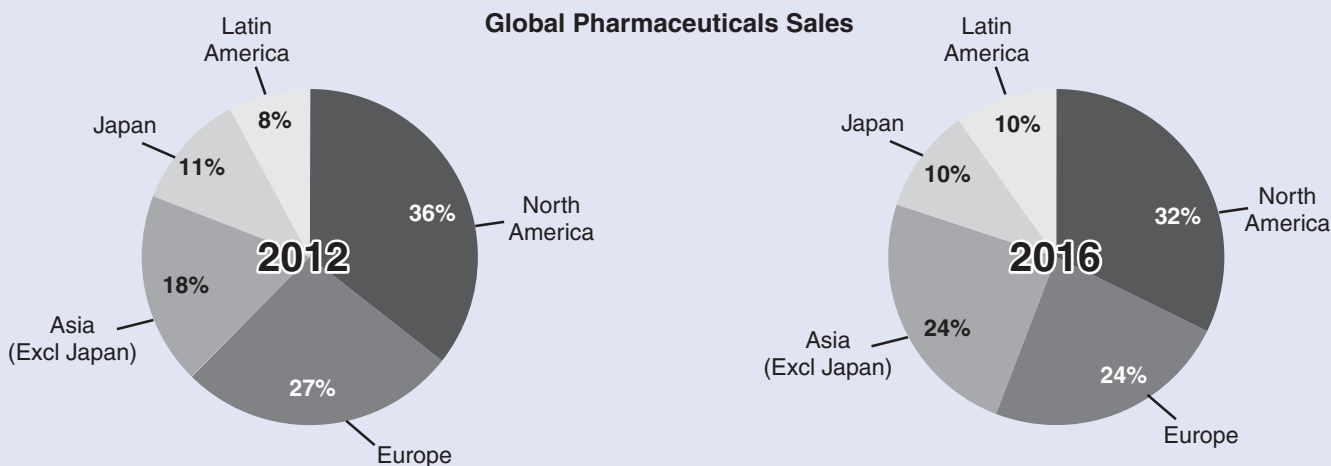
Shareholders are cautioned that certain data and information external to the Company is included in this section. Though these data and information are based on sources believed to be reliable, no representation is made on their accuracy or comprehensiveness. Further, though utmost care has been taken to ensure that the opinions expressed by the management herein contain their perceptions on most of the important trends having a material impact on the Company's operations, no representation is made that the following presents an exhaustive coverage on and of all issues related to the same. The opinions expressed by the management may contain certain forward-looking statements in the current scenario, which is extremely dynamic and increasingly fraught with risks and uncertainties. Actual results, performances, achievements or sequence of events may be materially different from the views expressed herein. Shareholders are hence cautioned not to place undue reliance on these statements, and are advised to conduct their own investigation and analysis of the information contained or referred to in this section before taking any action with regard to their own specific objectives. Further, the discussion following herein reflects the perceptions on major issues as on date and the opinions expressed here are subject to change without notice. The Company undertakes no obligation to publicly update or revise any of the opinions or forward-looking statements expressed in this section, consequent to new information, future events, or otherwise.

### NOTE

Except stated otherwise, all figures, percentages, analysis, views and opinions are on consolidated financial statements of Torrent Pharmaceuticals Ltd. and its wholly owned subsidiaries and their businesses (jointly referred as Torrent or Company, hereinafter). Financial information presented in various sections of the Management Discussion and Analysis is classified under suitable heads which may be different from the classification reported under the Consolidated Financial Statements. Some additional financial information is also included in this section which may not be readily available from the Consolidated Financial Statements. Previous year's figures have been regrouped to make it comparable with the current year.

### THE GLOBAL PHARMA MARKET

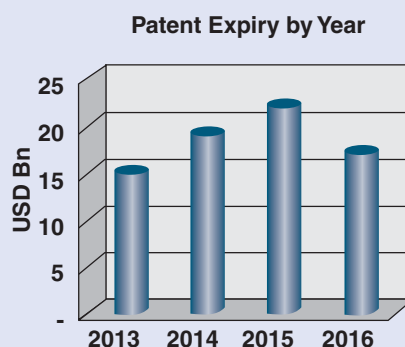
The world pharmaceutical market has grown two times in value since 2000 primarily due to increased use of medicines around the world, global economic growth and faster regulatory approvals. The global market grew by around 3% in 2012. While the developed market grew at an average 2%, the Pharmerging markets have grown by around 12%. The top five pharmaceutical markets in the world remained the US, Japan, Germany, France and China with US representing 39% of the global prescription pharmaceuticals sales.



The world population is expected to grow to around 8 Bn by 2050. In addition, there has been an increase in the number of people having access to healthcare. Global spending on medicines is expected to reach USD 1.2 trillion by 2016 reflecting growth of 3 - 6% over the four year period compared to 6.2% annual growth over the past five years.

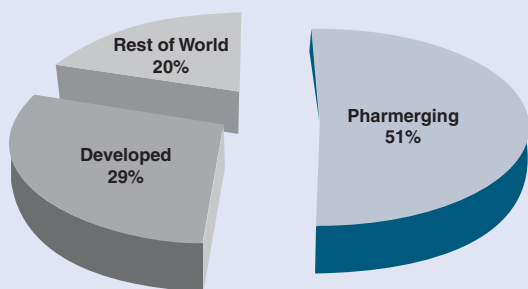
In most developed markets, ageing populations and certain lifestyle choices drive an increased incidence of non-communicable diseases (NCDs) such as cancer, cardiovascular/metabolic and respiratory diseases which require long-term management. In 2008, almost two-thirds of deaths globally were from NCDs and 80% of those were in lower and middle income countries. It is also estimated that nearly one-third of the world's diabetes patients will come from India and China by 2030.

2012 was the transition year for Generics as drugs having sales value USD 44 Bn, have lost their patent protection during the current year. Although generics-focused companies will continue to benefit from patent expirations in 2013, these will not be to the same extent as in 2011-12, when a slew of blockbuster drugs came off patent. During the next 4-5 years drugs having value of around USD 75-80 Bn are going to be off patent which will be in the range of USD 15-25 Bn per year. Along with this many markets like Europe, Japan & India (some parts) have increased the push for the use of the Generics over Branded Drugs and even INN (International Nonproprietary Name) prescribing have been introduced in some countries. In recent years many small molecules have been converted into generics and loss of exclusivity of blockbuster drugs has increased the importance of the Generic Drugs in the industry.



A large no of Patent Expiry offer a strong growth in the developed market for the Generic segment. Generic segment contributed around 25% of the world pharmaceuticals market and is expected to reach 30-35% of the total global pharma spending by 2016 with a CAGR of 12-13% compared with a 1-2% CAGR in the branded market.

#### Growth Sharing 2012-2016



At present although growth in the mature market is very low as compared to the high growth in the Pharmerging market, over 80% sale of the NCE's (New Chemical Entities) are coming from the major developed market whereas the top 20 brands of the Pharmerging market are too old i.e. launched 11-20 years ago. Products are often launched first in the most commercially attractive markets, whose characteristics include the pricing and reimbursement environment, regulatory requirements and in some case the impact of reference pricing systems, whereby the reimbursed price in some markets is used to set the price in others.

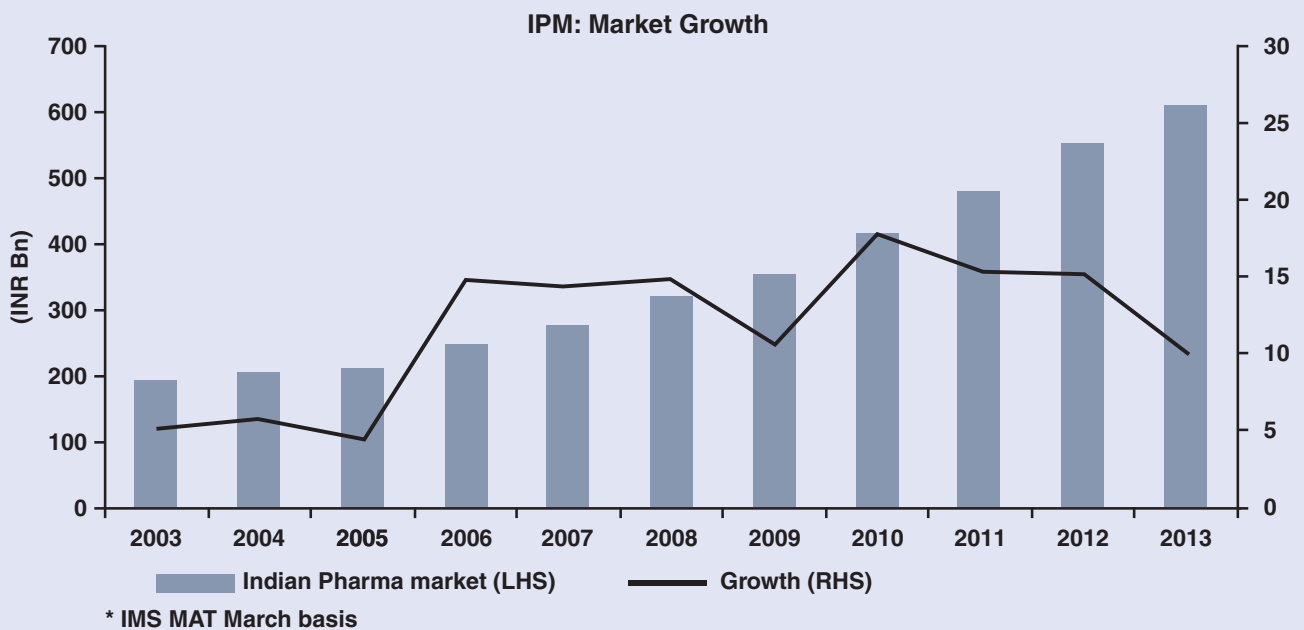
The developed markets have 65% share of the global market which is expected to reduce to 57% by 2016, whereas the Pharmerging market's share will be around 30%. Essentially more than 50% of the growth of the

global pharma market will be driven by the Pharmerging markets because of the increased contribution to the global market and the higher growth rate compared to the developed market.

The dynamic and high potential Pharmerging markets offer tremendous opportunities for drug manufacturers. Big Pharma's drive into a group of high potential Pharmerging markets has continued to gather momentum. The market research organization IMS Health categorizes the market into Tier 1 (China), Tier 2 (Brazil, India, Russia) and Tier 3 (around 13 countries) Pharmerging markets. The Company has presence in all of the Tier 2 countries and around 8 countries in Tier 3. Positive developments in these markets, such as greater government investments in healthcare, increasing demand for drugs to treat diseases and strengthening of regulatory and IP requirements, enable global players to launch their products in Pharmerging markets.

## INDIAN PHARMACEUTICAL MARKET

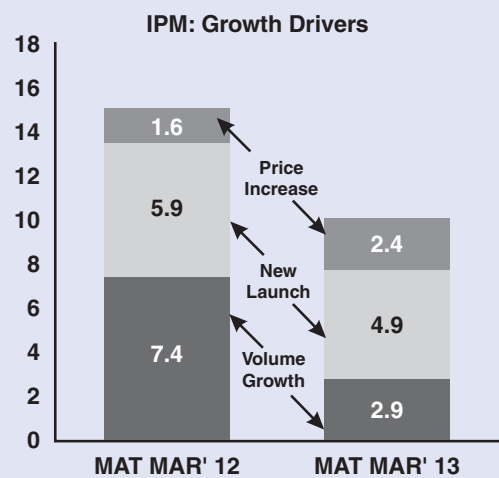
India, 14<sup>th</sup> largest pharma market in the world is valued over ₹ 600 Bn growing at a CAGR of 12% over 2002 and is expected to grow at a CAGR of 15-17% till 2020. It is one of the fastest growing pharma markets in the world. Indian pharmaceutical market is dominated majorly by branded generics constituting nearly 70% to 80% of market. The market is estimated to be among the top 10 by 2015 (Source: IMS).



Indian Pharmaceuticals market (IPM) has witnessed growth in both Acute and Chronic segments. One of the major reasons for the growth is increase in the incidence of the chronic disease and its early detection, but still the acute segment dominates market share in the IPM.

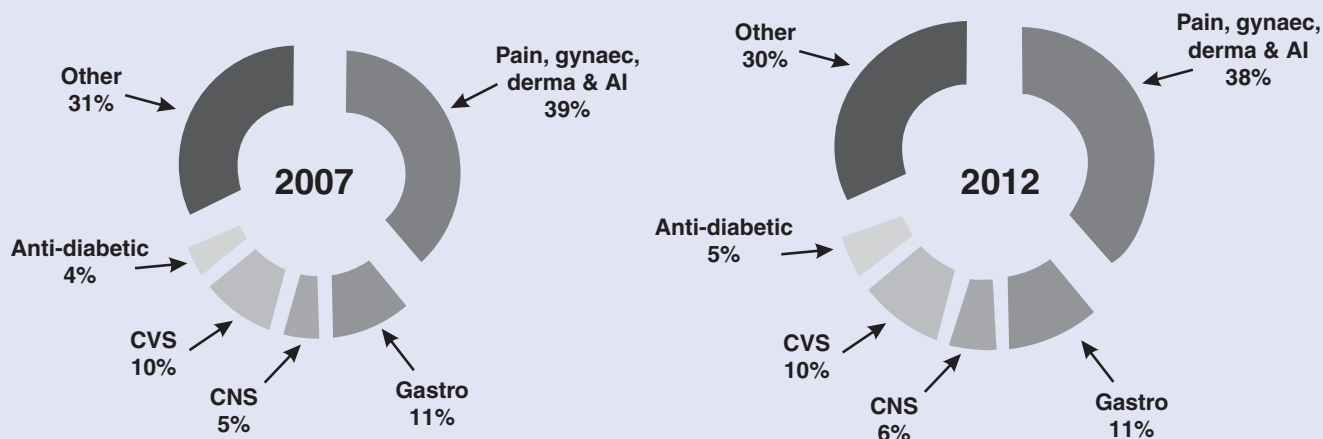
Key growth drivers are growing population, increase in drug penetration levels, aspiration to seek better healthcare as income levels increase, growing incidence of chronic ailments, availability of newer forms of treatments (such as vaccines) rising insurance penetration, improving medical infrastructure and increasing government spend on healthcare.

Increasing urbanization, lifestyle changes & work stress are responsible for the higher incidences of chronic diseases. Indian market is witnessing gradual transition from acute diseases to lifestyle diseases and chronic therapies like Cardiology, Neuropsychiatry, Oncology and Diabetes. With current demographic profile and growth prospects of the economy, Indian Pharmaceutical market could see continuing trend of transition towards chronic and super specialty therapies, with acute therapies retaining their market size. The incidence of lifestyle related diseases such as Diabetes, Oncology and Cardiovascular disease are expected to increase over the next few years.



As per IMS health estimates, the chronic therapies are likely to comprise more than 50% of the market by 2020 with cardiovascular (second largest segment after anti-infective) and anti-diabetic taking the lead while segments like anti-cancer will also add to the momentum. Shift in Therapeutic profile of Indian Pharma market over a period of last 5 years has been shown below

### IPM: Therapy Mix



Outlook for generic in India looks positive due to several factors. The current pipeline of the generic products that are either undergoing new process development or have been recently launched is strong. In addition, domestic players have the opportunity to develop new combinations and formulations of the products that are already in the market. Generic players continue to have a wide range of options for new generics launches from the basket of pre 1995 products. The top 25 companies contribute 72% to the IPM and continue to strengthen their grip on the market with a larger presence across various therapies.

The new DPCO 2013 has been notified by the Department of Pharmaceuticals effective from 15<sup>th</sup> May 2013 replacing DPCO 1995. The policy hence widens the ambit of medicines under price control bringing 348 essential drugs listed in the National List of Essential Medicines (NLEM) as compared to 74 bulk drugs. The ceiling price will be based on simple average of prices of all brands having more than 1% of value share. The ceiling price will be fixed on the basis of readily monitorable Market Based Data available with pharmaceutical market data specializing company - IMS Health. The government may in due course come out with other appropriate mechanism of collecting or obtaining market data related to drugs.

The extent of control will be limited to drugs and combinations listed in the NLEM and any new combinations that include one or more molecule under NLEM will require a specific government price approval. The ceiling price will be subject to upward or downward revision by NPPA based on market conditions to the extent of Wholesale Price Index (WPI). For Non NLEM products, the companies can hike their price upto 10% though it would be depend on market dynamics. Ceiling prices of products under DPCO 1995, not part of NLEM, shall remain effective for one year from the date of notification and thereafter prices of such formulations shall be regulated as in case of other non-scheduled formulations. The department has directed the National Pharmaceutical Pricing Authority (NPPA) to begin the process of price fixation so that the effect of the policy could be felt in the market at the earliest. The manufacturers have been given 45 days to clear the old stocks and implement the new rates post price notification by NPPA.

Given the above developments, companies need to focus on driving productivity through brand building and customize marketing approach to suit different customer segments. Medium term growth would be driven by therapy expansion and new product introductions.

## PERFORMANCE SNAPSHOT

Torrent is one of the leading pharmaceutical companies having presence in Indian and global markets. The Company's revenues are mainly from manufacture and sale of branded as well as unbranded generic pharmaceutical products. A further break down of the revenues can be done as India formulations (comprising branded pharmaceutical formulations sold in the Indian market), International formulations (comprising sales outside India of branded and unbranded-generic pharmaceutical formulations) and Contract manufacturing. Company's current international operation mainly covers USA, Brazil, Europe (incl. Germany) and Rest of the World including Russia, CIS, Asia Pacific and Africa.

During the financial year 2012-13, the Company reported revenues of ₹ 3212 crores, a growth of 19% compared with ₹ 2696 crores in the previous financial year.

The breakup of Revenues under key segments is under:

(₹ Crore)

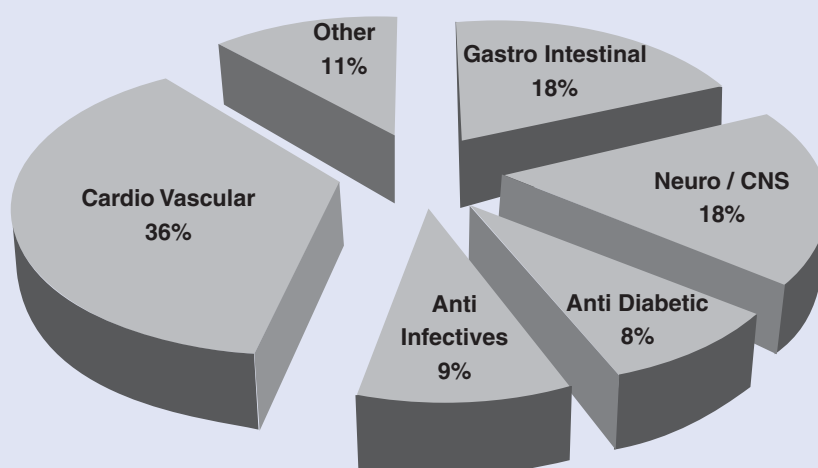
Segment	2012-13		2011-12		Growth %
	Amount	Share	Amount	Share	
India formulations (net of excise duty)	1024	32%	909	34%	13%
International Operations	1835	57%	1479	55%	24%
Contract Manufacturing	300	9%	299	11%	1%
Others	53	2%	9	0%	458%
<b>Total</b>	<b>3212</b>	<b>100%</b>	<b>2696</b>	<b>100%</b>	<b>19%</b>

## INDIA FORMULATION BUSINESS

The India formulations segment registered growth of 13% over the previous year on the back of improved performance of Cardiology, Diabetology & CNS portfolio. The company also bolstered better growths in its new segments like Dermatology, Oncology & Gynaecology.

During the year the Company continued efforts and strategic initiatives towards improving its market share through re-alignment of the business units to bring in higher focus on key customer segments.

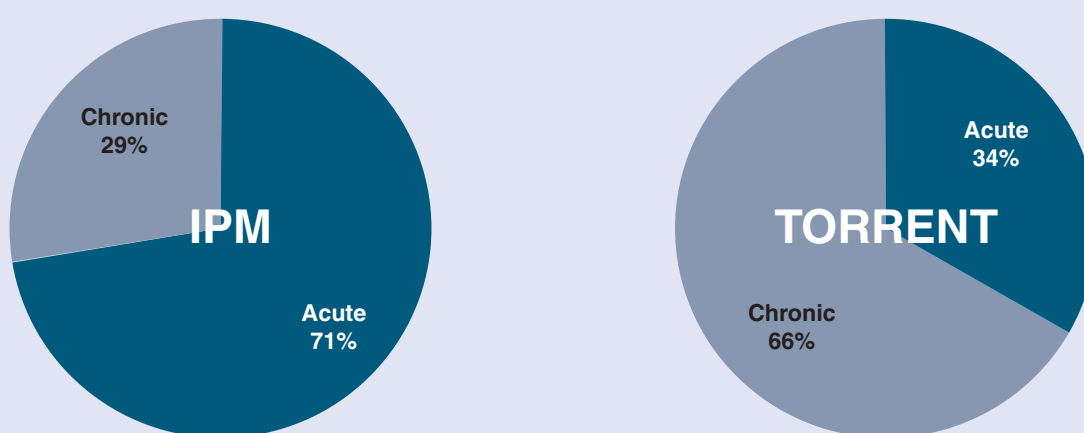
### Therapeutic Area Wise



Torrent is one of the leading players in India Pharmaceuticals Industry maintaining leadership position in some of the key chronic therapies of Cardiovascular and Neuro-Psychiatry. The Company is ranked No.2 in Cardiovascular segment and No.4 in Neuro-Psychiatry therapies. The company is ranked 17<sup>th</sup> by turnover in the domestic market and has 5 brands in top 300 brands and 37 brands in leadership position in their respective molecule segments.

The Company has a strong presence in the chronic segment as 66% of the revenues of the Company are from the chronic segment as compared to 29% of IPM, which shows that the company is well-poised to grab the shifting chronic market.

### Acute & Chronic Share



Our strategic priorities remain i.e. to focus on driving productivity through brand building in major therapies, expanding the portfolio in newly entered segments & accelerating performance in the acute segment.

### INTERNATIONAL FORMULATION BUSINESS

International generic opportunity continues to be a growth engine for the company. The Company is well positioned to capitalize on these growth opportunities with strong development pipeline, low R&D and manufacturing cost and good market reach and marketing capabilities built over a period of time. Blockbuster drugs going off patent continue to offer significant opportunity.

The company has witnessed 5 year revenue CAGR of over 24% in the revenues from International operations which now accounts for more than 57% of the total revenues.

#### 1. US

US is the largest pharmaceutical market with the market size of over USD 310 Bn. With the largest Generic substitution of 70-75% (in volume terms) it again becomes the largest generic market. Expected patent expiry in the industry in next 4-5 years will be majorly driven by the US, in which drugs worth around USD 55-60 Bn. are going to be off patent. Besides patent expirations, healthcare reforms initiated by the US Government, expects to reduce healthcare spending and covering a larger proportion of population under public healthcare are likely to aid growth in the generics market.

Revenues from its US operations were ₹ 355 crores (USD 64 Mn) during the financial year 2012-13 as compared to ₹ 217 crores (USD 44 Mn) during the previous financial year showing a growth of 64%.

The company received 6 ANDA approvals in 2012-13. In the future it plans to launch 5 to 6 products every year. The Company has 43 ANDA approvals (including 7 tentative approvals) and its pipeline consists of 24 pending approvals and 33 products under development. The US business is expected to contribute to the growth of international business in a significant way.

## **2. BRAZIL**

Brazilian Pharmaceutical market is the largest market in Latin America and one of the biggest markets in emerging economies with a market size of more than USD 18 Bn. In unit terms, the market is growing at a 5 year CAGR of 15% wherein about 30% of the market is being controlled by Innovators, 26% by unbranded generics and 44% by branded generics.

The CAGR of 15% is driven by a generic growth of 25%, branded generic growth of 23% whereas Innovators are stagnant with a 2% CAGR. Torrent is the leading Indian branded generic player in Brazilian market covering a market of USD 2.30 Bn. with a market share of 6% in the covered market.

The covered generic market is growing at 23% which is largely driven by products which are under the government introduced scheme of "Farmacia Popular" wherein the patients get the option of getting the prescribed medicines for select molecules (few molecules in antihypertensive and anti-diabetic segment) free of cost. Excluding such products which are a part of the Company's portfolio, the covered market growth is limited to 8%.

During the year, the Brazilian operations registered revenues of ₹ 502 crores (Reais 180 Mn) with a growth of 5% over the previous year, Reai growth 9%.

The Company has 19 products under approval out of which 5 products are expected to be approved during the coming year. The Company has a basket of 30 products with 14 products in the Cardio Vascular (CV) segment, 10 products in the Central Nervous System (CNS) segment and 6 products in the Oral Anti Diabetic/obesity (OAD) segment. The Company has a strong pipeline (products under development + under approval) of 46 products in the above therapies to augment future growth.

In view of the high growth in the pure generics segment, the company has been building its product portfolio in this segment over the years, with parallel filings of the company's products in the CV, CNS and OAD therapies. The company has approvals of 13 products whereas 24 products are under approval. The total pipeline for this business consists of 51 products. The company plans to enter this segment in 2013-14.

## **3. EUROPE (INCL. GERMANY)**

The Company has presence in the following major markets of the Europe:

### **A. GERMANY**

Germany is the largest market in Europe having a total market size of Euros 23.9 Bn. Generics plays an important role in the German market, which is having a market size of Euros 5.06 Bn, growing at a rate of 2% in value terms and 2.45% in unit terms. Out of the total generics market, 85% is tender based.

Among the Generic players, in terms of market share, Torrent holds the 7<sup>th</sup> position. Torrent enjoys a market share of 4.07% in value terms and 3.75% in unit terms. Revenues from Germany operations, during 2012 -13, were ₹ 384 crores (Euro 54 Mn) with a growth of 10%.

With the Government focusing on reducing Health Care expenditure, the tender system is expected to continue in the foreseeable future. Successful introduction of new products and success in winning the tenders are the key growth drivers for the business.

### **B. UNITED KINGDOM**

UK is a large market of around GBP 15 Bn, and is projected to grow 1.4% annually through to 2016. The company is a recent entrant in the UK market in the generic segment. UK is identified as a territory having high potential and is expected to provide significant opportunity.

The Company registered sales of ₹ 38 crores during the current financial year.



### **C. OTHER MARKETS**

The company has also recently established presence in Romania which offers good potential for future growth.

Dossier out licensing and product supply business continues to be an important part of the Europe business for the company; it registered revenue growth of 8%, with revenues of ₹ 194 crores during the financial year 2012-13 as compared with ₹ 180 crores during the previous financial year.

#### **4. REST OF THE WORLD (INCL. RUSSIA & CIS)**

Rest of the World Segment consists of operations in Philippines, Africa, South East Asia, Sri Lanka and Russia & CIS. During the financial year this segment registered revenues of ₹ 297 crores as compared to ₹ 225 crores, during the previous year showing a growth of 32%.

The Company has identified Thailand as an important market for its operations in Asia Pacific. Thailand will be the eighth largest economy in the Asia Pacific region by 2016 with the real GDP growth projected to reach 7.1% by 2016. The company has established a subsidiary and identified molecules in Cardiovascular, Neuro-Psychiatry and Anti-Diabetic segment for potential launch in the market.

The Company is in the process of conducting local bio-equivalence studies in Thailand as required by the Thai FDA for product registration. Post completion of the local Bio studies, the Company has been filing dossiers for building the Product Portfolio

### **CONTRACT MANUFACTURING SEGMENT**

This segment registered revenues of ₹ 300 crores during the year, a major portion of which is from manufacture of human insulin. The Company has been a stable partner for manufacture of human insulin for Novo Nordisk for their India market needs.

### **MANUFACTURING**

The Company's state of art manufacturing facilities for formulation and API, have significantly contributed to the demand of high quality products and in sustaining its growth and success.

### **NEW CAPITAL INVESTMENTS**

In order to meet the increasing requirements of the international markets, Company had commenced building a new formulation and API manufacturing facility at Dahej SEZ in Gujarat. The project is progressing well.

During the current year the Company has initiated decongestion and modification of manufacturing facilities at Indrad and Baddi plants. The additional capacities due to this will be fully available from financial year 2014-15.

### **RESEARCH AND DEVELOPMENT**

#### **DISCOVERY RESEARCH**

The Company is currently working on several in-house New Chemical Entities (NCE) projects within the areas of diabetes and its related complications, metabolic, cardiovascular and respiratory disorders. The Company has cumulatively filed 463 patents for NCEs from these and earlier projects in all major markets of which, 215 patents have been granted /accepted so far.

Most advanced discovery program of the company is Advanced Glycation End-Products (AGE) Breaker, of which the recruitment of Phase II clinical trials for the indication of diabetes associated heart failure in India and Europe is completed and data analysis is underway.

During the financial year 2012-13, the company has initiated Phase-II clinical trial in India with its second NCE for the reduction of cardiometabolic risks. The company believes that this program is uniquely positioned to address the consequences of relative chronic over-nutrition which are assuming alarming proportions of health hazard in India, other emerging economies and also in the developed countries.

In current financial year, the company has also initiated Phase-I clinical trial of its third NCE for the indication of acute kidney injury.

There have been several changes in the regulations with respect to conduct of Clinical Trials and the manner in which trial related Adverse Events will be dealt with. We are evaluating the risks posed by these changes and have implemented several mitigation strategies as well as SOPs to deal with the evolving regulations.

One of the related issues is that there has been a slowing down of the clinical trial evaluation and approval process by the Regulators. While efforts are on at an industry level to get the process back on track the progress is slow and a little difficult to predict. Product development is likely to be affected as a result.

The company has so far published eight research papers in peer reviewed international journals describing various findings of our NCE research.

## **THREATS, RISKS AND CONCERNS**

### **DISCOVERY RESEARCH**

The key risks are high rate of failure and long gestation period of a discovery project coupled with significant upfront costs to be incurred before results are known. The Company today may not have resources to carry through a discovery project to final commercial stage. These risks are sought to be mitigated by seeking suitable alliances with partners at appropriate stage to share the risks and rewards of the project.

Company undertakes clinical trials on ongoing basis as part of its discovery research programme. Insurance is obtained to cover the risks associated with testing in human volunteers and the company may be subject to claims that are not covered by the policy

The bio-equivalence facility is used for safety & efficacy studies for the generic products meant for the regulated markets. The facility has received approvals from the Brazilian, Denmark and France authorities and USFDA during the year. The regulatory authorities from Austria have also inspected the BE facility and their approvals are awaited.

### **DRUG PRICE CONTROL**

At present 348 bulk drugs and 654 formulations are covered under National List of Essential Medicines (NLEM). It is likely that the government may bring more such drugs and formulations under price control or change the mechanism of calculating the ceiling price of the Drugs which are under the ambit of the revised policy, which in turn will affect the net margins of the company. The company manages its product portfolio so as to minimize the product weightage of drugs under price control.

### **NEW PRODUCT APPROVALS**

The success of any company is dependent on the continuous launch of the new products in the market. In highly regulated business, the requirements to obtain regulatory approval based on a product's safety, efficacy and quality before it can be marketed for an indication in a particular country, as well as to maintain and comply with licenses and other regulations relating to its manufacture and marketing, are particularly important.

The submission of an application to regulatory authorities (which vary, with different requirements, in each region or country) may or may not lead to the grant of marketing approval. Regulators can refuse to grant approval or may require additional data before approval is given, even though the medicine may already be launched in other countries. In some instances, regulatory authorities require a company to develop plans to ensure safe use of a marketed product before a pharmaceutical product is approved, or after approval, if a new and significant safety issue is established.

The Industry is also subject to strict controls on the commercialization processes for pharmaceutical products, including their development, manufacture, distribution and marketing.

The Company manages the risk through careful market research for selection of new products, detailed project planning and continuous monitoring.

## **GEOGRAPHICAL EXPANSION**

The development of the business in new markets is a critical factor in determining future ability to sustain or increase global product revenues. This poses various challenges including: more volatile economic conditions; competition from companies with existing market presence; the need to identify correctly and to leverage appropriate opportunities for sales and marketing; poor IP protection; the need to impose developed market compliance standards; inadvertent breaches of local and international law; not being able to recruit appropriately skilled and experienced personnel; identification of the most effective sales channels and route to market; and interventions by national governments or regulators restricting access to market and/or introducing adverse price controls.

However the company carefully studies the business scenarios of the new market, prepares the business plan and undertakes various researches to reduce the risk at the minimal level.

## **PRODUCTIVITY GAIN & RESTRUCTURING PROGRAMMES**

We continue to implement various productivity initiatives and restructuring programmes with the aim of enhancing the long-term efficiency of the business. However, anticipated cost savings and other benefits from these programmes are based on estimates and the actual savings may vary significantly. In particular, these cost reduction measures are often based on current conditions and cannot always take into account any future changes to the pharmaceutical industry or our operations, including new business developments, wage or price increases.

## **INTELLECTUAL PROPERTY RIGHTS (IPR) REGIME**

Obtaining the IP rights of the products is necessary to protect the investment in R&D and create long-term value for the business. Many countries in which we operate are still developing their IP laws, and its applicability to the pharmaceuticals sector. Adverse Economic and political perspective in certain emerging and even developed markets may limit the scope to obtain effective IP protection for products. As a result, certain countries may seek to limit or deny effective IP protection for pharmaceuticals.

## **OTHER MARKET RISKS**

Regulatory changes may bring about de-branding of drugs in domestic market. Generic competition could lead to fall in sales in branded products accompanied by price erosion. Increased coverage of healthcare spend through Insurance can lead to structural changes in the Industry. However, the company does not anticipate significant changes in these areas in the immediate horizon.

## **OVERSEAS MARKETS**

The Company has expanded operations into select overseas markets of Latin America, and European Union. Such expansion involves substantial business set up expenses, product pipeline development expenses and a gestation time before revenues begin to accrue. The Company faces the risk arising out of a failed or delayed market entry which may significantly affect the future profitability and financial position.

In the US, there is a continuing trend towards consolidation of certain customers groups such as wholesale drug distribution and retail pharmacies, as well as emergence of large buying groups. The consolidation may result into these groups gaining additional purchasing leverage and consequently increasing the product pricing pressures. Additionally the emergence of large buying groups representing independent retail pharmacies and prevalence and influence of managed care organizations and similar institutions potentially enable those groups to attempt to extract price discounts on our products. The result of such developments could affect the sales volumes and price realizations of our products on an overall basis.

In Brazil where the company sells branded generics, the pure generic competition could adversely affect development of branded business. Price erosions continue in the German generic market leading to shrinking operating margins. The insurance companies have been empowered to enter into rebate contracts and float tenders. Aggressive bidding by competitors could lead to unsuccessful bids in tenders exposing the company to loss of existing sales. Likewise in other European markets, regulatory changes could affect price realizations. The risks are sought to be mitigated through careful market analyses, improved management bandwidth, marketing alliances and corporate management oversight.

A significant portion of the revenue in various markets would be derived from sales to limited number of customers. In case of experiencing loss of business from one such customer or difficulties experienced by the customer in paying us on timely basis, it may impact the business performance.

#### **MANUFACTURING & SUPPLYING RISK**

Although a major portion of our finished formulations are being manufactured at in-house facilities, we also depend on third party suppliers for sourcing in some of the markets. Any significant disruption at any of such in-house facilities or third party manufacturing locations due to internal, third party lapses even on the short term basis due to economic, political & social unrest or by any event which is *Force Majeure*, which may lead to impair our ability to produce, procure and ship products to the market on a timely basis and could expose us to penalty & claims from customers.

We purchase active pharmaceutical ingredient (API) and other materials that we use in our manufacturing operations from other foreign and domestic suppliers. Although the company has a policy to actively develop alternate supply sources for key products subject to economic justification, there would be certain cases where we have listed only one supplier in our application with regulatory agencies. An interruption in the supply from single sourced material can impact the financial performance of the company. In addition, our manufacturing capabilities could be impacted by quality deficiencies in the products which our supplier provide leading to impact on our financial performance.

#### **PRODUCT LIABILITY RISKS**

The business is exposed to potential claims for product liability. These risks are sought to be managed by appropriate laboratory and clinical studies for each new product, compliance with Good Manufacturing Practices and independent quality assurance system. The Company also has an insurance cover for product liability.

#### **NEW PRODUCT RISK**

New product development and launch involves substantial expenditure, which may not be recovered due to several factors including development uncertainties, increased competition, regulatory delays lower than anticipated price realizations, delay in market launch and marketing failure. The Company manages the risk through careful market research for selection of new products, detailed project planning and monitoring.

#### **ATTRITION**

The Company faces attrition risks, particularly in sales force, R&D technical staff and production technical staff. This disrupts the smooth working of the Company, inter-alia, leading to disruption and delays in projects, loss of customers and sales, and increase in the cost of recruitment and training. The Company pro-actively manages this phenomenon through various measures including aggressive and timely recruitments, industry compatible remuneration / incentive system and strengthening of the human resources function.

#### **LITIGATION RISKS**

The Company faces the risk of high costs of litigation with the patent-holder in its business of international generic products. This risk is sought to be managed by a careful patent analysis prior to development & launch of the generic products and strategy of early settlement with the patent holders on case-to-case basis, particularly in the US market.

#### **NEW CAPITAL INVESTMENTS**

The Company has commenced building a new formulation and API manufacturing facility at Dahej. The Company faces risks arising out of delay in implementation, cost overrun and inappropriate implementation. The capacities are built in anticipation of demand and the company runs the risk of underutilization of capacities resulting in high manufacturing cost. The risks are sought to be mitigated by forming appropriate project management team and corporate management oversight.

## **CURRENCY FLUCTUATION RISKS**

Currency risks mainly arise out of overseas operations and financing activities. Exchange rate fluctuations could significantly impact earnings and net equity because of invoicing in foreign currencies, expenditures in foreign currencies, foreign currencies borrowing and translation of financial statements of overseas subsidiaries into Indian rupees. The Company has a defined foreign exchange risk management framework to manage these risks, excluding translation risks.

## **INTERNATIONAL TAXATION**

We have potential tax exposure resulting from varying application of laws and interpretations which include intercompany transactions with our subsidiaries in relation to various aspects of our business. Although we believe our cross border transactions between affiliates are based on internationally accepted practices, tax authorities in various jurisdictions may have different views or interpretations and subsequently challenge the amount of profits taxed in their jurisdiction resulting into increase in tax liability, including interest and penalties causing the tax expenses to increase.

## **FUTURE ACQUISITION PROPOSALS**

We continuously look for opportunities in order to expand our product line either through complimentary or strategic acquisitions of other companies, asset acquisition, licensing agreements or any other arrangement. Any such acquisitions, may involve significant challenges in terms of integration with existing operations which may lead to requiring considerable amount of time, resources and effort. This may lead to temporary disruption of ongoing business; affect relations with the employees, customers with whom we have been dealing.

## **DEPENDENCE ON INFORMATION TECHNOLOGY**

We are highly dependent on information technology systems and related infrastructure. Any breakdown, destruction or interruptions of this system could impact the day to day operations. There is also a risk of theft of information, reputational damage resulting from infiltration of a data center, data leakage of confidential information either internally or otherwise. The company has invested appropriately in the protection of data and information technology to reduce these risks.

## **HUMAN RESOURCES**

The total employee strength of the Company at the end of financial year 2012-13 was 9574 against 9150 as at the end of financial year 2011-12, an increase of 424 employees. The field force decreased by 86 from 4412 at the end of financial year 2011-12 to 4326 at the end of financial year 2012-13. The R&D center had 721 employees (of which 587 were scientists) at the end of financial year 2012-13 compared with 784 (of which 642 were scientists) as at the end of financial year 2011-12, a decrease of 63 employees. The worker strength at plant was 1540 at the end of financial year 2012-13 compared with 1283 at the end of financial year 2011-12. The remaining employee strength comprising mainly of head office personnel, non-worker employees at Chhatral and Baddi Plant, Sikkim Plant, Dahej Plant, branch & overseas offices employees increased to 2987 at the end of financial year 2012-13 from 2405 at the end of financial year 2011-12.

## **INTERNAL CONTROL SYSTEM**

The Company has a reasonable system of internal control comprising authority levels and powers, supervision, checks and balances, policies and procedures. The system is reviewed and updated on an on-going basis. The Company continuously upgrades its internal control systems by measures such as strengthening of IT infrastructure and use of external management assurance services. The Company has in place a well-defined internal audit system whereby an internal audit is performed across locations of the Company and the results of the audit findings are reviewed by the Audit Committee.

## RESULTS OF OPERATIONS FOR FINANCIAL YEAR 2012-13 COMPARED WITH FINANCIAL YEAR 2011-12

### SUMMARY FINANCIAL INFORMATION:

Particulars	2012-13		2011-12		% Increase / (Decrease)
	₹ Crores	% to Revenues	₹ Crores	% to Revenues	
Net Sales and Operating Income (Revenues)	3,212	100%	2,696	100%	19%
<b>Gross Profit</b>	<b>2,286</b>	<b>71%</b>	<b>1,833</b>	<b>68%</b>	<b>25%</b>
Selling, general and administrative expenses (SG&A)	1,463	46%	1,179	44%	24%
Research and development spend	125	4%	132	5%	(5%)
Forex Gain / (Loss)	(5)	0%	(21)	(1%)	(76%)
<b>Operating profit before depreciation/amortization, tax and interest</b>	<b>692</b>	<b>22%</b>	<b>502</b>	<b>19%</b>	<b>38%</b>
Depreciation/Amortization	83	2.6%	82	3.0%	1%
Net Interest expense/(income)	(10)	0%	(4)	0%	150%
<b>Profit before tax (PBT)</b>	<b>619</b>	<b>19%</b>	<b>424</b>	<b>16%</b>	<b>46%</b>
Exceptional Items	37		65		
<b>Profit before tax (PBT)</b>	<b>582</b>	<b>18%</b>	<b>358</b>	<b>13%</b>	<b>62%</b>
Income Tax	147	5%	72	3%	
<b>Profit after Tax (PAT)</b>	<b>435</b>	<b>14%</b>	<b>286</b>	<b>11%</b>	<b>52%</b>

### NET SALES AND OTHER OPERATING INCOME

Consolidated net sales stood at ₹ 3054 crores compared with net sales of ₹ 2594 crores during the previous financial year, registering growth of 18%.

Other operating income was ₹ 158 crores compared with ₹ 102 crores in previous financial year, indicating an increase of 55%. Current year income includes ₹ 62 crores attributable to one time outlicensing income in US, Patent assignment income & Litigation settlement income.

### OPERATING PROFIT BEFORE DEPRECIATION/AMORTIZATION, TAX AND INTEREST (PBDIT)

SG&A expenses increased by 24% to ₹ 1463 crores as compared to ₹ 1179 crores during the previous financial year. Significant spend was incurred in market development activities both in India and overseas market. Increase in field force in Brazil, investment support in gynecology division launched in previous year in domestic market, increased marketing efforts in light of increase in competition activities were significant activities in Indian market & Investment in opening up new market across the globe.

The company has improved its PBDIT margins by 3%, which stands at 22% in financial year 2012-13 compared to 19% in financial year 2011-12.

Research & Development expenses reduced by 5% to ₹ 125 crores, as compared to ₹ 132 crores during the previous financial year. Product development costs account for 72% (previous year 76%) and discovery research costs account for 28% (previous year 24%) of the total R&D cost.

Foreign exchange losses were ₹ 5 crores against exchange loss of ₹ 21 crores during the previous year.

### DEPRECIATION AND AMORTIZATION

Depreciation and amortization charge during the financial year 2012-13 was ₹ 83 crores as compared with ₹ 82 crores during the previous financial year. Depreciation to total sales and operating income ratio was 2.6% for financial year 2012-13 compared with 3.0% for financial year 2011-12 causing the PAT margin gain of 0.4%.

## NET INTEREST EXPENSE

Net Interest income (net of income from investments made in debt and money market instruments) were ₹ 10 crores compared to ₹ 4 crores during the previous financial year.

## EXCEPTIONAL ITEMS

During the financial year 2012-13, the company has impaired its value of long term investments in GPC Cayman Investor I Limited, based on the assessment of value of investments. Exceptional items of ₹ 37 crores relates to impairment provision in the value of long term investment in GPC Cayman Investor I Limited.

## INCOMETAX

The income tax charge for the financial year 2012-13 stood at ₹ 147 crores compared to ₹ 72 crores in financial year 2011-12. Average income tax rate as a percentage of profit before tax is 25% for the year 2012-13 as compared to 20% for the year 2011-12. The increase in effective tax rate is primarily due to stock built up in overseas subsidiaries. While the taxes are paid when the goods are sold to subsidiaries, the profit on sales of these sales is reversed on consolidation to the extent of stock built up.

## NET PROFIT AFTERTAXES

The net profit after taxes for the financial year 2012-13 was ₹ 435 crores compared with ₹ 286 crores during the previous financial year, an increase of 52%.

## CAPITAL & DEBT

There was no change in the equity share capital during the year.

Out of the divisible profits of ₹ 433 crores (previous year ₹ 284 crores), a sum of ₹ 55 crores (previous year ₹ 191 crores) was transferred to General Reserve Account. Dividend of ₹ 194 crores (₹ 23 per share) is proposed during the year, Previous year ₹ 72 crores (₹ 8.5 per share) was distributed. This represents an increase of ₹ 14.5 in dividend per share. This distribution (including tax thereon) is approximately 52% of profit after tax for the year (previous year 29%).

The net long-term borrowing increased by ₹ 127 crores during the year, to ₹ 568 crores at the end of FY 2012-13 from ₹ 441 crores at the end of FY 2011-12. Increase in long term borrowings is mainly attributable to expansion in Dahej. Outstanding working capital loans as on 31-March-12 were ₹ 125 crores (previous year ₹ 138 crores). The total debt to net worth (including deferred tax liability) ratio as at the end of FY 2012-13 was 0.42 (previous year 0.46).

## FIXED ASSETS

The net investment in fixed assets during the year was ₹ 189 crores; comprising addition in gross assets, capital advances and capital work in progress of ₹ 262 crores reduced by increase in accumulated depreciation of ₹ 73 crores. Addition to fixed assets mainly include capital expenditure incurred for setting up of new manufacturing facility at Dahej dedicated to International operations and capacity expansion at manufacturing facility located at Indrad and Baddi.

## WORKING CAPITAL AND LIQUIDITY

The trade working capital i.e. the net working capital investment excluding cash and cash equivalents, short term borrowings, current maturity of long term debt and proposed dividends increased by ₹ 428 crores from ₹ 141 crores at the end of financial year 2011-12 to ₹ 570 crores at the end of financial year 2012-13. The primary reason for this increase is increased inventories. Increases in Inventories were in API & FG inventories, API inventory increase was done consciously in order to get benefitted from sudden spike in demands. FG inventories for some of the territories were lower than desired level in the last year which during the current year has brought to the desired level. Adjusting for accruals for health insurance contracts in Germany, the number of days of net trade working capital has increased from 79 days in 2011-12 to 118 days in 2012-13.

The liquidity of the Company as reflected by cash and bank balances and current investments decreased by ₹ 73 crores, from ₹ 761crores at the end of financial year 2011-12 to ₹ 687 crores at the end of financial year 2012-13. The Company generated net cash of ₹ 153 crores from operations (after working capital changes) during financial year 2012-13 while it spent a net amount of ₹ 242 crores in investing activities such as acquisition of new fixed assets and long term investments. Net cash flow generated in financing activities comprising dividend and interest paid and net debts taken, was ₹ 20 crores during financial year 2012-13.

For and on behalf of the Board

Ahmedabad  
30<sup>th</sup> May, 2013

**Samir Mehta**  
Executive Vice Chairman



## REPORT ON CORPORATE GOVERNANCE

The Securities and Exchange Board of India (SEBI) ushered in a formal code of corporate governance (hereinafter “the Code”) through Clause 49 in the Listing Agreement executed by the Company with stock exchanges. The Code has been periodically upgraded to ensure the adoption of best corporate governance practices by the corporates. This report sets out the details of corporate governance systems and processes of the Company, as set out in Clause 49 and some of the practices followed by the Company on corporate governance, for the financial year ended 31<sup>st</sup> March, 2013. The Company is in full compliance with the corporate governance norms as stipulated in Clause 49.

### Company’s Philosophy on Corporate Governance

The Company believes that the Code prescribes only a minimum framework for governance of a business in corporate framework. The Company’s philosophy is that while implementation of minimum framework is prerequisite, this should lay the foundation for further development of superior governance practices which are vital for growing a successful business. The Company recognises that transparency, disclosure, financial controls and accountability are the pillars of any good system of corporate governance and accordingly the Company has undertaken several initiatives towards maintaining the highest corporate governance standards and compliance system. It is the Company’s endeavour to attain highest level of governance to enhance the stakeholder’s value.

### 1. BOARD OF DIRECTORS

The Board comprises of ten directors of which eight are Non-Executive Directors (“NEDs”) (80% of the Board strength) and six are Independent Non-Executive Directors (“INEDs”) (60% of the Board strength).

The annual calendar of meetings is generally determined during last quarter of the preceding year after getting confirmation from all Directors on the same. It has been Company’s endeavour to have meetings at various plants / locations of the Company too, apart from the Registered Office of the Company.

During the financial year, the Board of Directors of the Company met four times on 18<sup>th</sup> May, 2012, 23<sup>rd</sup> July, 2012, 26<sup>th</sup> October, 2012 and 29<sup>th</sup> January, 2013. The maximum time gap between any two consecutive meetings did not exceed four months.

The details of composition of the Board, the Board meetings held during the year & attendance of Directors at the said Board meetings and other related matters are as under:

Name & Designation of the Director	Category	No. of other Directorship held <sup>3</sup>	No. of other Board Committees of which Member / Chairman / Chairperson <sup>3</sup>	No. of Board Meetings held during the tenure	Board meetings attended	Attendance at the last AGM
Shri Sudhir Mehta, Chairman	NED	4	1 (Member)	4	4	Yes
Shri Markand Bhatt	NED	2	2 (Member)	4	4	Yes
Shri Shashikant Bhojani <sup>1</sup>	INED	NA	NA	1	1	Yes
Shri Pradeep Bhargava <sup>2</sup>	INED	5	1 (Chairman); 1 (Member)	2	2	N.A.
Dr. Prasanna Chandra	INED	Nil	Nil	4	4	Yes
Shri Shailesh Haribhakti	INED	12	4 (Chairman); 5 (Member)	4	4	Yes
Shri Haigreave Khaitan	INED	14	9 (Member)	4	2	Yes
Shri Sanjay Lalbhai	INED	6	1 (Member)	4	2	No
Dr. Leena Srivastava	INED	3	Nil	4	3	Yes
Shri Samir Mehta, Executive Vice Chairman	MD	2	1 (Chairman); 1 (Member)	4	4	Yes
Dr. Chaitanya Dutt, Director (Research & Development)	WTD	Nil	Nil	4	4	Yes

## Notes:

1. Shri Shashikant Bhojani retired as Director with effect from 23<sup>rd</sup> July, 2012 (i.e. date of last Annual General Meeting).
2. Shri Pradeep Bhargava has been appointed as Additional Director with effect from 26<sup>th</sup> October, 2012.
3. These numbers exclude the directorship / committee membership held in the Company and in private limited companies, foreign companies, companies registered under Section 25 of the Companies Act, 1956 and alternate directorship. Further, it includes only the chairmanship / membership of the Audit Committee and Shareholders' Grievance Committee. All Directors have informed the Company about the committee positions they occupy in other companies as per Clause 49 of the Listing Agreement, which were placed before the Board.
4. NED – Non-Executive Director; INED – Independent Non-Executive Director; MD – Managing Director; WTD – Whole-time Director; N.A. - Not Applicable.
5. Except Shri Sudhir Mehta and Shri Samir Mehta, who are related to each other as brothers, none of the other Directors is related to any other Director on the Board in term of definition of 'relative' as per the Companies Act, 1956.

Dr. Prasanna Chandra and Shri Sanjay Lalbhai are liable to retire by rotation at the forthcoming Annual General Meeting. Dr. Chandra and Shri Lalbhai have expressed their intention to retire and consequently not getting re-appointed.

All INEDs of the Company have furnished declarations that they qualify the conditions of being independent as per Clause 49 of the Listing Agreement, which were placed before the Board.

## 2. AUDIT COMMITTEE

In accordance with the requirements of Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956, the Board of Directors has constituted an Audit Committee.

During the year under review, four meetings of the Committee were held on 18<sup>th</sup> May, 2012, 23<sup>rd</sup> July, 2012, 26<sup>th</sup> October, 2012 and 29<sup>th</sup> January, 2013 and the gap between two meetings did not exceed four months.

The composition of the Committee as well as the particulars of attendance at the Committee meetings during the year and other related details are given in the table below:

Name & Designation	Category of Directorship	Qualification / Competence	No. of meetings held during the tenure	No. of meetings attended
Shri Shailesh Haribhakti, Chairman	Independent Non-Executive	F.C.A.	4	4
Shri Shashikant Bhojani <sup>1</sup>	-- do --	B. Sc., LL.M.	1	1
Dr. Prasanna Chandra	-- do --	MBA, Ph. D. in Finance	4	4
Shri Haigreve Khaitan <sup>2</sup>	-- do --	LL. B.	3	2
Dr. Leena Srivastava <sup>2</sup>	-- do --	Ph. D. in Energy Economics	3	2

1. Shri Shashikant Bhojani retired as Director with effect from 23<sup>rd</sup> July, 2012 (i.e. date of last Annual General Meeting) and consequently from the Committee with effect from said date.
2. Shri Haigreve Khaitan and Dr. Leena Srivastava were appointed as the Members of the Committee by the Board at their meeting held on 18<sup>th</sup> May, 2012.

The Committee was expanded by the Board at their meeting held on 30<sup>th</sup> May, 2013 by appointing Shri Pradeep Bhargava as its Member.

The Chairman of the Committee attended the last Annual General Meeting of the Company.

The Company Secretary acts as the Secretary to the Audit Committee. In addition to the above, the Committee meetings were also attended by related Executive Director, the Chief Financial Officer, Statutory Auditors and Internal Auditors. Cost Auditor and other related functional Executives of the Company also attended the meetings, as and when required.

Usually, during every meeting of the Committee, members of the Committee also discuss with the representatives of the Statutory Auditors on one to one basis about their report and concern, if any, without presence of the Executives of the Company.

The broad terms of reference of the Committee are to review and recommend the financial statements and to review the adequacy of internal control systems and internal audit function. The detailed terms of reference of the Committee as approved by the Board and as revised / updated from time to time by the Board, are given below:

- i Reviewing internal controls and internal audit function and their adequacy with the management / internal auditors.
- ii Reviewing with the management, performance of statutory and internal auditors.
- iii Oversight of the financial reporting process / disclosures and review of interim & annual financial statements before Board approval.
- iv Appointment / reappointment / replacement / removal of statutory auditors & fixation of their audit fees & fees for other services.
- v Periodic discussions with the statutory auditors of the Company (whether before, during or after the audit) on internal control systems, nature & scope of audit, audit observations and areas of concern, if any.
- vi Investigate any matter referred to it by the Board or within its terms of reference.
- vii Review the outcome of internal investigations of material fraud, irregularity & failure of internal control system.
- viii To look into substantial defaults, if any, in payments to depositors, debenture-holders, creditors & shareholders.
- ix Discussion with the internal auditors any significant findings and follow up there on.
- x Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
  - A Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of Section 217 of the Companies Act, 1956;
  - B Changes, if any, in accounting policies and practices and reasons for the same;
  - C Major accounting entries involving estimates based on the exercise of judgment by management;
  - D Significant adjustments made in the financial statements arising out of audit findings;
  - E Compliance with listing and other legal requirements relating to financial statements;
  - F Disclosure of any related party transactions;
  - G Qualifications in audit report, if any.
- xi To review the following information:
  - A Management Discussion and Analysis of financial conditions and results of operations;
  - B Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
  - C Management letters / letters of internal control weaknesses issued by the statutory auditors;

- D Internal audit reports relating to internal control weaknesses; and
- E The appointment, removal and terms of remuneration of the chief internal auditor.

In addition to the above, the Committee also reviews the financial statements of all Subsidiaries of the Company and shall have such functions / roles / powers as may be specified in the Companies Act, Listing Agreement with stock exchanges or any other applicable laws.

### 3. SECURITIES TRANSFER & INVESTORS' GRIEVANCE COMMITTEE

The Securities Transfer & Investors' Grievance Committee, as a sub-committee of the Board, inter alia, reviews shareholder / investor grievances. During the year, the Committee met four times on 30<sup>th</sup> April, 2012, 3<sup>rd</sup> July, 2012, 11<sup>th</sup> October, 2012 and 7<sup>th</sup> January, 2013. The composition of the Committee as well as the particulars of attendance at the Committee meetings during the year and other related details are given in the table below:

Name & Designation of Director	Category	No. of meetings attended
Shri Sudhir Mehta, Chairman	Non-Executive Director	4
Shri Markand Bhatt	Non-Executive Director	3
Shri Samir Mehta	Managing Director	4

Mahesh Agrawal, Vice President (Legal) & Company Secretary, provided secretarial support to the Committee and was also the designated Compliance Officer for such matters.

99.37% of the equity shares of the Company are held in dematerialised form & the handling of physical transfer of shares is minimal. No transfer of equity shares is pending as at 31<sup>st</sup> March, 2013.

In order to facilitate various benefits like paperless trading through state-of-the-art technology, quick transfer of corporate benefits to shareholders and avoid inherent problems of bad deliveries, loss in postal transit, theft and mutilation of share certificate etc., the Company had sent letters during 2012-13 to the physical shareholders of the Company requesting them to get their shares dematerialised at the earliest.

During the year the Company received eight complaints from the shareholders and the same were attended within a reasonable period of time. No complaint was pending as on 31<sup>st</sup> March, 2013.

### 4. APPOINTMENT & REMUNERATION OF DIRECTORS

#### Nomination and Remuneration Committee

During the year under review, one meeting of the Committee was held on 18<sup>th</sup> May, 2012.

The composition of the Committee as well as the particulars of attendance at the Committee meeting during the year and other related details are given in the table below:

Name & Designation of Director	Category	No. of meetings attended
Shri Shashikant Bhojani, Chairman <sup>1</sup>	Independent Non-Executive	1
Shri Markand Bhatt	Non-Executive Director	1
Dr. Prasanna Chandra <sup>2</sup>	Independent Non-Executive	N.A.
Shri Shailesh Haribhakti	Independent Non-Executive	1

1. Shri Shashikant Bhojani retired as Director with effect from 23<sup>rd</sup> July, 2012 (i.e. date of last Annual General Meeting) and consequently from the Committee with effect from said date.

2. Dr. Prasanna Chandra was appointed as the Member of the Committee by the Board at their meeting held on 18<sup>th</sup> May, 2012.

The Committee was expanded by the Board at their meeting held on 30<sup>th</sup> May, 2013 by appointing Shri Pradeep Bhargava as its Member.

Shri Shailesh Haribhakti was selected as Chairman of the Committee by the Members of the Committee at its meeting held on 30<sup>th</sup> May, 2013.

Mahesh Agrawal, Vice President (Legal) & Company Secretary, provided secretarial support to the Committee.

This is a non-mandatory requirement of Clause 49 of the Listing Agreement. The 'Nomination and Remuneration Committee' of the Company recommends the nomination of Executive Directors (members of the Board) as well as Non-Executive Directors (NEDs) and remuneration of such Executive Directors and NEDs [other than Independent Non-Executive Directors (INEDs)] and recommend and monitor the level and structure of remuneration of senior management of the Company as per the Remuneration Policy.

The terms of reference of the Committee as approved and revised / updated from time to time by the Board, are as follows:

- i To evaluate and recommend the composition of the Board of Directors and sub- committees thereof.
- ii Consider and recommend appointment of Independent Non-Executive Directors (INEDs) and other Non-Executive Directors (NEDs).
- iii Determining processes for evaluating the effectiveness of individual directors and the Board as a whole.
- iv Consider and recommend the appointment of Whole-time Directors and Managing Directors by whatever name called.
- v Evolve the principles, criteria and basis of applicable remuneration policy and recommend the remuneration for all Whole-time Directors and Managing Directors by whatever name called.
- vi Evolve the principles, criteria and basis of applicable remuneration policy and recommend the remuneration for all Non-Executive Directors (NEDs) other than Independent Non-Executive Directors (INEDs).
- vii Recommend and monitor the level and structure of pay for senior management i.e. managers immediately below the Board of Directors.
- viii To undertake related activities, functions and duties as the Board of Directors may from time to time after deliberations prescribe or as may be required to be undertaken in terms of any statutory or regulatory provisions including Listing Agreement with stock exchanges.
- ix To seek information from management and have full access to the Company's records relevant to its functioning in discharge of its obligations.
- x To make recommendations to the Board on any matter within its purview, by passing appropriate resolutions.

#### **Remuneration Policy, details of remuneration and other terms of appointment of Directors**

The remuneration policy of the Company is directed towards rewarding performance, based on review of achievements on a periodic basis. The Company endeavours to attract, retain, develop and motivate the high-calibre executives and to incentivize them to develop and implement the Group's Strategy, thereby enhancing the business value and maintain a high performance workforce. The policy ensures that the level and composition of remuneration of the Whole-time Directors / Executive Directors are optimum. Remuneration package for Executive Directors are designed with optimum combination of fixed component and / or performance linked pay reflecting the physical (quantitative and qualitative) and financial performance of the Company. The remuneration policy is in consonance with the existing industry practice subject to statutory limits as specified in the Companies Act, 1956.

**a. Appointment & Remuneration of Executive Vice Chairman / Whole-time Director**

The appointment and remuneration of Shri Samir Mehta, Executive Vice Chairman, was decided by the Board at its meeting held on 30<sup>th</sup> July, 2010 with effect from 1<sup>st</sup> August, 2010 and approved by the shareholders at the Annual General Meeting held on 30<sup>th</sup> July, 2011 for a period of five years on payment of commission at a rate to be decided by the Board from time to time and other benefits such that the total remuneration does not exceed such percentage limit of net profits of the Company as specified in the Companies Act, 1956, calculated in accordance with Sections 349 and 350 read with Section 198, subject to the overall ceiling prescribed under Section 309 read with Section I of Part II of Schedule XIII of the Companies Act, 1956 including any statutory modification or re-enactment thereof.

Appointment and remuneration of Dr. Chaitanya Dutt, Director (Research & Development) was decided by the Board and approved by the shareholders at the Annual General Meeting held on 23<sup>rd</sup> July, 2012 effective from 1<sup>st</sup> January, 2012 for a period of three years up to 31<sup>st</sup> December, 2014.

**b. Remuneration of Non-Executive Directors including Independent Directors**

1. The shareholders, at the Annual General Meeting held on 30<sup>th</sup> July, 2011, approved the payment of commission to the Directors of the Company who are neither in the whole time employment nor managing director(s) (NEDs), in accordance with and upto the limit laid down under the provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof), or such other limit as may be approved by the Central Government or the relevant authority, for a period of 5 years from the financial year commencing 1<sup>st</sup> April, 2010.
2. The Board or its Committee specifically authorised for this purpose shall determine the manner and extent upto which the commission shall be paid to the NEDs. The commission shall be determined based on the participation of the Directors in the meetings of Board and / or Committees thereof and other affairs of the Company and the tenure during the year for which they were the Directors.
3. In case of inadequacy of profits, remuneration upto ₹ 5 lacs per annum shall be payable as minimum remuneration to each NED who is also member of any Committee of the Directors and upto ₹ 3 lacs per annum to each NED who is not a member of any such Committee of the Directors subject to requisite approvals.
4. The commission for any financial year shall become due on approval by the Board of the amount of such commission and financial statements for that year.

Details of remuneration of Directors for the year ended 31<sup>st</sup> March, 2013 are as under:

(₹ in lacs)			
Name & Designation of Directors <sup>s</sup>	Salary & Perquisites <sup>#</sup>	Commission <sup>##</sup>	Total
Shri Sudhir Mehta, Chairman	Nil	500.00	500.00
Shri Markand Bhatt	Nil	Nil	Nil
Shri Shashikant Bhojani <sup>1</sup>	Nil	5.00	5.00
Shri Pradeep Bhargava <sup>2</sup>	Nil	6.00	6.00
Dr. Prasanna Chandra	Nil	18.00	18.00
Shri Shailesh Haribhakti	Nil	18.50	18.50
Shri Haigreve Khaitan	Nil	9.00	9.00
Shri Sanjay Lalbhai	Nil	Nil	Nil
Dr. Leena Srivastava	Nil	12.00	12.00
Shri Samir Mehta, Executive Vice Chairman	2.67	750.00	752.67
Dr. Chaitanya Dutt, Director (Research & Development)	272.31	Nil	272.31
<b>Total</b>	<b>274.98</b>	<b>1318.50</b>	<b>1593.48</b>

Notes:

1. Shri Shashikant Bhojani retired as Director with effect from 23<sup>rd</sup> July, 2012 (i.e. date of last Annual General Meeting).
  2. Shri Pradeep Bhargava has been appointed as Additional Director with effect from 26<sup>th</sup> October, 2012.
- \$ The terms of appointment of Managing Director / Whole-time Director are governed by the resolutions of the shareholders and applicable rules of the Company. None of the Directors are entitled to a severance fees.
- # Includes salary, house rent allowance, contribution to provident / gratuity / superannuation funds & approved perquisites. Directors have not been granted any stock options during the year.
- ## Commission as approved by the Board subject to maximum of such a rate of the eligible net profits so that the remuneration does not exceed the limit as approved by the shareholders and as specified in the Companies Act, 1956.

No sitting fee was paid to any of the Directors during the year.

Khaitan & Co., a law firm in which Shri Haigreve Khaitan, an Independent Non-Executive Director, is a partner, were paid ₹ 8.03 lacs as professional fees for legal services provided during the year. Apart from above, there were no other pecuniary relationships / transactions with the Non-Executive Directors vis-à-vis the Company.

#### Shareholding of Non-Executive Directors

Details of the equity shares held by Non-Executive Directors as on 31<sup>st</sup> March, 2013 are as under:

Name of the Director	Nos. of Equity shares
Shri Sudhir Mehta	3,801,428*
Shri Markand Bhatt	5,100**
Shri Sanjay Lalbhai	800***

\*Including shares held as Katra of HUF.

\*\*Held jointly with Shri Gunjan Bhatt (son of Shri Markand Bhatt being independent) as first holder and Shri Markand Bhatt as second holder.

\*\*\*Held jointly with Shri Shrenik Lalbhai (father of Shri Sanjay Lalbhai) as first holder and Shri Sanjay Lalbhai as second holder.

## 5. GENERAL BODY MEETINGS

Details of the Annual General Meetings (AGM) held during last three years are as under:

AGM	Date	Time	Venue	No. of special resolutions passed
37 <sup>th</sup> AGM	30-Jul-10	9:30 AM	J. B. Auditorium, Torrent AMA Centre, Ground Floor, Ahmedabad Management Association, Vastrapur, Ahmedabad	1
38 <sup>th</sup> AGM	30-Jul-11	9:30 AM	-- do --	1
39 <sup>th</sup> AGM	23-Jul-12	9:30 AM	-- do --	-

During the year under review, no special resolution was passed through postal ballot or Extraordinary General Meeting and as of day, there is no proposal to pass any special resolution through postal ballot.

The Board of Directors at its meeting held on 30<sup>th</sup> May, 2013 has proposed to seek shareholders' approval by way of passing of ordinary resolutions for issue of Bonus Share and increase in Authorised Share Capital & consequent amendment to Capital clause of the Memorandum of Association of the Company through Postal Ballot in accordance with the provisions of Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2011, as per the prescribed procedure.

## 6. DISCLOSURES

### a. Legal Compliances

The Company follows a formal management policy and system of legal compliance & reporting to facilitate periodical review by the Board of compliance status of laws applicable to the Company and steps taken to rectify non-compliances, if any.

There were no instances of material non-compliance and no strictures or penalties were imposed on the Company either by SEBI, Stock Exchanges or any statutory authorities on any matter related to capital markets during the last three years.

### b. Code of Business Conduct

The Code of Business Conduct adopted by the Company has been posted on the website of the Company. The Members of the Board and senior management of the Company have submitted their affirmation on compliance with the Code of Business Conduct for the effective period. The declaration by the Executive Vice Chairman to that effect forms part of this report as Annex 1.

### c. Related Party Transactions

Transactions with related parties are disclosed in detail in Note 44 annexed to the financial statements for the year. Adequate care was taken to ensure that the potential conflict of interest did not harm the interests of the Company at large.

### d. CEO / CFO Certification

The Executive Vice Chairman (EVC) and Chief Financial Officer (CFO) of the Company give annual certification on financial reporting and internal controls to the Board in terms of Clause 49 of the Listing Agreement. The EVC and CFO also give quarterly certification on financial results while placing the financial results before the Board in terms of Clause 41 of the Listing Agreement.

### e. Details of unclaimed shares as per Clause 5A of the Listing Agreement

Pursuant to Clause 5A of the Listing Agreement, the shares remaining unclaimed by the shareholders were transferred by the Company during the financial year 2011-12 to the "Torrent Pharmaceuticals Limited - Unclaimed Suspense Account". During the year, on the basis of requests received from some of the shareholders whose shares were lying in the said account, the Company credited the shares from said Account to the individual account of the respective shareholders to the extent of their entitlement. The details as required to be disclosed by the Company under Clause 5A.II (h) of the Listing Agreement are as under:

Particulars	Number of shareholders	Number of Equity shares
Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the beginning of the year i.e. 1 <sup>st</sup> April, 2012	217	59,720
Number of shareholders who approached to the Company / Registrars and Transfer Agents (RTA) for transfer of shares from Unclaimed Suspense Account during the year ended 31 <sup>st</sup> March, 2013	6	2,020
Number of shareholders to whom shares were transferred from Unclaimed Suspense Account during the year ended 31 <sup>st</sup> March, 2013	6	2,020
Aggregate Number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the end of the year i.e. as on 31 <sup>st</sup> March, 2013	211	57,700



**f. Whistle Blower Policy**

The Company believes in the conduct of its affairs in a fair and transparent manner to foster professionalism, honesty, integrity and ethical behaviour. The Company is committed to developing a culture where it is safe for all the employees to raise concerns about any misconduct or unacceptable practice. The Company has adopted a whistle blower policy through which the Company encourages employees to bring to the attention of Senior Management including Audit Committee, any unethical behaviour and improper practices and wrongful conduct taking place in the Company for taking appropriate action. The confidentiality of those reporting such practices is maintained without any discrimination.

**g. Policy on protection of Employees against Sexual Harassment at Work Place**

The Company is committed to creating a healthy & conducive working environment that enables employees to work without fear of prejudice, gender bias and sexual harassment in implicit or explicit form. The Company firmly believes that all employees of the Company have the right to be treated with dignity independent of caste / creed / community / gender. The Company has, therefore adopted a policy for protection of employees against sexual harassment at work place through which the Company seeks to provide protection against sexual harassment at work place and for redressal of complaints relating thereto.

**h. Mandatory & Non-Mandatory Clauses**

The Company has complied with all mandatory requirements laid down by the Clause 49. The non-mandatory requirements complied with have been disclosed at the relevant places.

**7. COMMUNICATION TO SHAREHOLDERS**

During the year, audited quarterly and annual financial results on the standalone basis and un-audited quarterly and audited annual financial results on the consolidated basis of the Company were submitted to the stock exchanges soon after the Board meeting approved these and un-audited quarterly and audited annual financial results on the consolidated basis were published in two leading newspapers - The Business Standard (English) & Jaihind (Gujarati). These were also promptly put on the Company's website [www.torrentpharma.com](http://www.torrentpharma.com). All official news release of relevance, quarterly results and presentations made by the Company to the investors / analysts were also made available on the Company's website for a reasonable period of time. In line with last year, the Company plans to send the soft copies of Annual Report 2012-13 to those shareholders whose email ids are registered with the Depository Participants (DPs) and / or with the Company's Registrars and Transfer Agents, unless opted by them to get the physical copy, to support the "Green Initiative in the Corporate Governance", an initiative taken by the Ministry of Corporate Affairs (MCA).

To familiarise the shareholders with the Company's operations and based on their requests, the Company had, during the year, organised a visit to its Research & Development facility at village Bhat.

**8. GENERAL SHAREHOLDER INFORMATION**

**a. 40<sup>th</sup> Annual General Meeting**

Date & Time	Friday, 26 <sup>th</sup> July, 2013 at 9:30AM
Venue	J. B. Auditorium, Torrent AMA Centre, Ground Floor, Ahmedabad Management Association, Vastrapur, Ahmedabad

**b. Tentative Financial Calendar for the year 2013-14**

Financial year	1 <sup>st</sup> April to 31 <sup>st</sup> March
First Quarter results	Fourth week of July 2013
Half Yearly results	Fourth week of October 2013
Third Quarter results	Fourth week of January 2014
Results for year-end	Third week of May 2014

**c. Date of Book Closure**

12<sup>th</sup> June, 2013 to 14<sup>th</sup> June, 2013 (both days inclusive)

**d. Dividend payment date**

The proposed dividend, if approved at the ensuing Annual General Meeting will be distributed on or around 30<sup>th</sup> July, 2013.

**e. Listing on Stock Exchanges and Security Codes**

Name of Stock Exchange	Security Code
Bombay Stock Exchange Ltd., Mumbai (BSE)	500420
The National Stock Exchange of India Ltd., Mumbai (NSE)	TORNTPHARM

The Company has paid the annual listing fees for the year 2013-14 to both of the above stock exchanges.

**f. Market Price Data**

The closing market price of equity share on 28<sup>th</sup> March, 2013 (last trading day of the year) was ₹ 695.25 on BSE & ₹ 695.55 on NSE.

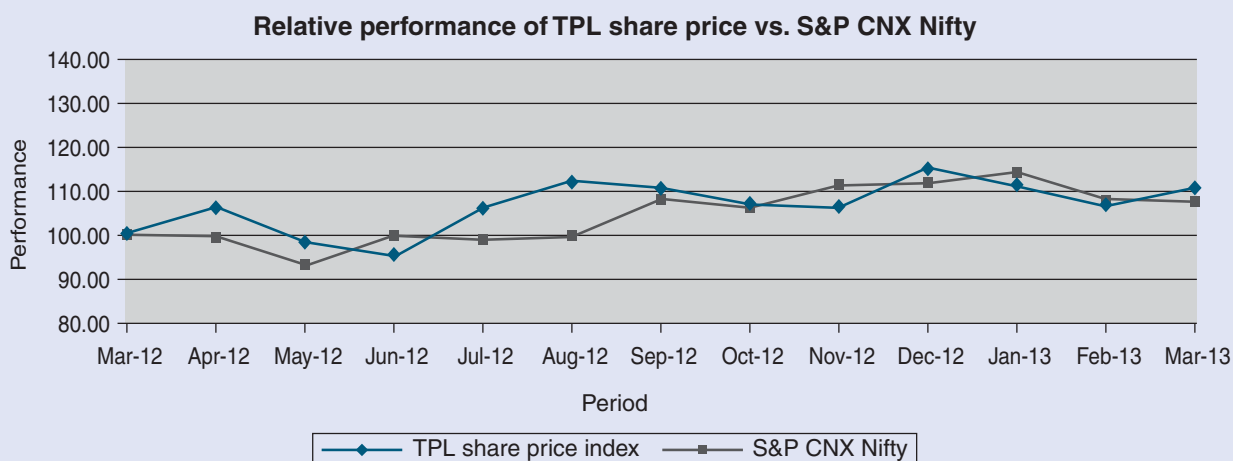
The monthly movement of equity share prices during the year at BSE & NSE are summarized below:

Monthly Share Price movement during the financial year ended 31 <sup>st</sup> March, 2013 at BSE & NSE						
Month	BSE			NSE		
	High	Low	Volume	High	Low	Volume
Apr – 12	669.00	611.00	144,230	675.00	615.00	486,191
May – 12	699.00	597.05	111,857	705.00	594.05	751,499
Jun – 12	636.45	580.80	76,211	632.30	570.00	959,514
Jul – 12	686.45	601.55	368,080	686.80	601.00	1,364,871
Aug – 12	722.70	664.00	47,786	717.80	646.60	404,286
Sep – 12	727.00	665.00	51,467	728.50	615.00	1,070,190
Oct – 12	709.00	660.00	311,878	706.00	658.40	1,552,651
Nov – 12	711.00	630.00	340,945	685.50	630.55	1,344,872
Dec – 12	727.90	662.00	264,514	726.00	660.10	1,207,866
Jan – 13	766.60	698.00	147,650	765.70	697.00	682,324
Feb – 13	749.00	660.00	39,060	725.00	667.85	361,429
Mar – 13	705.00	656.00	39,767	704.30	655.00	391,765
<b>Total</b>			<b>1,943,445</b>			<b>10,577,458</b>
<b>% of volume traded to outstanding shares</b>			<b>2.30%</b>			<b>12.50%</b>

The performance of the equity share price of the Company vis-à-vis the S&P CNX Nifty at NSE is as under:

Month	TPL Share Price at NSE**	S&P CNX Nifty**	Relative Index for comparison purpose	
			TPL share price index	S&P CNX Nifty
Mar – 12	630.60	5295.55	100.00	100.00
Apr – 12	666.95	5248.15	105.76	99.10
May – 12	617.50	4924.25	97.92	92.99
Jun – 12	600.55	5278.90	95.23	99.69
Jul – 12	666.55	5229.00	105.70	98.74
Aug – 12	705.00	5258.50	111.80	99.30
Sep – 12	694.50	5703.30	110.13	107.70
Oct – 12	673.90	5619.70	106.87	106.12
Nov – 12	668.45	5879.85	106.00	111.03
Dec – 12	724.45	5905.10	114.88	111.51
Jan – 13	700.15	6034.75	111.03	113.96
Feb – 13	671.65	5693.05	106.51	107.51
Mar – 13	695.55	5682.55	110.30	107.31

\*\* closing data on the last day of the month



**g. Distribution of shareholding as at 31<sup>st</sup> March, 2013**

By size of shareholding:

From - To	Mode of Holding	Shares held		No. of shareholders	
		Number	% Total	Number	% Total
Up to 1,000	Physical	500,096	0.59	1,811	8.39
	Electronic	2,569,759	3.04	19,190	88.89
1,001 - 2,000	Physical	15,600	0.02	12	0.06
	Electronic	348,555	0.41	232	1.07
2,001 - 10,000	Physical	16,800	0.02	5	0.02
	Electronic	772,468	0.91	173	0.80
10,001 - 20,000	Physical	-	-	-	-
	Electronic	473,155	0.56	34	0.16
Above 20,000	Physical	-	-	-	-
	Electronic	79,914,927	94.45	132	0.61
<b>Total</b>	<b>Physical</b>	<b>532,496</b>	<b>0.63</b>	<b>1,828</b>	<b>8.47</b>
	<b>Electronic</b>	<b>84,078,864</b>	<b>99.37</b>	<b>19,761</b>	<b>91.53</b>
	<b>Total</b>	<b>84,611,360</b>	<b>100.00</b>	<b>21,589</b>	<b>100.00</b>

By category of shareholders:

Category	No. of Shares		Total Shares	% of Holding
	Electronic	Physical		
Promoters' Group	60,503,360	-	60,503,360	71.51
Mutual Funds and UTI	7,903,048	-	7,903,048	9.34
Banks, FIs & Insurance Companies	286,630	-	286,630	0.34
Foreign Institutional Investors / QFIs / NRIs	6,139,835	-	6,139,835	7.25
Other Bodies Corporate	3,121,230	5,180	3,126,410	3.70
Indian Public	6,124,761	527,316	6,652,077	7.86
<b>Total</b>	<b>84,078,864</b>	<b>532,496</b>	<b>84,611,360</b>	<b>100.00</b>

#### **h. Dematerialisation of securities**

The equity shares of the Company are traded compulsorily in the dematerialized segment of all the stock exchanges and are under rolling settlement. Approximately 99.37% of the shares have been dematerialised. The demat security (ISIN) code for the equity share is INE685A01028.

#### **i. Share transfer system**

To expedite the transfer of shares held in physical mode the powers to authorise transfers have been delegated to specified officials of the Company. The transfers which are complete in all respects are taken up for approval generally every ten days and the transferred securities dispatched to the transferee within fifteen days. The details of transfers / transmission approved by the delegates are noted by the Securities Transfer & Investors' Grievance Committee at its next meeting. The Company obtains from a Company Secretary in Practice half-yearly certificate of compliance with the share transfer formalities as required under Clause 47(c) of the Listing Agreement and files a copy of the certificate with the Stock Exchanges.

The Company has signed necessary agreements with two depositories currently functional in India viz. National Securities Depository Limited & Central Depository Services (India) Limited. The transfer of shares in depository mode need not be approved by the Company.

#### **j. Outstanding GDRs / ADRs / Warrants / any other convertible instruments**

The Company does not have any outstanding instruments of the captioned type.

#### **k. Registered Office**

Torrent House, Off Ashram Road, Ahmedabad - 380 009 (Gujarat)  
Telephone: 079 - 26585090  
Fax: 079 - 26582100

#### **l. Plant Locations**

1. Village Indrad, Taluka Kadi, Dist. Mehsana (Gujarat)
2. Village Bhud, Baddi, Teh. Nalagarh, Dist. Solan (Himachal Pradesh)
3. 32 No. Middle Camp, NH-31A, East District, Gangtok (Sikkim)

#### **m. Dahej Project Site**

Plot No. Z104-106, Dahej SEZ Phase II, Taluka Vagra, Dist. Bharuch (Gujarat)

#### **n. Research & Development Facility**

Village Bhat, Dist. Gandhinagar - 382 428 (Gujarat)

#### **o. Compliance Officer**

Mahesh Agrawal  
VP (Legal) & Company Secretary  
Torrent Pharmaceuticals Limited  
Torrent House, Off Ashram Road, Ahmedabad - 380 009 (Gujarat)  
Telephone: 079 - 26585090; Fax: 079 - 26582100  
E-mail: maheshagrawal@torrentpharma.com

**p. Investor services**

E-mail: [investorservices@torrentpharma.com](mailto:investorservices@torrentpharma.com)

**q. Registrars & Transfer Agents (RTA)**

KARVY COMPUTERSHARE PRIVATE LIMITED

Unit: Torrent Pharmaceuticals Limited

Plot No. 17 to 24, Vittalrao Nagar, Madhapur,

Hyderabad - 500 081

Telephone: 040 - 44655000

Fax: 040 - 23420814

Contact person: K. S. Reddy

E-mail: [einward.ris@karvy.com](mailto:einward.ris@karvy.com)

For & on behalf of the Board

Ahmedabad  
30<sup>th</sup> May, 2013

**Sudhir Mehta**  
Chairman

## ANNEX 1 TO CORPORATE GOVERNANCE REPORT

To

The Shareholders,

### **Affirmation of Compliance with Code of Business Conduct**

I, Samir Mehta, Executive Vice Chairman, declare that the Board of Directors of the Company has received affirmation on compliance with the Code of Business Conduct for the period from 1<sup>st</sup> April, 2012 or the date of their joining the Company, whichever is later to 31<sup>st</sup> March, 2013 from all Members of the Board and employees under Senior Management Cadre comprising CEO/Executive Directors (not a Member of the Board), Vice Presidents and General Managers.

Ahmedabad  
30<sup>th</sup> May, 2013

**Samir Mehta**  
Executive Vice Chairman

# **Standalone Financial Statements 2012-13**

## AUDITORS' REPORT

### INDEPENDENT AUDITORS' REPORT

#### TO THE MEMBERS OF TORRENT PHARMACEUTICALS LIMITED

#### Report on the Financial Statements

We have audited the accompanying financial statements of **TORRENT PHARMACEUTICALS LIMITED** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act") and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2013;
- (b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

#### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.



2. As required by Section 227(3) of the Act, we report that:

- (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in Section 211(3C) of the Act.
- (e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2013 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2013 from being appointed as a director in terms of Section 274(1)(g) of the Act.

**For DELOITTE HASKINS & SELLS**  
Chartered Accountants  
(Registration No. 117365W)

Place : Ahmedabad  
Dated: 30<sup>th</sup> May, 2013

**Hemendra L. Shah**  
Partner  
(Membership No. 33590)

## ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) Having regard to the nature of the Company's business/activities, clauses (xiii) and (xiv) of CARO are not applicable.
- (ii) In respect of its fixed assets:
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
  - (b) The fixed assets were physically verified over a period of three years by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, discrepancies noticed on such verification have been properly dealt with in the books of account.
  - (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- (iii) In respect of its inventories:
  - (a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.
  - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
  - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iv) The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.
- (v) In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weaknesses in such internal control system.
- (vi) In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:
  - (a) The particulars of contracts or arrangements referred to in Section 301 that needed to be entered in the Register maintained under the said Section have been so entered.
  - (b) Transactions during the year exceeding the value of Rupees Five lacs in respect of any party have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vii) According to the information and explanations given to us, the Company has not accepted any deposits from the public.
- (viii) In our opinion, the internal audit functions carried out during the year by firm of Chartered Accountants appointed by the management have been commensurate with the size of the Company and the nature of its business.
- (ix) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(x) According to the information and explanations given to us in respect of statutory dues:

- (a) The Company has been generally regular in depositing undisputed dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
- (b) There were no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31<sup>st</sup> March, 2013 for a period of more than six months from the date they became payable.
- (c) Details of dues of Income-tax, Sales Tax/VAT, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and employees' state insurance which have not been deposited as on 31<sup>st</sup> March, 2013 on account of disputes are given below:

Statute	Nature of Dues	Forum where Dispute is pending	Period to which the amount relates	Amount involved (₹ in lacs)
The West Bengal Sales Tax Act, 1994	Demand of Tax	Taxation Tribunal, West Bengal	2004-05	9.98
West Bengal Value Added Tax Act, 2003	Demand of Tax	Assessing Officer of Sales Tax, West Bengal	2007-08	0.87
Uttar Pradesh Trade Tax Act, 1948	Demand of Tax	Joint Commissioner Commercial Tax, Uttar Pradesh	2003-04	2.72
Uttar Pradesh Trade Tax Act, 1948	Demand of Tax	Joint Commissioner Commercial Tax, Uttar Pradesh	2005-06	2.03
Uttar Pradesh Trade Tax Act, 1948	Demand of Penalty	Tribunal, Uttar Pradesh	2009-10	1.84
Central Excise Act, 1944	Cenvat Credit	Commissioner of Central excise, Ahmedabad-III	2006-07	11.47
	Cenvat Credit / Input Service Tax / Demand of Duty and penalty	CESTAT	2005-06 to 2010-11	67.81
	Demand of Interest	Dy. Commissioner of Central Excise-Kalol	2001-02 and 2002-03	3.02
	Demand of Duty and penalty	Commissioner (Appeals - Ankleshwar)	2005-06 and 2006-07	0.71
Finance Act, 1994	Demand of Penalty	CESTAT	2008-09 to 2010-11	18.21
	Demand of duty and penalty	Commissioner, Service tax Ahmedabad	2007-08 to 2012-13	2,862.78
		Additional Commissioner, Service tax Ahmedabad	2006-07 to 2011-12	13.35
E.S.I Act, 1948	E.S.I Contribution	Gujarat High Court	1993-94 to 2012-13	580.23
Income Tax Act, 1961	Demand of Tax	Commissioner of Income Tax (Appeals)	2004-05	0.15

- (xi) The Company does not have accumulated losses at the end of the financial year. The Company has not incurred cash losses during the financial year covered by the audit and in the immediately preceding the financial year.
- (xii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks and financial institutions. The Company has not issued any debentures.
- (xiii) In our opinion, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiv) In our opinion and according to the information and explanations given to us, during the year, the Company has not given any guarantee for loans taken by others from banks and financial institutions.
- (xv) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained, other than temporary deployment pending application.
- (xvi) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis have not been used during the year for long- term investment.
- (xvii) According to the information and explanations given to us, the Company has not made preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (xviii) The Company has not issued any debenture during the year.
- (xix) The Company has not raised money by public issue during the year.
- (xx) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

**For DELOITTE HASKINS & SELLS**  
Chartered Accountants  
(Registration No. 117365W)

**Hemendra L. Shah**  
Partner  
(Membership No. 33590)

Place : Ahmedabad  
Dated: 30<sup>th</sup> May, 2013

## BALANCE SHEET

	Notes	As at 31-Mar-2013	(₹ in Crores) As at 31-Mar-2012
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholder's funds</b>			
Share capital	2	42.31	42.31
Reserves and surplus	3	1,608.78	1,262.19
		<b>1,651.09</b>	<b>1,304.50</b>
<b>Non-current liabilities</b>			
Long-term borrowings	4	454.54	322.05
Deferred tax liabilities (net)	5	56.89	63.17
Other long-term liabilities	6	9.76	0.45
Long-term provisions	7	71.01	59.65
		<b>592.20</b>	<b>445.32</b>
<b>Current liabilities</b>			
Short-term borrowings	4	124.62	138.12
Trade payables		449.69	373.40
Other current liabilities	6	329.87	257.37
Short-term provisions	7	207.84	59.67
		<b>1,112.02</b>	<b>828.56</b>
	<b>TOTAL</b>	<b>3,355.31</b>	<b>2,578.38</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets	8		
Tangible assets		784.99	628.59
Intangible assets		6.39	7.71
Capital work-in-progress		276.31	26.87
		<b>1,067.69</b>	<b>663.17</b>
Non-current investments	9	147.50	391.29
Long-term loans and advances	10	53.36	53.68
Other non-current assets	11	23.90	46.25
		<b>1,292.45</b>	<b>1,154.39</b>
<b>Current assets</b>			
Current investments	9	42.76	86.52
Inventories	12	697.09	393.13
Trade receivables	13	831.27	409.61
Cash and cash equivalents	14	277.76	366.68
Short-term loans and advances	10	68.32	62.96
Other current assets	11	145.66	105.09
		<b>2,062.86</b>	<b>1,423.99</b>
	<b>TOTAL</b>	<b>3,355.31</b>	<b>2,578.38</b>
<b>Notes forming part of the Financial Statements</b>	1-44		

In terms of our report attached

**For DELOITTE HASKINS & SELLS**  
Chartered Accountants

**Hemendra Shah**  
Partner

Ahmedabad, Gujarat  
30<sup>th</sup> May, 2013

**Sudhir Mehta**  
Chairman

**R. Srinivasan**  
VP (Finance) & Chief Financial Officer

Signatures to the Balance Sheet

**Samir Mehta**  
Executive Vice Chairman

**Mahesh Agrawal**  
VP (Legal) & Company Secretary

Ahmedabad, Gujarat  
30<sup>th</sup> May, 2013

## STATEMENT OF PROFIT AND LOSS

	Notes	Year ended 31-Mar-2013	(₹ in Crores) Year ended 31-Mar-2012
<b>REVENUE</b>			
Revenue from operations			
Sales		2,624.65	1,991.49
Less : Excise duties	27	7.10	4.80
Net sales		2,617.55	1,986.69
Operating income		148.68	89.35
Revenue from operations (net)	15	2,766.23	2,076.04
Other income	16	131.67	135.19
<b>Total Revenue</b>		<b>2,897.90</b>	<b>2,211.23</b>
<b>EXPENSES</b>			
Cost of materials consumed	17	797.43	590.17
Purchases of stock-in-trade		292.52	252.10
Changes in inventories of finished goods, work-in-progress and stock-in-trade	18	(110.43)	(35.97)
Employee benefits expense	19	366.34	309.05
Finance costs	20	36.51	39.78
Depreciation and amortization expense		71.50	63.90
Other expenses	21	741.22	560.30
<b>Total Expenses</b>		<b>2,195.09</b>	<b>1,779.33</b>
<b>PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX</b>		<b>702.81</b>	431.90
Exceptional items	23	37.49	61.20
<b>PROFIT BEFORE TAX</b>		<b>665.32</b>	370.70
<b>TAX EXPENSE</b>			
Current tax [Net of MAT credit utilized ₹ 24.78 Crores (previous year ₹ Nil)]		126.91	58.06
Deferred tax (credit) / charge		(6.29)	1.47
(Excess) / short provision for tax of earlier years		(1.72)	(0.08)
		<b>118.90</b>	59.45
<b>NET PROFIT FOR THE YEAR</b>		<b>546.42</b>	311.25
Earnings per share [Nominal value per equity share of ₹ 5]			
Basic	24	64.58	36.79
Diluted	24	64.58	36.79
<b>Notes forming part of the Financial Statements</b>	1-44		

In terms of our report attached

Signatures to the Statement of Profit and Loss

**For DELOITTE HASKINS & SELLS**  
Chartered Accountants

**Sudhir Mehta**  
Chairman

**Samir Mehta**  
Executive Vice Chairman

**Hemendra Shah**  
Partner

**R. Srinivasan**  
VP (Finance) & Chief Financial Officer

**Mahesh Agrawal**  
VP (Legal) & Company Secretary

Ahmedabad, Gujarat  
30<sup>th</sup> May, 2013

Ahmedabad, Gujarat  
30<sup>th</sup> May, 2013

## CASH FLOW STATEMENT

	Year ended 31-Mar-2013	Year ended 31-Mar-2012
(₹ in Crores)		
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>PROFIT BEFORE TAX</b>	<b>665.32</b>	370.70
Adjustments for :		
Depreciation and amortization expense	71.50	63.90
Allowance for doubtful debts (net of bad debts)	1.84	0.59
Foreign exchange loss / (gain) on borrowings	0.03	1.89
Loss on sale / discard / write-off of fixed assets	5.11	1.53
Provision / (reversal) on asset held for sale	-	(0.03)
Provision for diminution in value of long-term investment	37.49	-
(Profit) / loss on sale of current investments	(8.69)	(11.36)
Dividend received	-	(5.06)
Finance cost	36.51	39.78
Interest income	(39.45)	(38.13)
Government grant	(0.31)	(0.63)
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>769.35</b>	423.18
Adjustments for changes in working capital :		
Trade receivables, loans & advances and other assets	(581.93)	(79.38)
Inventories	(303.96)	(50.30)
Trade payables, liabilities and provisions	151.05	177.87
<b>CASH GENERATED FROM OPERATIONS</b>	<b>34.51</b>	471.37
Direct taxes paid	(103.20)	(75.00)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>(68.69)</b>	396.37
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(294.63)	(83.29)
Proceeds from fixed assets sold	1.28	1.15
Long-term investments in subsidiaries	(7.43)	(23.80)
Refund of / (investment in) capital of partnership firms	153.37	(60.64)
Purchase of long-term trade investments	-	(17.52)
Profit on sale of current investments	8.69	11.36
Dividend received	-	5.06
Interest received	49.24	25.54
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(89.48)</b>	(142.14)
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from long-term borrowings	242.53	106.62
Repayment of long-term borrowings	(82.82)	(163.33)
Net proceeds/ (repayment) of short-term borrowings	(20.38)	31.68
Government grant	0.31	0.63
Dividend paid	(83.44)	(137.34)
Finance cost paid	(30.71)	(30.60)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>25.49</b>	(192.34)
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(132.68)</b>	61.89
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>453.20</b>	391.31
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>320.52</b>	453.20
<b>Note:</b> Cash and cash equivalents as at end of the year :		
Cash and cash equivalents as per Note - 14	277.76	366.68
Current investments as per Note - 9	42.76	86.52
	<b>320.52</b>	453.20

In terms of our report attached

**For DELOITTE HASKINS & SELLS**  
Chartered Accountants

**Hemendra Shah**  
Partner

Ahmedabad, Gujarat  
30<sup>th</sup> May, 2013

**Sudhir Mehta**  
Chairman

**R. Srinivasan**  
VP (Finance) & Chief Financial Officer

Signatures to the Cash Flow Statement

**Samir Mehta**  
Executive Vice Chairman

**Mahesh Agrawal**  
VP (Legal) & Company Secretary

Ahmedabad, Gujarat  
30<sup>th</sup> May, 2013

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### NOTE - 1 : SIGNIFICANT ACCOUNTING POLICIES

#### 1.1 Basis for preparation of financial statements

The financial statements have been prepared and presented under the historical cost convention on an accrual basis of accounting and in accordance with the Generally Accepted Accounting Principles (GAAP) in India. GAAP includes Accounting Standards (AS) notified by the Central Government of India under Section 211(3C) of The Companies Act, 1956, provisions of The Companies Act, 1956, pronouncements of Institute of Chartered Accountants of India and guidelines issued by Securities and Exchange Board of India (SEBI). The Company has presented financial statements as per format prescribed by Revised Schedule VI, notified under The Companies Act, 1956, issued by Ministry of Corporate Affairs. Except where otherwise stated, the accounting policies are consistently applied.

#### 1.2 Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make assumptions, critical judgements and estimates, which it believes are reasonable under the circumstances, that affect the reported amounts of assets, liabilities and contingent liabilities on the date of financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates. Difference between the actual results and estimates are recognized in the period in which the results are known or materialize.

#### 1.3 Fixed assets, depreciation and amortization

##### Tangible assets :

- (a) Tangible fixed assets are stated at cost of acquisition or construction less accumulated depreciation. The cost of fixed asset comprises of its purchase price, non-refundable taxes & levies, freight and other incidental expenses related to the acquisition and installation of the respective assets. Borrowing cost attributable to acquisition or construction of qualifying fixed assets is capitalized to respective assets when the time taken to put the assets to use is substantial.
- (b) Pre-operative expenditure comprising of revenue expenses incurred in connection with project implementation during the period up to commencement of commercial production are treated as part of project costs and are capitalized. Such expenses are capitalized only if the project to which they relate, involve substantial expansion of capacity or upgradation.
- (c) Depreciation on fixed assets is provided using the straight-line method at the rates prescribed in Schedule XIV of The Companies Act, 1956 or based on useful life of the assets as estimated by the management, whichever is higher.

The management's estimate of the useful life for various categories of fixed assets are given below:

Office buildings	58 years
Factory buildings	28 years
Plant and machinery	10 to 20 years
Laboratory equipment	5 to 20 years
Electrical equipment	10 to 20 years
Furniture and fixtures	10 years
Office equipment	10 years
Computer equipment	3 years
Vehicles	10 years

- (d) Cost of leasehold land (except for lease of long tenure) is amortized over the period of the lease. Cost of lease hold land where lease period is of long tenure and substantial rights of ownership are with lessee, is not amortized.

##### Intangible assets :

- (a) Acquired product licenses are capitalized at costs comprising of direct costs of purchase and expenses directly attributable to the purchase of product licenses.
- (b) Software costs are capitalized and recognized as intangible assets based on materiality, accounting prudence and significant economic benefits expected to flow there from for a period longer than one year.



- (c) Intangible assets are amortized over their estimated useful lives on a straight-line basis. The management's estimate of the useful life of various categories of fixed assets are given below:

Product licenses	Up to 10 years
Software	3 to 5 years

#### Impairment of assets :

- (a) Fixed assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is then recognized for the amount by which the carrying amount of the assets exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.
- (b) Fixed assets that have been retired from their active use and held for disposal, are classified as current assets, and are stated at lower of their cost and net realizable value.

#### 1.4 Investments

- (a) Long-term investments are carried at cost. Provision is made to recognize any diminution in value, other than that of a temporary nature.
- (b) Current investments are carried at lower of cost and fair value. Diminution in value is charged to the statement of profit and loss.
- (c) Current investments readily convertible in known amount of cash and subject to insignificant risk of changes in value are classified as cash and cash equivalents for preparation of cash flow statement.

#### 1.5 Cash flow statement

The cash flow statement is prepared as per the "Indirect Method" as set out in AS 3 "Cash Flow Statements" issued by the Institute of Chartered Accountants of India.

#### 1.6 Inventories

Inventories are valued at the lower of cost and net realizable value. Provision for impairment is made when there is high uncertainty in salability of an item. Costs incurred in bringing inventories to its existing location and condition are determined on the following basis:

- (a) Raw materials and packing materials - Purchase cost of materials on moving average basis.
- (b) Finished goods (manufactured) and work-in-progress - Cost of purchase, cost of conversion and other costs proportionately allocated determined on weighted average basis.
- (c) Finished goods (traded) - Purchase cost on moving average basis.

#### 1.7 Revenue recognition

- (a) Revenue from sale of goods is recognized when the significant risks and rewards of ownership of goods are transferred to the customers. Sales are net of discounts, sales tax, value added tax and estimated returns. Excise duty collected on sales are shown by way of deduction from sales.
- (b) Provision for sales returns are estimated primarily on the basis of historical experience, market conditions and specific contractual terms and provided for in the year of sale as reduction from revenue. The methodology and assumptions used to estimate returns are monitored and adjusted regularly in line with contractual and legal obligations, trade practices, historical trends, past experience and projected market conditions.
- (c) Income from services is recognized when the services are rendered or when contracted milestones have been achieved.
- (d) Revenue from arrangements which includes performance of obligations is recognized in the period in which related performance obligations are completed.
- (e) Export entitlements are recognized as income when right to receive credit as per the terms of the scheme is established in respect of the exports made and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

- (f) Dividend income is recognized when the unconditional right to receive dividend is established.
- (g) Interest income is recognized using the time proportionate method, based on rates implicit in the transaction.
- (h) Revenue in respect of other income is recognized when a reasonable certainty as to its realization exists.

## 1.8 Employees retirement and other benefits

### Short-term employee benefits :

Short-term employee benefits like salaries, wages, bonus and welfare expenses payable wholly within twelve months of rendering the service are accrued in the year in which the associated services are rendered by the employees.

### Long-term employee benefits :

#### (a) Defined contribution plan :

Contribution in case of defined contribution plans (provident fund, superannuation benefit, social security schemes and other fund/schemes) is charged to the statement of profit and loss as and when it is incurred as employee benefits.

#### (b) Defined benefit plan :

The accruing liability on account of gratuity (retirement benefit in the nature of defined benefits plan) is actuarially valued every year. The current service cost, interest cost, expected return on plan assets and the actuarial gain/ loss are debited / credited, as the case may be, to the statement of profit and loss of the year as employee benefits.

#### (c) Other long-term benefits :

Long-term compensation plan to employees (being deferred compensation paid 12 months or more after the end of the period in which it is earned) are expensed out in the period to which the costs relate at present value of the benefits under the plan.

The liability for compensated absences and leave encashment is provided on the basis of actuary valuation, as at balance sheet date.

## 1.9 Government grants

- (a) Government grants are recognized when there is reasonable assurance that the grant will be received and all relevant conditions are complied with.
- (b) Grants received by way of investment subsidy scheme in relation to total investment are credited to capital reserve and are treated as part of owners' fund.
- (c) Grants that compensate expenses are recognized on receipt basis.

## 1.10 Finance costs

Finance costs consist of interest, amortization of ancillary costs and other costs in connection with the borrowing of funds and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

## 1.11 Cenvat credit

Cenvat (Central value added tax) credit in respect of excise, custom and service tax is accounted on accrual basis on purchase of eligible inputs, capital goods and services. The balance of cenvat credit is reviewed at the end of each year and amount estimated to be un-utilisable is charged to the statement of profit and loss for the year.

## 1.12 Stores and spares

Stores and spares (other than spares acquired with fixed assets) are charged to the statement of profit and loss as and when purchased.

## 1.13 Software costs

Expenditure incurred for procuring, developing, improving and maintaining software programs are charged to the statement of profit and loss as and when incurred, except when capitalized in accordance with Note 1.3 above.

#### 1.14 Research and development

Revenue expenditure on research and development is expensed off under the respective head of expenses in the year in which it is incurred. Capital expenditure on research and development is reported as fixed assets under the relevant head. Depreciation on research and development fixed assets are not classified as research and development expenses and instead included under depreciation expenses.

#### 1.15 Leases

Lease rentals in respect of assets taken on operating lease are charged to the statement of profit and loss on accrual and straight-line basis over the lease term.

#### 1.16 Accounting for taxes

- (a) Current tax is accounted on the basis of estimated taxable income for the current accounting year and in accordance with the provisions of The Income Tax Act, 1961.
- (b) Deferred Tax resulting from "timing differences" between accounting and taxable profit for the period is accounted by using tax rates and laws that have been enacted or substantively enacted as at the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future. Net deferred tax liabilities are arrived at after setting off deferred tax assets.

#### 1.17 Foreign currency transactions and balances

- (a) Foreign currency transactions are recorded at the exchange rates prevailing on the date of the transaction.
- (b) The net gain or loss on account of exchange differences arising on settlement of foreign currency transactions are recognized as income or expense of the period in which they arise.
- (c) Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the closing rate. The resultant exchange differences are recognized in the statement of profit and loss. The Company has not exercised the option for capitalization or amortization of exchange differences on long-term foreign currency monetary items as provided by notification issued by the Ministry of Corporate Affairs.
- (d) Investments in shares of foreign subsidiaries and other entities are expressed in reporting currency at the rates of exchange prevailing at the time when the original investments were made.

#### 1.18 Derivative instruments and hedge accounting

- (a) In case of forward contracts, to which AS 11, "The Effects of Changes in Foreign Exchange Rates" applies, the difference between the forward rate and the exchange rate on the date of the contract is recognized as income or expense over the life of the contract. Exchange differences on such a contract are recognized in the statement of profit and loss in the period in which the exchange rates change.
- (b) Foreign currency forward contracts, to which AS 11 does not apply, hedge accounting principles set out in AS 30 "Financial Instruments: Recognition and Measurement" are adopted w.e.f. 01-Apr-2011 to the extent they do not conflict with existing mandatory accounting standards and other authoritative pronouncements, Company law and other regulatory requirements. These transactions comprise of forward contracts taken to hedge risks associated with foreign currency fluctuations relating to highly probable forecast transactions and designated as cash flow hedges and valued at fair value. Changes in the fair value of these forward contracts that are effective hedges are recognized directly in cash flow hedge reserve account and the ineffective portion is recognized in the statement of profit and loss.

Amount accumulated in cash flow hedge reserve account is reclassified to the statement of profit and loss in the same period during which the forecasted transaction materialize. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting.

If the forecasted transaction is no longer expected to occur, the net cumulative gain or loss recognized in cash flow hedge reserve account is immediately transferred to the statement of profit and loss for the period.

#### 1.19 Provisions, contingent liabilities and contingent assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources for which reliable estimate can be made. Liabilities which are of a contingent nature are not provided but are disclosed at their estimated amount in the notes forming part of the financial statements. Contingent assets are neither recognized nor disclosed in the financial statements.

	As at 31-Mar-2013	(₹ in Crores) As at 31-Mar-2012
<b>NOTE - 2 : SHARE CAPITAL</b>		
<b>Authorised</b>		
15,00,00,000 (previous year 15,00,00,000) equity shares of ₹ 5 each	75.00	75.00
25,00,000 (previous year 25,00,000) preference shares of ₹ 100 each	25.00	25.00
	<b>100.00</b>	<b>100.00</b>
<b>Issued</b>		
8,46,25,360 (previous year 8,46,25,360) equity shares of ₹ 5 each	42.31	42.31
<b>Subscribed and fully paid-up</b>		
8,46,11,360 (previous year 8,46,11,360) equity shares of ₹ 5 each	42.31	42.31
<b>Forfeited shares</b>		
Amount originally paid up on 14,000 (previous year 14,000) equity shares of ₹ 5 each forfeited * [Amount ₹ 35,000 (previous year ₹ 35,000)]	*	*
	<b>42.31</b>	<b>42.31</b>

Notes:

(i) Reconciliation of equity shares outstanding at the beginning and at the end of the reporting year:

	As at 31-Mar-2013		As at 31-Mar-2012	
	Numbers	₹ in Crores	Numbers	₹ in Crores
As at beginning of the year	8,46,11,360	42.31	8,46,11,360	42.31
Issued during the year	-	-	-	-
<b>Outstanding at the end of the year</b>	<b>8,46,11,360</b>	<b>42.31</b>	<b>8,46,11,360</b>	<b>42.31</b>

- (ii) Torrent Private Limited, the holding Company, holds 4,30,57,736 (previous year 4,30,57,736) equity shares of ₹ 5 each, equivalent to 50.89% (previous year 50.89%) of the total number of equity shares, which is the only shareholder holding more than 5 % of total equity shares.
- (iii) The Company has one class of equity shares having par value of ₹ 5 each. Each shareholder is eligible for one vote per share held. The final dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amount, in proportion to shareholding.

### NOTE - 3 : RESERVES AND SURPLUS

<b>Capital reserve</b>	0.71	0.71
<b>Capital redemption reserve</b>	3.85	3.85
<b>Securities premium account</b>	42.80	42.80
<b>Cash flow hedge reserve</b>		
Balance as per last balance sheet	(17.50)	-
Add : Adjustment during the year	27.46	(17.50)
	<b>9.96</b>	<b>(17.50)</b>
<b>General reserve</b>		
Balance as per last balance sheet	958.29	766.00
Add : Transitional provision on adoption of AS 30 "Financial Instruments : Recognition and Measurement"	-	1.29
Add : Transfer from statement of profit and loss	55.00	191.00
	<b>1,013.29</b>	<b>958.29</b>
<b>Balance in statement of profit and loss</b>		
Balance as per last balance sheet	274.04	237.38
Add: Net profit for the year	546.42	311.25
Less: Appropriations		
Interim dividend [₹ 6.00 per share, (previous year ₹ 6.00 per share)]	50.77	50.77
Proposed dividend [₹ 17.00 per share (previous year ₹ 2.50 per share)]	143.84	21.15
Tax on distributed profits	32.68	11.67
Transfer to general reserve	55.00	191.00
<b>Balance in statement of profit and loss</b>	<b>538.17</b>	<b>274.04</b>
	<b>1,608.78</b>	<b>1,262.19</b>

	Notes	As at 31-Mar-2013	(₹ in Crores) As at 31-Mar-2012
<b>NOTE - 4 : BORROWINGS</b>			
<b>Long-term borrowings, non-current portion</b>			
Secured term loans			
from banks [Note: (i)(a)]		<b>403.19</b>	223.83
Unsecured term loans			
from banks		<b>38.92</b>	84.14
from others		<b>12.43</b>	14.08
		<b>51.35</b>	98.22
		<b>454.54</b>	322.05
<b>Long-term borrowings, current portion</b>			
Secured term loans			
from banks [Note: (i)(a)]		<b>72.44</b>	74.82
Unsecured term loans			
from banks		<b>38.92</b>	42.07
from others		<b>2.45</b>	1.67
		<b>41.37</b>	43.74
	6	<b>113.81</b>	118.56
<b>Short-term borrowings</b>			
Secured loans from banks [Note: (i)(b)]		<b>68.68</b>	74.18
Unsecured loans from banks		<b>55.94</b>	63.94
		<b>124.62</b>	138.12
		<b>692.97</b>	578.73

Notes:

(i) Loans are secured by:

(a) Term loans from banks are secured by first equitable mortgage of immovable fixed assets and hypothecation of movable fixed assets, present and future, located at formulation manufacturing facilities, village Indrad; research facilities, village Bhat; and corporate office, Ahmedabad, all in Gujarat, and manufacturing facilities, village Bhud; in Himachal Pradesh, on pari passu basis. Term loans from banks includes ₹ 353.53 Crores (previous year ₹ 102.31 Crores) in respect of which the Company is in the process of creating the charge.

(b) Working capital facilities are secured by hypothecation of inventories and book debts.

(ii) The terms of repayment of loan obligations on principal amount repayable in yearly installments, for the secured and unsecured long-term loans are as under:

(₹ in Crores)

Financial year	Secured	Unsecured
2013-14	72.44	41.37
2014-15	122.17	41.75
2015-16	72.52	2.84
2016-17	108.79	2.84
2017-18	63.45	2.72
2018-19	36.26	0.40
2019-20 to 2020-21	-	0.40
<b>Total</b>	<b>475.63</b>	<b>92.72</b>

		As at 31-Mar-2013	(₹ in Crores) As at 31-Mar-2012
<b>NOTE - 5 : DEFERRED TAX</b>			
<b>Deferred tax liabilities</b>			
Excess of aggregate depreciation claimed under the income tax law over that debited to statement of profit and loss			
		76.30	77.06
<b>Deferred tax assets</b>			
Provision for leave salary			
		(13.32)	(10.12)
Provision for gratuity			
		(2.52)	(0.75)
Provision for bonus			
		(2.02)	(1.71)
Provision for doubtful debts			
		(1.54)	(1.30)
Provision for doubtful claim receivables			
		(0.01)	(0.01)
		<b>(19.41)</b>	<b>(13.89)</b>
		<b>56.89</b>	<b>63.17</b>
<b>Deferred tax liabilities (net)</b>			
<b>NOTE - 6 : OTHER LIABILITIES</b>			
<b>Long-term liabilities</b>			
Creditors for capital goods			
		8.08	-
Trade deposits			
		0.20	0.09
Derivative financial instruments			
		1.48	0.36
		<b>9.76</b>	<b>0.45</b>
<b>Current liabilities</b>			
Current maturities of long-term debt			
	4	113.81	118.56
Interest accrued but not due on borrowings			
		3.05	2.12
Unclaimed dividend (not due)			
		1.03	0.89
Creditors for capital goods			
		21.12	8.00
Payables for employee benefits			
		34.01	24.01
Trade advances and deposits			
		23.71	18.16
Payables to statutory and other authorities			
		13.88	9.98
Book overdraft			
		24.71	11.13
Advance from related parties			
		87.21	19.49
Derivative financial instruments			
		6.29	42.54
Other payables			
		1.05	2.49
		<b>329.87</b>	<b>257.37</b>
		<b>339.63</b>	<b>257.82</b>
<b>NOTE - 7 : PROVISIONS</b>			
<b>Long-term provisions</b>			
Provision for employee benefits			
Gratuity			
	32	7.44	2.32
Leave benefits			
		32.80	26.33
		<b>40.24</b>	<b>28.65</b>
Provision for sales returns			
	33	30.77	31.00
		<b>71.01</b>	<b>59.65</b>
<b>Short-term provisions</b>			
Provision for employee benefits			
Leave benefits			
		6.39	4.87
Long-term compensation			
		0.02	0.02
		<b>6.41</b>	<b>4.89</b>
Provision for sales returns			
	33	33.14	30.20
Proposed dividend			
		143.84	21.15
Tax on distributed profits			
		24.45	3.43
		<b>207.84</b>	<b>59.67</b>
		<b>278.85</b>	<b>119.32</b>

**NOTE - 8 : FIXED ASSETS**

(₹ in Crores)

Particulars	Gross block (at cost)				Depreciation and amortization				Net block	
	As at 1-Apr-2012	Additions during the year	Deductions/ Adjustments during the year	As at 31-Mar-2013	As at 1-Apr-2012	Additions during the year	Deductions/ Adjustments during the year	As at 31-Mar-2013	As at 31-Mar-2013	As at 31-Mar-2012
<b>TANGIBLES</b>										
Land										
Freehold	80.36	35.66	-	<b>116.02</b>	-	-	-	-	<b>116.02</b>	80.36
Leasehold	17.45	26.31	-	<b>43.76</b>	0.01	0.31	-	<b>0.32</b>	<b>43.44</b>	17.44
Buildings	240.22	56.50	2.52	<b>294.20</b>	51.92	7.74	0.40	<b>59.26</b>	<b>234.94</b>	188.30
Plant and equipment	465.73	88.50	4.68	<b>549.55</b>	195.39	46.33	2.20	<b>239.52</b>	<b>310.03</b>	270.34
Furniture and fixtures	32.05	2.36	0.06	<b>34.35</b>	17.73	2.47	0.04	<b>20.16</b>	<b>14.19</b>	14.32
Vehicles	15.24	3.28	2.35	<b>16.17</b>	5.37	1.52	1.18	<b>5.71</b>	<b>10.46</b>	9.87
Office equipment	42.57	4.66	5.97	<b>41.26</b>	32.21	4.33	5.78	<b>30.76</b>	<b>10.50</b>	10.36
Electrical equipment	71.37	13.29	0.66	<b>84.00</b>	33.77	5.07	0.25	<b>38.59</b>	<b>45.41</b>	37.60
<b>(A)</b>	<b>964.99</b>	<b>230.56</b>	<b>16.24</b>	<b>1,179.31</b>	<b>336.40</b>	<b>67.77</b>	<b>9.85</b>	<b>394.32</b>	<b>784.99</b>	
Previous year	867.17	110.92	13.10	964.99	286.08	60.74	10.42	336.40		628.59
<b>INTANGIBLES</b>										
Computer softwares	22.11	2.02	-	<b>24.13</b>	14.40	3.78	-	<b>18.18</b>	<b>5.95</b>	7.71
Product licenses	-	0.44	-	<b>0.44</b>	-	-	-	-	<b>0.44</b>	-
<b>(B)</b>	<b>22.11</b>	<b>2.46</b>	<b>-</b>	<b>24.57</b>	<b>14.40</b>	<b>3.78</b>	<b>-</b>	<b>18.18</b>	<b>6.39</b>	
Previous year	17.75	4.36	-	22.11	11.23	3.17	-	14.40		7.71
<b>TOTAL (A+B)</b>	<b>987.10</b>	<b>233.02</b>	<b>16.24</b>	<b>1,203.88</b>	<b>350.80</b>	<b>71.55</b>	<b>9.85</b>	<b>412.50</b>	<b>791.38</b>	
Previous year	884.92	115.28	13.10	987.10	297.31	63.91	10.42	350.80		636.30

Notes:

(i) Additions to research and development assets during the year are as under :

(₹ in Crores)

Particulars	Year ended 31-Mar-2013	Year ended 31-Mar-2012
Freehold land	-	0.01
Buildings	<b>0.41</b>	0.42
Plant and equipment [including laboratory equipment]	<b>3.48</b>	6.84
Electrical equipment	<b>0.13</b>	0.48
Furniture and fixtures	<b>0.35</b>	0.58
Office equipment	<b>0.08</b>	0.71
Vehicles	<b>0.80</b>	-
Intangibles being softwares	<b>0.03</b>	0.46
<b>Total</b>	<b>5.28</b>	9.50

(ii) Pro-rata cost of assets owned jointly with Torrent Power Limited, a Company under same management are as under:

(₹ in Crores)

Particulars	Proportion of holding	As at 31-Mar-2013	As at 31-Mar-2012
Freehold land	50%	<b>23.79</b>	23.79
Freehold land	30%	<b>35.66</b>	-
Buildings	30%	<b>0.11</b>	-

(iii) Additions during the year includes :

(a) ₹ 103.22 Crores of assets acquired from Torrent Pharmaceuticals (Sikkim) on acquisition of manufacturing unit.

(b) ₹ 21.23 Crores of assets assumed from Torrent Pharmaceuticals (Dahej) on dissolution of partnership firm.

(iv) Depreciation and amortization for the year includes ₹ 0.05 Crores (previous year ₹ Nil) transferred to capital work-in-progress.

	No. of units	As at 31-Mar-2013	(₹ in Crores) As at 31-Mar-2012
<b>NOTE - 9 : INVESTMENTS</b>			
<b>Non-current [valued at cost]</b>			
<b>Investment in subsidiaries, unquoted</b>			
Zao Torrent Pharma	23802	<b>58.80</b>	23.08
fully paid-up equity shares of Russian Roubles 100 each	[5400]		
Less : Provision for diminution in value		<b>23.08</b>	23.08
		<b>35.72</b>	-
Torrent Do Brasil Ltda	19144418	<b>31.11</b>	31.11
fully paid-up equity shares (Quotas) of Brazilian Reai 1 each			
Torrent Pharma GmbH : equity capital	-	<b>23.37</b>	36.45
Torrent Pharma Inc.	12000	<b>4.99</b>	4.99
fully paid-up common stock of USD 100 each			
Torrent Pharma Philippines Inc.	55852	<b>0.92</b>	0.92
fully paid-up equity shares of Philippines Pesos 200 each			
Laboratorios Torrent, S.A. De C.V.	74741	<b>27.99</b>	27.99
fully paid-up equity shares of Mexican Pesos 1000 each			
Torrent Australasia Pty Limited	675000	<b>0.30</b>	0.30
partly paid-up common stock of Australian Dollar (AUD) 1 each, AUD 0.1282 paid each			
Torrent Pharma Canada Inc.	334279	<b>1.49</b>	1.49
fully paid-up equity shares of Canadian Dollar 1 each			
Torrent Pharma SRL	97000	<b>6.27</b>	6.27
fully paid-up equity shares of Euro 10 each			
Torrent Pharma (UK) Ltd.	225000	<b>1.68</b>	1.68
fully paid-up equity shares of United Kingdom's Sterling 1 each			
Torrent Pharma (Thailand) Co. Ltd.	1000000	<b>0.74</b>	0.74
fully paid-up equity shares of 5 Thai Baht each			
Laboratories Torrent (Malaysia) SDN BHD	500000	<b>0.77</b>	0.77
fully paid-up equity shares of 1 Malaysian Ringgit each			
		<b>135.35</b>	112.71
<b>Investment in partnership firms [Note (iii)]</b>			
Torrent Pharmaceuticals (Sikkim)		<b>12.12</b>	161.21
Torrent Pharmaceuticals (Dahej)		-	79.85
		<b>12.12</b>	241.06
<b>Trade investments, unquoted</b>			
York Pharma Plc., UK - fully paid-up equity shares of United Kingdom's Sterling 0.05 each [Note (iv)]	[63056]	-	1.56
Less: Provision for diminution in value		-	1.56
		-	-
GPC Cayman Investors I Ltd. - fully paid-up equity shares of USD 10 each [Note 23]	820601	<b>37.49</b>	37.49
Less: Provision for diminution in value		<b>37.49</b>	-
		-	37.49
Shivalik Solid Waste Limited - fully paid-up equity shares of ₹ 10 each 20000		<b>0.02</b>	0.02
		<b>0.02</b>	37.51
<b>Non-trade investments, unquoted</b>			
National savings certificates		<b>0.01</b>	0.01
		<b>147.50</b>	391.29



	No. of units	As at 31-Mar-2013	(₹ in Crores) As at 31-Mar-2012
<b>Current investments [valued at lower of cost and fair value]</b>			
Units of mutual fund schemes - Debt and Gilt funds [Note (ii)]			
Prudential ICICI Liquid Plan - Institutional Growth	[46531]	-	0.74
Birla Sunlife Cash Plus - Institutional Premium - Growth	840334	15.76	-
HDFC Cash Management Fund Saving - Growth	[16907527]	-	37.77
Tata Liquid Super High Investment Fund - Appreciation	[5052]	-	1.00
		15.76	39.52
Corporate deposit with HDFC Limited		27.00	47.00
		42.76	86.52
Aggregate unquoted investments		190.26	477.81
Notes:			
(i) Aggregate provision for diminution in value of investments		60.57	24.64
(ii) Aggregate NAV of investment in mutual funds		15.79	39.62
(iii) Disclosures in respect of investment in partnership firms:			

(₹ in Crores)

(a)	Name of the firm	Name of partner	Share in Partnership	Capital
	Torrent Pharmaceuticals (Sikkim)	Torrent Pharmaceuticals Limited	97%	12.12
		Torrent Employee's Welfare Trust	3%	0.37

(b) During the year, the Company acquired the manufacturing unit of Torrent Pharmaceuticals (Sikkim), a partnership firm where the Company has partnership interest & investment of ₹ 149.09 Crores was refunded during the year.

(c) Consequent to the retirement of one of the two partners in the partnership firm, Torrent Pharma Dahej (TPD), TPD was dissolved with effect from 01-Nov-2012. The Company being the sole surviving partner assumed all the assets and liabilities of TPD at their respective book values after paying the retiring partner for its share of 3%.

(iv) York Pharma Plc., UK was declared insolvent and liquidated. No surplus was available for making repayment of capital to its members.

(₹ in Crores)

	Notes	As at 31-Mar-2013	As at 31-Mar-2012
<b>NOTE - 10 : LOANS AND ADVANCES</b>			
[Unsecured and considered good, unless otherwise stated]			
<b>Non-current loans and advances</b>			
Capital advances	29	42.04	6.79
Security deposits		9.85	8.48
Other advances recoverable in cash or kind or for value to be received		1.31	1.06
Share application money pending allotment		-	15.20
Advance tax paid, net of provisions		0.16	22.15
		53.36	53.68
<b>Current loans and advances</b>			
Security deposits		0.02	0.06
Loans and advances to related parties		13.11	34.21
Balance with VAT / excise and customs department		0.06	-
Other advances recoverable in cash or kind or for value to be received		55.13	28.69
		68.32	62.96
		121.68	116.64

	As at 31-Mar-2013	(₹ in Crores) As at 31-Mar-2012
<b>NOTE - 11 : OTHER ASSETS</b>		
[Unsecured and considered good, unless otherwise stated]		
<b>Non-current assets</b>		
Derivative financial instruments	23.90	46.25
	<b>23.90</b>	46.25
<b>Current assets</b>		
Export benefits receivable	21.46	27.07
Claims receivable : indirect tax / insurance		
Considered good	56.34	22.23
Considered doubtful	0.02	0.02
Less : Allowance for doubtful claims receivable	0.02	0.02
	<b>56.34</b>	22.23
Interest accrued on loans and deposits	8.87	18.66
Derivative financial instruments	58.74	37.13
Fixed assets held for sale	0.25	-
	<b>145.66</b>	105.09
	<b>169.56</b>	151.34
<b>NOTE - 12 : INVENTORIES</b>		
[At lower of cost and net realizable value]		
Raw materials	332.94	156.40
Packing materials	43.33	26.34
Work-in-progress	122.89	75.47
Finished goods	164.84	67.28
Stock-in-trade	33.09	67.64
	<b>697.09</b>	393.13
<b>NOTE - 13 : TRADE RECEIVABLES</b>		
Debts less six months from due date		
Considered good [Note (i) and (ii)]	787.42	370.87
	<b>787.42</b>	370.87
Debts over six months from due date		
Considered good [Note (ii)]	43.85	38.74
Considered doubtful	4.54	4.01
Less : Allowance for doubtful trade receivables	4.54	4.01
	<b>43.85</b>	38.74
	<b>831.27</b>	409.61
Notes:		
(i) Trade receivables includes debts due from Torrent Power Limited, a Company under the same management as per section 370 (1B) of The Companies Act, 1956	-	0.02
(ii) Trade receivables includes debts due from group companies as below:		
Considered good		
Debts over six months from due date	19.66	20.10
Other debts	579.82	206.94
	<b>599.48</b>	227.04

	As at 31-Mar-2013	(₹ in Crores) As at 31-Mar-2012
<b>NOTE - 14 : CASH AND CASH EQUIVALENTS</b>		
Cash on hand	0.06	0.08
Balances with banks	14.01	42.59
Fixed deposits	262.38	323.00
Balances with banks for unclaimed dividend	1.03	0.89
Balances with banks held as margin money	0.26	0.10
Term deposits lodged with banks as securities	0.02	0.02
	<b>277.76</b>	<b>366.68</b>

Note: Cash and cash equivalents stated above excludes investment in mutual funds and corporate deposits disclosed under Note - 9 : Current investments as per requirements of AS 13 "Accounting for Investments".

	Notes	Year ended 31-Mar-2013	(₹ in Crores) Year ended 31-Mar-2012
<b>NOTE - 15 : REVENUE FROM OPERATIONS</b>			
<b>Sales</b>			
Sales in india		1,277.72	1,174.13
Sales outside india		1,346.93	817.36
		<b>2,624.65</b>	1,991.49
Less : Excise duties	27	7.10	4.80
		<b>2,617.55</b>	1,986.69
<b>Operating Income</b>			
Export benefits		30.05	30.15
Income from product registration dossiers		48.15	50.83
Compensation and settlement income		41.45	-
Other operating income		29.03	8.37
		<b>148.68</b>	89.35
		<b>2,766.23</b>	2,076.04
<b>NOTE - 16 : OTHER INCOME</b>			
Interest income		39.45	38.13
Dividend income		-	5.06
Net gain on sale of investments		8.69	11.36
Net foreign exchange gain	35	6.58	-
Share of profit from partnership firms		69.50	72.98
Royalty income		5.94	5.42
Other non-operating income		1.51	2.24
		<b>131.67</b>	135.19
<b>NOTE - 17 : COST OF MATERIALS CONSUMED</b>			
Raw materials		683.62	508.97
Packing materials		113.81	81.20
		<b>797.43</b>	590.17
<b>NOTE - 18 : CHANGES IN INVENTORIES OF FINISHED GOODS WORK-IN-PROGRESS AND STOCK-IN-TRADE</b>			
Opening stock			
Finished goods		67.28	86.66
Stock-in-trade		67.64	24.03
Work-in-progress		75.47	63.73
		<b>210.39</b>	174.42
Less : Closing stock			
Finished goods		164.84	67.28
Stock-in-trade		33.09	67.64
Work-in-progress		122.89	75.47
		<b>320.82</b>	210.39
Net (increase) / decrease in stock		<b>(110.43)</b>	(35.97)

	Notes	Year ended 31-Mar-2013	(₹ in Crores) Year ended 31-Mar-2012
<b>NOTE - 19 : EMPLOYEE BENEFITS EXPENSE</b>			
[Other than those included in pre-operative expenses]			
Salaries, wages and bonus		322.80	273.09
Contribution to provident and other funds		23.66	21.17
Gratuity cost	32	10.35	6.50
Staff welfare expenses		9.53	8.29
		<b>366.34</b>	<b>309.05</b>
<b>NOTE - 20 : FINANCE COST</b>			
[Other than those included in pre-operative expenses]			
Interest expense		28.50	30.42
Other borrowing cost		0.29	0.10
Net foreign exchange loss, to the extent considered as finance costs		7.72	9.26
		<b>36.51</b>	<b>39.78</b>
<b>NOTE - 21 : OTHER EXPENSES</b>			
[Other than those included in pre-operative expenses]			
Power and fuel		58.58	49.95
Stores and spares consumed		40.24	31.95
Cost of outsourced manpower		24.69	15.09
Job work charges		14.64	8.22
Laboratory goods and testing expenses		27.93	27.67
Clinical research expense		13.54	14.86
Excise duties	27	5.02	1.57
Repairs and maintenance			
Machinery		7.47	6.56
Buildings		4.21	4.14
Others		3.42	2.40
		<b>15.10</b>	<b>13.10</b>
Selling, publicity and medical literature expenses		241.35	196.98
Commission on sales		14.48	13.98
Sales and turnover taxes		6.25	5.52
Allowance for doubtful debts [net of bad debts written-off ₹ 1.31 Crores (previous year ₹ 8.31 Crores)]		1.84	0.59
Travelling, conveyance and vehicle expenses		51.71	44.22
Liaison support services		62.90	33.27
Compensation expense		65.90	-
Communication expenses		8.14	8.33
Printing and stationery expenses		3.14	2.97
Rent		5.16	5.94
Rates and taxes		0.92	1.05
Registration expenses		5.19	21.67
Insurance		4.82	4.36
Net foreign exchange loss	35	-	10.32
Loss on sale / discard / write-off of fixed assets (Reversal)/ provision on asset held for sale		5.11	1.53
		-	(0.03)
Auditors remuneration and expenses			
Audit fees		0.16	0.11
Other services		0.25	0.17
Out of pocket expenses		0.01	-
		<b>0.42</b>	<b>0.28</b>
Cost audit fees		0.05	0.04
Commission to non executive directors		5.67	3.37
Donation	22	9.30	6.35
General charges		49.13	37.15
		<b>741.22</b>	<b>560.30</b>

	Year ended 31-Mar-2013	Year ended 31-Mar-2012
<b>NOTE - 22 : DONATION TO POLITICAL PARTIES</b>		
Donation includes political contributions as under:		
Bhartiya Janata Party	2.00	-
Indian National Congress	1.50	-
	<b>3.50</b>	<b>-</b>

**NOTE - 23 : EXCEPTIONAL ITEMS**

Exceptional item for the:

- (a) current year represents diminution, other than temporary, amounting to ₹ 37.49 crores, in the value of long-term investments in GPC Cayman Investor I Limited, based on the assessment of value of investments.
- (b) previous year represents one-time charge of estimated future sales returns, amounting to ₹ 61.20 crores, on all sales effected till 31-Mar-2012, due to change in method of estimating sales returns.

**NOTE - 24 : EARNINGS PER SHARE**

The basic and diluted Earnings Per Share [EPS] are:

		Year ended 31-Mar-2013	Year ended 31-Mar-2012
Net profit for the year	(a) [ ₹ in Crores ]	546.42	311.25
Weighted average number of equity shares	(b) [ Nos. ]	84,611,360	84,611,360
EPS (basic and diluted)	(a)/(b) [ ₹ ]	64.58	36.79
Nominal value per equity share	[ ₹ ]	5.00	5.00

	As at 31-Mar-2013	As at 31-Mar-2012
(₹ in Crores)		

**NOTE - 25 : CAPITAL AND OTHER COMMITMENTS**

(a) Estimated amount of unexecuted capital contracts [net of advances] not provided for:	251.00	36.91
(b) Uncalled liability on partly paid shares of Torrent Australasia Pty Ltd., a wholly owned subsidiary. [Australian Dollar (AUD) 0.06 Crores (previous year AUD 0.06 Crores)]	3.34	3.13
	<b>254.34</b>	<b>40.04</b>

**NOTE - 26 : CONTINGENT LIABILITIES**

Contingent liabilities not provided for in respect of :

(a) Claims against the Company not acknowledged as debts		
Disputed demand of income tax for which appeals have been preferred	5.25	3.40
Disputed employee state insurance contribution liability under E.S.I. Act, 1948	5.80	4.98
Disputed cases for supply of goods and services	40.97	0.02
Disputed demand of excise and service tax	37.93	1.47
Disputed demand of local sales tax and C.S.T.	0.17	0.17
Disputed cases at labour court / industrial court	2.22	1.16
	<b>92.34</b>	<b>11.20</b>

Against the above, the Company has paid ₹ 8.16 Crores (previous year ₹ 0.24 Crores). The expected outflow will be determined at the time of final outcome in respect of the concerned matter. No amount is expected to be reimbursed.

(b) The Company has issued guarantees aggregating Nil (previous year USD 0.20 crore) and Nil (previous year Euro 0.03 crore) to secure lines of credit to its wholly owned subsidiaries. The outstanding amount of liabilities by the subsidiaries as on balance sheet date, converted at closing exchange rate, is	-	1.38
(c) The Company has issued guarantee aggregating Nil (previous year ₹ 2.00 crore) for borrowing a demand loan at "Torrent Pharma Employee Welfare Trust". The outstanding amount of liabilities by the said trust as on balance sheet date, is	-	1.63
	<b>92.34</b>	<b>14.21</b>

**NOTE - 27 : EXCISE DUTIES**

Excise duties shown as deduction from domestic sales represents the amount of excise duty collected on sales. Excise duty expense under Note - 21, "Other Expenses", represents (i) the difference between excise duty element in closing stock and opening stock, and (ii) excise duty paid on samples and on inventory write-off, which is not recoverable from sales.

	Year ended 31-Mar-2013	(₹ in Crores) Year ended 31-Mar-2012
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**NOTE - 28 : PRE-OPERATIVE EXPENSES**

Pre-operative expenses allocated to projects during the year (included in capital work-in-progress) are as under:

Employee benefits expenses		
Salaries, wages and bonus	3.62	-
Contribution to provident and other funds	0.36	-
Gratuity cost	0.15	-
Welfare expenses	0.14	-
	<b>4.27</b>	<b>-</b>
Power and fuel	0.33	-
Cost of outsourced manpower	0.07	-
Travelling, conveyance and vehicle expenses	0.31	-
Communication expenses	0.01	-
Printing and stationery expenses	0.03	-
Insurance	0.16	-
Rent	0.03	-
Depreciation	0.05	-
Finance costs	4.96	-
General charges	0.72	-
	<b>10.94</b>	<b>-</b>

**NOTE - 29 : RESEARCH AND DEVELOPMENT EXPENSES**

(a) Break-up of research and development expenses included in statement of profit and loss under below heads:

## Operating income

Government grant income	0.31	0.63
Material cost - Exhibit batches	4.52	-
Employee benefits expenses		
Salaries, wages and bonus	46.85	48.22
Contribution to provident and other funds	3.87	4.04
Gratuity cost	1.64	1.32
Welfare expenses	1.35	1.29

## Other expenses

Power and fuel	53.71	54.87
Stores and spares consumed	3.79	3.86
Cost of outsourced manpower	5.79	6.87
Laboratory goods and testing expenses	1.65	1.40
Clinical research expenses	9.83	13.82
Repairs and maintenance	11.27	14.71
Travelling, conveyance and vehicle expenses	2.78	2.86
Communication expenses	2.59	2.83
Printing and stationery expenses	0.72	1.20
Insurance	0.39	0.54
Rates and taxes	0.30	0.45
Interest on fixed period loans	0.12	0.16
General charges	0.46	0.45
	<b>13.53</b>	<b>13.27</b>
	<b>111.14</b>	<b>116.66</b>

- (b) The Government grant income during the year represents grant received from the Department of Biotechnology for development of Advanced Glycation End-Products (AGE) Breaker and Diiodothyronine (T2) analogue, a New Chemical Entities [NCE] project.
- (c) Depreciation and amortization includes ₹ 14.85 crore (previous year ₹ 16.14 crore) pertaining to research and development fixed assets.
- (d) Capital work-in-progress and advances for capital expenditure on research and development assets are as under :

(₹ in Crores)

Particulars	As at 31-Mar-2013	As at 31-Mar-2012
Capital work-in-progress	1.42	0.45
Advances for capital expenditure	0.19	0.01
<b>Total</b>	<b>1.61</b>	<b>0.46</b>

#### NOTE - 30 : LOANS TO GROUP COMPANIES

- (a) The details of loans given by the Company to its wholly owned subsidiaries are as under :

(₹ in Crores)

Name of subsidiary	Loan given		Maximum amount outstanding during the year	Balance as at	
	2012-13	2011-12		31-Mar-2013	31-Mar-2012
Torrent Pharma Philippines Inc.	-	-	2.82	2.72	2.56
Torrent Pharma Inc.	77.62	-	77.62	4.90	-
<b>Total</b>	<b>77.62</b>	<b>-</b>		<b>7.62</b>	<b>2.56</b>

- (b) Other than above, the Company has not given any loans or advances in the nature of loan to any of its subsidiaries and associates or firms / companies, in which Directors are interested.
- (c) There are no loans where either repayment schedule is not prescribed or repayment is scheduled beyond seven years.
- (d) There are no loans where either no interest is charged or interest is below the rate specified in section 372A of The Companies Act, 1956.

#### NOTE - 31 : MICRO, SMALL AND MEDIUM ENTERPRISES

Disclosures required by the Micro, Small and Medium Enterprises Development [MSMED] Act, 2006 are as under :

(₹ in Crores)

	31-Mar-2013	31-Mar-2012
(a) The principal amount remaining unpaid at the end of the year	0.56	0.09
(b) (i) The delayed payments of principal amount paid beyond the appointed date during the year	0.29	0.78
(ii) Interest actually paid under Section 16 of the MSMED Act	-	-
(c) Normal interest due and payable during the year, for all the delayed payments, as per the agreed terms	0.01	0.01
(d) Total interest accrued during the year and remaining unpaid	0.01	0.01

The above information regarding Micro, Small and Medium Enterprises has been determined on the basis of information available with the Company.

#### NOTE - 32 : GRATUITY BENEFIT PLAN

The accruing liability on account of gratuity (retirement benefit in the nature of defined benefits plan) is accounted as per AS 15 (revised 2005) "Employee Benefits".

##### General Description of the Plan :

The Company operates a defined benefit plan (the Gratuity Plan) covering eligible employees, which provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employees salary and the tenure of employment.

	Year ended 31-Mar-2013	(₹ in Crores) Year ended 31-Mar-2012
(a) Reconciliation of opening and closing balances of the present value of the defined benefit obligation :		
Obligations at the beginning of the year	37.11	31.98
Current service cost	5.75	4.77
Interest cost	3.15	2.56
Liabilities transferred in	0.75	-
Actuarial loss	5.24	1.25
Benefits paid directly by the employer	(0.13)	-
Benefits paid from the fund	(3.40)	(3.45)
Obligations at the end of the year	<u>48.47</u>	<u>37.11</u>
(b) Reconciliation of opening and closing balances of the fair value of plan assets :		
Plan assets at the beginning of the year, at fair value	34.79	32.16
Expected return on plan assets	3.70	3.08
Actuarial gain/ (loss)	(0.06)	(1.00)
Contributions	6.00	4.00
Benefits paid	(3.40)	(3.45)
Plan assets at the end of the year	<u>41.03</u>	<u>34.79</u>
Actual return on plan assets	3.64	2.08
(c) Gratuity cost for the year :		
Current service cost	5.75	4.77
Interest cost	3.15	2.56
Expected return on plan assets	(3.70)	(3.08)
Net actuarial (gain) / loss	5.30	2.25
Net gratuity cost	<u>10.50</u>	<u>6.50</u>
(d) (i) Reconciliation of the present value of the defined benefit obligation & fair value of plan assets :		
Obligations at the end of the year	48.47	37.11
Plan assets at the end of the year, at fair value	41.03	34.79
(Asset) / liability recognized in balance sheet	<u>7.44</u>	<u>2.32</u>
(ii) Experience adjustments gain / (loss)		
Plan liabilities	(3.64)	(0.23)
Plan assets	(0.06)	(1.00)
(e) Expected contribution for the next year	12.00	6.00
(f) Assumptions :		
Discount rate	8.00%	8.50%
Expected rate of return on plan assets	10.74%	10.65%
Salary escalation rate	10.00%	10.00%

Expected long-term productivity gains & long-term risk-free real rate of interest have been used as guiding factors to determine long-term salary growth.

Future mortality rates are obtained from relevant table of Indian Assured Lives Mortality (2006-08) Ultimate.



(g) Data for defined benefit obligation and fair value of plan assets are as under :

(₹ in Crores)

Particulars	2008-09	2009-10	2010-11	2011-12	2012-13
Present value of defined benefit obligations at the end of the year [independent actuary]	20.08	26.42	31.98	37.11	<b>48.47</b>
Fair value of plan assets at the end of the year	16.41	25.10	32.16	34.79	<b>41.03</b>
(Net assets)/ liability at the end of year	3.67	1.32	(0.18)	2.32	<b>7.44</b>

(h) Investment details of plan assets :

The plan assets are managed by Insurance Company viz Life Insurance Corporation of India and ICICI Prudential Life Insurance Company Limited who has invested the funds substantially as under :

	As at 31-Mar-2013	As at 31-Mar-2012
Equity Instruments	<b>22.74%</b>	24.63%
Corporate Bonds	<b>45.05%</b>	50.93%
Government Securities	<b>14.05%</b>	7.24%
Fixed Deposits with Banks	<b>18.17%</b>	17.20%

#### NOTE - 33 : PROVISION FOR SALES RETURNS

The Company as a trade practice accepts returns from market for formulations which are primarily in the nature of expired or near expiry products. Provision for such returns estimated on the basis of historical experience, market conditions and specific contractual terms and are provided for. Details of the provision is as under :

(₹ in Crores)

	As at 31-Mar-2013	As at 31-Mar-2012
Opening provision	<b>61.20</b>	-
Add: Additional provision	<b>36.28</b>	61.20
Less: Actual returns during the year	<b>33.57</b>	-
Closing provision	<b>63.91</b>	61.20

**NOTE - 34 : NET FOREIGN CURRENCY HEDGE POSITION**

Net foreign currency positions outstanding as at 31-Mar-2013 under derivative contracts for hedging are summarized below:

(Amount in Crores)

Hedged item / nature of derivative contracts	Net position under derivative contracts				Unhedged foreign currency exposures	
	Long position		Short position		Currency	Amount
	Currency	Amount	Currency	Amount		
<b>1 Foreign currency loan - payable</b>						
Forward exchange contracts	JPY	67.39	-	-	USD	0.38
	USD	2.29				
Currency cum interest rate swap	JPY	14,982.00	-	-		
	USD	786.95				
<b>2 Foreign currency interest - payable</b> [Refer Note (b) ]	-	-	-	-	JPY	0.60
<b>3 Trade payables</b>	-	-	-	-	USD	0.09
					EUR	0.30
					GBP	0.03
					RUB	1.68
					THB	0.38
<b>4 Foreign currency receivables</b>						
Forward exchange contracts	-	-	USD	6.75	USD	2.25
[Refer Note (c) ]			EUR	2.05	GBP	0.05
			RUB	18.17		
			GBP	0.16		

Notes :

- (a) USD = United States Dollar                      JPY = Japanese Yen                      THB = Thai Baht  
 EUR = Euro    GBP = Great Britain Pound                      RUB = Russian Rouble
- (b) Foreign currency loan - payable, outstanding as on 31-Mar-2013 JPY 67.39 Crores bears a floating rate of interest linked to JPY Libor and interest is payable in JPY thereon. The floating interest rate basis and interest are partially unhedged for the outstanding term of the loan.
- (c) The following are outstanding foreign exchange forward contracts on receivables, which have been designated as cash flow hedges, as at 31-Mar-2013.

Foreign currency	Long position (Amount in Crores)	Short position (Amount in Crores)	Fair value gain/(loss) ( ₹ in Crores)
USD	-	11.91	2.17
EUR	-	2.21	7.79
<b>Balance in cash flow hedge reserve as at 31-Mar-2013</b>			<b>9.96</b>

(₹ in Crores)

Year ended  
31-Mar-2013Year ended  
31-Mar-2012**NOTE - 35 : FOREIGN EXCHANGE GAIN / (LOSS)**

Foreign exchange gain / (loss) included in the net profit for the year :  
Net foreign exchange gain / (loss), included in other income (Note - 16) /  
other expenses (Note - 21)

6.58

(10.32)

Add / (less) :

(a) Net foreign exchange loss on foreign currency borrowings to the extent  
regarded as an adjustment to finance cost, included in Note 20.

(7.72)

(9.26)

(b) MTM on forward exchange contracts to hedge the foreign currency risk of  
highly probable forecast transactions accounted as per AS 30

(37.01)

17.40

Total foreign exchange gain/ (loss) as per AS 11

(38.15)

(2.18)

**NOTE - 36 : QUANTITATIVE INFORMATION:****(a) Licensed Capacity**

Not Applicable

Not Applicable

**(b) Installed Capacity**

## (i) Formulation

1. Tablets

1,390.00 Crores

1,000.00 Crores

2. Capsules

100.00 Crores

100.00 Crores

3. Injection/Vials

2.60 Crores

2.60 Crores

4. Suspension/ Liquid [Ltr.]

- -

0.10 Crores

## (ii) Bulk Drugs

45000 Kg.

45000 Kg.

**(c) Production and Stocks**

Item	Unit	Production*	Opening Stock		Closing Stock	
		Quantity	Quantity	₹ in Crores	Quantity	₹ in Crores
<b>1. Formulation</b>						
Tablets	' 000 Nos.	6,533,076 (4,849,377)	406,289 (986,195)	31.98 (67.01)	1,294,941 (406,289)	122.60 (31.98)
Capsules	' 000 Nos.	455,016 (344,225)	50,534 (56,776)	6.52 (7.15)	92,916 (50,534)	16.51 (6.52)
Suspension / Liquid	Ltr.	337,776 (313,491)	98,317 (97,416)	5.68 (2.85)	80,695 (98,317)	3.14 (5.68)
Injections	Ltr.	61,534 (41,380)	15,396 (16,983)	1.27 (1.45)	16,931 (15,396)	2.27 (1.27)
Vials / Cartridges	Nos.	26,375,756 (25,996,052)	422,100 (841,079)	0.77 (4.21)	1,078,566 (422,100)	4.26 (0.77)
Ointment	Kg.	6,109 (4,131)	2,745 (1,779)	0.32 (0.14)	2,352 (2,745)	0.28 (0.32)
Others	Kg.			15.06 (0.21)		1.13 (15.06)
<b>2. Bulk Drugs</b>	Kg.	33,035 (26,727)	330 (729)	5.68 (3.64)	6,966 (330)	14.65 (5.68)
<b>Total</b>				67.28 (86.66)		164.84 (67.28)

\* Notes:

(i) Includes production in factories of third parties on loan license.

(ii) Bulk Drug includes production for captive consumption.

(d) Purchase and stocks of traded goods

Item	Unit	Purchase	Opening Stock		Closing Stock	
		Quantity	Quantity	₹ in Crores	Quantity	₹ in Crores
<b>1. Formulation</b>						
Tablets	' 000 Nos.	<b>1,778,389</b> (238,845)	<b>436,270</b> (54,311)	<b>55.21</b> (14.16)	<b>71,974</b> (436,270)	<b>16.46</b> (55.21)
Capsules	' 000 Nos.	<b>110,802</b> (76,865)	<b>11,250</b> (10,082)	<b>3.43</b> (2.53)	<b>31,986</b> (11,250)	<b>6.69</b> (3.43)
Suspension / Liquid	Ltr.	<b>46,306</b> (36,133)	<b>35,808</b> (43,087)	<b>3.00</b> (1.56)	<b>17,797</b> (35,808)	<b>1.23</b> (3.00)
Injections	Ltr.	<b>97,263</b> (73,897)	<b>20,546</b> (26,253)	<b>1.00</b> (1.92)	<b>25,084</b> (20,546)	<b>2.85</b> (1.00)
Vials / Cartridges	Nos.	<b>555,012</b> (916,664)	<b>686,243</b> (732,912)	<b>2.73</b> (2.40)	<b>228,217</b> (686,243)	<b>3.08</b> (2.73)
Ointment	Kg.	<b>83,505</b> (56,784)	<b>8,335</b> (9,979)	<b>0.90</b> (0.92)	<b>16,887</b> (8,335)	<b>1.43</b> (0.90)
Others				<b>1.37</b> (0.19)	<b>1.35</b> (1.37)	
<b>2. Bulk Drugs</b>	Kg.	<b>40</b> (5,046)	<b>-</b> (5,000)	<b>-</b> (0.34)	<b>-</b> -	<b>-</b> -
<b>Total</b>				<b>67.64</b> (24.02)		<b>33.09</b> (67.64)

(e) Sales by class of goods

Item	Unit	Quantity	₹ in Crores
<b>1. Formulation</b>			
Tablets	' 000 Nos.	<b>7,787,109</b> (5,286,170)	<b>2,061.84</b> (1,459.65)
Capsules	' 000 Nos.	<b>502,700</b> (426,164)	<b>221.06</b> (176.86)
Suspension / Liquid	Ltr.	<b>419,715</b> (356,002)	<b>29.71</b> (28.58)
Injections	Ltr.	<b>152,724</b> (122,572)	<b>21.86</b> (19.74)
Vials / Cartridges	Nos.	<b>26,732,328</b> (27,378,365)	<b>258.95</b> (262.55)
Ointment	Kg.	<b>81,455</b> (61,594)	<b>14.89</b> (10.87)
Others			<b>13.62</b> (20.00)
<b>2. Bulk Drugs</b>	Kg.	<b>26,439</b> (37,171)	<b>2.72</b> (13.24)
<b>Total</b>			<b>2,624.65</b> (1,991.49)

(₹ in Crores)

Year ended  
31-Mar-2012Year ended  
31-Mar-2013**NOTE - 37 : BREAK-UP OF IMPORTED AND INDIGENOUS CONSUMPTION**

	Year ended 31-Mar-2013		Year ended 31-Mar-2012	
	₹ in Crores	% to Total Consumption	₹ in Crores	% to Total Consumption
(a) Raw materials				
Imported	198.67	29.06	193.85	38.09
Indigenous	484.95	70.94	315.12	61.91
	<b>683.62</b>	<b>100.00</b>	508.97	100.00
(b) Components and spares parts				
Imported	2.96	7.36	2.70	8.44
Indigenous	37.28	92.64	29.25	91.56
	<b>40.24</b>	<b>100.00</b>	31.95	100.00

**NOTE - 38 : CONSUMPTION OF RAW MATERIALS**

	Quantity	₹ in Crores	Quantity	₹ in Crores
Dry Insulin MU	9,406	164.64	9,601	168.01
Others		518.98		340.96
		<b>683.62</b>		<b>508.97</b>

**NOTE - 39 : VALUE OF IMPORTS ON CIF BASIS IN RESPECT OF**

(a) Raw materials and packing materials	214.18	194.55
(b) Components and spares parts	7.12	5.72
(c) Capital goods	22.02	20.57

**NOTE - 40 : EXPENDITURE IN FOREIGN CURRENCY**

(a) Books and periodicals	0.50	0.42
(b) Traveling	3.60	4.43
(c) Professional fees	3.85	4.30
(d) Interest expenses	6.72	3.76
(e) Others	215.46	121.01

**NOTE - 41 : EARNINGS IN FOREIGN EXCHANGE**

(a) F.O.B. value of exports	1,211.43	758.54
(b) Interest	0.29	0.04
(c) Other income [Product registration dossiers and others]	111.10	56.44

**NOTE - 42 : SEGMENT REPORTING**

AS 17 "Segment Reporting" requires segment information to be presented on the basis of consolidated financial statements. Accordingly segment information is disclosed in consolidated financial statements.

**NOTE - 43 : REGROUPING AND DENOMINATION**

- (a) Previous year figures have been regrouped / recasted wherever necessary, so as to make them comparable with those of the current year.
- (b) The Company has changed presentation denomination from "₹ in Lacs" to "₹ in Crores" from current year, accordingly, the figures for the previous year are re-presented in ₹ in Crores.

**Note - 44: RELATED PARTIES AND TRANSACTIONS**

(a) The disclosures pertaining to related parties and transactions therewith are set out in the table below :

(₹ in Crores)

Particulars	Subsidiaries		Enterprises controlled by the Company		Holding Company/Enterprises controlled by the holding Company		Key management personnel		Enterprises controlled by key management personnel/relatives of key management personnel		Total	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
<b>(A) Nature of Transactions</b>												
Sale of finished goods	945.37	507.85	-	-	0.27	0.35	-	-	-	-	945.64	508.20
Torrent Do Brasil Ltda.	212.76	174.24	-	-	-	-	-	-	-	-	212.76	174.24
Torrent Pharma Inc.	360.35	179.14	-	-	-	-	-	-	-	-	360.35	179.14
Heumann Pharma GmbH & Co	106.36	59.24	-	-	-	-	-	-	-	-	106.36	59.24
Torrent Pharma Srl	107.46	21.05	-	-	-	-	-	-	-	-	107.46	21.05
Others	158.44	74.18	-	-	0.27	0.35	-	-	-	-	158.71	74.53
Sale of material	-	-	1.97	8.15	-	-	-	-	-	-	1.97	8.15
Torrent Pharmaceuticals (Sikkim)	-	-	1.97	8.15	-	-	-	-	-	-	1.97	8.15
Sale of dossiers	3.47	2.68	-	-	-	-	-	-	-	-	3.47	2.68
Torrent Pharma GmbH	3.47	2.68	-	-	-	-	-	-	-	-	3.47	2.68
Purchase of material, consumables etc	0.48	0.58	-	-	1.04	-	-	-	-	-	1.52	0.58
Torrent Pharma Inc	0.22	0.16	-	-	-	-	-	-	-	-	0.22	0.16
Torrent Cables Limited	-	-	-	-	1.04	-	-	-	-	-	1.04	-
Torrent Pharma GmbH	0.14	0.41	-	-	-	-	-	-	-	-	0.14	0.41
Others	0.12	0.01	-	-	-	-	-	-	-	-	0.12	0.01
Purchase of finished goods	-	-	203.14	184.48	-	-	-	-	-	-	203.14	184.48
Torrent Pharmaceuticals (Sikkim)	-	-	203.14	184.48	-	-	-	-	-	-	203.14	184.48
Remuneration to key management personnel	-	-	-	-	-	-	15.25	10.37	-	-	15.25	10.37
Samir Mehta, Executive Vice Chairman	-	-	-	-	-	-	7.53	5.03	-	-	7.53	5.03
Sudhir Mehta, Chairman	-	-	-	-	-	-	5.00	3.00	-	-	5.00	3.00
Dr. C. Dutt, Director (Research & Development)	-	-	-	-	-	-	2.72	2.34	-	-	2.72	2.34
Contribution to gratuity / superannuation funds	-	-	11.51	8.49	-	-	-	-	-	-	11.51	8.49
TPL Employees Group Gratuity Trust	-	-	6.00	4.00	-	-	-	-	-	-	6.00	4.00
TPL Employees Superannuation Trust	-	-	5.51	4.49	-	-	-	-	-	-	5.51	4.49
Lease rent paid	-	-	-	-	0.02	0.02	-	-	-	-	0.02	0.02
Torrent Private Limited	-	-	-	-	0.02	0.02	-	-	-	-	0.02	0.02
Services received	61.30	32.63	-	-	5.43	4.60	-	-	10.91	7.52	77.64	44.75
Laboratories Torrent S.A. de C.V	8.78	10.16	-	-	-	-	-	-	-	-	8.78	10.16
Tsunami Tours & Travels Pvt. Ltd.	-	-	-	-	-	-	-	-	10.91	7.52	10.91	7.52
Torrent Pharma Srl	46.89	13.41	-	-	-	-	-	-	-	-	46.89	13.41
Others	5.63	9.06	-	-	5.43	4.60	-	-	-	-	11.06	13.66
Commission & interest paid to carrying & forwarding agents	-	-	-	-	-	-	-	-	1.22	1.12	1.22	1.12
Zeal Pharmachem India Pvt. Ltd.	-	-	-	-	-	-	-	-	1.22	1.12	1.22	1.12
Donation	-	-	-	-	-	-	-	-	4.88	4.73	4.88	4.73
U. N. Mehta Charitable Trust	-	-	-	-	-	-	-	-	4.35	4.40	4.35	4.40
Others	-	-	-	-	-	-	-	-	0.53	0.33	0.53	0.33
Interest income	0.29	0.04	8.59	11.23	0.04	0.04	-	-	-	-	8.92	11.30
Torrent Pharmaceuticals (Sikkim)	-	-	3.42	8.04	-	-	-	-	-	-	3.42	8.04
Torrent Pharmaceuticals (Dahej)	-	-	5.17	3.19	-	-	-	-	-	-	5.17	3.19
Others	0.29	0.04	-	-	0.04	0.04	-	-	-	-	0.33	0.07
Interest expense	0.20	0.21	-	-	-	-	-	-	-	-	0.20	0.21
Heumann Pharma GmbH & Co	0.20	0.21	-	-	-	-	-	-	-	-	0.20	0.21
Amount reimbursed towards purchase of fixed asset	-	-	-	-	0.35	-	-	-	-	-	0.35	-
Torrent Power Limited	-	-	-	-	0.35	-	-	-	-	-	0.35	-
Expenses reimbursement	19.27	2.64	-	-	0.02	-	-	-	0.21	0.20	19.50	2.84
Torrent Pharma GmbH	15.88	0.93	-	-	-	-	-	-	-	-	15.88	0.93
Zao Torrent Pharma	0.43	0.82	-	-	-	-	-	-	-	-	0.43	0.82
Torrent Australasia Pty Limited	0.33	0.75	-	-	-	-	-	-	-	-	0.33	0.75
Others	2.63	0.14	-	-	0.02	-	-	-	0.21	0.20	2.86	0.34
Compensation expense	23.24	-	-	-	-	-	-	-	-	-	23.24	-
Torrent Pharma GmbH	23.24	-	-	-	-	-	-	-	-	-	23.24	-
Purchase of fixed assets	-	-	-	0.20	0.24	-	-	-	-	-	0.24	0.20
Torrent Power Limited	-	-	-	-	0.09	-	-	-	-	-	0.09	-
Torrent Pharmaceuticals (Sikkim)	-	-	-	0.20	-	-	-	-	-	-	-	0.20
Torrent Cables Limited	-	-	-	-	0.15	-	-	-	-	-	0.15	-

(₹ in Crores)

Particulars	Subsidiaries		Enterprises controlled by the Company		Holding Company/ Enterprises controlled by the holding Company		Key management personnel		Enterprises controlled by key management personnel/relatives of key management personnel		Total	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
<b>(A) Nature of Transactions</b>												
Value of net assets assumed on dissolution of partnership firm	-	-	-	-	77.67	-	-	-	-	-	77.67	-
Torrent Pharmaceuticals (Dahej)	-	-	-	-	77.67	-	-	-	-	-	77.67	-
Sale of fixed assets	-	-	-	0.01	-	0.06	-	-	-	0.03	-	0.10
Torrent Power Limited	-	-	-	-	-	0.06	-	-	-	-	-	0.06
Tsunami Tours & Travels Pvt. Ltd.	-	-	-	-	-	-	-	-	-	0.03	-	0.03
Others	-	-	-	0.01	-	-	-	-	-	-	-	0.01
Sale of license	-	-	-	0.11	-	-	-	-	-	-	-	0.11
Torrent Pharmaceuticals (Sikkim)	-	-	-	0.11	-	-	-	-	-	-	-	0.11
Equity contribution	20.52	8.60	-	-	-	-	-	-	-	-	20.52	8.60
Zao Torrent Pharma	20.52	-	-	-	-	-	-	-	-	-	20.52	-
Laboratories Torrent S.A. de C.V	-	2.22	-	-	-	-	-	-	-	-	-	2.22
Torrent Pharma Srl	-	4.66	-	-	-	-	-	-	-	-	-	4.66
Torrent Pharma (UK) Ltd.	-	0.94	-	-	-	-	-	-	-	-	-	0.94
Others	-	0.78	-	-	-	-	-	-	-	-	-	0.78
Repayment of equity contribution by	13.08	-	-	-	-	-	-	-	-	-	13.08	-
Torrent Pharma GmbH	13.08	-	-	-	-	-	-	-	-	-	13.08	-
Investment variable capital partnership firm	-	-	-	36.67	-	-	-	-	-	-	-	36.67
Torrent Pharmaceuticals (Sikkim)	-	-	-	12.60	-	-	-	-	-	-	-	12.60
Torrent Pharmaceuticals (Dahej)	-	-	-	24.07	-	-	-	-	-	-	-	24.07
Repayment Fixed capital partnership firm	-	-	38.80	-	-	-	-	-	-	-	38.80	-
Torrent Pharmaceuticals (Dahej)	-	-	38.80	-	-	-	-	-	-	-	38.80	-
Repayment variable capital partnership firm	-	-	116.18	49.00	-	-	-	-	-	-	116.18	49.00
Torrent Pharmaceuticals (Sikkim)	-	-	71.63	49.00	-	-	-	-	-	-	71.63	49.00
Torrent Pharmaceuticals (Dahej)	-	-	44.55	-	-	-	-	-	-	-	44.55	-
Distribution of profit from partnership firm	-	-	149.14	-	-	-	-	-	-	-	149.14	-
Torrent Pharmaceuticals (Sikkim)	-	-	149.14	-	-	-	-	-	-	-	149.14	-
Share of profit/(loss) from partnership firm	-	-	69.50	72.98	-	-	-	-	-	-	69.50	72.98
Torrent Pharmaceuticals (Sikkim)	-	-	71.69	76.48	-	-	-	-	-	-	71.69	76.48
Others	-	-	(2.19)	(3.50)	-	-	-	-	-	-	(2.19)	(3.50)
Other income - (common services)	-	-	1.00	2.00	-	-	-	-	-	-	1.00	2.00
Torrent Pharmaceuticals (Sikkim)	-	-	1.00	2.00	-	-	-	-	-	-	1.00	2.00
Royalty income	-	-	5.94	5.42	-	-	-	-	-	-	5.94	5.42
Torrent Pharmaceuticals (Sikkim)	-	-	5.94	5.42	-	-	-	-	-	-	5.94	5.42
Dividend income	-	5.06	-	-	-	-	-	-	-	-	-	5.06
Torrent Do Brasil Ltda.	-	5.06	-	-	-	-	-	-	-	-	-	5.06
Loans given	77.62	-	89.73	30.00	-	-	-	-	-	-	167.35	30.00
Torrent Pharma Inc.	77.62	-	-	-	-	-	-	-	-	-	77.62	-
Torrent Pharmaceuticals (Dahej)	-	-	84.23	30.00	-	-	-	-	-	-	84.23	30.00
Others	-	-	5.50	-	-	-	-	-	-	-	5.50	-
Repayment of loan	71.38	6.14	114.23	-	-	-	-	-	-	-	185.61	6.14
Torrent Pharma Inc.	71.38	-	-	-	-	-	-	-	-	-	71.38	-
Torrent Pharmaceuticals (Dahej)	-	-	114.23	-	-	-	-	-	-	-	114.23	-
Zao Torrent Pharma	-	6.14	-	-	-	-	-	-	-	-	-	6.14
Consideration of slump purchase	-	-	216.00	-	-	-	-	-	-	-	216.00	-
Torrent Pharmaceuticals (Sikkim)	-	-	216.00	-	-	-	-	-	-	-	216.00	-
Deposits given	-	-	-	-	1.00	0.01	-	-	-	-	1.00	0.01
Torrent Energy Limited	-	-	-	-	0.97	-	-	-	-	-	0.97	-
Others	-	-	-	-	0.03	0.01	-	-	-	-	0.03	0.01
Share application money - pending allotment	-	15.20	-	-	-	-	-	-	-	-	-	15.20
Zao Torrent Pharma	-	15.20	-	-	-	-	-	-	-	-	-	15.20
Recovery of expenses	-	-	0.06	-	-	-	-	-	0.02	0.01	0.08	0.01
Torrent Pharmaceuticals (Sikkim)	-	-	0.02	-	-	-	-	-	-	-	0.02	-
Torrent Pharmaceuticals (Dahej)	-	-	0.04	-	-	-	-	-	-	-	0.04	-
Zeal Pharmachem India Pvt. Ltd.	-	-	-	-	-	-	-	-	0.02	0.01	0.02	0.01

(₹ in Crores)

Particulars	Subsidiaries		Enterprises controlled by the Company		Holding Company/Enterprises controlled by the holding Company		Key management personnel		Enterprises controlled by key management personnel/relatives of key management personnel		Total	
	31-Mar-13	31-Mar-12	31-Mar-13	31-Mar-12	31-Mar-13	31-Mar-12	31-Mar-13	31-Mar-12	31-Mar-13	31-Mar-12	31-Mar-13	31-Mar-12
<b>(B) Balances at the end of the year</b>												
Trade receivables	598.67	214.21	-	12.83	-	0.02	-	-	-	-	598.67	227.06
Torrent Pharma Inc.	199.62	14.65	-	-	-	-	-	-	-	-	199.62	14.65
Zao Torrent Pharma	21.63	49.73	-	-	-	-	-	-	-	-	21.63	49.73
Torrent Do Brasil Ltda.	161.94	80.93	-	-	-	-	-	-	-	-	161.94	80.93
Torrent Pharma Srl	129.05	22.46	-	-	-	-	-	-	-	-	129.05	22.46
Others	86.43	46.44	-	12.83	-	0.02	-	-	-	-	86.43	59.29
Loans	7.61	2.56	5.50	30.00	-	-	-	-	-	-	13.11	32.56
Torrent Pharma Philippines Inc.	7.61	2.56	-	-	-	-	-	-	-	-	7.61	2.56
Torrent Pharmaceuticals (Dahej)	-	-	-	30.00	-	-	-	-	-	-	-	30.00
Torrent Pharmaceuticals (Sikkim)	-	-	5.50	-	-	-	-	-	-	-	5.50	-
Interest receivable on loan to subsidiary / partnership firm	0.59	0.51	0.02	9.97	-	-	-	-	-	-	0.61	10.48
Torrent Pharma Philippines Inc.	0.59	0.51	-	-	-	-	-	-	-	-	0.59	0.51
Torrent Pharmaceuticals (Sikkim)	-	-	0.02	7.12	-	-	-	-	-	-	0.02	7.12
Torrent Pharmaceuticals (Dahej)	-	-	-	2.85	-	-	-	-	-	-	-	2.85
Advances recoverable in cash or kind	-	0.11	0.32	0.30	1.02	0.01	-	-	1.29	1.23	2.63	1.65
Tsunami Tours & Travels Pvt. Ltd.	-	-	-	-	-	-	-	-	1.29	1.23	1.29	1.23
Torrent Energy Limited	-	-	-	-	0.97	-	-	-	-	-	0.97	-
TPL Employees Group Gratuity Trust	-	-	0.32	0.30	-	-	-	-	-	-	0.32	0.30
Others	-	0.11	-	-	0.05	0.01	-	-	-	-	0.06	0.12
Trade advances	87.21	19.49	-	-	-	-	-	-	-	-	87.21	19.49
Heumann Pharma GmbH & Co	64.23	19.49	-	-	-	-	-	-	-	-	64.23	19.49
Heunet Pharma GmbH	22.98	-	-	-	-	-	-	-	-	-	22.98	-
Investments in equities	158.42	135.79	-	-	-	-	-	-	-	-	158.42	135.79
Torrent Pharma GmbH	23.37	36.45	-	-	-	-	-	-	-	-	23.37	36.45
Torrent Do Brasil Ltda.	31.11	31.11	-	-	-	-	-	-	-	-	31.11	31.11
Laboratories Torrent S.A. de C.V	27.99	27.99	-	-	-	-	-	-	-	-	27.99	27.99
Zao Torrent Pharma	58.79	23.08	-	-	-	-	-	-	-	-	58.79	23.08
Others	17.16	17.16	-	-	-	-	-	-	-	-	17.16	17.16
Investments in partnership firm	-	-	13.10	168.08	-	-	-	-	-	-	13.10	168.08
Torrent Pharmaceuticals (Sikkim)	-	-	13.10	84.73	-	-	-	-	-	-	13.10	84.73
Torrent Pharmaceuticals (Dahej)	-	-	-	83.35	-	-	-	-	-	-	-	83.35
Share of profit/(loss) from partnership firm	-	-	(0.97)	72.98	-	-	-	-	-	-	(0.97)	72.98
Torrent Pharmaceuticals (Sikkim)	-	-	(0.97)	76.48	-	-	-	-	-	-	(0.97)	76.48
Torrent Pharmaceuticals (Dahej)	-	-	-	(3.50)	-	-	-	-	-	-	-	(3.50)
Provision for diminution in value investment	23.08	23.08	-	-	-	-	-	-	-	-	23.08	23.08
Zao Torrent Pharma	23.08	23.08	-	-	-	-	-	-	-	-	23.08	23.08
Trade & services payables	52.41	25.95	-	58.12	-	0.02	-	-	0.38	0.18	52.79	84.27
Torrent Pharmaceuticals (Sikkim)	-	-	-	58.12	-	-	-	-	-	-	-	58.12
Torrent Pharma GmbH	15.63	9.60	-	-	-	-	-	-	-	-	15.63	9.60
Torrent Pharma Srl	14.13	4.14	-	-	-	-	-	-	-	-	14.13	4.14
Torrent Pharma Inc.	8.64	1.22	-	-	-	-	-	-	-	-	8.64	1.22
Others	14.01	10.99	-	-	-	0.02	-	-	0.38	0.18	14.39	11.19
Other payables	-	-	-	-	-	-	14.19	9.70	-	-	14.19	9.70
Samir Mehta, Executive Vice Chairman	-	-	-	-	-	-	9.19	6.70	-	-	9.19	6.70
Sudhir Mehta, Chairman	-	-	-	-	-	-	5.00	3.00	-	-	5.00	3.00
Guarantees given	-	12.08	-	-	-	-	-	-	-	-	-	12.08
Torrent Pharma GmbH (Current year Nil)	-	-	-	-	-	-	-	-	-	-	-	-
Previous year (4.5 Million Euro)	-	1.85	-	-	-	-	-	-	-	-	-	1.85
Zao Torrent Pharma (Current year Nil)	-	-	-	-	-	-	-	-	-	-	-	-
Previous year (2 Million USD)	-	10.23	-	-	-	-	-	-	-	-	-	10.23



**(b) Names of related parties and description of relationship :**

1	Subsidiaries and step down subsidiaries	Heumann Pharma GmbH & Co. Generica KG, Torrent Do Brasil Ltda., Zao Torrent Pharma, Torrent Pharma GmbH., Torrent Pharma Inc., Torrent Pharma Philippines Inc., Torrent Australasia Pty Ltd., Laboratories Torrent SA de CV, Heunet Pharma GmbH., Norispharm GmbH, Torrent Pharma Canada Inc., Torrent Pharma (Thailand) Co. Ltd., Torrent Pharma (UK) Ltd., Torrent Pharma S.R.L., Laboratories Torrent (Malaysia) SDN.BHD.		
2	Enterprises controlled by the Company	TPL Employee Group Gratuity Trust, TPL Employee Superannuation Trust, Torrent Pharmaceuticals (Sikkim), Torrent Pharmaceuticals (Dahej)		
3	Holding Company / Enterprises controlled by the holding Company	Torrent Private Limited, Torrent Financiers, Torrent Power Limited, Torrent Cables Limited, Torrent Power Services Pvt. Limited, Torrent Pipavav Generation Limited, Torrent Energy Limited, Torrent Power Grid Limited, Torrent Power Bhiwandi Limited, AEC Cements and Constructions Limited		
4	Key management personnel	Shri Sudhir Mehta Chairman	Shri Samir Mehta Executive Vice Chairman	Dr. Chaitanya Dutt Director (Research & Development)
5	Relatives of key management personnel	Smt. Anita Mehta, wife Smt. Shardaben Mehta, mother Shri Varun Mehta, son Shri Jinal Mehta, son Shri Samir Mehta, brother Smt. Meena Modi, sister Smt. Nayna Shah, sister	Smt. Sapna Mehta, wife Smt. Shardaben Mehta, mother Shri Aman Mehta, son Shri Shaan Mehta, son Shri Sudhir Mehta, brother Smt. Meena Modi, sister Smt. Nayna Shah, sister	Smt. Shobha Dutt, wife Shri Umang Dutt, son Shri Uttang Dutt, son
6	Enterprises controlled by key management personnel / relatives of key management personnel	U. N. Mehta Charitable Trust, D N Modi Charitable Trust, Shardaben Mehta Charitable Trust, Tsunami Tours & Travels Pvt. Ltd., Torrel Cosmetics Pvt. Ltd., Zeal Pharmachem India Pvt Ltd., Diamond Infrastructure Private Limited, U. N. Mehta Institute of Cardiology & Research Centre, Dushyant Shah Charitable Trust, Shri Vadgam Mahal Kelavani Mandal, Memadpur Kelavani Mandal		

In terms of our report attached

Signatures to notes forming part of Financial Statements 1 to 44

**For DELOITTE HASKINS & SELLS**  
Chartered Accountants

**Sudhir Mehta**  
Chairman

**Samir Mehta**  
Executive Vice Chairman

**Hemendra Shah**  
Partner

**R. Srinivasan**  
VP (Finance) & Chief Financial Officer

**Mahesh Agrawal**  
VP (Legal) & Company Secretary

Ahmedabad, Gujarat  
30<sup>th</sup> May, 2013

Ahmedabad, Gujarat  
30<sup>th</sup> May, 2013

# Consolidated Financial Statements 2012-13

## AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENT

### INDEPENDENT AUDITORS' REPORT

#### TO THE BOARD OF DIRECTORS OF TORRENT PHARMACEUTICALS LIMITED

#### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **TORRENT PHARMACEUTICALS LIMITED** (the "Company"), and its subsidiaries (the Company and its subsidiaries constitute "the Group"), which comprise the Consolidated Balance Sheet as at 31<sup>st</sup> March, 2013, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

#### Management's Responsibility for the Consolidated Financial Statements

The Company's Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by The Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the reports of the other auditors on the financial statements / financial information of the subsidiaries referred to below in the Other Matter paragraph, the aforesaid consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31<sup>st</sup> March, 2013;
- (b) in the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date; and
- (c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

### **Other Matter**

We did not audit the financial statements of fifteen subsidiaries, whose financial statements information reflect total assets of ₹ 1,165.27 crores as at 31<sup>st</sup> March, 2013, total revenues of ₹ 1,397.58 crores and net cash flows amounting to ₹ 37.09 crores for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on the reports of the other auditors.

Our opinion is not qualified in respect of this matter.

**For DELOITTE HASKINS & SELLS**

Chartered Accountants  
(Registration No. 117365W)

**Hemendra L. Shah**

Partner  
(Membership No. 33590)

Place : Ahmedabad  
Dated : 30<sup>th</sup> May, 2013

## CONSOLIDATED BALANCE SHEET

	Notes	As at 31-Mar-2013	(₹ in Crores) As at 31-Mar-2012
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholder's funds</b>			
Share capital	3	42.31	42.31
Reserves and surplus	4	1,379.62	1,151.52
		<b>1,421.93</b>	<b>1,193.83</b>
<b>Minority interest</b>			
		0.37	3.50
<b>Non-current liabilities</b>			
Long-term borrowings	5	454.54	322.05
Deferred tax liabilities (net)	6	56.91	63.19
Other long-term liabilities	7	10.01	3.80
Long-term provisions	8	129.51	110.45
		<b>650.97</b>	<b>499.49</b>
<b>Current liabilities</b>			
Short-term borrowings	5	124.62	138.12
Trade payables		1,066.69	863.47
Other current liabilities	7	275.81	291.00
Short-term provisions	8	242.46	70.25
		<b>1,709.58</b>	<b>1,362.84</b>
		<b>3,782.85</b>	<b>3,059.66</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets	9		
Tangible assets		797.19	773.00
Intangible assets		22.63	23.87
Capital work-in-progress		285.28	118.77
		<b>1,105.10</b>	<b>915.64</b>
Non-current investments	10	0.03	37.52
Deferred tax assets (net)	6	31.16	11.76
Long-term loans and advances	11	62.84	61.37
Other non-current assets	12	23.90	46.25
		<b>1,223.03</b>	<b>1,072.54</b>
<b>Current assets</b>			
Current investments	10	60.44	86.52
Inventories		923.86	531.56
Trade receivables	14	687.82	522.80
Cash and cash equivalents	15	626.97	674.28
Short-term loans and advances	11	74.88	56.46
Other current assets	12	185.85	115.50
		<b>2,559.82</b>	<b>1,987.12</b>
		<b>3,782.85</b>	<b>3,059.66</b>
<b>Notes forming part of the Consolidated Financial Statements</b>			
	1 - 36		

In terms of our report attached

**For DELOITTE HASKINS & SELLS**  
Chartered Accountants

**Hemendra Shah**  
Partner

Ahmedabad, Gujarat  
30<sup>th</sup> May, 2013

**Sudhir Mehta**  
Chairman

**R. Srinivasan**  
VP (Finance) & Chief Financial Officer

Signatures to the Consolidated Balance Sheet

**Samir Mehta**  
Executive Vice Chairman

**Mahesh Agrawal**  
VP (Legal) & Company Secretary

Ahmedabad, Gujarat  
30<sup>th</sup> May, 2013

## CONSOLIDATED STATEMENT OF PROFIT AND LOSS

	Notes	Year ended 31-Mar-2013	(₹ in Crores) Year ended 31-Mar-2012
<b>REVENUE</b>			
Revenue from operations			
Sales		<b>3,060.63</b>	2,599.21
Less : Excise duties	28	<b>7.10</b>	4.80
Net sales		<b>3,053.53</b>	2,594.41
Operating income		<b>157.61</b>	101.51
Revenue from operations (net)	16	<b>3,211.14</b>	2,695.92
Other income	17	<b>43.36</b>	44.52
<b>Total Revenue</b>		<b>3,254.50</b>	2,740.44
<b>EXPENSES</b>			
Cost of materials consumed	18	<b>844.81</b>	651.18
Purchases of stock-in-trade		<b>294.81</b>	215.34
Changes in inventories of finished goods, work-in-progress and stock-in-trade	19	<b>(213.85)</b>	(3.40)
Employee benefits expense	20	<b>623.29</b>	531.80
Finance costs	21	<b>33.80</b>	39.45
Depreciation, amortization and impairment expense		<b>82.69</b>	81.73
Other expenses	22	<b>969.86</b>	800.36
<b>Total Expenses</b>		<b>2,635.41</b>	2,316.46
<b>PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX</b>		<b>619.09</b>	423.98
Exceptional items	23	<b>37.49</b>	65.36
<b>PROFIT BEFORE TAX</b>		<b>581.60</b>	358.62
<b>TAX EXPENSE</b>			
Current tax [Net of MAT credit utilized ₹ 24.78 Crores (previous year ₹ Nil)]		<b>173.22</b>	68.98
Deferred tax (credit) / charge		<b>(25.62)</b>	4.04
(Excess) / short provision for tax of earlier years		<b>(0.91)</b>	(0.70)
		<b>146.69</b>	72.32
<b>NET PROFIT FOR THE YEAR BEFORE MINORITY INTEREST</b>		<b>434.91</b>	286.30
Minority interest		<b>2.15</b>	2.26
<b>NET PROFIT FOR THE YEAR AFTER MINORITY INTEREST</b>		<b>432.76</b>	284.04
Earnings per share [Nominal value per equity share of ₹ 5]			
Basic	24	<b>51.15</b>	33.57
Diluted	24	<b>51.15</b>	33.57
<b>Notes forming part of the Consolidated Financial Statements</b>	1 - 36		

In terms of our report attached

Signatures to the Consolidated Statement of Profit And Loss

**For DELOITTE HASKINS & SELLS**  
Chartered Accountants

**Sudhir Mehta**  
Chairman

**Samir Mehta**  
Executive Vice Chairman

**Hemendra Shah**  
Partner

**R. Srinivasan**  
VP (Finance) & Chief Financial Officer

**Mahesh Agrawal**  
VP (Legal) & Company Secretary

Ahmedabad, Gujarat  
30<sup>th</sup> May, 2013

Ahmedabad, Gujarat  
30<sup>th</sup> May, 2013

## CONSOLIDATED CASH FLOW STATEMENT

	Year ended 31-Mar-2013	Year ended 31-Mar-2012
(₹. in Crores)		
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>PROFIT BEFORE TAX</b>	<b>581.60</b>	358.62
Adjustments for :		
Depreciation, amortization and impairment	82.69	81.73
Allowance for doubtful debts (net of bad debts)	2.91	(0.15)
Foreign exchange loss on borrowings	0.03	1.89
Loss on sale / discard / write-off of fixed assets	4.99	1.57
Impairment loss on valuation of fixed assets	7.06	-
(Reversal) / provision on asset held for sale	-	(0.03)
Provision for diminution in value of long term investment	37.49	-
(Profit) on sale of current investments	(8.72)	(11.36)
Finance cost	33.80	39.45
Interest income	(33.81)	(32.83)
Government grant	(0.31)	(0.63)
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>707.73</b>	438.26
Adjustments for changes in working capital :		
Trade receivables, loans & advances and other assets	(261.03)	(189.40)
Inventories	(392.29)	(26.73)
Trade payables, liabilities and provisions	231.57	359.71
<b>CASH GENERATED FROM OPERATIONS</b>	<b>285.98</b>	581.84
Direct taxes paid	(132.50)	(82.71)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>153.48</b>	499.13
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(292.89)	(161.29)
Proceeds from fixed assets sold	8.46	1.13
Purchase of long-term trade investments	-	(17.52)
Profit on sale of current investments	8.72	11.36
Interest received	34.01	29.35
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(241.70)</b>	(136.97)
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from long-term borrowings	242.53	106.62
Repayment of long-term borrowings	(82.84)	(163.32)
Net proceeds / (repayment) of short term borrowings	(20.38)	31.68
Net capital financed to / by minority partners	(5.28)	(0.36)
Government grant	0.31	0.63
Dividend paid	(83.44)	(137.34)
Finance cost paid	(31.17)	(30.65)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>19.73</b>	(192.74)
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(68.49)</b>	169.42
Effect of exchange rate changes on foreign currency cash and cash equivalents	(4.90)	(13.41)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>760.80</b>	604.79
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>687.41</b>	760.80
<b>Note: Cash and cash equivalents as at end of the year</b>		
Cash and cash equivalents as per Note - 15	626.97	674.28
Current investments as per Note - 10	60.44	86.52
	<b>687.41</b>	<b>760.80</b>

In terms of our report attached

Signatures to the Consolidated Cash Flow Statement

**For DELOITTE HASKINS & SELLS**  
Chartered Accountants

**Sudhir Mehta**  
Chairman

**Samir Mehta**  
Executive Vice Chairman

**Hemendra Shah**  
Partner

**R. Srinivasan**  
VP (Finance) & Chief Financial Officer

**Mahesh Agrawal**  
VP (Legal) & Company Secretary

Ahmedabad, Gujarat  
30<sup>th</sup> May, 2013

Ahmedabad, Gujarat  
30<sup>th</sup> May, 2013

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### NOTE - 1 : GROUP INFORMATION

The consolidated financial statements comprise the financial statements of the Parent Company, Torrent Pharmaceuticals Limited (TPL) and the following subsidiaries / step-down subsidiaries / partnership entity (together referred to as Group) :

Entity	Country of Incorporation
<b>Subsidiaries</b> [having 100% proportion of ownership interest]	
Zao Torrent Pharma	Russia
Torrent Do Brasil Ltda	Brazil
Torrent Pharma GmbH (TPG)	Germany
Torrent Pharma Inc.	USA
Torrent Pharma Philippines Inc.	Philippines
Laboratorios Torrent, S.A. de C.V.	Mexico
Torrent Australasia Pty Ltd.	Australia
Torrent Pharma Canada Inc.	Canada
Torrent Pharma (Thailand) Co., Limited.	Thailand
Torrent Pharma S.R.L.	Romania
Torrent Pharma (UK) Ltd	United Kingdom
Laboratorios Torrent (Malaysia) SDN.BHD.	Malaysia
<b>Step-down subsidiaries of TPG</b> [having 100% proportion of ownership interest]	
Heumann Pharma GmbH & Co. Generica KG	Germany
Heunet Pharma GmbH	Germany
Norispharm GmbH	Germany
<b>Partnership Firm</b> [having 97% proportion of ownership interest]	
Torrent Pharmaceuticals (Sikkim)	India

Torrent Pharma (Dahej) [TPD], a partnership firm, was dissolved with effect from 01-Nov-2012 consequent to retirement of one of the two partners in the partnership firm. The Company being the sole surviving partner assumed all the assets and liabilities of TPD at their respective book values after paying 3% share to the retiring partner.

### NOTE - 2 : SIGNIFICANT ACCOUNTING POLICIES OF THE GROUP

#### 2.1. Basis for preparation of financial statements

The consolidated financial statements have been prepared and presented under the historical cost convention on an accrual basis of accounting and in accordance with the Generally Accepted Accounting Principles (GAAP) in India. GAAP includes Accounting Standards (AS) notified by the Central Government of India under Section 211 (3C) of The Companies Act, 1956, the provisions of The Companies Act, 1956, pronouncements of Institute of Chartered Accountants of India and guidelines issued by Securities and Exchange Board of India (SEBI).

The consolidated financial statements are presented, to the extent possible, in the same format as that adopted by the parent Company for its separate financial statements.

Except where otherwise stated, the accounting policies are consistently applied.

#### 2.2. Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make assumptions, critical judgments and estimates, which it believes are reasonable under the circumstances, that affect the reported amounts of assets, liabilities and contingent liabilities on the date of financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates. Difference between the actual results and estimates are recognized in the period in which the results are known or materialise.



### 2.3. Principles of consolidation

The consolidated financial statements are prepared in accordance with principles and procedures required for preparation and presentation of consolidated financial statements as laid down under AS 21 "Consolidated Financial Statements". The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

The consolidated financial statements have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances / transactions and resulting unrealized profits in full. Unrealized losses resulting from intra-group transactions have also been eliminated except to the extent that recoverable value of related asset is lower than their cost to the group. The amounts shown in respect of reserves comprise the amount of the relevant reserves as per the balance sheet of the parent Company and its share in the post-acquisition increase in the relevant reserves of the consolidated entities. Minority interest represents part of net profit / loss and net assets of entities that are not directly or indirectly, owned by the Company and is excluded and disclosed separately.

The excess / shortfall of cost to the parent Company of its investment over its portion of equity in the consolidated entities at the respective dates on which the investment in such entities was made is recognized in the financial statements as goodwill / capital reserve.

### 2.4. Fixed assets, depreciation and amortization

#### Tangible assets

- (a) Tangible fixed assets are stated at cost of acquisition or construction less accumulated depreciation. The cost of fixed asset comprises of its purchase price, non-refundable taxes & levies, freight and other incidental expenses related to the acquisition and installation of the respective assets. Borrowing cost attributable to acquisition or construction of qualifying fixed assets is capitalized to respective assets when the time taken to put the assets to use is substantial.
- (b) Pre-operative expenditure comprising of revenue expenses incurred in connection with project implementation during the period upto commencement of commercial production are treated as part of project costs and are capitalized. Such expenses are capitalized only if the project to which they relate, involve substantial expansion of capacity or upgradation.
- (c) Depreciation on fixed assets is provided using the straight line method at the rates prescribed under the respective domestic laws or based on useful life of the assets as estimated by the management, whichever is higher.

The management's estimate of the useful life for various categories of fixed assets is given below:

Office buildings	58 years
Factory buildings	28 years
Plant and machinery	10 to 20 years
Laboratory equipment	5 to 20 years
Electrical equipment	5 to 20 years
Furniture and fixtures	3 to 10 years
Office equipment	10 years
Computer equipment	2 to 5 years
Vehicles	5 to 10 years

- (d) Cost of leasehold land (except for lease of long tenure) is amortized over the period of the lease. Cost of lease hold land where lease period is of long tenure and substantial rights of ownership are with lessee, is not amortized.

#### Intangible assets

- (a) Acquired product licenses are capitalized at costs comprising of direct costs of purchase and expenses directly attributable to the purchase of product licenses.
- (b) Software costs are capitalized and recognized as intangible assets based on materiality, accounting prudence and significant economic benefits expected to flow there from for a period longer than one year.

- (c) Intangible assets are amortized over their estimated useful lives on a straight-line basis. The management's estimate of the useful life of various categories of fixed assets are given below:

Product license	Up to 10 years
Software	3 to 5 years

#### Impairment of assets

- (a) Fixed assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is then recognized for the amount by which the carrying amount of the assets exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.
- (b) Fixed assets that have been retired from their active use and held for disposal, are classified as current assets, and are stated at lower of their cost and net realizable value.

#### 2.5. Investments

- (a) Long-term investments are carried at cost. Provision is made to recognize any diminution in value, other than that of a temporary nature.
- (b) Current investments are carried at lower of cost and fair value. Diminution in value is charged to the statement of profit and loss.
- (c) Current investments readily convertible in known amount of cash and subject to insignificant risk of changes in value are classified as cash and cash equivalents for preparation of cash flow statement.

#### 2.6. Cash flow statement

The cash flow statement is prepared as per the "Indirect Method" as set out in AS 3 "Cash Flow Statements" issued by The Institute of Chartered Accountants of India.

#### 2.7. Inventories

Inventories are valued at the lower of cost and net realizable value. Provision for impairment is made when there is high uncertainty in salability of an item. Costs incurred in bringing inventories to its existing location and condition are determined on the following basis:

- (a) Raw material and packing material - Purchase cost of materials on moving average basis.
- (b) Finished goods (manufactured) and work-in-progress - Cost of purchase, cost of conversion and other costs proportionately allocated determined on weighted average basis.
- (c) Finished goods (traded) - Purchase cost on moving average basis.

#### 2.8. Revenue recognition

- (a) Revenue from sale of goods is recognized when the significant risks and rewards of ownership of goods are transferred to the customer. Sales are net of discounts, sales tax, value added tax and estimated returns. Excise duty collected on sales are shown by way of deduction from sales.
- (b) Provision / accrual for sales returns, chargeback rebates and medicaid payments are estimated and provided for in the year of sale and recorded as reduction from revenue. A chargeback claim is made by the wholesaler for the difference between the price at which the product is initially invoiced to the wholesaler and the contracted price at which it is agreed to be sold to third parties. Provision / accruals for chargeback, rebates, returns and medicaid payments are estimated primarily on the basis of historical experience, market conditions and specific contractual terms. The methodology and assumptions used to estimate rebates and returns are monitored and adjusted regularly in line with contractual and legal obligations, trade practices, historical trends, past experience and projected market conditions.

- (c) Income from services is recognized when the services are rendered or when contracted milestones have been achieved.
- (d) Revenue from arrangements which includes performance of obligations is recognized in the period in which related performance obligations are completed.
- (e) Export entitlements are recognized as income when right to receive credit as per the terms of the scheme is established in respect of the exports made and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.
- (f) Dividend income is recognized when the unconditional right to receive dividend is established.
- (g) Interest income is recognized using the time-proportionate method, based on rates implicit in the transaction.
- (h) Revenue in respect of other income is recognized when a reasonable certainty as to its realization exists.

## 2.9. Employees retirement and other benefits

### Short-term employee benefits:

Short term employee benefits like salaries, wages, and bonus and welfare expenses payable wholly within twelve months of rendering the service are accrued in the year in which the associated services are rendered by the employees.

### Long-term employee benefits:

#### (a) Defined contribution plan:

Contribution in case of defined contribution plans (provident fund, superannuation benefit, social security schemes and other fund/schemes) is charged to statement of profit and loss as and when it is incurred as employee benefits.

#### (b) Defined benefit plan:

The accruing liability on account of defined benefit plans (gratuity, pension and other retirement benefit plans) is actuarially valued every year. The current service cost, interest cost, expected return on plan assets and the actuarial gain / loss are debited / credited, as the case may be, to the statement of profit and loss of the year as employee benefits.

#### (c) Other long-term benefits:

Long-term compensation plan to employees (being deferred compensation paid 12 months or more after the end of the period in which it is earned) are expensed out in the period to which the costs relate at present value of the benefits under the plan.

The liability for compensated absences and leave encashment is provided on the basis of actuary valuation, as at Balance Sheet date.

## 2.10. Government grants

- (a) Government grants are recognized when there is reasonable assurance that the grant will be received and all relevant conditions are complied with.
- (b) Grants received by way of investment subsidy scheme in relation to total investment are credited to capital reserve and are treated as part of owners' fund.
- (c) Grants that compensate expenses are recognized on receipt basis.

## 2.11. Finance costs

Finance costs consist of interest, amortization of ancillary costs and other costs in connection with the borrowing of funds and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

## 2.12. Research and development

Revenue expenditure on research and development is expensed off under the respective head of expenses in the year in which it is incurred.

### 2.13. Leases

Lease rentals in respect of assets taken on operating lease are charged to the statement of profit and loss on accrual and straight line basis over the lease term.

### 2.14. Accounting for taxes

- (a) Current tax is the aggregation of the tax charge appearing in the group companies.
- (b) Deferred Tax resulting from timing differences between accounting and taxable profit for the period is accounted by using tax rates and laws that have been enacted or substantively enacted as at the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future. Deferred tax assets and liabilities are arrived at after setting off deferred tax assets and liabilities where the group has a legally enforceable right to set-off assets against liabilities, and where such assets and liabilities relate to taxes on income levied by the same governing taxation laws.

### 2.15. Foreign currency transactions and balances

The reporting currency of the group is Indian Rupee. However, the local currencies of foreign operation are different from the reporting currency of the group.

- (a) Foreign currency transactions are recorded at the exchange rates prevailing on the date of the transaction.
- (b) The net gain or loss on account of exchange differences arising on settlement of foreign currency transactions are recognized as income or expense of the period in which they arise.
- (c) Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the closing rate. The resultant exchange differences are recognized in the statement of profit and loss. The Company has not exercised the option for capitalization or amortization of exchange differences on long term foreign currency monetary items as provided by notification, issued by the Ministry of Corporate Affairs.

Investments in shares of foreign subsidiaries and other entities are expressed in reporting currency at the rates of exchange prevailing at the time when the original investments were made.

### 2.16. Derivative instruments and hedge accounting

- (a) In case of forward contracts, to which AS 11, The Effects of Changes in Foreign Exchange Rate (AS 11) applies, the difference between the forward rate and the exchange rate on the date of the contract is recognized as income or expense over the life of the contract. Exchange differences on such a contract are recognized in the statement of profit and loss in the period in which the exchange rates change.
- (b) Foreign currency forward contracts, to which AS 11 does not apply, hedge accounting principles set out in AS 30 "Financial Instruments: Recognition and Measurement" are adopted w.e.f. 01-Apr-2011 to the extent they do not conflict with existing mandatory accounting standards and other authoritative pronouncements, Company law and other regulatory requirements. These transactions comprise of forward contracts taken to hedge risks associated with foreign currency fluctuations relating to highly probable forecast transactions and designated as cash flow hedges and valued at fair value. Changes in the fair value of these forward contracts that are effective hedges are recognized directly in cash flow hedge reserve account and the ineffective portion is recognized in the statement of profit and loss.

Amount accumulated in cash flow hedge reserve account is reclassified to the statement of profit and loss in the same period during which the forecasted transaction materialize. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. If the forecasted transaction is no longer expected to occur, the net cumulative gain or loss recognized in cash flow hedge reserve account is immediately transferred to the statement of profit and loss for the period.

### 2.17. Translation of financial statements of foreign operations

Foreign operations comprises of foreign subsidiaries and representative offices. All foreign subsidiaries are classified as non-integral and representative offices as integral considering the way in which they are financed and operate in relation to the parent company. Consequently, translation of respective financial statements is effected as under :

**Non-integral operations:**

- (a) Revenues and expenses are translated to reporting currency at the monthly average exchange rates based on the daily closing rates.
- (b) Inventories are translated at the six monthly average exchange rates based on the daily closing rates for the period of six months to the date of balance sheet.
- (c) All assets and liabilities, both monetary and non-monetary (except inventory), are translated to reporting currency at the exchange rate prevalent at the date of the balance sheet.
- (d) The resulting net exchange differences are recognized as foreign currency translation reserve.

**Integral operations:**

- (a) Revenues and expenses (except depreciation) are translated at the respective monthly average exchange rates based on the daily closing rates. Depreciation is kept at historical rates.
- (b) Monetary & Non-monetary items are translated using closing rate and historical rate respectively.
- (c) Exchange differences arising on translation are recognized in statement of profit and loss.

**2.18. Provisions, contingent liabilities and contingent assets**

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources for which reliable estimates can be made. Liabilities which are of a contingent nature are not provided but are disclosed at their estimated amount in the notes forming part of the accounts. Contingent assets are neither recognized nor disclosed in the financial statements.

	As at 31-Mar-2013	(₹ in Crores) As at 31-Mar-2012
<b>NOTE - 3 : SHARE CAPITAL</b>		
<b>Authorised</b>		
15,00,00,000 (previous year 15,00,00,000) equity shares of ₹ 5 each	75.00	75.00
25,00,000 (previous year 25,00,000) preference shares of ₹ 100 each	25.00	25.00
	<b>100.00</b>	<b>100.00</b>
<b>Issued</b>		
8,46,25,360 (previous year 8,46,25,360) equity shares of ₹ 5 each	42.31	42.31
<b>Subscribed and fully paid-up</b>		
8,46,11,360 (previous year 8,46,11,360) equity shares of ₹ 5 each	42.31	42.31
<b>Forfeited shares</b>		
Amount originally paid up on 14,000 (previous year 14,000) equity shares of ₹ 5 each forfeited. * [Amount ₹ 35,000 (previous year ₹ 35,000)]	*	*
	<b>42.31</b>	<b>42.31</b>
Note: 4,30,57,736 (previous year 4,30,57,736) equity shares of ₹ 5 each are held by the holding Company, Torrent Private Limited.		
<b>NOTE - 4 : RESERVES AND SURPLUS</b>		
<b>Capital reserve</b>	6.27	6.27
<b>Capital redemption reserve</b>	3.85	3.85
<b>Securities premium account</b>	42.80	42.80
<b>Cash flow hedge reserve</b>		
Balance as per last balance sheet	(17.50)	-
Add : Adjustment during the year	27.46	(17.50)
	<b>9.96</b>	<b>(17.50)</b>
<b>General reserve</b>		
Balance as per last balance sheet	958.38	766.09
Add : Transitional provision on adoption of AS 30 "Financial Instruments : Recognition and Measurement"	-	1.29
Add : Transfer from statement of profit and loss	55.00	191.00
	<b>1,013.38</b>	<b>958.38</b>
<b>Foreign currency translation reserve</b>		
Balance as per last balance sheet	(9.27)	3.55
Add : Foreign currency translation reserve for the year	(4.83)	(12.82)
	<b>(14.10)</b>	<b>(9.27)</b>
<b>Balance in statement of profit and loss</b>		
Balance as per last balance sheet	166.99	157.54
Add: Net profit for the year	432.76	284.04
Less: Appropriations		
Interim dividend [₹ 6.00 (previous year ₹ 6.00) per share]	50.77	50.77
Proposed dividend [₹ 17.00 (previous year ₹ 2.50) per share]	143.84	21.15
Tax on distributed profits	32.68	11.67
Transfer to general reserve	55.00	191.00
<b>Balance in statement of profit and loss</b>	<b>317.46</b>	<b>166.99</b>
	<b>1,379.62</b>	<b>1,151.52</b>

	Notes	As at 31-Mar-2013	(₹ in Crores) As at 31-Mar-2012
<b>NOTE - 5 : BORROWINGS</b>			
<b>Long-term borrowings, non-current portion</b>			
Secured term loans			
from banks [Note: (i)(a)]		403.19	223.83
Unsecured term loans			
from banks		38.92	84.14
from others		12.43	14.08
		51.35	98.22
		454.54	322.05
<b>Long-term borrowings, current portion</b>			
Secured term loans			
from banks [Note: (i)(a)]		72.44	74.82
Unsecured term loans			
from banks		38.92	42.07
from others		2.45	1.67
		41.37	43.74
	7	113.81	118.56
<b>Short-term borrowings</b>			
Secured loans from banks [Note: (i)(b)]		68.68	74.18
Unsecured loans from banks		55.94	63.94
		124.62	138.12
		692.97	578.73

Notes:

(i) Loans are secured by:

(a) Term loans from banks are secured by first equitable mortgage of immovable fixed assets and hypothecation of movable fixed assets, present and future, located at formulation manufacturing facilities, village Indrad; research facilities, village Bhat; and corporate office, Ahmedabad, all in Gujarat, and manufacturing facilities in village Bhud ; in Himachal Pradesh , on pari passu basis. Term loans from banks includes ₹ 353.53 Crores (previous year ₹ 102.31 Crores) in respect of which the Company is in the process of creating the charge.

(b) Working capital facilities are secured by hypothecation of inventories and book debts.

(ii) The terms of repayment of loan obligations on principal amount repayable in yearly installments, for the secured and unsecured long-term loans are as under :

(₹ in Crores)

Financial year	Secured	Unsecured
2013-14	72.44	41.37
2014-15	122.17	41.75
2015-16	72.52	2.84
2016-17	108.79	2.84
2017-18	63.45	2.72
2018-19	36.26	0.40
2019-20 to 2020-21	-	0.40
<b>Total</b>	<b>475.63</b>	<b>92.72</b>

	Notes	As at 31-Mar-2013	(₹ in Crores) As at 31-Mar-2012
<b>NOTE - 6 : DEFERRED TAX</b>			
<b>Deferred tax liabilities</b>			
Excess of aggregate depreciation claimed under the income tax law over that debited to statement of profit and loss		77.26	77.39
Unrealized foreign exchange gain		0.69	0.53
		<b>77.95</b>	<b>77.92</b>
<b>Deferred tax assets</b>			
Provision for employee benefits		(18.54)	(13.21)
Provision for impairment of inventories		(16.76)	(6.80)
Provision for expenses		(6.67)	(3.18)
Provision for chargebacks		(5.70)	-
Provision for doubtful debts		(3.18)	(3.09)
Unrealized foreign exchange loss		(1.08)	(0.13)
Provision for goods dispatched but not delivered		(0.27)	-
Provision for doubtful claim receivables		-	(0.01)
Tax losses of subsidiaries		-	(0.07)
		<b>(52.20)</b>	<b>(26.49)</b>
		<b>25.75</b>	<b>51.43</b>
<b>Deferred tax liabilities (net)</b>			
The deferred tax liabilities / assets are off-set, where the group has a legally enforceable right to set-off assets against liabilities, and are presented in balance sheet as follows:			
Deferred tax liabilities		56.91	63.19
Deferred tax assets		(31.16)	(11.76)
		<b>25.75</b>	<b>51.43</b>
<b>NOTE - 7 : OTHER LIABILITIES</b>			
<b>Long-term liabilities</b>			
Creditors for capital goods		8.33	3.35
Trade deposits		0.20	0.09
Derivative financial instruments		1.48	0.36
		<b>10.01</b>	<b>3.80</b>
<b>Current liabilities</b>			
Current maturities of long-term debt	5	113.81	118.56
Interest accrued but not due on borrowings		3.05	2.12
Unclaimed dividend (not due)		1.03	0.89
Creditors for capital goods		21.18	15.46
Payables for employee benefits		51.01	44.75
Trade advances and deposits		26.17	21.94
Payables to statutory and other authorities		22.59	24.12
Book overdraft		24.71	11.56
Derivative financial instruments		9.35	44.12
Other payables		2.91	7.48
		<b>275.81</b>	<b>291.00</b>
		<b>285.82</b>	<b>294.80</b>



	Notes	As at 31-Mar-2013	(₹ in Crores) As at 31-Mar-2012
<b>NOTE - 8 : PROVISIONS</b>			
<b>Long-term provisions</b>			
Provision for employee benefits			
Post-retirement benefits	29	58.53	46.19
Leave benefits		32.80	26.90
		91.33	73.09
Provision for sales returns	30	34.23	31.61
Provision for expenses	30	3.95	5.75
		129.51	110.45
<b>Short-term provisions</b>			
Provision for employee benefits			
Post-retirement benefits	29	1.19	1.07
Leave benefits		6.41	4.98
Employee compensation plan		0.02	0.03
		7.62	6.08
Provision for sales returns	30	47.57	37.90
Proposed dividend		143.84	21.15
Tax on distributed profits		24.45	3.43
Provision for taxation, net of advance tax		18.98	1.69
		242.46	70.25
		371.97	180.70

**NOTE - 9 : FIXED ASSETS**

(₹ in Crores)

Particulars	Gross Block (At Cost)				Depreciation, Amortization and Impairment						Net block	
	As at 01-Apr-12	Additions during the year	Deductions/ Adjustments during the year	As at 31-Mar-13	Foreign Exchange Translation	As at 31-Mar-13	Additions during the year	Deductions/ Adjustments during the year	As at 31-Mar-13	Foreign Exchange Translation	As at 31-Mar-13	As at 31-Mar-12
<b>TANGIBLES</b>												
Land												
Freehold	80.36	35.66	-	116.02	-	-	-	-	-	-	116.02	80.36
Leasehold	44.72	0.28	-	45.00	-	0.74	-	-	1.56	-	43.44	43.90
Building	284.17	19.39	5.36	298.20	0.04	8.43	0.39	61.64	61.65	0.01	236.59	230.57
Plant & equipment	538.55	40.42	7.69	571.28	(0.13)	50.51	2.23	255.30	255.20	(0.10)	315.95	331.53
Furniture & fixtures	35.57	3.89	0.05	39.41	0.02	19.91	2.85	22.71	22.72	0.01	16.71	15.66
Vehicles	17.85	2.14	2.35	17.64	(0.03)	6.33	1.86	7.01	6.99	(0.02)	10.62	11.52
Office equipment	49.15	4.49	6.10	47.54	0.05	35.55	5.38	35.09	35.11	0.02	12.48	13.60
Electrical equipment	80.39	6.60	1.83	85.16	-	34.53	5.49	39.78	39.78	-	45.38	45.86
<b>(A)</b>	<b>1,130.76</b>	<b>112.87</b>	<b>23.38</b>	<b>1,220.25</b>	<b>(0.05)</b>	<b>357.76</b>	<b>75.26</b>	<b>9.93</b>	<b>423.01</b>	<b>(0.08)</b>	<b>797.19</b>	
Previous year	908.94	234.44	13.45	1,129.93	0.83	293.74	74.33	10.74	357.33	0.43		773.00
<b>INTANGIBLES</b>												
Computer software	27.16	2.80	-	29.96	0.05	17.86	4.59	0.01	22.44	0.04	7.53	9.30
Product licenses	41.72	3.17	0.29	44.60	0.71	27.15	2.91	0.30	29.76	0.45	15.10	14.57
<b>(B)</b>	<b>68.88</b>	<b>5.97</b>	<b>0.29</b>	<b>74.56</b>	<b>0.76</b>	<b>45.01</b>	<b>7.50</b>	<b>0.31</b>	<b>52.20</b>	<b>0.49</b>	<b>22.63</b>	
Previous year	55.89	9.84	-	65.73	3.15	35.54	7.44	-	42.98	2.03		23.87
<b>Current Year (A+B)</b>	<b>1,199.64</b>	<b>118.84</b>	<b>23.67</b>	<b>1,294.81</b>	<b>0.71</b>	<b>402.77</b>	<b>82.76</b>	<b>10.24</b>	<b>475.29</b>	<b>0.41</b>	<b>819.82</b>	
Previous year	964.83	244.28	13.45	1,195.66	3.98	329.28	81.77	10.74	400.31	2.46		796.87

Notes:

(i) Foreign exchange translation represents foreign exchange difference arising due to translation of all foreign subsidiaries fixed assets at closing exchange rate.

(ii) Pro-rata cost of assets owned jointly with Torrent Power Limited, a Company under same management are as under :

(₹ in Crores)

Particulars	Proportion of holding	As at 31-Mar-13	As at 31-Mar-12
Freehold Land	50%	23.79	23.79
Freehold Land	30%	35.66	-
Buildings	30%	0.11	-

(iii) Depreciation, amortization and impairment includes ₹ 0.07 Crores (previous year ₹ 0.04 Crores) transferred to capital work-in-progress as pre-operative expenses.

	Notes	As at 31-Mar-2013	(₹ in Crores) As at 31-Mar-2012
<b>NOTE - 10 : INVESTMENTS</b>	No. of Units		
<b>Non-current investments [valued at cost]</b>			
<b>Trade investments, unquoted</b>			
York Pharma Plc., UK - fully paid up equity shares of United Kingdom's Sterling 0.05 each [Note i]	[63056]	-	1.56
Less: Provision for diminution in value		-	1.56
		-	-
GPC Cayman Investors I Ltd. - fully paid up equity shares of USD 10 each [Note 23]	820601	37.49	37.49
Less: Provision for diminution in value		37.49	-
		-	37.49
Shivalik Solid Waste Limited - fully paid up equity shares of ₹ 10 each	20000	0.02	0.02
		0.02	37.51
<b>Non-trade investments, unquoted</b>			
National savings certificates		0.01	0.01
		0.03	37.52
<b>Current investments [valued at lower of cost and fair value]</b>			
Mutual funds [Note iii]		16.44	39.52
Corporate deposit with HDFC Limited		44.00	47.00
		60.44	86.52
Aggregate unquoted investments		60.47	124.04
Notes :			
(i) York Pharma Plc., UK was declared insolvent and liquidated. No surplus was available for making repayment of capital to its members.			
(ii) Aggregate provision for diminution in value of investments		37.49	1.56
(iii) Aggregate net asset value of investment in mutual funds		16.47	39.62
<b>NOTE - 11 : LOANS AND ADVANCES</b>			
[Unsecured and considered good, unless otherwise stated]			
<b>Non-current loans and advances</b>			
Capital advances		42.04	22.97
Security deposits		15.66	10.99
Other advances recoverable in cash or in kind or for value to be received		1.31	1.06
Advance tax paid, net of provisions		3.83	26.35
		62.84	61.37
<b>Current loans and advances</b>			
Security deposits		0.16	0.27
Balance with VAT, excise and customs department		0.27	0.33
Other advances recoverable in cash or in kind or for value to be received		74.45	55.86
		74.88	56.46
		137.72	117.83

	As at 31-Mar-2013	(₹ in Crores) As at 31-Mar-2012
<b>NOTE - 12 : OTHER ASSETS</b>		
[Unsecured and considered good, unless otherwise stated]		
<b>Non-current assets</b>		
Derivative financial instruments	23.90	46.25
	<b>23.90</b>	<b>46.25</b>
<b>Current assets</b>		
Export benefits receivable	21.46	27.16
Claims receivable : indirect tax / insurance		
Considered good	96.04	39.61
Considered doubtful	0.02	0.02
Less : allowance for doubtful claims receivable	0.02	0.02
	<b>96.04</b>	<b>39.61</b>
Interest accrued on loans and deposits	8.88	9.08
Derivative financial instruments	58.74	37.60
Fixed assets held for sale	0.25	-
Others	0.48	2.05
	<b>185.85</b>	<b>115.50</b>
	<b>209.75</b>	<b>161.75</b>
<b>NOTE - 13 : INVENTORIES</b>		
[At lower of cost and net realisable value]		
Raw materials	333.64	169.57
Packing materials	43.33	28.95
Work-in-progress	122.89	87.62
Finished goods	336.85	139.75
Stock-in-trade	87.15	105.67
	<b>923.86</b>	<b>531.56</b>
<b>NOTE - 14 : TRADE RECEIVABLES</b>		
Debts less than six months from due date		
Considered good [see note]	662.05	504.11
Considered doubtful	1.07	0.18
Less : Allowance for doubtful trade receivables	1.07	0.18
	<b>662.05</b>	<b>504.11</b>
Debts over six months from due date		
Considered good	25.77	18.69
Considered doubtful	12.39	15.47
Less : Allowance for doubtful trade receivables	12.39	15.47
	<b>25.77</b>	<b>18.69</b>
	<b>687.82</b>	<b>522.80</b>
Note: (i) Receivables from Torrent Power Limited, a Company under the same management, as per section 370 (1B) of The Companies Act, 1956.	-	0.02

	As at 31-Mar-2013	(₹ in Crores) As at 31-Mar-2012
<b>NOTE - 15 : CASH AND CASH EQUIVALENTS</b>		
Cash on hand	0.23	0.29
Balances with banks	101.96	190.26
Fixed deposit	523.47	482.72
Balances with banks for unclaimed dividend	1.03	0.89
Balances with banks held as margin money	0.26	0.10
Term deposits lodge with banks as securities	0.02	0.02
	<b>626.97</b>	<b>674.28</b>

Note : Cash and cash equivalents stated above excludes investment in mutual funds and corporate deposits disclosed under Note - 10 current investments as per requirements of AS 13 - "Accounting for Investments"

	Notes	Year ended 31-Mar-2013	(₹ in Crores) Year ended 31-Mar-2012
<b>NOTE - 16 : REVENUE FROM OPERATIONS</b>			
<b>Sales</b>			
Sales in India		1,275.75	1,165.98
Sales outside India		1,784.88	1,433.23
		<b>3,060.63</b>	2,599.21
Less : Excise duties	28	7.10	4.80
		<b>3,053.53</b>	2,594.41
<b>Operating Income</b>			
Export benefits		30.05	30.15
Income from product registration dossiers		53.60	60.55
Compensation and settlement income		41.45	-
Other operating income		32.51	10.81
		<b>157.61</b>	101.51
		<b>3,211.14</b>	2,695.92
<b>NOTE - 17 : OTHER INCOME</b>			
Interest income		33.81	32.83
Net gain on sale of investments		8.72	11.36
Other non-operating income		0.83	0.33
		<b>43.36</b>	44.52
<b>NOTE - 18 : COST OF MATERIALS CONSUMED</b>			
Raw materials		722.00	560.87
Packing materials		122.81	90.31
		<b>844.81</b>	651.18
<b>NOTE - 19 : CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE</b>			
Opening stocks			
Finished goods		139.75	183.20
Work-in-progress		87.62	63.73
Stock-in-trade		105.67	82.71
		<b>333.04</b>	329.64
Less : Closing stocks			
Finished goods		336.85	139.75
Work-in-progress		122.89	87.62
Stock-in-trade		87.15	105.67
		<b>546.89</b>	333.04
Net (increase) / decrease in stock		<b>(213.85)</b>	<b>(3.40)</b>

		(₹ in Crores)	
	Notes	Year ended 31-Mar-2013	Year ended 31-Mar-2012
<b>NOTE - 20 : EMPLOYEE BENEFITS EXPENSE</b>			
[Other than those included in pre-operative expenses]			
Salaries, wages and bonus		518.50	442.50
Contribution to provident and other funds		64.67	58.15
Contribution for defined benefit plans	29	18.82	13.87
Staff welfare expenses		21.30	17.28
		<b>623.29</b>	<b>531.80</b>
<b>NOTE - 21 : FINANCE COSTS</b>			
[Other than those included in pre-operative expenses]			
Interest expense		25.79	30.09
Other borrowing cost		0.29	0.10
Net foreign exchange loss, to the extent considered as finance costs		7.72	9.26
		<b>33.80</b>	<b>39.45</b>
<b>NOTE - 22 : OTHER EXPENSES</b>			
[Other than those included in pre-operative expenses]			
Power and fuel		62.80	56.97
Stores and spares consumed		42.14	35.77
Cost of outsourced manpower		25.98	18.98
Job work charges		14.80	8.49
Laboratory goods and testing expense		28.58	30.97
Clinical research expense		24.29	25.67
Excise duties	28	5.02	1.57
Repairs and maintenance			
Machinery		7.75	6.86
Buildings		4.92	4.16
Others		6.24	4.06
		<b>18.91</b>	<b>15.08</b>
Selling, publicity and medical literature expense		368.55	303.34
Commission on sales		16.16	13.95
Sales and turnover taxes		8.36	5.00
Allowance for doubtful debts [net of bad debts written-off ₹ 5.10 Crores (previous year ₹ 8.26 Crores)]		2.91	(0.15)
Travelling, conveyance and vehicle expenses		80.45	68.32
Compensation Expense		51.79	-
Professional and legal fees		42.73	29.12
Registration expenses		16.84	41.23
Rent		27.40	24.62
Rates and taxes		3.14	2.58
Communication expenses		15.10	14.40
Printing and stationery expenses		4.07	3.77
Insurance		8.79	6.96
Net foreign exchange loss	31	4.82	20.93
Loss on sale / discard / write-off of fixed assets		4.99	1.57
Impairment loss on valuation of fixed assets (Reversal) / provision on asset held for sale		7.06	-
		-	(0.03)
Auditors remuneration and expenses			
Audit Fees		2.13	1.62
Other Services		0.61	0.22
Out of pocket expenses		0.05	-
		<b>2.79</b>	<b>1.84</b>
Cost audit fees		0.05	0.04
Commission to non-executive directors		5.67	3.37
Donation		9.30	6.36
General charges		66.37	59.64
		<b>969.86</b>	<b>800.36</b>

**NOTE - 23 : EXCEPTIONAL ITEMS**

Exceptional item for the:

- (a) current year represents diminution, other than temporary, amounting to ₹ 37.49 crores, in value of long-term investments in GPC Cayman Investor I Limited, based on the assessment of value of investments.
- (b) previous year figure represents one-time charge of estimated future sales returns, amounting to ₹ 65.36 crores, on all sales effected till 31-Mar-2012, due to change in method of estimating sales returns.

**NOTE - 24 : EARNINGS PER SHARE**

The basic and diluted earnings per share [EPS] are :

			<b>Year ended 31-Mar-2013</b>	Year ended 31-Mar-2012
Net profit for the year	(a)	[₹ in Crores]	<b>432.76</b>	284.04
Weighted average number of equity shares	(b)	[Nos.]	<b>8,46,11,360</b>	8,46,11,360
EPS (basic and diluted)	(a) / (b)	[₹]	<b>51.15</b>	33.57
Nominal value per equity share		[₹]	<b>5.00</b>	5.00
			<b>As at 31-Mar-2013</b>	(₹ in Crores) As at 31-Mar-2012

**NOTE - 25 : CAPITAL COMMITMENTS**

Estimated amount of contracts remaining unexecuted on capital account & not provided for :

<b>251.00</b>	182.64
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**NOTE - 26 : CONTINGENT LIABILITIES**

Contingent Liabilities not provided for in respect of :

- (a) Claims against the Group not acknowledged as debts

Disputed demand of income tax for which appeals have been preferred	<b>5.25</b>	3.40
Disputed employee state insurance contribution liability under E.S.I. Act, 1948	<b>5.80</b>	4.98
Disputed cases for supply of goods and services	<b>40.97</b>	0.02
Disputed demand of excise and service tax	<b>37.93</b>	1.47
Disputed demand of local sales tax and C.S.T	<b>0.17</b>	0.17
Disputed cases at labour court/ industrial court	<b>3.24</b>	1.16
	<b>93.36</b>	11.20

Against the above, the Group has paid ₹ 8.16 Crores (previous year ₹ 0.24 Crores). The expected outflow will be determined at the time of final outcome in respect of the concerned matter. No amount is expected to be reimbursed.

- (b) The Company has issued guarantee aggregating ₹ Nil (previous year ₹ 2.00 Crores) for borrowing a demand loan at "Torrent Pharma Employee Welfare Trust". The outstanding amount of liabilities by the said trust as on balance sheet date, is :

-	1.63
<b>93.36</b>	12.83

(₹ in Crores)

	Year ended 31-Mar-2013	Year ended 31-Mar-2012
<b>NOTE - 27 : PRE-OPERATIVE EXPENSES</b>		
Pre-operative expenses allocated to projects during the year (included in capital work-in-progress) are as under :		
Employee benefit expense		
Salaries, wages and bonus	5.69	2.62
Contribution to provident and other funds	0.57	0.28
Contribution for defined benefit plans	0.22	0.16
Staff welfare expenses	0.27	0.15
	<b>6.75</b>	<b>3.21</b>
Power and fuel	0.51	0.16
Cost of outsourced manpower	0.15	-
Travelling, conveyance and vehicle expenses	0.64	0.39
Communication expenses	0.03	0.01
Printing and stationery expenses	0.05	0.02
Insurance	0.24	0.12
Rent	0.07	0.02
Depreciation	0.07	0.04
Finance costs	8.13	0.38
General charges	1.13	0.87
	<b>17.77</b>	<b>5.22</b>

**NOTE - 28 : EXCISE DUTIES**

Excise duties shown as deduction from sales represents the amount of excise duty collected on sales. Excise duty expenses under the head "Other expenses", represents (i) the difference between excise duty element in closing stocks and opening stocks, and (ii) excise duty paid on samples and on inventory write-off which is not recoverable from sales.

**NOTE - 29 : EMPLOYEE'S BENEFIT**

The accruing liability on account of enclosed plans (retirement benefits in the nature of defined benefits plan) is accounted as per AS 15 (revised 2005) "Employee Benefits".

**General Description of the Plan :**

- (i) **Gratuity:** The Company operates a defined benefit plan (the gratuity plan) covering eligible employees in India, which provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employees salary and the tenure of employment.
- (ii) **Pension:** Employees pension benefit plan in Germany is the liability which accrues and gets discharged as per the terms and condition of pension scheme called "Monsanto Pension Plan 2000". It is a defined benefit plan (the pension plan) which provides pension benefits to eligible employees post retirement.
- (iii) **Retirement Benefit Plan:** The Company has a non-contributory defined benefit retirement plan, in Philippines, covering all of its regular employees. The benefits are based on respective employees salary and the tenure of employment.
- (iv) **Retirement Benefit and Seniority Premium Plan:** The retirement benefit and seniority premium plan in Mexico is the liability which accrues and gets discharged as per the terms and conditions of Mexican federal labor laws. It is a defined benefit plan which provides benefits to eligible employees post retirement / termination.



Particulars	Year ended 31-Mar-2013				Year ended 31-Mar-2012			
	Gratuity	Pension	Retirement Benefit Plan	Retirement Benefit and Seniority Premium Plan	Gratuity	Pension	Retirement Benefit Plan	Retirement Benefit and Seniority Premium Plan
(a) Reconciliation of opening and closing balances of the present value of the defined benefit obligation :								
Obligations at the beginning of the year	37.62	43.86	0.57	-	32.27	34.70	0.22	-
Current service cost	5.99	0.44	0.23	0.40	5.02	0.39	0.29	-
Interest cost	3.15	2.13	0.04	0.05	2.58	1.98	-	-
Actuarial loss	5.24	4.50	0.02	0.01	1.20	4.65	-	-
Benefits paid directly by the employer	(0.13)	(0.98)	-	(0.23)	-	(0.85)	-	-
Benefits paid from the fund	(3.40)	-	-	-	(3.45)	-	-	-
Past service cost	-	-	-	0.48	-	-	-	-
Translation forex	-	0.68	0.07	0.01	-	2.99	0.06	-
Obligations at the end of the year	48.47	50.63	0.93	0.72	37.62	43.86	0.57	-
(b) Reconciliation of opening and closing balances of the fair value of plan assets :								
Plan assets at the beginning of the year	34.79	-	-	-	32.16	-	-	-
Expected return on plan assets	3.70	-	-	-	3.08	-	-	-
Actuarial (loss)	(0.06)	-	-	-	(1.00)	-	-	-
Contributions	6.00	-	-	-	4.00	-	-	-
Benefits paid	(3.40)	-	-	-	(3.45)	-	-	-
Plan assets at the end of the year	41.03	-	-	-	34.79	-	-	-
Actual return on plan assets	3.64	-	-	-	2.08	-	-	-
(c) Defined benefit cost for the year :								
Current service cost	5.99	0.44	0.23	0.40	5.02	0.39	0.29	-
Interest cost	3.15	2.13	0.04	0.05	2.58	1.98	-	-
Expected return on plan assets	(3.70)	-	-	-	(3.08)	-	-	-
Net Actuarial (gain) / loss	5.30	4.50	0.02	0.01	2.20	4.65	-	-
Past service cost	-	-	-	0.48	-	-	-	-
Net defined benefit cost	10.74	7.07	0.29	0.94	6.72	7.02	0.29	-
(d) (i) Reconciliation of the present value of the defined benefit obligation & fair value of plan assets :								
Obligations at the end of the year	48.47	50.63	0.93	0.72	37.62	43.86	0.57	-
Plan assets at the end of the year, at fair value	41.03	-	-	-	34.79	-	-	-
(Asset) / Liability recognized in balance sheet	7.44	50.63	0.93	0.72	2.83	43.86	0.57	-

(₹ in Crores)

Particulars	Year ended 31-Mar-2013				Year ended 31-Mar-2012			
	Gratuity	Pension	Retirement Benefit Plan	Retirement Benefit and Seniority Premium Plan	Gratuity	Pension	Retirement Benefit Plan	Retirement Benefit and Seniority Premium Plan
(ii) Experience adjustments gain / (loss) Plan liabilities	(3.64)	0.60	0.10	-	(0.17)	0.09	-	-
Plan assets	(0.06)	-	-	-	(1.00)	-	-	-
(e) Expected contribution for the next year	12.00	-	-	-	6.00	-	-	-
(f) Assumptions:								
Discount rate	8.00%	4.10%	5.00%	7.00%	8.50%	4.75%	5.75%	-
Expected rate of return on plan assets	10.74%	-	-	-	10.65%	-	-	-
Salary escalation rate	10.00%	3.00%	6.00%	4.50%	10.00%	3.00%	6.00%	-

Expected long-term productivity gains & long term risk-free real rate of interest have been used as guiding factors to determine long - term salary growth, Future mortality rates ( for gratuity plan ) are obtained from relevant table of Indian Assured Lives Mortality (2006-08) Ultimate.

(g) Data for defined benefit obligation and fair value of plan assets are as under :

Particulars	Gratuity Plan					Pension Plan				
	2008-09	2009-10	2010-11	2011-12	2012-13	2008-09	2009-10	2010-11	2011-12	2012-13
Present value of defined benefit obligations at the end of the year	20.08	26.42	32.27	37.62	48.47	26.45	32.77	34.70	43.86	50.63
Plan assets at the end of the year	16.41	25.10	32.16	34.79	41.03	-	-	-	-	-
Net (assets) / liability at the end of year	3.67	1.32	0.11	2.83	7.44	26.45	32.77	34.70	43.86	50.63

(₹. in Crores)

(h) Investment details of plan assets (Gratuity Plan) :

The plan assets, with respect to gratuity plan, are managed by Insurance Company viz Life Insurance Corporation of India and ICICI Prudential Life Insurance Company Limited who has invested the funds substantially as under :

	As at 31-Mar-2013	As at 31-Mar-2012
Equity instruments	22.74%	24.63%
Corporate bonds	45.05%	50.93%
Government securities	14.05%	7.24%
Fixed deposits with banks	18.17%	17.20%

	As at 31-Mar-2013	(₹ in Crores) As at 31-Mar-2012
<b>NOTE - 30 : PROVISIONS</b>		
(a) Provision for sales returns		
The Group as a trade practice accepts returns from market for formulations which are primarily in the nature of expired or near expiry products. Provision for such returns estimated on the basis of historical experience, market conditions and specific contractual terms, if any and are provided for. Details of the provision is as under :		
Opening provision	69.51	-
Add: Additional provision	65.86	69.51
Less: Actual returns during the year	(53.74)	-
Add: Translation forex	0.17	-
Closing provision	<u>81.80</u>	<u>69.51</u>
(b) Provision for expenses		
Provision for expenses includes estimated amount of liability pertaining to administrative and judicial proceedings disputed with past employees pending at various labour courts in Brazil. Details of the provision are as under :		
Opening provision	5.75	0.97
Add: Additional provision / (reversal)	(1.58)	4.75
Add: Translation forex	(0.22)	0.03
Closing provision	<u>3.95</u>	<u>5.75</u>
	<b>Year ended 31-Mar-2013</b>	(₹ in Crores) Year ended 31-Mar-2012
<b>NOTE - 31 : FOREIGN EXCHANGE LOSS / (GAIN)</b>		
Net Foreign exchange loss, included in other expenses [Note - 22]	4.82	20.93
Add / (less) :		
(a) Net foreign exchange loss on foreign currency borrowings to the extent regarded as an adjustment to interest cost included in finance cost [Note - 21]	7.72	9.26
(b) MTM on forward exchange contracts to hedge the foreign currency risk of highly probable forecast transactions accounted as per AS 30	37.01	(17.40)
Total foreign exchange loss as per AS 11	<u>49.55</u>	<u>12.79</u>
<b>NOTE - 32 : OPERATING LEASE</b>		
The Group leases office spaces on non-cancellable operating lease at various subsidiaries location. The total future minimum lease payments under this non cancellable lease are as below:		
Not later than 1 Year	2.98	1.94
Later than 1 Year and not later than 5 Years	2.94	-
<b>Total</b>	<u>5.92</u>	<u>1.94</u>

Lease rentals on the above lease amounting to ₹ 2.29 Crores (previous year ₹ 1.48 Crores) are charged to statement of profit and loss.

### NOTE - 33 : SEGMENT INFORMATION

The primary and secondary reportable segments considered are Business Segments and Geographical Segments respectively.

The group operates in a solitary business segment i.e. pharmaceuticals, comprising mainly manufacture of branded formulations. A further breakdown of pharmaceuticals sales is given.

Geographical Segments have been identified based on location of customers and management structure. Accordingly, geographical segments are divided into two segments namely, (a) India (b) outside India. Sales are made in these geographical areas with production based in India. The reportable Geographical Segments and Segment revenue (external net sales) for the year is as under:

	Year ended 31-Mar-2013	Year ended 31-Mar-2012
(a) India	1,268.65	1,161.18
(b) Outside India	1,784.88	1,433.23
<b>Total</b>	<b>3,053.53</b>	<b>2,594.41</b>

(₹ in Crores)

Segment assets are not directly identifiable / properly allocable against each of the above reportable segments. Fixed assets, forming a substantial portion of the total assets of the Group, are interchangeably used between all the segments and cannot be identified against a specific segment. Significant portion of current assets are interchangeable between all the segments and not identifiable against any individual segment. Hence no meaningful disclosure of segment assets is possible.

### NOTE - 34 : REGROUPING AND DENOMINATION

(a) Previous year figures have been regrouped / recast, wherever necessary, so as to make them comparable with those of the current year.

(b) The Group has changed presentation denomination from “₹ in Lacs” to “₹ in Crores” from current year, accordingly, the figures for the previous year are re-presented in ₹ in Crores.

### NOTE - 35 : RELATED PARTIES AND TRANSACTIONS

(a) The disclosures pertaining to related parties and transactions therewith are set out in table below : (₹ in Crores)

Particulars	Enterprises controlled by the Company		Holding Company / Enterprises controlled by the Holding Company		Key management personnel		Enterprises controlled by key management personnel / relatives of key management personnel		Total	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
(A) Nature of transaction										
Sale of finished goods	-	-	0.27	0.35	-	-	-	-	0.27	0.35
Torrent Power Limited	-	-	0.27	0.35	-	-	-	-	0.27	0.35
Purchase of material, consumables etc.	-	-	2.30	-	-	-	-	-	2.30	-
Torrent Cables Limited	-	-	2.30	-	-	-	-	-	2.30	-
Remuneration to key management personnel	-	-	-	-	15.25	10.37	-	-	15.25	10.37
Shri Sudhir Mehta, Chairman	-	-	-	-	5.00	3.00	-	-	5.00	3.00
Shri Samir Mehta, Executive Vice Chairman	-	-	-	-	7.53	5.03	-	-	7.53	5.03
Dr. Chaitanya Dutt	-	-	-	-	-	-	-	-	-	-
Director (Research & Development)	-	-	-	-	2.72	2.34	-	-	2.72	2.34
Contribution to gratuity / superannuation funds	11.51	8.49	-	-	-	-	-	-	11.51	8.49
TPL Employee Group Gratuity Trust	6.00	4.00	-	-	-	-	-	-	6.00	4.00
TPL Employee Superannuation Trust	5.51	4.49	-	-	-	-	-	-	5.51	4.49
Lease rent paid	-	-	0.02	0.02	-	-	-	-	0.02	0.02
Torrent Private Limited	-	-	0.02	0.02	-	-	-	-	0.02	0.02

Particulars	Enterprises controlled by the Company		Holding Company / Enterprises controlled by the Holding Company		Key management personnel		Enterprises controlled by key management personnel / relatives of key management personnel		Total	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
<b>(A) Nature of transaction</b>										
Services received	-	-	7.28	5.30	-	-	10.91	7.52	<b>18.19</b>	12.82
Tsunami Tours & Travels Limited	-	-	-	-	-	-	10.91	7.52	<b>10.91</b>	7.52
Torrent Power Limited	-	-	4.81	4.60	-	-	-	-	<b>4.81</b>	4.60
Torrent Energy Limited	-	-	2.47	0.70	-	-	-	-	<b>2.47</b>	0.70
Commission & interest paid to carrying & forwarding agents	-	-	-	-	-	-	1.22	1.12	<b>1.22</b>	1.12
Zeal Pharmachem India Pvt. Limited	-	-	-	-	-	-	1.22	1.12	<b>1.22</b>	1.12
Donation	-	-	-	-	-	-	4.88	4.73	<b>4.88</b>	4.73
U. N. Mehta Charitable Trust	-	-	-	-	-	-	4.35	4.40	<b>4.35</b>	4.40
Memadpur Kelavani Mandal	-	-	-	-	-	-	0.13	-	<b>0.13</b>	-
Shri Vadgam Mahal Kelavani Mandal	-	-	-	-	-	-	0.40	0.33	<b>0.40</b>	0.33
Interest income	-	-	0.04	0.04	-	-	-	-	<b>0.04</b>	0.04
Torrent Power Limited	-	-	0.04	0.04	-	-	-	-	<b>0.04</b>	0.04
Amount reimbursed towards purchase of fixed asset	-	-	0.35	-	-	-	-	-	<b>0.35</b>	-
Torrent Power Limited	-	-	0.35	-	-	-	-	-	<b>0.35</b>	-
Expenses reimbursement	-	-	0.08	-	-	-	0.21	0.20	<b>0.29</b>	0.20
Zeal Pharmachem India Pvt. Limited	-	-	-	-	-	-	0.21	0.20	<b>0.21</b>	0.20
Torrent Power Limited	-	-	0.08	-	-	-	-	-	<b>0.08</b>	-
Purchase of fixed assets	-	-	0.24	-	-	-	-	-	<b>0.24</b>	-
Torrent Power Limited	-	-	0.09	-	-	-	-	-	<b>0.09</b>	-
Torrent Cables Limited	-	-	0.15	-	-	-	-	-	<b>0.15</b>	-
Sale of fixed assets	-	-	-	0.06	-	-	-	0.03	-	0.09
Torrent Power Limited	-	-	-	0.06	-	-	-	-	-	0.06
Tsunami Tours & Travels Limited	-	-	-	-	-	-	-	0.03	-	0.03
Deposit given	-	-	1.00	0.01	-	-	-	-	<b>1.00</b>	0.01
Torrent Energy Limited	-	-	0.97	-	-	-	-	-	<b>0.97</b>	-
Torrent Power Limited	-	-	0.03	0.01	-	-	-	-	<b>0.03</b>	0.01
Recovery of expenses	-	-	-	-	-	-	0.02	0.01	<b>0.02</b>	0.01
Zeal Pharmachem India Pvt. Limited	-	-	-	-	-	-	0.02	0.01	<b>0.02</b>	0.01
<b>(B) Balances at the end of the year</b>	<b>31-Mar-13</b>	<b>31-Mar-12</b>	<b>31-Mar-13</b>	<b>31-Mar-12</b>	<b>31-Mar-13</b>	<b>31-Mar-12</b>	<b>31-Mar-13</b>	<b>31-Mar-12</b>	<b>31-Mar-13</b>	<b>31-Mar-12</b>
Trade receivables	-	-	0.06	0.02	-	-	-	-	<b>0.06</b>	0.02
Torrent Power Limited	-	-	0.06	0.02	-	-	-	-	<b>0.06</b>	0.02
Advances recoverable in cash or kind	0.32	0.30	1.02	0.01	-	-	1.29	1.23	<b>2.63</b>	1.54
TPL Employees Group Gratuity Trust	0.32	0.30	-	-	-	-	-	-	<b>0.32</b>	0.30
Tsunami Tours & Travels Pvt. Limited	-	-	-	-	-	-	1.29	1.23	<b>1.29</b>	1.23
Torrent Energy Limited	-	-	0.97	-	-	-	-	-	<b>0.97</b>	-
Torrent Power Limited	-	-	0.05	0.01	-	-	-	-	<b>0.05</b>	0.01
Trade payables	-	-	-	0.02	-	-	0.38	0.18	<b>0.38</b>	0.20
Zeal Pharmachem India Pvt. Limited	-	-	-	-	-	-	0.09	0.08	<b>0.09</b>	0.08
Tsunami Tours & Travels Pvt. Limited	-	-	-	-	-	-	0.29	0.10	<b>0.29</b>	0.10
Torrent Private Limited	-	-	-	0.02	-	-	-	-	-	0.02
Other payables	-	-	-	-	14.19	9.70	-	-	<b>14.19</b>	9.70
Shri Sudhir Mehta, Chairman	-	-	-	-	5.00	3.00	-	-	<b>5.00</b>	3.00
Shri Samir Mehta, Executive Vice Chairman	-	-	-	-	9.19	6.70	-	-	<b>9.19</b>	6.70

**(b) Names of related parties and description of relationship :**

1.	Enterprises controlled by the Company	TPL Employee Group Gratuity Trust, TPL Employee Superannuation Trust.		
2.	Holding Company / Enterprises controlled by the Holding Company	Torrent Private Limited, Torrent Financiers, Torrent Power Limited, Torrent Cables Limited, Torrent Power Services Private Limited, Torrent Pipavav Generation Limited, Torrent Energy Limited, Torrent Power Grid Limited, Torrent Power Bhiwandi Limited, AEC Cements and Constructions Limited.		
3.	Key management personnel	Shri Sudhir Mehta Chairman	Shri Samir Mehta Executive Vice Chairman	Dr. Chaitanya Dutt Director (Research & Development)
4.	Relatives of key management personnel	Smt. Anita Mehta, wife Smt. Shardaben Mehta, mother Shri Varun Mehta, son Shri Jinal Mehta, son Shri Samir Mehta, brother Smt. Meena Modi, sister Smt. Nayna Shah, sister	Smt. Sapna Mehta, wife Smt. Shardaben Mehta, mother Shri Aman Mehta, son Shri Shaan Mehta, son Shri Sudhir Mehta, brother Smt. Meena Modi, sister Smt. Nayna Shah, sister	Smt. Shobha Dutt, wife Shri Umang Dutt, son Shri Uttang Dutt, son
5.	Enterprises controlled by key management personnel / relatives of key management personnel	U.N.Mehta Charitable Trust, D N Modi Charitable Trust, Shardaben Mehta Charitable Trust, Tsunami Tours & Travels Private Limited, Torrel Cosmetics Private Limited, Zeal Pharmachem India Private Limited, Diamond Infrastructure Private Limited, U.N. Mehta Institute of Cardiology & Research Centre, Dushyant Shah Charitable Trust, Shri Vadgam Mahal Kelavani Mandal, Memadpur Kelavani Mandal.		

**NOTE - 36 : DETAILS AS PER SECTION 212(1) OF THE COMPANIES ACT, 1956**

As per Section 212 (1) of The Companies Act, 1956, the Company is required to attach the directors' report, the auditors' report, balance-sheet and statement of profit & loss alongwith other statements and reports referred to in the said section in respect of its subsidiary companies ("subsidiaries annual accounts") with the financial statement of the Company.

(a) In terms of the general circular No. 2/2011 dated 8<sup>th</sup> February, 2011 issued by the Ministry of Corporate Affairs, Government of India under Section 212 (8) of The Companies Act, 1956, the subsidiaries annual accounts are not attached to this Annual Report. As required under above circular, the audited consolidated financial statements of the Company and all its subsidiaries are presented in this Annual Report and also the summarized details for each subsidiary as required under the said circular are appended herewith.

The above subsidiaries annual accounts shall be made available to the shareholders of the holding and subsidiary companies seeking such information at any point of time. These documents shall also be available for inspection by the shareholders at the registered office of the Company and the respective subsidiaries and are also being posted on the Company's Website: [www.torrentpharma.com](http://www.torrentpharma.com).

(b) Summarized details regarding subsidiary companies for the year ended on 31-Mar-2013 as required under general circular No.2/2011 dated 8<sup>th</sup> February, 2011 issued by the Ministry of Corporate Affairs under Section 212 (b) of the Companies Act, 1956 are as under:

Name of the Subsidiary Company	Exchange Rate as on 31-Mar-2013	Capital	Reserves	Total assets	Total liabilities	Details of Investments (except in case of investment in subsidiaries)	Turnover	Profit before taxation	Provision for taxation	Profit after taxation	Proposed Dividend
Zao Torrent Pharma	1 Ruble = ₹ 1.7498	0.42	25.59	41.64	15.63	-	49.62	1.47	-	1.47	-
Torrent Pharma GmbH	1 Euro = ₹ 69.5438	0.17	33.77	72.40	38.46	-	14.81	27.94	4.28	23.66	-
Torrent Do Brasil Ltda.	1 Reals = ₹ 27.0083	51.71	31.34	231.60	148.55	-	486.91	(10.34)	(3.63)	(6.71)	-
Torrent Pharma Inc.	1 USD = ₹ 54.3893	6.53	10.92	263.22	245.77	-	311.69	9.41	3.70	5.71	-
Torrent Pharma Philippines, Inc.	1 Peso = ₹ 1.3286	1.48	(4.85)	49.01	52.38	-	50.42	(4.24)	0.07	(4.31)	-
Heumann Pharma GmbH & Co. Generica KG	1 Euro = ₹ 69.5438	0.08	43.50	382.68	339.10	-	269.88	(0.21)	0.89	(1.10)	-
Torrent Australasia Pty Ltd	1 AU\$ = ₹ 56.7063	0.49	(0.30)	0.25	0.06	-	-	0.02	-	0.02	-
Torrent Pharma S.R.L.	1 RON = ₹ 15.7503	6.53	(4.45)	102.03	99.95	-	29.51	(0.74)	-	(0.74)	-
Laboratorios Torrent, S.A. De C.V.	1 Mxn\$ = ₹ 4.4024	32.90	(18.23)	19.72	5.05	-	24.94	(1.19)	-	(1.19)	-
Heunet Pharma GmbH	1 Euro = ₹ 69.5438	0.17	(4.86)	279.11	283.80	-	80.81	0.40	-	0.40	-
Norispharm GmbH	1 Euro = ₹ 69.5438	0.17	(1.30)	11.13	12.26	-	7.09	0.10	(0.11)	0.21	-
Torrent Pharma Canada Inc.	1 CAD = ₹ 53.5328	1.79	(1.30)	1.14	0.65	-	-	0.07	-	0.07	-
Torrent Pharma (Thailand) Co., Limited	1 THB = ₹ 1.8563	0.93	(0.35)	0.65	0.07	-	-	(0.31)	-	(0.31)	-
Torrent Pharma (UK) Ltd	1 GBP = ₹ 82.3209	1.85	2.93	28.09	23.31	-	35.21	3.28	0.78	2.50	-
Laboratories Torrent (Malaysia) SDN.BHD.	1 MYR = ₹ 17.5733	0.88	1.50	2.38	-	-	12.53	2.25	0.42	1.83	-

In terms of our report attached

**For DELOITTE HASKINS & SELLS**  
Chartered Accountants

**Hemendra Shah**  
Partner

Ahmedabad, Gujarat  
30<sup>th</sup> May, 2013

Signatures to the notes forming part of Consolidated Financial Statement 1 to 36

**Sudhir Mehta**  
Chairman

**R. Srinivasan**  
VP (Finance) & Chief Financial Officer

**Samir Mehta**  
Executive Vice Chairman

**Mahesh Agrawal**  
VP (Legal) & Company Secretary

Ahmedabad, Gujarat  
30<sup>th</sup> May, 2013

## TORRENT PHARMACEUTICALS LIMITED

Regd. Office: Torrent House, Off Ashram Road, Ahmedabad – 380 009

### PROXY FORM

DP ID**
CLIENT ID

REGD. FOLIO NO.
NO. OF SHARES HELD

I/We \_\_\_\_\_ of \_\_\_\_\_ in the district of \_\_\_\_\_ being a member/members of Torrent Pharmaceuticals Limited, hereby appoint Shri/Smt. \_\_\_\_\_ of \_\_\_\_\_ in the district of \_\_\_\_\_ or failing him/her Shri/Smt. \_\_\_\_\_ of \_\_\_\_\_ in the district of \_\_\_\_\_ as my/our proxy to vote for and on my/our behalf at the 40<sup>th</sup> Annual General Meeting of the Company to be held on 26<sup>th</sup> July, 2013 at 9:30 a.m. and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2013

Signature \_\_\_\_\_

Affix  
15 paise  
Revenue  
Stamp

\*\* Applicable to the members whose shares are held in dematerialized form.

#### Notes:

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself/herself.
2. A proxy need not be a member.
3. The proxy form duly completed should be deposited at the Registered Office of the Company at Torrent House, Off Ashram Road, Ahmedabad – 380 009 latest by 9:30 a.m. on 24<sup>th</sup> July, 2013.

## TORRENT PHARMACEUTICALS LIMITED

Regd. Office: Torrent House, Off Ashram Road, Ahmedabad – 380 009

### ATTENDANCE SLIP

This attendance slip duly filled in is to be handed over at the entrance of the meeting hall.

DP ID**
CLIENT ID

REGD. FOLIO NO.
NO. OF SHARES HELD

Full name of the member attending \_\_\_\_\_

Full name of the first joint-holder \_\_\_\_\_

(To be filled in if first named joint-holder does not attend the meeting)

Name of Proxy \_\_\_\_\_

(To be filled in if Proxy Form has been duly deposited with the Company)

I hereby record my presence at the 40<sup>th</sup> Annual General Meeting being held at J. B. Auditorium, Torrent AMA Centre, Ground Floor, Ahmedabad Management Association, Vastrapur, Ahmedabad – 380 015 on Friday, the 26<sup>th</sup> July, 2013 at 9:30 a.m.

Member's/Proxy's Signature

(To be signed at the time of handing over of this slip)

\*\* Applicable to the members whose shares are held in dematerialized form.

**Note:** Persons attending the Annual General Meeting are requested to bring their copies of Annual Report.









BOOK - POST

To,

If undelivered, please return to:



**TORRENT PHARMACEUTICALS LIMITED**

Torrent House, Off Ashram Road, Ahmedabad - 380 009, India.

Telephone: 079 - 2658 5090, Fax: 079 - 2658 2100

[www.torrentpharma.com](http://www.torrentpharma.com)

**TORRENT PHARMACEUTICALS LIMITED**

PART I		[Rs. in Crores except per share data]			
Statement of Standalone Audited Results for the Quarter Ended 30-Jun-2015					
Particulars	Quarter ended			Year ended	
	30-Jun-2015	31-Mar-2015	30-Jun-2014	31-Mar-2015	
<b>Income from operations</b>					
Net sales (Net of excise duty) (see note 2)	1810	878	896	3410	
Other operating income	57	19	21	66	
<b>Net income from operations</b>	<b>1867</b>	<b>897</b>	<b>917</b>	<b>3476</b>	
<b>Expenses</b>					
Cost of materials consumed	264	248	200	968	
Purchases of stock-in-trade	47	61	43	201	
Changes in inventories of finished goods, work-in-progress and stock-in-trade	(12)	(22)	(22)	(86)	
Employee benefits expense	140	145	113	507	
Depreciation and amortisation expense	54	55	19	180	
Other expenses	254	319	209	1042	
<b>Total expenses</b>	<b>747</b>	<b>806</b>	<b>562</b>	<b>2812</b>	
<b>Profit from operations before other income and finance costs</b>	<b>1120</b>	<b>91</b>	<b>355</b>	<b>664</b>	
Other income	75	101	56	305	
<b>Profit from ordinary activities before finance</b>	<b>1195</b>	<b>192</b>	<b>411</b>	<b>969</b>	
Finance costs	56	47	24	173	
<b>Profit from ordinary activities before tax</b>	<b>1139</b>	<b>145</b>	<b>387</b>	<b>796</b>	
Tax expense	309	42	82	173	
<b>Net Profit for the period</b>	<b>830</b>	<b>103</b>	<b>305</b>	<b>623</b>	
<b>Paid-up equity share capital (Face value of Rs. 5 each)</b>	<b>85</b>	<b>85</b>	<b>85</b>	<b>85</b>	
<b>Reserves excluding Revaluation Reserves</b>				<b>2621</b>	
<b>Earnings per share (of Rs. 5/- each) (not annualised):</b>					
Basic and Diluted	49.07	6.12	18.01	36.83	



PART II				
Select Information for the Quarter Ended 30-Jun-2015				
PARTICULARS OF SHAREHOLDING	Quarter ended			Year ended
	30-Jun-2015	31-Mar-2015	30-Jun-2014	31-Mar-2015
Public shareholding				
- Number of shares	48658000	48658000	48216000	48658000
- Percentage of shareholding	28.75%	28.75%	28.49%	28.75%
Promoters and Promoter Group Shareholding				
(a) Pledged / Encumbered				
- Number of shares	Nil	Nil	Nil	Nil
- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	Nil	Nil	Nil	Nil
- Percentage of shares (as a % of the total share capital of the company)	Nil	Nil	Nil	Nil
(b) Non - encumbered				
- Number of shares	120564720	120564720	121006720	120564720
- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	100.00%	100.00%	100.00%	100.00%
- Percentage of shares (as a % of the total share capital of the company)	71.25%	71.25%	71.51%	71.25%
INVESTOR COMPLAINTS	Quarter ended			
	30-Jun-2015			
Pending at the beginning of the quarter	Nil			
Received during the quarter	1			
Disposed of during the quarter	Nil			
Remaining unresolved at the end of the quarter	1			

**Notes:**

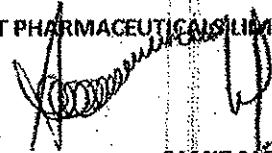
- The above results were reviewed by the Audit Committee and approved by the Board of Directors, in their respective meetings held on 27-Jul-2015. There is no qualification in the Auditor's Report on this statement of financial results.
- The Company operates a solitary business segment viz. pharmaceuticals, comprising mainly manufacture of branded formulations. A further breakdown of pharmaceutical sales is given below.

Particulars	Quarter ended			Year ended
	30-Jun-2015	30-Jun-2014	Growth %	31-Mar-2015
(A) Sales in India				
Branded sales	493	356	38%	1620
Contract manufacture	104	15	593%	254
Others	4	1	-	8
Total sales in India	601	372	62%	1882
(B) Sales outside India	1211	526	130%	1536
Total sales (A+B)	1812	898	102%	3418
Less: Excise duty	2	2	-	8
Net sales	1810	896	102%	3410



- 3 On 17-Jul-2015, the Company has completed acquisition of Zyg Pharma Private Limited pursuant to the Share Purchase Agreement signed on 05-May-2015 for acquiring 100% stake.
- 4 The exceptional growth in the revenues and profits for the quarter is primarily on account of the launch of a new product in US market, which currently has limited competition. The continuation of this is dependant on market conditions in future, including additional competition.
- 5 The figures for the comparative periods have been regrouped, wherever necessary, to make them comparable with the figures for the current periods.
- 6 The Company has also prepared and published unaudited consolidated financial results for the quarter ended 30-Jun-2015, which were subjected to limited review by statutory auditors of the Company.

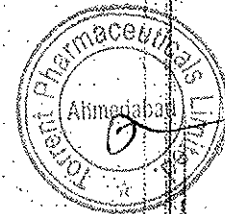
For TORRENT PHARMACEUTICALS LIMITED



**SAMIR MEHTA**  
Executive Chairman

Place : Ahmedabad, Gujarat  
Date : 27-Jul-2015

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**A. P. ASHER & CO**  
**CHARTERED ACCOUNTANTS**

**A. P. ASHER**  
B.Com. (Hons.), F.C.A.

VELA KUTIR  
PLOT # 25, NAVYUG SOCIETY  
V. M. ROAD, JVPD SCHEME  
VILE PARLE (WEST)  
MUMBAI - 400 056.

**INDEPENDENT AUDITOR'S REPORT**

**TO THE MEMBERS OF ZYG PHARMA PRIVATE LIMITED**

**REPORT ON THE FINANCIAL STATEMENTS**

We have audited the accompanying financial statements of **ZYG PHARMA PRIVATE LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

**MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

The Company's Board of Directors and management are responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified u/s 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**AUDITOR'S RESPONSIBILITY**

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's



Tel / Fax : 2619 2153 - E-mail : tasher@vsnl.com For, ZYG Pharma Private Limited

*[Handwritten Signature]*

Director



judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operative effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Board of Directors and management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

#### **OPINION**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required, and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2015 and its profit and its cash flows for the year ended on that date.

#### **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-Section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by section 143(3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c. The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of accounts;
  - d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - e. On the basis of the written representations received from the Directors as on 31st March, 2015 taken on record by the Board of Directors, none of the Directors is disqualified as on 31<sup>st</sup> March, 2015 from being appointed as a Director in terms of Section 164(2) of the Act; and



- f. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. the Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note No.28.5 to the financial statements;
  - ii. the Company has made provisions, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts - Refer Note No. 6 and Note No.10 to the financial statements;
  - iii. There were no amounts required to be transferred by the Company during the year to the Investor Education and Protection Fund and hence the question of any delay in transferring such sums does not arise.



MUMBAI: 03 JUN 2015

**FOR A.P. ASHER & CO**  
**CHARTERED ACCOUNTANTS**

*Firm Registration No.:*100615W

A handwritten signature in black ink, appearing to read "A.P. Asher".

**(A.P. ASHER)**

**PROPRIETOR**

**MEMBERSHIP NO.:**012633

**ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT**

The Annexure referred to in our Independent Auditors' Report to the members of the Company on the financial statements for the year ended 31st March, 2015.

We report that:

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. In respect of additions/deductions during the year, we are informed that the necessary particulars will be entered in the said records in the current financial year.
- (b) As informed to us, the fixed assets have been physically verified by the management at reasonable intervals during the year and no material discrepancies were noticed on such verification.
- (ii) (a) The physical verification of inventory has been conducted at reasonable intervals by the management.
- (b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) On the basis of our examination of the inventory records, in our opinion, the company is maintaining proper records of inventory. The discrepancies noticed on verification were not material but the same have been properly dealt with in the books of account.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- (iv) In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. We have not observed any major weakness in the internal control system during the course of the audit.
- (v) The Company has not accepted any deposits from the public covered under Section 73 to 76 of the Companies Act, 2013.



- (vi) As regards maintenance of cost records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013, we have broadly reviewed the books of account maintained by the Company and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion, the company is generally regular in depositing undisputed statutory dues including provident fund, employees state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other statutory dues with the appropriate authorities. As explained to us, the Company did not have any liability towards wealth tax. Further, no undisputed statutory dues were in arrears as at 31<sup>st</sup> March, 2015 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no dues of income tax, duty of customs, value added tax and cess which have not been deposited with the appropriate authorities on account of any dispute. However, according to information and explanations given to us, the following dues of sales tax, service tax and duty of excise and central sales tax have not been deposited by the Company on account of disputes:

Name of the Statute	Nature of the dues	Forum where dispute is pending	Period to which the amount relates (Assessment Years)	Amount (Rs.in Lacs)
Sales Tax Act	Sales Tax	Sales Tax Tribunal, Indore	2002-03 & 2003-04	5.85
Central Excise Act	Excise Duty.	CESTAT, New Delhi, Central Excise Appeal Office, Bhopal, Joint Commissioner, Asst. Commissioner Office, CEX, Indore	2005 to 2015	253.01
Service Tax Act	Service Tax	Addl. Commissioner Central Excise, Indore	2005 to 2015	145.04
Central Sales Tax Act	C.S.T	Dy. Commissioner (Appeals), Sales Tax, Indore	2010-11	4.96



- (c) According to the information and explanations given to us, there were no amounts required to be transferred to the investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder.
- (viii) The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the immediately preceding financial year.
- (ix) The Company did not have any outstanding dues to financial institutions or banks during the year. The company has not issued any debentures and hence the question of outstanding dues to debenture holders does not arise.
- (x) In our opinion and according to the information and the explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xi) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained.
- (xii) During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing principles in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company noticed or reported during the year, nor have we been informed of such case by the management.



MUMBAI: 03 JUN 2015

**FOR A.P. ASHER & CO**  
**CHARTERED ACCOUNTANTS**  
*Firm Registration No. 100615W*

A handwritten signature in black ink, appearing to read "A.P. Asher".

**(A.P. ASHER)**  
**PROPRIETOR**

**MEMBERSHIP NO.: 012633**

Particulars	Note No.	As at 31 March, 2015	As at 31 March, 2014
		Rs.	Rs.
<b>A EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
(a) Share capital	3	1,611,600	1,611,600
(b) Reserves and surplus	4	204,890,977	170,879,598
(c) Money received against share warrants		-	-
		<b>206,502,577</b>	<b>172,491,198</b>
<b>2 Share application money pending allotment</b>			
<b>3 Non-current liabilities</b>			
(a) Long-term borrowings	5	32,272,336	33,915,957
(b) Deferred tax liabilities (net)	28	-	4,908,647
(c) Other long-term liabilities		-	-
(d) Long-term provisions	6	1,985,206	1,115,480
		<b>34,257,542</b>	<b>39,940,084</b>
<b>4 Current liabilities</b>			
(a) Short-term borrowings	7	49,956,197	44,312,333
(b) Trade payables	8	112,416,218	55,868,165
(c) Other current liabilities	9	64,289,566	83,181,614
(d) Short-term provisions	10	7,889,715	42,702
		<b>234,551,696</b>	<b>183,404,814</b>
<b>TOTAL</b>		<b>475,311,815</b>	<b>395,836,094</b>
<b>B ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Fixed assets	11		
(i) Tangible assets		102,953,454	141,686,459
(ii) Intangible Assets - Capital work-in-progress		41,314,855	4,739,084
		<b>144,268,310</b>	<b>146,425,543</b>
(b) Non-current investments	12	258,000	12,733,061
(c) Deferred tax assets (net)	28	6,910,827	-
(d) Long-term loans and advances	13	3,888,152	6,343,078
(e) Other non-current Assets	14	219,673	282,325
		<b>11,276,652</b>	<b>19,358,465</b>
<b>2 Current assets</b>			
(a) Current investments	15	-	34,545,673
(b) Inventories	16	122,005,290	80,589,534
(c) Trade receivables	17	87,725,355	50,505,202
(d) Cash and cash equivalents	18	83,362,192	24,457,889
(e) Short-term loans and advances	19	25,217,223	39,296,678
(f) Other current assets	20	1,456,795	657,111
		<b>319,766,853</b>	<b>230,052,087</b>
<b>TOTAL</b>		<b>475,311,815</b>	<b>395,836,094</b>

Accounting Policies 2  
Accompanying Notes are an integral part of the financial statements

In terms of our report attached.  
For A.P. Asher & Co  
Chartered Accountants  
ICAI Firm Registration No : 100615W

*A.P. Asher*

A. P. Asher  
Proprietor  
Membership No : 012633



For and on behalf of the Board of Directors

*Sudhin Merchant*

S.A. MERCHANT  
Chairman

*Vinod S. Merchant*

V.A. MERCHANT  
Managing Director

*S.V. Merchant*

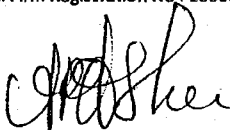
S.V. MERCHANT  
Jt. Managing Director

Place : MUMBAI  
Date : 03 JUN 2015

Place : MUMBAI  
Date : 02 JUN 2015

Particulars	Note No.	For the period ending	For the year ended
		31 March, 2015	31 March, 2014
		Rs.	Rs.
<b>A CONTINUING OPERATIONS</b>			
1 Revenue from operations (gross)	21	609,796,441	583,956,186
Less: Excise duty	21	95,489,675	84,518,425
Revenue from operations (net)		514,306,766	499,437,761
2 Other income	22	23,926,105	12,593,572
3 Total revenue (1+2)		538,232,871	512,031,333
4 Expenses			
(a) Cost of materials consumed	23	260,307,632	285,520,606
(b) Changes in inventories of finished goods, work-in-progress and stock-in-trade	23	157,083	-17,232,270
(c) Employee benefits expense	24	45,449,431	36,833,933
(d) Finance costs	25	7,433,358	12,041,311
(e) Depreciation and amortisation expense	11	55,926,897	19,965,776
(f) Other expenses	26	122,569,775	135,937,648
Total expenses		491,844,155	473,067,005
5 Profit / (Loss) before exceptional and extraordinary items and tax (3 - 4)		46,388,715	38,964,328
6 Exceptional Items		-	-
7 Profit / (Loss) before extraordinary items and tax (5 ± 6)		46,388,715	38,964,328
8 Extraordinary items		-	-
9 Profit / (Loss) before tax		46,388,715	38,964,328
10 Tax expense:			
(a) Current Tax		21,000,000	11,000,000
(b) Current Tax expenses/(income) relating to prior years		-460,639	-
(c) Deferred Tax		-11,819,473	1,327,030
Net current tax expense		8,719,888	12,327,030
11 Profit / (Loss) from continuing operations (9 ± 10)		37,668,828	26,637,298
<b>B DISCONTINUING OPERATIONS</b>			
<b>C TOTAL OPERATIONS</b>		37,668,828	26,637,298
13 Profit / (Loss) for the year		37,668,828	26,637,298
Accounting Policies	1		
Accompanying Notes are an integral part of the financial statements			

In terms of our report attached.  
 For A. P. Asher & Co  
 Chartered Accountants  
 ICAI Firm Registration No : 100615W



A. P. Asher  
 Proprietor  
 Membership No : 012633



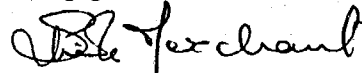
For and on behalf of the Board of Directors



S.A. MERCHANT  
 Chairman



V.A. MERCHANT  
 Managing Director



S.V. MERCHANT  
 Jt. Managing Director

Place : MUMBAI  
 Date : 03 JUN 2015

Place : MUMBAI  
 Date : 02 JUN 2015

ZYG PHARMA PVT LTD

CASH-FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2015

	31.03.2015 Rs.	31.03.2014 Rs.
<b>(A) Cash flows from Operating Activities :</b>		
Net profit before tax	46,388,715	38,964,328
Adjustments for :-		
Depreciation & Amortisation	55,926,897	19,965,776
Interest income	(2,279,543)	(8,198,794)
Interest expense	7,433,358	12,041,311
Dividend income	(1,622,927)	(3,482,868)
Net Gain on sale of Investments	(18,695,364)	(866,309)
Provision for compensated absences	1,091,210	(28,567)
Sundry balances w/back	(32,037)	-
(Profit) / Loss on sale of Fixed Assets	(27,721)	70,618
Net loss on foreign currency transaction	413,186	-
<b>Operating profit before working capital changes</b>	<b>87,695,776</b>	<b>58,446,495</b>
Adjustments for :-		
(Increase) / Decrease Trade Receivables	(37,601,303)	13,278,869
(Increase) / Decrease in Inventories	(41,415,756)	(14,686,309)
(Increase) / Decrease in Long term Loans & Advances	82,694	8,981,017
(Increase) / Decrease in Short term Loans & Advances	14,079,456	(24,958,280)
(Increase) / Decrease in other current assets	(799,683)	-
(Increase) / Decrease in other non current assets	62,652	-
Increase / (Decrease) in Trade Payables	56,548,052	(10,579,971)
Increase / (Decrease) in Other current Liabilities	(18,892,047)	34,221,804
	<b>(27,936,035)</b>	<b>6,256,930</b>
<b>Cash generated from operations</b>	<b>59,759,741</b>	<b>64,702,425</b>
Direct Taxes paid (net of refunds)	(10,541,499)	(11,391,984)
<b>Net cash from Operating Activities</b>	<b>49,218,242</b>	<b>53,310,441</b>
<b>(B) Cash flow from Investing Activities</b>		
Purchase of Fixed Assets	(57,569,392)	(28,472,718)
Proceeds from sale of Fixed Asset	170,000	60,000
Interest income	2,279,543	590,729
Dividend income	1,622,927	3,482,868
Purchase of Investments	(1,372,171)	(1,773,748)
Proceeds from sale/redemption of Investments	87,988,269	1,347,481
<b>Net cash used in Investing Activities</b>	<b>13,119,175</b>	<b>(24,735,407)</b>
<b>(C) Cash flow from Financing Activities</b>		
Repayment of long-term borrowings	(10,696,222)	(16,684,194)
Proceeds from Long Term Borrowing	9,052,600	33,915,957
Proceeds/(Repayment) of Short term borrowings	5,643,865	(5,183,873)
Dividend Paid(including dividend Tax)	0	(5,856,475)
Interest expenses	(7,433,358)	(12,551,039)
<b>Net cash used in financing activities</b>	<b>(3,433,115)</b>	<b>(6,139,623)</b>
<b>Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>	<b>58,904,302</b>	<b>22,435,410</b>
<b>Cash and cash equivalents as at 31.3.2014</b>	<b>24,457,889</b>	<b>2,022,478</b>
<b>Cash and cash equivalents as at 31.3.2015</b>	<b>83,362,192</b>	<b>24,457,889</b>

NOTES :

- The above Cash Flow Statement has been prepared under the 'Indirect method' set out in Accounting Standard (AS-3) issued by the Institute of Chartered Accountants of India.
- Previous year figures have been regrouped and recasted wherever necessary to confirm to current year's classification.

Accounting Policies : Note 2

Accompanying Notes are an integral part of the financial statements

As per our report of even date

For A.P. Asher & Co  
Chartered Accountants  
ICAI Firm Registration No : 100615W  
*A.P. Asher*  
A. P. Asher  
Proprietor  
Membership No : 012633



For and on behalf of the Board of Directors

*Sudhir Merchant*  
S.A. MERCHANT  
Chairman  
*Vinay D. Merchant*  
V.A. MERCHANT  
Managing Director  
*S.V. Merchant*  
S.V. MERCHANT  
Jt. Managing Director

Place: MUMBAI  
Date: 03 JUN 2015

Place: MUMBAI  
Date: 02 JUN 2015



Note	Particulars
<b>1</b>	<b>Corporate information</b>
	Zyg Pharma Pvt Ltd is into manufacturing of Dermatological formulations. The company has its own manufacturing facilities located at Pithampur in Madhya Pradesh. The company have ISO 14001 certification and also has WHO accreditation The manufacturing facilities is recently approved by USFDA, TGA (Australia) and other authorities.
	<b>2 Significant accounting policies</b>
<b>2.1</b>	<b>Basis of accounting and preparation of financial statements</b>
	The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards as prescribed under section 133 of the Companies Act 2013 ("the Act") read with Rule 7 of the companies (Accounts) Rules 2014 and the provisions of the Act to the extent notified. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.
<b>2.2</b>	<b>Use of estimates</b>
	The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.
<b>2.3</b>	<b>Inventories</b>
	Inventories are valued at the lower of cost (on FIFO / weighted average basis) and the net realisable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods to the point of sale, including octroi and other levies, transit insurance and receiving charges. Work-in-progress and finished goods include appropriate proportion of overheads and, where applicable, excise duty.
<b>2.4</b>	<b>Cash and cash equivalents (for purposes of Cash Flow Statement)</b>
	Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.
<b>2.5</b>	<b>Cash flow statement</b>
	Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.
<b>2.6</b>	<b>Depreciation and amortisation</b>
	Depreciation has been provided on written down value method based on useful life of the assets prescribed in Schedule II of the Companies Act, 2013 except in respect of the leasehold land which is amortised over the duration of the lease.
<b>2.7</b>	<b>Revenue recognition</b>
	<u>Sale of goods</u>
	Sales are recognised, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers. Sales include excise duty but exclude sales tax and value added tax.
	<u>Income from services</u>
	Revenues from contracts priced on a time and material basis are recognised when services are rendered and related costs are incurred.

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Note	Particulars
2.8	<p><b>Other income</b></p> <p>Interest income is accounted on accrual basis. Dividend income is accounted for when the right to receive it is established.</p>
2.9	<p><b>Fixed Assets :</b></p> <p><b>Tangible fixed assets</b></p> <p>Tangible fixed assets are stated at cost less depreciation/amortisation and impairment losses, if any. Cost includes the acquisition cost or the cost of construction, including duties and taxes (other than those refundable), expenses directly related to the location of assets and making them operational for their intended use and, in the case of qualifying assets, the attributable borrowing costs. Trade discounts, rebates and benefits arising from utilisation of duty free scrips are deducted in determining the cost of purchase. Projects under which the tangible fixed assets are not yet ready for their intended use are carried as capital work-in-progress at cost determined as aforesaid.</p> <p><b>Intangible fixed assets</b></p> <p>Intangible assets are initially measured at acquisition cost including any directly attributable costs of preparing the asset for its intended use. Intangibles are capitalised if, and only if, the technical feasibility and Company's intention and ability of completing the project &amp; the probability that the project will generate future economic benefits.</p> <p>Expenditure on projects which are not yet ready for intended use are carried as intangible assets under Capital Work-in-progress.</p>
2.10	<p><b>Foreign currency transactions and translations</b></p> <p><u>Initial recognition</u></p> <p>Transactions in foreign currencies entered into by the Company and its integral foreign operations are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.</p> <p><u>Measurement of foreign currency monetary items at the Balance Sheet date</u></p> <p>Foreign currency monetary items (other than derivative contracts) of the Company and its net investment in non-integral foreign operations outstanding at the Balance Sheet date are restated at the year-end rates.</p> <p>In the case of integral operations, assets and liabilities (other than non-monetary items), are translated at the exchange rate prevailing on the Balance Sheet date. Non-monetary items are carried at historical cost. Revenue and expenses are translated at the average exchange rates prevailing during the year. Exchange differences arising out of these translations are charged to the Statement of Profit and Loss.</p> <p><u>Treatment of exchange differences</u></p> <p>Exchange differences arising on settlement / restatement of short-term foreign currency monetary assets and liabilities of the Company and its integral foreign operations are recognised as income or expense in the Statement of Profit and Loss. The exchange differences on restatement / settlement of loans to non-integral foreign operations that are considered as net investment in such operations are accumulated in a "Foreign currency translation reserve" until disposal / recovery of the net investment.</p> <p>The exchange differences arising on restatement / settlement of long-term foreign currency monetary items are capitalised as part of the depreciable fixed assets to which the monetary item relates and depreciated over the remaining useful life of such assets or amortised on settlement / over the maturity period of such items if such items do not relate to acquisition of depreciable fixed assets. The unamortised balance is carried in the Balance Sheet as "Foreign currency monetary item translation difference account" net of the tax effect thereon.</p> <p><u>Accounting of forward contracts</u></p> <p>Premium / discount on forward exchange contracts, which are not intended for trading or speculation purposes, are amortised over the period of the contracts if such contracts relate to monetary items as at the Balance Sheet date.</p>

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Note 2 Significant accounting policies (contd.)

Note	Particulars
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2.11	Investments
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Long-term investments (excluding investment properties), are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties.

Investment properties are carried individually at cost less accumulated depreciation and impairment, if any. Investment properties are capitalised and depreciated (where applicable) in accordance with the policy stated for Tangible Fixed Assets. Impairment of Investment property is determined in accordance with the policy stated for

31AS 1	Impairment of Assets.
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2.12	Employee benefits
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(A)	Defined contribution plans
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All eligible employees are covered under contributory Provident Fund and Super Annuation Scheme benefit of a contribution of specified percentage of salary. It is a defined contribution scheme and the contribution is charged to the statement of Profit & Loss of the year when the contribution to the respective funds are due. There are no obligations other than the contribution payable to the respective fund. The company contributes towards superannuation Scheme to the Life Insurance Corporation of India.

(B)	Defined Benefit plans
-----	-----------------------

The obligation in respect of defined benefit plans, which cover Gratuity are provided for on the basis of actuarial valuation, using the projected unit credit method, at the end of each financial year. Gratuity is funded with the Life Insurance Corporation of India. Contribution if any are recognised immediately in the statement of Profit and Loss.

(C)	Other Benefits
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Compensated absences are provided for on the basis of an actuarial valuation, using the projected credit method, at the end of each financial year. Actuarial gain/losses, if any are recognised immediately in the statement of profit and loss.

(D)	Presentation of other benefit plans, as long term and short term liability is on the basis of actuary's report.
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2.13	Borrowing costs
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Borrowing costs include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset upto the date of capitalisation of such asset is added to the cost of the assets. Capitalisation of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying

14AS 16	assets is interrupted.
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2.14	Segment reporting
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The company is mainly engaged in pharmaceuticals business which is considered the Primary reportable business segment as per Accounting Standard (As 17) "Segment Reporting" issued by the Institute of Chartered Accountants of India. The secondary segments based on geographical segmentation are considered to be Business outside India and within India

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The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

Inter-segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors.

20AS 1	Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on reasonable basis have been included under "unallocated revenue / expenses / assets / liabilities".
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Note 2 Significant accounting policies (contd.)

2.15 Taxes on income

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantially enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise such assets. Deferred tax assets are recognised for timing differences of other items only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their realisability.

Current and deferred tax relating to items directly recognised in equity are recognised in equity and not in the Statement of Profit and Loss.

2.16 Impairment of assets

The carrying values of assets / cash generating units at each Balance Sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, except in case of revalued assets.

2.17 Provisions, contingent Liabilities & contingent assets

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

Contingent liabilities are disclosed unless the possibility of outflow of resource is remote.

Contingent assets are neither recognised nor disclosed in the financial statements.

2.18 Insurance claims

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that there is no uncertainty in receiving the claims.

2.19 Service tax input credit

Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is no uncertainty in availing / utilising the credits.

2.20 Research & Development Expenses

Revenue expenditure pertaining to Research is charged to the Statement of Profit and Loss. Development costs of products are charged to the statement of Profit and Loss unless a product's technological feasibility has been established.

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Zyg Pharma Pvt Ltd  
Notes forming part of the financial statements

Note 3 Share capital (contd.)

(ii) Details of shares held by each shareholder holding more than 5% shares:				
Class of shares / Name of shareholder	As at 31 March, 2015		As at 31 March, 2014	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares with voting rights				
Viren A Merchant - HUF	13500	8.38%	13500	8.38%
Radhika A Merchant	14175	8.80%	15200	9.43%
Anjali V Merchant	14175	8.80%	15200	9.43%
Shaila V Merchant	15750	9.77%	13700	8.50%
Viren A Merchant	22980	14.26%	15476	9.60%
Sudhir A Merchant - HUF	10000	6.21%	10000	6.21%
Nandini S Merchant	15000	9.31%	15000	9.31%
Aditya S Merchant	15000	9.31%	15000	9.31%
Rupa S Merchant	15000	9.31%	15000	9.31%
Sudhir A Merchant	22520	13.97%	15016	9.32%
Induben A Merchant	0		15008	9.31%

Note : Information on equity shares allotted without receipt of cash or allotted as bonus shares or shares bought back - NIL

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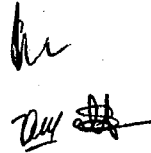
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**ZYG PHARMA PVT LTD****Notes forming part of the financial statements**Note 3 Share capital

Particulars	As at 31 March, 2015		As at 31 March, 2014	
	Number of shares	Rs.	Number of shares	Rs.
(a) Authorised 1300000 Equity shares of Rs. 10/- each with voting rights	1,300,000	13,000,000	1,300,000	13,000,000
(b) Issued # 161160 Equity shares of Rs. 10/- each with voting rights	161,160	1,611,600	161,160	1,611,600
(c) Subscribed and fully paid up 161160 Equity shares of Rs. 10/- each with voting rights	161,160	1,611,600	161,160	1,611,600
<b>Total</b>	<b>161,160</b>	<b>1,611,600</b>	<b>161,160</b>	<b>1,611,600</b>

**Rights, preferences and restrictions attached to the shares**

The Company has issued one class of equity share having a par value of Rs. 10/- per share. Each shareholder is eligible for one vote per share held. The dividend if any proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.



**Note 3 Share capital (contd.)**

Particulars							
Notes:							
(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:							
Particulars	Opening Balance	Fresh issue	Bonus	ESOP	Conversion	Buy back	Closing Balance
Equity shares with voting rights							
Year ended 31 March, 2015							
- Number of shares	161,160	-	-	-	-	-	161,160
- Amount (')	1,611,600	-	-	-	-	-	1,611,600
Year ended 31 March, 2014							
- Number of shares	161,160	-	-	-	-	-	161,160
- Amount (')	1,611,600	-	-	-	-	-	1,611,600

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Zyg Pharma Pvt Ltd  
Notes forming part of the financial statements

Note 4 Reserves and surplus

Particulars	As at 31 March, 2015	As at 31 March, 2014
	Rs.	Rs.
(a) Capital reserve		
Opening balance	10,154,372	10,154,372
Add: Additions during the year	-	-
Less: Utilised / transferred during the year (give details)	-	-
Closing balance	10,154,372	10,154,372
(b) General reserve		
Opening balance	29,182,199	26,518,469
Add: Transferred from surplus in Statement of Profit and Loss	-	2,663,730
Less: Transferred during the year :		
Less : Adjusted against as per new companies Act	-3,657,448	-
Closing balance	25,524,751	29,182,199
(c) Surplus / (Deficit) in Statement of Profit and Loss		
Opening balance	131,543,027	113,225,933
Add: Profit / (Loss) for the year	37,668,828	26,637,299
Amounts transferred from:		
General reserve	-	-
Other reserves (give details)	-	-
Less: Interim dividend	-	(4,834,800)
Dividends proposed to be distributed to equity shareholders (' ___ per share)	-	-
Tax on dividend	-	(821,675)
Transferred to:		
General reserve	-	(2,663,730)
Closing balance	169,211,855	131,543,027
<b>Total</b>	<b>204,890,977</b>	<b>170,879,598</b>

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Zyg Pharma Pvt Ltd  
Notes forming part of the financial statements

Note 5 Long-term borrowings

Particulars	As at 31 March, 2015	As at 31 March, 2014
	Rs.	Rs.
(a) Term loans		
From banks		
Secured	28,738,059	33,915,957
Unsecured		-
From other parties	28,738,059	33,915,957
Secured	3,534,276	-
Unsecured		-
	3,534,276	-
<b>Total</b>	<b>32,272,336</b>	<b>33,915,957</b>

Zyg Pharma Pvt Ltd Notes forming part of the financial statements					
Note 5 Long-term borrowings (contd.)					
Particulars					
(i) Details of terms of repayment for long-term borrowings and security provided in respect of the secured long-term borrowings:					
Particulars	Terms of repayment and security*	As at 31 March, 2015		As at 31 March, 2014	
		Secured	Unsecured	Secured	Unsecured
		Rs.	Rs.	Rs.	Rs.
Term loans from banks: Term Loan From HSBC	Repayable in monthly installments of Rs. 10,44,301/- (from 1.4.2016) with interest @ 11.25 %. Secured by first exclusive charge on entire Land & Bldg, P & M of the Company existing & new at Plot No. 810, Sector-III, Industrial Area, Pithampur, Dhar, M.P and collateral other movable assets excluding trade marks & vehicles (existing & proposed)	28,738,059		33,915,957	
SBI Term Loan 2 Total - Term loans from banks		28,738,059		33,915,957	
Term loans from other parties: ICICI Bank Vehicle Loan	Repayable in monthly installments of Rs.86,683/- (including interest) from 1.4.2016 with interest @10.15 % p.a and secured by Hypothecation of Vehicle	3,036,654			
Axis Bank Vehicle Loan	Repayable in monthly installments of Rs.14,593/- (including interest) from 1.4.2016 with interest @ 10.50% p.a and secured by Hypothecation of Vehicle	497,622			
Total - Term loans from other parties		3,534,276			

Note: Long Term borrowings guaranteed by some of the Directors - NIL.

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*Dr. Anil*

**Zyg Pharma Pvt Ltd**  
Notes forming part of the financial statements

Note 6 Long-term provisions

Particulars	As at 31 March, 2015	As at 31 March, 2014
	Rs.	Rs.
(a) Provision for employee benefits:		
(i) Provision for compensated absences	1,985,206	1,115,480
(ii) Provision for gratuity	-	-
	1,985,206	1,115,480
<b>Total</b>	<b>1,985,206</b>	<b>1,115,480</b>

**Zyg Pharma Pvt Ltd**  
Notes forming part of the financial statements

Note 7 Short-term borrowings

Particulars	As at 31 March, 2015	As at 31 March, 2014
	Rs.	Rs.
(a) Loans repayable on demand		
From banks		
Secured	49,956,197	44,312,333
Unsecured	-	-
<b>Total</b>	<b>49,956,197</b>	<b>44,312,333</b>

**Notes:**

(i) Details of security for the secured short-term borrowings:

Particulars	Nature of security	As at 31 March, 2015	As at 31 March, 2013
		Rs.	Rs.
<u>Loans repayable on demand from banks:</u>			
HSBC - Cash Credit Account	Secured by Hypothecation on present and future stocks and book debts, present and future fixed assets, equitable mortgage on factory land and building	49,956,197	40,539,308
HSBC Buyers Credit	Secured by Hypothecation on present and future stocks and book debts, present and future fixed assets, equitable mortgage on factory land and building	-	3,773,025
<b>Total - from banks</b>		<b>49,956,197</b>	<b>44,312,333</b>

Note : (1) Short Term borrowings guaranteed by Directors or others : NIL

(2) Defaults in repayment of loans and interest : NIL

**Zyg Pharma Pvt Ltd**  
Notes forming part of the financial statements

Note 8 Trade payables

Particulars	As at 31 March, 2015	As at 31 March, 2014
	Rs.	Rs.
Trade payables:		
Acceptances	-	-
Other than Acceptances	112,416,218	55,868,165
<b>Total</b>	<b>112,416,218</b>	<b>55,868,165</b>

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Zyg Pharma Pvt Ltd  
Notes forming part of the financial statements

Note 9 Other current liabilities

Particulars	As at 31 March, 2015	As at 31 March, 2014
	Rs.	Rs.
(a) Current maturities of long-term debt (Refer Note (i) below)	13,341,064	29,549,615
(b) Other payables		
(i) Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, Excise Duty, VAT, Service Tax, etc.)	11,158,049	2,034,718
(ii) Payables on purchase of fixed assets		
(iii) Advances from customers	32,988,220	45,247,187
(iv) Provision for expenses	6,802,233	6,350,093
<b>Total</b>	<b>64,289,566</b>	<b>83,181,614</b>

Note (i): Current maturities of long-term debt (Refer Notes (i), (iii) and (iv) in Note 5 -

Particulars	As at 31 March, 2015	As at 31 March, 2014
	Rs.	Rs.
(a) Term loans		
From banks		
Secured		
<b>HSBC - Term Loan</b>	12,531,615	12,580,695
Repayable in 12 equal monthly installments of Rs.10,44,301/- each from 1.4.2015 to 31.3.2016 with interest rate @ 11.25% p.a and secured by first exclusive charge on entire Land & Bldg, P & M of the Company existing & new at Plot No. 810, Sector-III, Industrial Area, Pithampur, Dhar, M.P and collateral other movable assets excluding trade marks & vehicles (existing & proposed)		
<b>State Bank of India - Term Loan</b>	-	14,876,379
Repayable in 2 equal monthly installments of Rs. 12,00,000/- each from 1.1.2015 to 28.2.2015 & last instalment of Rs. 16,76,379/- in March'2015 with interest rate @ 11.25% p.a and secured by first exclusive charge on entire Land & Bldg, P & M of the Company existing & new at Plot No. 810, Sector-III, Industrial Area, Pithampur, Dhar, M.P and collateral other movable assets excluding trade marks & vehicles (existing & proposed)		
<b>State Bank of India - Corporate Loan</b>	-	1,964,160
Repayable in 5 equal monthly installments of Rs. 3,00,000/- each from 1.4.2014 to 31.8.2014 & last instalment of Rs. 4,64,160/- in September'2015 with interest rate @ 11.25% p.a and secured by first exclusive charge on entire Land & Bldg, P & M of the Company existing & new at Plot No. 810, Sector-III, Industrial Area, Pithampur, Dhar, M.P and collateral other movable assets excluding trade marks & vehicles (existing & proposed)		
<b>HDFC Bank - Vehicle Loan</b>		
Repayable in 2 monthly installments of Rs.13,896/- & Rs.13,487/- from 1.4.2015 to 31.3.2016 with interest rate @12% and secured by Hypothecation of Vehicle	-	27,383
	<b>12,531,615</b>	<b>29,448,617</b>
From other parties		
Secured		
<b>Kotak Mahindra Prime Limited - Vehicle Loan 2</b>	-	100,998
<b>Axis Bank</b>		
Repayable in 12 equal monthly installments of Rs.14,596/- (including interest) from 1.4.2015 to 31.3.2016 with interest rate @10.50% and secured by Hypothecation of Vehicle	116,182	-
<b>ICICI Bank</b>	693,267	-
Repayable in 12 equal monthly installments of Rs.86,683/- (including interest) from 1.4.2015 to 31.3.2016 with interest rate @10.15% and secured by Hypothecation of Vehicle		
	<b>809,449</b>	<b>100,998</b>
<b>Total</b>	<b>13,341,064</b>	<b>29,549,615</b>

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Zyg Pharma Pvt Ltd  
 Notes forming part of the financial statements

Note 10 Short-term provisions

Particulars	As at 31 March, 2015	As at 31 March, 2014
	Rs.	Rs.
(a) Provision for employee benefits:		
(ii) Provision for compensated absences	264,186	42,702
(iii) Provision for gratuity	-	-
	264,186	42,702
(b) Provision - Others:		
Provision for Tax (net of advance tax Rs. 6,67,87,378 (As at 31 March, 2014:Rs. 8,11,25,980) - Unsecured, considered good	7,625,529	-
	7,625,529	-
<b>Total</b>	<b>7,889,715</b>	<b>42,702</b>

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Zy9 Pharma Pvt Ltd  
Notes forming part of the financial statements  
Note 11 Fixed assets

A.	Tangible assets	Gross block				Accumulated Depreciation				Net Block		
		Balance as at 1 April, 2014	Additions	Disposals	Balance as at 31 March, 2015	Balance as at 1 April, 2014	Transfer to General Reserve as per act	Depreciation / amortisation expense for the year	Eliminated or disposal of assets	Balance as at 31 March, 2015	Balance as at 31 March, 2016	Balance as at 31 March, 2014
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
	(a) Land Freehold Leasehold *	864,448			864,448	203,220				211,991	652,457	661,228
	(b) Buildings Own use Given under operating lease *	106,155,524	1,120,113		107,275,637	71,723,921		8,771	77,423,039	29,852,598	34,431,603	
	(c) Plant and Equipment Owned Taken under finance lease * Given under operating lease *	186,727,938	8,548,273		195,276,211	109,305,052		33,808,035	143,570,169	51,706,042	77,422,885	
	(d) Furniture and Fixtures Owned Taken under finance lease * Given under operating lease *	12,224,524	1,382,948		13,607,473	9,119,751		1,858,851	1,137,454	2,470,019	3,104,773	
	(e) Vehicles Owned Taken under finance lease * Given under operating lease *	5,436,436	6,149,911	811,853	10,774,494	4,274,640		1,840,401	5,465,237	5,309,257	1,161,796	
	(f) Office equipment Owned Taken under finance lease * Given under operating lease *	1,610,205			1,610,205	1,046,289		245,225	1,504,761	105,443	563,915	
	(g) Leasehold improvements Owned Taken under finance lease * Given under operating lease *	53,700			53,700	53,700			53,700			
	(h) Laboratory Ware Owned Taken under finance lease * Given under operating lease *	24,508,546	644,946		25,153,492	19,490,022		3,203,836	23,683,396	1,470,095	5,018,523	
	(i) Electrical Installation Owned Taken under finance lease * Given under operating lease *	17,842,506			17,842,506	13,824,783		2,216,261	15,887,093	955,413	4,017,723	
	(j) Air Conditioning Owned Taken under finance lease * Given under operating lease *	12,223,134	280,368		12,483,502	5,392,676		182,132	8,420,510	4,062,992	6,830,459	
	(k) Effluent Treatment Plant Owned Taken under finance lease * Given under operating lease *	3,249,552			3,249,552	3,008,507			3,217,056	32,496	241,045	
	(l) Warehouse Accessories Owned Taken under finance lease * Given under operating lease *	20,055,101	1,733,826		21,788,927	13,962,593		2,258,765	16,586,945	5,201,982	6,092,509	
	(m) Computers Owned Taken under finance lease * Given under operating lease *	15,353,053	1,153,236		16,506,289	13,213,057		1,941,932	15,371,632	1,134,657	2,139,996	
	Total	406,304,667	20,993,621	811,853	426,486,435	264,618,212	3,657,448	55,925,897	323,532,984	102,953,454	141,686,459	
	Previous year	406,304,667	20,993,621	811,853	426,486,435	245,280,070		19,965,776	264,618,212	141,686,459	138,079,219	

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Zyg Pharma Pvt Ltd  
Notes forming part of the financial statements

Note 11 Fixed assets (contd.)

B.	Intangible assets / Capital WIP	Gross block			Accumulated Depreciation			Net Block		
		Balance as at 1 April, 2014	Additions Zyg	Disposals Zyg	Balance as at 31 March, 2015	Balance as at 1 April, 2014	Depreciation / amortisation expense for the	Eliminated on disposal of assets	Balance as at 31 March, 2016	Balance as at 31 March, 2014
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
	Work In Progress Know-how, Business	4,739,084	30,679,826 5,895,945		30,679,826 10,635,029				30,679,826 10,635,029	4,739,084

Zyg Pharma Pvt Ltd  
Notes forming part of the financial statements

Note 11 Fixed assets (contd.)

C.	Particulars	Particulars	
		As at 31 March, 2015	For the year ended 31 March, 2014
		Rs.	Rs.
	Depreciation and amortisation relating to continuing operations:		
	Depreciation and amortisation for the year on tangible assets as per Note 12 A	55,926,897	19,965,776
	Depreciation and amortisation for the year on intangible assets as per Note 12 B		
	Less: Utilised from revaluation reserve		
	Depreciation and amortisation relating to discontinuing operations (Refer Note 30.11)		
	Depreciation and amortisation relating to continuing operations	55,926,897	19,965,776

*[Handwritten signatures and initials]*



Zyg Pharma Pvt Ltd  
Notes forming part of the financial statements

Note 13 Long-term loans and advances

Particulars	As at 31 March, 2015	As at 31 March, 2014
	Rs.	Rs.
(a) Capital advances		
Secured, considered good	-	-
Unsecured, considered good	-	-
Doubtful	-	-
Less: Provision for doubtful advances	-	-
(b) Security deposits		
Secured, considered good	-	-
Unsecured, considered good	3,205,415	3,805,864
Doubtful	-	-
Less: Provision for doubtful deposits	-	-
(c) Loans and advances to related parties		
Secured, considered good	-	-
Unsecured, considered good	-	-
Encore Healthcare Pvt Ltd	-	-
Doubtful	-	-
Less: Provision for doubtful loans and advances	-	-
(d) Loans and advances to employees		
Secured, considered good	-	-
Unsecured, considered good	64,360	164,882
Doubtful	-	-
Less: Provision for doubtful loans and advances	-	-
(e) Advance income tax (net of provisions ` Rs. 7,09,53,647 (As at 31 March, 2014:Rs. 7,87,53,647) - Unsecured, considered good	-	2,372,333
(f) Other loans and advances (specify nature)		
Secured, considered good	-	-
Unsecured, considered good	618,377	-
Doubtful	-	-
Less: Provision for other doubtful loans and advances	-	-
<b>Total</b>	<b>3,888,152</b>	<b>6,343,078</b>

Note: Long-term loans and advances include amounts due from:

Particulars	As at 31 March, 2015	As at 31 March, 2014
	Rs.	Rs.
Directors		
Other officers of the Company	64,360	164,882
Firms in which any director is a partner (give details per firm)	-	-

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**Zyg Pharma Pvt Ltd**  
**Notes forming part of the financial statements**

Note 14 Other Non-current assets

Particulars	As at 31 March, 2015	As at 31 March, 2014
	Rs.	Rs.
Deposits with Banks (Refer note 18)	219,673	282,325
<b>Total</b>	<b>219,673</b>	<b>282,325</b>

**Zyg Pharma Pvt Ltd**  
**Notes forming part of the financial statements**

Note 15 Current investments

Particulars	As at 31 March, 2015			As at 31 March, 2014		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Investment in mutual funds - (at cost)						
Reliance Tax Saver Fund		-	-		1,058,950	1,058,950
AIG India Equity Fund		-	-		2,000,000	2,000,000
HDFC Equity Fund - Growth		-	-		4,000,000	4,000,000
Franklin Templeton Indai Short Term Fund - Weekly Dividend		-	-		9,870,969	9,870,969
Templeton Indai Income Oppurtunities Fund - Quarterly Dividend Reinvestment		-	-		7,391,462	7,391,462
HDFC CMF Treasury Advantage Plan - Daily Dividend		-	-		10,224,293	10,224,293
		-	-		34,545,673	34,545,673
<b>Total - Other current investments</b>						<b>34,545,673</b>
Aggregate amount of quoted investments	-	-	-	-	-	-
Aggregate market value of listed and quoted investments	-	-	-	-	-	-
Aggregate value of listed but not quoted investments	-	-	-	-	-	-
Aggregate amount of unquoted investments						34,545,673

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*for* *2014* *2015*

**Zyg Pharma Pvt Ltd**  
**Notes forming part of the financial statements**

**Note 16 Inventories**

(At lower of cost and net realisable value)

Particulars	As at 31 March, 2015	As at 31 March, 2014
	Rs.	Rs.
( As certified by the Management )		
(a) Raw materials	76,722,420	40,100,345
(b) Work-in-progress	12,062,123	4,878,168
(c) Finished goods (other than those acquired for trading)	11,404,734	18,745,751
(d) Packing Material	21,816,013	16,865,270
<b>Total</b>	<b>122,005,290</b>	<b>80,589,534</b>

Note: Details of inventory of work-in-progress

Particulars	As at 31 March, 2015	As at 31 March, 2014
	Rs.	Rs.
Creams and ointments	12,062,123	4,878,168
	12,062,123	4,878,168

**Zyg Pharma Pvt Ltd**  
**Notes forming part of the financial statements**

**Note 17 Trade receivables**

Particulars	As at 31 March, 2015	As at 31 March, 2014
	Rs.	Rs.
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Secured, considered good	-	-
Unsecured, considered good	1,858,156	-
Doubtful	-	-
Less: Provision for doubtful trade receivables	-	-
	1,858,156	-
Other Trade receivables		
Secured, considered good	-	-
Unsecured, considered good	85,867,199	50,505,202
Doubtful	-	-
Less: Provision for doubtful trade receivables	-	-
	85,867,199	50,505,202
<b>Total</b>	<b>87,725,355</b>	<b>50,505,202</b>

Note: Trade receivables include debts due from:

Particulars	As at 31 March, 2015	As at 31 March, 2014
	Rs.	Rs.
Directors	-	-
Other officers of the Company	-	-
Firms in which any director is a partner (give details per firm)	-	-
Private companies in which any director is a director or member -		
Encore Healthcare Pvt Ltd	6,383,594	1,749,252
	6,383,594	1,749,252

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**Zyg Pharma Pvt Ltd**  
**Notes forming part of the financial statements**

Note 18 Cash and Bank balance

Particulars	As at 31 March, 2015	As at 31 March, 2014
	Rs.	Rs.
<b>Cash &amp; Cash equivalents</b>		
(a) Cash on hand	37,422	26,355
(b) Balances with banks in current account	10,957,118	3,976,534
(c) Balances with banks in short term Deposit Account (original Maturity less than 3 months)	72,300,000	20,450,000
	83,294,540	24,452,889
<b>Other Balances with Bank</b>		
Deposits pledged with others	223,965	223,965
Margin money deposits	63,360	63,360
	287,325	287,325
<b>Total Cash &amp; Bank Balances</b>	83,581,865	24,740,214
Less : Term Deposits with banks maturing after 12 months from Balance Sheet date and other margin money classified as non-current (Refer note 14)	219,673	282,325
<b>Total</b>	<b>83,362,192</b>	<b>24,457,889</b>

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Zyg Pharma Pvt Ltd  
Notes forming part of the financial statements

Note 19 Short-term loans and advances

Particulars	As at 31 March, 2015	As at 31 March, 2014
	Rs.	Rs.
(a) Loans and advances to employees		
Secured, considered good	-	-
Unsecured, considered good	782,309	270,000
Doubtful	-	-
Less: Provision for doubtful loans and advances	-	-
	782,309	270,000
(b) Prepaid expenses - Unsecured, considered good	9,736,385	8,621,272
(c) Balances with government authorities		
Unsecured, considered good		
(i) CENVAT credit receivable	2,102,956	1,140,930
(ii) VAT/CST credit receivable	68,737	284,120
(iii) Service Tax credit receivable	267,566	1,316,228
	2,439,259	2,741,278
(d) Others (specify nature)		
Secured, considered good	-	-
Unsecured, considered good - Custom Duty	186,247	431,941
Advances to Suppliers	12,073,023	27,232,187
Earnest Money Deposit	-	-
Less: Provision for other doubtful loans and advances	-	-
	12,259,270	27,664,128
<b>Total</b>	<b>25,217,223</b>	<b>39,296,678</b>

Note: Short-term loans and advances include amounts due from:

Particulars	As at 31 March, 2015	As at 31 March, 2014
	Rs.	Rs.
Directors		
Other officers of the Company	708,559	204,500
Firms in which any director is a partner (give details per firm)	-	-
Private companies in which any director is a director or member	-	-
	708,559	204,500

Zyg Pharma Pvt Ltd  
Notes forming part of the financial statements

Note 20 Other current assets

Particulars	As at 31 March, 2015	As at 31 March, 2014
	Rs.	Rs.
(a) Accruals		
Interest accrued on deposits	247,769	657,111
(b) Other claims receivable	1,209,025	-
<b>Total</b>	<b>1,456,795</b>	<b>657,111</b>

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**ZYG PHARMA PVT LTD**  
**Notes forming part of the financial statements**

**Note 21 Revenue from operations**

	Particulars	For the year ending 31 March, 2015	For the year ended 31 March, 2014
		Rs.	Rs.
(a)	Sale of products (Refer Note (i) below)	581,256,838	574,139,268
(b)	Sale of services (Refer Note (ii) below)	14,599,598	1,427,096
(c)	Other operating revenues (Refer Note (iii) below)	13,940,004	8,389,822
		609,796,441	583,956,186
	<u>Less:</u>		
(d)	Excise duty on sale of Products	95,489,675	84,518,425
	<b>Total</b>	<b>514,306,766</b>	<b>499,437,761</b>

Note	Particulars	For the year ending 31 March, 2015	For the year ended 31 March, 2014
		Rs.	Rs.
(i)	Sale of products comprises		
	Manufactured goods Pharmaceutical formulations	581,256,838	574,139,268
	<b>Total - Sale of products</b>	<b>581,256,838</b>	<b>574,139,268</b>
(ii)	Sale of services comprises		
	Analysis charges Product Development Charges	1,230,000 13,369,598	1,427,096 -
	<b>Total - Sale of services</b>	<b>14,599,598</b>	<b>1,427,096</b>
(iii)	Other operating revenues comprises:		
	Sale of scrap Compensation on Volume Variance Processing charges	699,728 - 13,240,277	664,948 4,303,218 3,421,657
	<b>Total - Other operating revenues</b>	<b>13,940,004</b>	<b>8,389,822</b>

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ZYG PHARMA PVT LTD  
Notes forming part of the financial statements

Note 22 Other income

	Particulars	For the year ending	For the year ended
		31 March, 2015	31 March, 2014
		Rs.	Rs.
(a)	Interest income (Refer Note (I) below)	2,279,543	8,198,794
(b)	Dividend income:		
	from current investments		
	others - Mutual Funds	1,543,897	1,773,748
	from long-term investments		
	others - Shares	79,030	1,709,120
(c)	Net gain on sale of:		
	current investments - Mutual Funds	5,466,651	886,309
	current investments - shares	257,432	-
	long-term investments - shares	13,871,282	-
(d)	Net gain on foreign currency transactions and translation (other than considered as finance cost)	-	-
(d)	Insurance Claim Received	368,514	-
(e)	Profit on sale of Asset	27,721	-
(f)	Sundry balances w/back	32,037	25,600
<b>Total</b>		<b>23,926,105</b>	<b>12,593,572</b>

Note	Particulars	For the year ending	For the year ended
		31 March, 2015	31 March, 2014
		Rs.	Rs.
(i)	Interest Income comprises:		
	Interest from banks on:		
	deposits	2,027,468	926,984
	Interest on overdue trade receivables	73,597	7,096,068
	Other interest - Interest from Madhya Pradesh Paschim Kshetra Vidyut Vitran Electricity Board	178,478	175,742
	<b>Total - Interest Income</b>	<b>2,279,543</b>	<b>8,198,794</b>
(ii)	Other non-operating income comprises:		
	<b>Total - Other non-operating Income</b>	<b>-</b>	<b>-</b>

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**ZYG PHARMA PVT LTD****Notes forming part of the financial statements**Note 23.a Cost of materials consumed

Particulars	For the year ending 31 March, 2015	For the year ended 31 March, 2014
	Rs.	Rs.
Opening stock	56,965,615	59,511,576
Add: Purchases	301,880,450	282,974,645
	358,846,065	342,486,221
Less: Closing stock	98,538,433	56,965,615
<b>Cost of material consumed</b>	<b>260,307,632</b>	<b>285,520,606</b>

Note 23.b Changes in inventories of finished goods, work-in-progress and stock-in-trade

Particulars	For the year ending 31 March, 2015	For the year ended 31 March, 2014
	Rs.	Rs.
<u>Inventories at the end of the year:</u>		
Finished goods	11,404,734	18,745,751
Work-in-progress	12,062,123	4,878,168
	23,466,856	23,623,919
<u>Inventories at the beginning of the year:</u>		
Finished goods	18,745,751	5,905,667
Work-in-progress	4,878,168	485,982
	23,623,919	6,391,649
<b>Net (increase) / decrease</b>	<b>157,063</b>	<b>-17,232,270</b>

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**ZYG PHARMA PVT LTD**  
**Notes forming part of the financial statements**

Note 24 Employee benefits expense

Particulars	For the year ending 31 March, 2015	For the year ended 31 March, 2014
	Rs.	Rs.
Salaries and wages	32,985,654	27,332,569
Contributions to provident and other funds	4,706,320	3,966,390
Staff welfare expenses	7,757,457	5,534,974
<b>Total</b>	<b>45,449,431</b>	<b>36,833,933</b>

**ZYG PHARMA PVT LTD**  
**Notes forming part of the financial statements**

Note 25 Finance costs

Particulars	For the year ending 31 March, 2015	For the year ended 31 March, 2014
	Rs.	Rs.
(a) Interest expense on:		
(i) Borrowings	7,433,358	12,041,311
<b>Total</b>	<b>7,433,358</b>	<b>12,041,311</b>

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ZYG PHARMA PVT LTD  
Notes forming part of the financial statements

Note 26 Other expenses

Particulars	For the year ending 31 March, 2015	For the year ended 31 March, 2014
	Rs.	Rs.
Consumption of stores and spare parts	6,584,949	9,207,747
Power and fuel	22,673,500	19,089,227
Repairs and maintenance - Buildings	1,666,328	2,663,784
Repairs and maintenance - Others *	4,691,074	5,106,165
Insurance	2,055,089	1,345,800
Rates and taxes	1,121,434	528,476
Travelling and conveyance	4,398,826	3,161,679
Freight and forwarding	8,003,759	6,386,549
Payments to auditors (Refer Note (i) below)	115,000	115,000
Loss on fixed assets sold / scrapped / written off	-	70,618
Net loss on foreign currency transactions and translation (other than considered as finance cost)	413,186	733,957
Wages & Bonus	23,700,319	20,726,727
Fees & Subscriptions	16,500,890	13,605,347
Legal and Professional	2,838,384	2,402,772
QC & Consumables Expenses	5,629,946	5,496,614
Production Support Services	-	9,600,000
Clinical & BE Studies	-	5,400,000
Research & Development Expenses	1,281,758	11,129,179
Miscellaneous expenses	20,895,332	19,168,007
<b>Total</b>	<b>122,569,775</b>	<b>135,937,648</b>

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Note 27 Additional information to the financial statements

Note	Particulars			
27.1	Value of imports calculated on CIF basis	For the year ended 31 March, 2015	For the year ended 31 March, 2014	
		Rs.	Rs.	
		89,552,480	51,418,494	
27.2	Expenditure in foreign currency	For the year ended 31 March, 2015	For the year ended 31 March, 2014	
		Rs.	Rs.	
		Foreign Travel Commission	2,244,827 1,334,410	3,735,760 1,544,580
27.3	Details of consumption of imported and indigenous items	For the year ended 31 March, 2015		
		Rs.	%	
		Imported Raw materials	59,305,618 (53,294,023)	22.78 -18.67
		Indigenous Raw materials	201,002,014 (232,226,583)	77.22 -81.33
		Total	260,307,632 (285,520,606)	100 (100)
		Note: Figures / percentages in brackets relates to the previous year		
27.4	Earnings in foreign exchange	For the year ended 31 March, 2015	For the year ended 31 March, 2014	
		Rs.	Rs.	
		Export of goods calculated on FOB basis	107,420,303	138,001,834
		Sale of Services	9,036,438	-
		116,456,741	138,001,834	

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ZYG PHARMA PVT LTD  
Notes forming part of the financial statements

27.5	Auditors' remuneration (excluding service tax) and expenses	For the year ended 31 March, 2015	For the year ended 31 March, 2014
		Rs.	Rs.
(a)	<b>Statutory Auditors:</b>		
	Audit fees	100000	100000
	Tax Audit fees	15000	15000
(b)	<b>Cost Auditors:</b>		
	Audit fees	65000	65000
27.6	<b>Details of Principal Itmes</b>	<b>For the year ended 31 March, 2015</b>	<b>For the year ended 31 March, 2014</b>
		Rs.	Rs.
	<b>Raw Materials</b>		
	Mometasone Furoate	50,063,207	44089228
	Imiquimod	24,214,986	38729292
	Others	90,170,037	104457187
		<b>164,448,230</b>	<b>187275707</b>
	<b>Packing Materials</b>		
	Aluminium Tube Quadriderm 5 mg	23,603,999	24207777
		<b>23,603,999</b>	<b>24207777</b>
	<b>Finished Goods</b>		
	Quadriderm cream 5gm	92,749,010	114898366
	Quadriderm cream 10gm	43,688,344	39282072
	Immiquimod Cream	63,949,380	100577439
	<b>Total</b>	<b>200386734</b>	<b>254757877</b>

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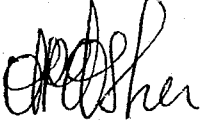
**Zyg Pharma Pvt Ltd**  
**Notes forming part of the financial statements**

**Note 28 Previous year's figures**

Note	Particulars
	Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

In terms of our report attached.

**For A. P. Asher & Co**  
Chartered Accountants  
ICAI Firm Registration No : 100615W



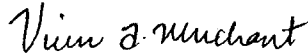
**A. P. Asher**  
Proprietor  
Membership No : 012633



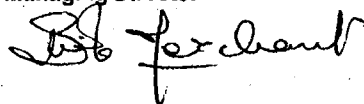
**For and on behalf of the Board of Directors**



**S.A. MERCHANT**  
Chairman



**V.A. MERCHANT**  
Managing Director



**S.V. MERCHANT**  
Jt. Managing Director

Place : MUMBAI  
Date : **03 JUN 2015**

Place : MUMBAI  
Date : **02 JUN 2015**

Note 28 Disclosures under Accounting Standards (contd.)

Note	Particulars				
	28.1	Segment Information			
		The Company has identified business segments as its primary segment Business segments is primarily manufacturing of Pharmaceutical Products.			
		Particulars			
			For the period ending 31 March, 2016		
			Business segment		Total
			Manufacturing	Eliminations	
			Rs.	Rs.	Rs.
Revenue			514,306,766	-	514,306,766
			(499,437,761)	-	(499,437,761)
Inter-segment revenue			-	-	-
Total			514,306,766	-	514,306,766
			(499,437,761)	-	(499,437,761)
Segment result			514,306,766	-	514,306,766
			(499,437,761)	-	(499,437,761)
Unallocable expenses (net)			-	-	491,844,155
			-	-	(473,067,005)
Operating income			-	-	22,462,610
			-	-	(26,370,757)
Other income (net)			-	-	23,926,105
			-	-	(12,593,572)
Profit before taxes			-	-	46,388,715
			-	-	(38,964,329)
Tax expense			-	-	8,719,888
			-	-	(12,327,030)
Net profit for the year			-	-	37,668,828
			-	-	(26,637,299)

Note 28 Disclosures under Accounting Standards (contd.)

Note	Particulars	For the year ended 31 March, 2016	
		Business segments	Total
		Manufacturing	
		Rs.	Rs.
Segment assets		475,311,815	475,311,815
		(395,836,094)	(395,836,094)
Unallocable assets		-	-
Total assets		-	475,311,815
		-	(395,836,094)
Segment liabilities		475,311,815	475,311,815
		(395,836,094)	(395,836,094)
Unallocable liabilities		-	-
Total liabilities		-	475,311,815
		-	(395,836,094)
Other information		-	-
Capital expenditure (allocable)		-	-
Capital expenditure (unallocable)		-	-
Depreciation and amortisation (allocable)		-	-
Depreciation and amortisation (unallocable)		-	-
Other significant non-cash expenses (allocable) (give details)		-	-
Other significant non-cash expenses (unallocable)		-	-

Note 28 Disclosures under Accounting Standards (contd.)

Note	Particulars				
	The geographic segments individually contributing 10 percent or more of the Company's revenues and segment assets are shown separately:				
	Geographic Segment	Revenues	Segment assets	Capital expenditure	
		For the year ended 31 March, 2016	As at 31 March, 2016	incurred during the year ended 31 March, 2016	
			Rs.	Rs.	Rs.
Local			406,886,463	-	-
			(438,690,597)	-	-
Export			107,420,303	-	-
			(60,747,165)	-	-

Note: Figures in bracket relates to the previous year

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ZYG PHARMA PVT LTD  
Notes forming part of the financial statements  
Note 28 Disclosures under Accounting Standards (contd.)

Note	Particulars													
	Related party transactions	Details of related parties:		Names of related parties		Ultimate Holding Company	Holding Company	Subsidiaries	Fellow Subsidiaries	Associates Rs. In Lacs	KMP	Relatives of KMP	Entities in which KMP / relatives of KMP have significant influence	Total
28.2	Related party transactions	Description of relationship		Names of related parties										
	Associates			Encore Healthcare Pvt Ltd Halcyon Labs Pvt Ltd Saidarshan Business Centres Pvt Ltd Encore Natural Polymers Pvt Ltd Encore Healthcare International Pvt Ltd Encore Polytrac Pvt Ltd										
	Key Management Personnel (KMP)			Mr. Viren Merchant & Mrs. Shaila Merchant										
	Note: Related parties have been identified by the Management.													
	Details of related party transactions during the year ended 31 March, 2014 and balances outstanding as at 31 March, 2015:													
	Purchase of goods - Halcyon labs Pvt Ltd									337.78 (287.78)				337.78 (287.78)
	Purchase of Machinery - Encore Healthcare Pvt Ltd									0				0
	Rendering of services - Halcyon Labs Pvt Ltd									0				0
	Sales of Goods - Encore Healthcare Pvt Ltd									0				0
	Receiving of services - Saidarshan Business Centres Pvt Ltd									(11.66)				(11.66)
	- Encore Healthcare Pvt Ltd									124.60				124.60
	- Key Management Personnel									(45.36)				(45.36)
										9.15				9.15
										(8.5)				(8.5)
										0.00				0
										(96)				(96)
											30.7			30.7
											(30.95)			(30.95)
	Balances outstanding at the end of the year													
	Trade receivables - Encore Healthcare Pvt Ltd									63.84				63.84
	Trade payables - Halcyon Labs Pvt Ltd									(17.49)				(17.49)
	Payables for services - Saidarshan Business Centres Pvt Ltd									62.67				62.67
	- Encore Healthcare Pvt Ltd									(31.61)				(31.61)
										4.91				4.91
										(0)				(0)
										0				0
										(7.08)				(7.08)
	Note: Figures in bracket relates to the previous year													

*[Handwritten signatures and initials]*

ZYG PHARMA PVT LTD  
Notes forming part of the financial statements

Note 28 Disclosures under Accounting Standards (contd.)

Note	Particulars	For the year ended 31 March, 2015	For the year ended 31 March, 2014
		Rs.	Rs.
28.3	<b>Earnings per share</b>		
	<b>Basic</b>		
	Net profit / (loss) for the year	37,668,828	26,637,298
	Weighted average number of equity shares	161,160	161,160
	Par value per share	10	10
	Earnings per share - Basic/Diluted	233.74	165.28

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**Zyg Pharma Pvt Ltd**  
**Notes forming part of the financial statements**

**Note 28 Disclosures under Accounting Standards (contd.)**

Note	Particulars	As at 31 March, 2015	As at 31 March, 2014
28.4	<b>Deferred tax (liability) / asset</b>	(4,908,647)	(3,581,617)
	Add : Deferred Tax liability pursuant to amalgamation	-	-
	<u>Tax effect of items constituting deferred tax liability</u>		
	On difference between book balance and tax balance of fixed assets	(35,332,437)	4,060,893
	Provision for compensated absences, gratuity and other employee benefits	(1,091,210)	28,567
	On expenditure deferred in the books but allowable for tax purposes		
	On items included in Reserves and surplus pending amortisation into the Statement of Profit and Loss		
	Others		
	Tax effect of items constituting deferred tax liability	(11,819,473)	1,327,030
	<u>Tax effect of items constituting deferred tax assets</u>		
	Provision for compensated absences, gratuity and other employee benefits		
	Provision for doubtful debts / advances		
	Disallowances under Section 40(a)(i), 43B of the Income Tax Act, 1961		
	On difference between book balance and tax balance of fixed assets		
	Unabsorbed depreciation carried forward		
	Brought forward business losses		
	On items included in Reserves and surplus pending amortisation into the Statement of Profit and Loss		
	Others		
	Tax effect of items constituting deferred tax assets		
	<b>Net deferred tax (liability) / asset</b>	<b>6,910,827</b>	<b>(4,908,647)</b>
	The Company has recognised deferred tax asset on unabsorbed depreciation to the extent of the corresponding deferred tax liability on the difference between the book balance and the written down value of fixed assets under Income Tax (or) The Company has recognised deferred tax asset on unabsorbed depreciation and brought forward business losses based on the Management's estimates of future profits considering the non-cancellable customer orders received by the Company.		

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Zyg Pharma Pvt Ltd  
Notes forming part of the financial statements

Note 28 Disclosures under Accounting Standards (contd.)

Note	Particulars	As at 31 March, 2015	As at 31 March, 2014
		Rs. in lacs	Rs. in lacs
28.5	<b>Contingent liabilities and commitments (to the extent not provided for)</b>		
	Contingent liabilities		
	Sales Tax	5.85	5.85
	Excise Duty	253.01	96.45
	Service Tax	145.04	145.04
	Entry Tax	-	0.89
	CST	4.96	4.96
	Commitments		
	Estimated amount of contracts remaining to be executed on capital account amounts to approx. Rs. 50 lacs		

Cash outflows for the above are determinable only on receipt of judgements pending at various forums / authorities.

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Zyg Pharma Pvt Ltd  
Notes forming part of the financial statements

Note 28 Disclosures under Accounting Standards (contd.)

Note	Particulars	As at 31 March, 2015	As at 31 March, 2014
28.6	<b>Details of borrowing costs capitalised</b>  Borrowing costss capitalised during the year - as capital work-in-progress	2,385,006	-

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Zyg Pharma Pvt Ltd  
 Notes forming part of the financial statements

Note 28 Disclosures under Accounting Standards (contd.)

Note	Particulars	As at 31 March, 2015	As at 31 March, 2014
28.7	<p><b>Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 ( on the basis of information available with the Company)</b></p> <p>(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year            (ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year            (iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day            (iv) The amount of interest due and payable for the year            (v) The amount of interest accrued and remaining unpaid at the end of the accounting year            (vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid</p> <p>Due to Micro and small Enetrprises have been determined to the extent such parties have been identified on the basis of information ollected by the management. This has been relied upon by the auditors</p>		

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Zyg Pharma Pvt Ltd  
Notes forming part of the financial statements

Note 28 Disclosures under Accounting Standards (contd.)

Note	Particulars	As at 31 March, 2015	As at 31 March, 2014
28.8	Details of research and development expenditure recognised as an expense		
	Others - various studies for product development	1,281,758	11,129,179

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*2014*



**A. P. ASHER & CO**  
**CHARTERED ACCOUNTANTS**

**A. P. ASHER**  
B.Com. (Hons.), F.C.A.

VELA KUTIR  
PLOT # 25, NAVYUG SOCIETY  
V. M. ROAD, JVPD SCHEME  
VILE PARLE (WEST)  
MUMBAI - 400 056.

**INDEPENDENT AUDITOR'S REPORT**

**TO THE MEMBERS OF ZYG PHARMA PRIVATE LIMITED**

**REPORT ON THE FINANCIAL STATEMENTS**

We have audited the accompanying financial statements of **ZYG PHARMA PRIVATE LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2014 and the Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2014 and a summary of the significant accounting policies and other explanatory information.

**MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance in accordance with the accounting standards notified under the Companies Act, 1956 (the Act) read with the General Circular 15/2013 dated 13<sup>th</sup> September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 and in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**AUDITOR'S RESPONSIBILITY**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



**OPINION**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required, and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) In the case of Balance Sheet; of the State of affairs of the company as at 31st March, 2014;
- (ii) In the case of the Statement of Profit and Loss; of the loss for the year ended 31<sup>st</sup> March, 2014.

**REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

1. As required by the Companies (Auditor's Report) Order, 2003 (the Order) issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of the audit;
  - b. In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books;
  - c. The Balance Sheet and the Statement of Profit and Loss dealt with by this report are in agreement with the books of accounts;
  - d. In our opinion, the Balance Sheet and the Statement of Profit and Loss comply with the mandatory Accounting Standards notified under the Act read with the General Circular 15/2013 dated 13<sup>th</sup> September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act 2013.
  - e. On the basis of the written representation received from the Directors as on 31.03.2014 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31.03.2014, from being appointed as a Director in terms of Clause (g) of Sub-section (1) of section 274 of the Act, 1956.



MUMBAI: September 04, 2014

**FOR A.P. ASHER & CO**  
*Firm Registration No. : 100615W*  
**CHARTERED ACCOUNTANTS**

**(A.P. ASHER)**  
**PROPRIETOR**

**MEMBERSHIP NO.:012633**

**ANEXURE TO THE INDEPENDENT AUDITORS' REPORT**

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our Report of even date of Zyg Pharma Private Limited for the year ended March 31, 2014).

- (i) In respect of its fixed assets:
- (a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets as of 31<sup>st</sup> March, 2013. In respect of additions/deductions during the year, we are informed that the necessary particulars will be entered in the said records during the current financial year.
- (b) As informed to us, the fixed assets have been physically verified by the management at reasonable intervals during the year and no material discrepancies were noticed on such verification.
- (c) The company has not disposed of any substantial part of its fixed assets so as to affect its going concern status.
- (ii) (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) On the basis of our examination of the inventory records, in our opinion, the company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the books records were not material.
- (iii) (a) According to the information and explanations given to us, the company has not granted any unsecured loan during the year (previous year Rs.90.00 lacs) to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.Nil (previous year Rs.90.00 lacs) and the year-end balance of the loan was Rs.Nil (previous year Rs.90.00 lacs).
- (b) According to the information and explanations given to us, the company has not taken any unsecured loan from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (iv) In our opinion, and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and nature of its business for the purchase of





inventory and fixed assets and for the sale of goods. The company does not sell any services. According to the information and explanation given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control procedures.

(v) (a) On the basis of the audit procedures performed by us and according to the information and explanations given to us on our enquiries on this behalf and the records produced to us for our verification, the transactions that need to be entered into a register in pursuance of section 301 of the Companies Act, 1956 have been so entered in the register required to be maintained under that section.

(b) The transactions exceeding the value of Rs.5,00,000/- made in pursuance of such contracts or arrangements have been, in our opinion and as per the information and explanation given to us, made at prices which are reasonable having regard to prevailing market prices at the relevant time.

(vi) According to the information and explanations given to us, the company has not accepted any deposits from the public within the meaning of sections 58A and 58AA or any other relevant provisions of the Act and the rules framed thereunder.

(vii) The internal audit of the company is entrusted to a firm of practicing Chartered Accountants. In our opinion, the internal audit system is commensurate with the size and nature of its business.

(viii) We have broadly reviewed the books of account maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records u/s 209(1)(d) of the Companies Act, 1956 and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(ix) (a) According to the information and explanations given to us and the records of the company examined by us, in our opinion, the company is generally regular in depositing undisputed statutory dues including Provident Fund, ESIC, Income-Tax, Sales-Tax, Custom Duty, Excise Duty, Service Tax, Cess and other material statutory dues as applicable, with the appropriate authorities. The company had no liabilities towards the Investor Education and Protection Fund or Wealth Tax Act.

(b) According to the records of the company, and the information and explanations given to us and the records of the company examined



by us, the particulars of dues of Excise Duty, Service Tax, Entry Tax and Sales Tax which have not been deposited on account of dispute are as follows:

Name of Statute	Nature of the dues	Forum where dispute is pending	Period to which the amount relates (Assessment Years)	Amount (Rs.in Lacs)
Sales Tax Act	Sales Tax	Sales Tax Tribunal, Indore	2002-03 & 2003-04	5.85
Central Excise Act	Excise Duty.	CESTAT, New Delhi	2005 to 2008	96.45
Service Tax Act	Service Tax	Addl. Commissioner, Central Excise, Indore	2005 to 2013	145.04
Entry Tax Act	Entry Tax	Asst. Commissioner (Appeals), Sales Tax, Ratlam	2009-10	0.89
Central Sales Tax Act	C.S.T	Dy. Commissioner (Appeals), Sales Tax, Indore	2010-11	4.96

- (x) The Company has no accumulated losses as at March 31, 2014 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial.
- (xi) In our opinion and according to information and explanations given to us, the company has not defaulted in repayment of dues to bank.
- (xii) As the Company has not granted during the year under review, any loans and advances on the basis of security by way of pledge of shares, debentures and other securities, the question of our reporting whether adequate documents and records are maintained, does not arise.
- (xiii) As the company is not a chit fund/nidhi/mutual benefit fund/societies the provisions of clause 4(xii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xiv) The Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xv) In our opinion, on the basis of the information and explanations given to us, as the company has not given any guarantee for loans taken by others from bank or financial institutions, the question of our reporting whether the terms and conditions thereof are prejudicial to the interest of the company, does not arise.



- (xvi) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained.
- (xvii) In our opinion and according to the information and explanations given to us, and on an overall examination of the Balance Sheet of the company, we report that funds raised on a short-term basis have, *prima facie*, not been used during the year for long-term investment.
- (xviii) As the company has not made during the year any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of Act, the question of our reporting whether the price at which the shares have been issued is prejudicial to the interest of company, does not arise.
- (xix) As the company had not issued debentures, the question of creating any security or charge does not arise.
- (xx) As the company has not raised any money by public issues during the year, the question of our reporting whether the management has disclosed on the end use of money does not arise.
- (xxi) During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company noticed or reported during the year, nor have we been informed of such case by the management.



**FOR A.P. ASHER & CO**  
*Firm Registration No.100615W*  
**CHARTERED ACCOUNTANTS**

A handwritten signature in black ink, appearing to read "A.P. Asher".

**(A.P. ASHER)**  
**PROPRIETOR**

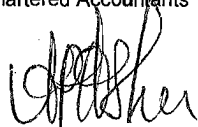
**MUMBAI: September 04, 2014**

**MEMBERSHIP NO.:012633**

Particulars	Note No.	As at 31 March, 2014	As at 31 March, 2013
		Rs.	Rs.
<b>A EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
(a) Share capital	<u>3</u>	1,611,600	1,611,600
(b) Reserves and surplus	<u>4</u>	170,879,598	149,898,774
(c) Money received against share warrants		-	-
		<b>172,491,198</b>	<b>151,510,374</b>
<b>2 Share application money pending allotment</b>			
<b>3 Non-current liabilities</b>			
(a) Long-term borrowings	<u>5</u>	33,915,957	16,684,194
(b) Deferred tax liabilities (net)	<u>28</u>	4,908,647	3,581,617
(c) Long-term provisions	<u>6</u>	1,115,480	1,164,119
		<b>39,940,084</b>	<b>21,429,930</b>
<b>4 Current liabilities</b>			
(a) Short-term borrowings	<u>7</u>	44,312,333	49,476,206
(b) Trade payables	<u>8</u>	55,868,165	66,448,137
(c) Other current liabilities	<u>9</u>	83,181,614	49,469,737
(d) Short-term provisions	<u>10</u>	42,702	22,630
		<b>183,404,814</b>	<b>165,416,710</b>
<b>TOTAL</b>		<b>395,836,094</b>	<b>338,357,013</b>
<b>B ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Fixed assets	<u>11</u>		
(i) Tangible assets		141,686,459	138,079,219
(ii) Intangible Assets - Capital work-in-progress		4,739,084	-
		<b>146,425,543</b>	<b>138,079,219</b>
(b) Non-current investments	<u>12</u>	12,733,061	13,194,213
(c) Long-term loans and advances	<u>13</u>	6,343,078	14,932,112
(d) Other non-current Assets	<u>14</u>	282,325	282,325
		<b>19,358,465</b>	<b>28,408,650</b>
<b>2 Current assets</b>			
(a) Current investments	<u>15</u>	34,545,673	32,771,925
(b) Inventories	<u>16</u>	80,589,534	65,903,225
(c) Trade receivables	<u>17</u>	50,505,202	56,688,002
(d) Cash and cash equivalents	<u>18</u>	24,457,889	2,022,478
(e) Short-term loans and advances	<u>19</u>	39,296,678	14,338,399
(f) Other current assets	<u>20</u>	657,111	145,115
		<b>230,052,087</b>	<b>171,869,144</b>
<b>TOTAL</b>		<b>395,836,094</b>	<b>338,357,013</b>
See accompanying notes forming part of the financial statements			

In terms of our report attached.

For A.P. Asher & Co  
Firm Registration No : 100615W  
Chartered Accountants



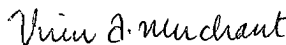
A. P. Asher  
Proprietor  
Membership No : 012633

Place : MUMBAI  
Date : 4TH SEPTEMBER, 2014

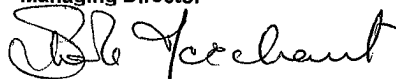
For and on behalf of the Board of Directors



S.A. MERCHANT  
Chairman



V.A. MERCHANT  
Managing Director



S.V. MERCHANT  
Jt. Managing Director

Place : MUMBAI  
Date : 3RD SEPTEMBER, 2014

ZYG PHARMA PVT LTD

Statement of Profit and Loss for the period ended 31 March, 2014

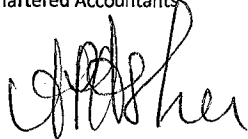
Particulars	Note No.	For the period ending	For the year ended
		31 March, 2014	31 March, 2013
		Rs.	Rs.
<b>A CONTINUING OPERATIONS</b>			
1 Revenue from operations (gross)	21	583,956,186	466,192,402
Less: Excise duty	21	84,518,425	71,481,121
Revenue from operations (net)		499,437,761	394,711,281
2 Other income	22	12,593,572	5,529,517
3 <b>Total revenue (1+2)</b>		512,031,333	400,240,798
4 <b>Expenses</b>			
(a) Cost of materials consumed	23	285,520,606	206,956,632
(b) Changes in inventories of finished goods, work-in-progress and stock-in-trade	23	-17,232,270	27,283,963
(c) Employee benefits expense	24	36,833,933	33,122,541
(d) Finance costs	25	12,041,311	12,786,328
(e) Depreciation and amortisation expense	11	19,965,776	20,417,392
(f) Other expenses	26	135,937,648	82,678,693
<b>Total expenses</b>		473,067,005	383,245,548
5 <b>Profit / (Loss) before exceptional and extraordinary items and tax (3 - 4)</b>		38,964,329	16,995,249
6 Exceptional items		-	-
7 <b>Profit / (Loss) before extraordinary items and tax (5 ± 6)</b>		38,964,329	16,995,249
8 Extraordinary items		-	-
9 <b>Profit / (Loss) before tax</b>		38,964,329	16,995,249
10 <b>Tax expense:</b>			
(a) Current Tax		11,000,000	5,500,000
(b) Deferred Tax		1,327,030	-112,876
Net current tax expense		12,327,030	5,387,124
11 <b>Profit / (Loss) from continuing operations (9 ± 10)</b>		26,637,299	11,608,125
<b>B DISCONTINUING OPERATIONS</b>		-	-
<b>C TOTAL OPERATIONS</b>		26,637,299	11,608,125
13 <b>Profit / (Loss) for the year</b>		26,637,299	11,608,125
<b>Earnings per share (of Rs.10/- each):</b>			
Basic/Diluted	28	165.28	72.03
<b>See accompanying notes forming part of the financial statements</b>			

In terms of our report attached.

For A. P. Asher & Co

Firm Registration No : 100615W

Chartered Accountants

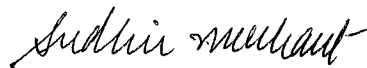


A. P. Asher

Proprietor

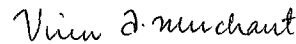
Membership No : 012633

For and on behalf of the Board of Directors



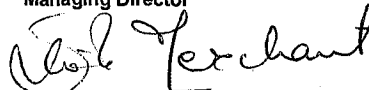
S.A. MERCHANT

Chairman



V.A. MERCHANT

Managing Director



S.V. MERCHANT

Jt. Managing Director

Place : MUMBAI

Date : 4TH SEPTEMBER, 2014

Place :

Date :

MUMBAI

3RD SEPTEMBER, 2014

**ZYG PHARMA PVT LTD**  
Notes forming part of the financial statements

Note 3 Share capital

Particulars	As at 31 March, 2014		As at 31 March, 2013	
	Number of shares	Rs.	Number of shares	Rs.
(a) Authorised 1300000 Equity shares of Rs. 10/- each with voting rights	1,300,000	13,000,000	1,300,000	13,000,000
(b) Issued # 161160 Equity shares of Rs. 10/- each with voting rights	161,160	1,611,600	161,160	1,611,600
(c) Subscribed and fully paid up 161160 Equity shares of Rs. 10/- each with voting rights	161,160	1,611,600	161,160	1,611,600
<b>Total</b>	<b>161,160</b>	<b>1,611,600</b>	<b>161,160</b>	<b>1,611,600</b>

**Rights, preferences and restrictions attached to the shares**  
The Company has issued one class of equity share having a par value of Rs. 10/- per share. Each shareholder is eligible for one vote per share held. The dividend if any proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

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*[Signature]*

Note 3 Share capital (contd.)

Particulars							
Notes:							
(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:							
Particulars	Opening Balance	Fresh issue	Bonus	ESOP	Conversion	Buy back	Closing Balance
Equity shares with voting rights							
Year ended 31 March, 2014							
- Number of shares	161,160	-	-	-	-	-	161,160
- Amount (₹)	1,611,600	-	-	-	-	-	1,611,600
Year ended 31 March, 2013							
- Number of shares	161,160	-	-	-	-	-	161,160
- Amount (₹)	1,611,600	-	-	-	-	-	1,611,600

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Zyg Pharma Pvt Ltd  
Notes forming part of the financial statements

Note 3 Share capital (contd.)

(ii) Details of shares held by each shareholder holding more than 5% shares:				
Class of shares / Name of shareholder	As at 31 March, 2014		As at 31 March, 2013	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares with voting rights				
Viren A Merchant - HUF	13500	8.38%	13500	8.71%
Radhika A Merchant	15200	9.43%	15200	9.80%
Anjali V Merchant	15200	9.43%	15200	9.80%
Shaila V Merchant	13700	8.50%	13700	8.84%
Viren A Merchant	15476	9.60%	12416	8.01%
Sudhir A Merchant - HUF	10000	6.21%	10000	6.45%
Nandini S Merchant	15000	9.31%	15000	9.67%
Aditya S Merchant	15000	9.31%	15000	9.67%
Rupa S Merchant	15000	9.31%	15000	9.67%
Sudhir A Merchant	15016	9.32%	15016	9.69%
Induben A Merchant	15008	9.31%	15008	9.68%
Note : Information on equity shares allotted without receipt of cash or allotted as bonus shares or shares bought back - NIL				

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Zyg Pharma Pvt Ltd  
Notes forming part of the financial statements

Note 4 Reserves and surplus

Particulars	As at 31 March, 2014	As at 31 March, 2013
	Rs.	Rs.
(a) Capital reserve		
Opening balance	10,154,372	5,481,640
Add: Additions during the year pursuant to amalgamation (Refer Note 29.5)	-	4,672,732
Less: Utilised / transferred during the year (give details)		-
Closing balance	10,154,372	10,154,372
(b) General reserve		
Opening balance	26,518,469	29,305,620
Add: Transferred from surplus in Statement of Profit and Loss	2,663,730	-
Less: Transferred during the year :		
Profit & Loss A/c balance of Industrial Utilities (India) Pvt Ltd as on 1.4.2012 pursuant to Amalgamation	-	-2,787,151
Closing balance	29,182,199	26,518,469
(c) Surplus / (Deficit) in Statement of Profit and Loss		
Opening balance	113,225,933	101,617,808
Add: Profit / (Loss) for the year	26,637,299	11,608,125
Amounts transferred from:		
General reserve	-	-
Other reserves (give details)	-	-
Less: Interim dividend	(4,834,800)	-
Dividends proposed to be distributed to equity shareholders ( ___ per share)	-	-
Tax on dividend	(821,675)	-
Transferred to:		
General reserve	(2,663,730)	-
Closing balance	131,543,027	113,225,933
<b>Total</b>	<b>170,879,598</b>	<b>149,898,774</b>

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Zyg Pharma Pvt Ltd  
Notes forming part of the financial statements

Note 5 Long-term borrowings

Particulars	As at 31 March, 2014	As at 31 March, 2013
	Rs.	Rs.
(a) Term loans		
From banks		
Secured	33,915,957	16,583,196
Unsecured		-
From other parties		
Secured	-	100,998
Unsecured		-
		100,998
<b>Total</b>	<b>33,915,957</b>	<b>16,684,194</b>

Zyg Pharma Pvt Ltd  
Notes forming part of the financial statements

Note 5 Long-term borrowings (contd.)

Particulars					
(i) Details of terms of repayment for long-term borrowings and security provided in respect of the secured long-term borrowings:					
Particulars	Terms of repayment and security*	As at 31 March, 2014		As at 31 March, 2013	
		Secured Rs.	Unsecured Rs.	Secured Rs.	Unsecured Rs.
Term loans from banks: Term Loan From HSBC	Repayable in monthly installments (from 1.4.2015) with interest @ 11.25 %. Secured by first exclusive charge on entire Land & Bldg, P & M of the Company existing & new at Plot No. 810, Sector-III, Industrial Area, Pithampur, Dhar, M.P and collateral other movable assets excluding trade marks & vehicles (existing & proposed)	33,915,957		-	-
SBI Term Loan 2		-		14,655,813	-
State Bank of India Corporate Loan		-		1,900,000	-
HDFC Bank Vehicle Loan		-		27,383	-
ICICI Bank Vehicle Loan		-		-	-
<b>Total - Term loans from banks</b>		<b>33,915,957</b>	<b>-</b>	<b>16,583,196</b>	<b>-</b>
Term loans from other parties: Kotak Mahindra Prime Limited Vehicle Loan 1		-		100,998	-
<b>Total - Term loans from other parties</b>		<b>-</b>	<b>-</b>	<b>100,998</b>	<b>-</b>

Note: Long Term borrowings guaranteed by some of the Directors -NIL

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**Zyg Pharma Pvt Ltd**  
**Notes forming part of the financial statements**

Note 6 Long-term provisions

Particulars	As at 31 March, 2014	As at 31 March, 2013
	Rs.	Rs.
(a) Provision for employee benefits:		
(i) Provision for compensated absences	1,115,480	992,246
(ii) Provision for gratuity	-	171,873
	1,115,480	1,164,119
(b) Provision - Others:	-	-
<b>Total</b>	<b>1,115,480</b>	<b>1,164,119</b>

Note 7 Short-term borrowings

Particulars	As at 31 March, 2014	As at 31 March, 2013
	Rs.	Rs.
(a) Loans repayable on demand		
From banks		
Secured	44,312,333	49,476,206
Unsecured	-	-
<b>Total</b>	<b>44,312,333</b>	<b>49,476,206</b>

**Notes:**

(i) Details of security for the secured short-term borrowings:

Particulars	Nature of security	As at 31 March, 2014	As at 31 March, 2013
		Rs.	Rs.
<u>Loans repayable on demand from banks:</u>			
State Bank of India - Cash Credit Account	Secured by Hypothecation on present and future stocks and book debts, present and future fixed assets, equitable mortgage on factory land and building	-	49,476,206
HSBC - Cash Credit Account	Secured by Hypothecation on present and future stocks and book debts, present and future fixed assets, equitable mortgage on factory land and building	40,539,308	-
HSBC Buyers Credit	Secured by Hypothecation on present and future stocks and book debts, present and future fixed assets, equitable mortgage on factory land and building	3,773,025	-
<b>Total - from banks</b>		<b>44,312,333</b>	<b>49,476,206</b>

Note : (1) Short Term borrowings guaranteed by Directors or others : NIL

(2) Defaults in repayment of loans and interest : NIL

Note 8 Trade payables

Particulars	As at 31 March, 2014	As at 31 March, 2013
	Rs.	Rs.
Trade payables:		
Acceptances	-	-
Other than Acceptances	55,868,165	66,448,137
<b>Total</b>	<b>55,868,165</b>	<b>66,448,137</b>

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Zyg Pharma Pvt Ltd  
Notes forming part of the financial statements

Note 9 Other current liabilities

Particulars	As at 31 March, 2014	As at 31 March, 2013
	Rs.	Rs.
(a) Current maturities of long-term debt (Refer Note (i) below)	29,549,615	25,233,314
(b) Other payables		
(i). Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, Excise Duty, VAT, Service Tax, etc.)	2,034,718	3,630,936
(ii). Payables on purchase of fixed assets		
(iii). Advances from customers	45,247,187	13,166,473
(iv). Provision for expenses	6,350,093	7,439,014
<b>Total</b>	<b>83,181,614</b>	<b>49,469,737</b>
Note (i): Current maturities of long-term debt (Refer Notes (i), (iii) and (iv) in Note 5 -		
Particulars	As at 31 March, 2014	As at 31 March, 2013
	Rs.	Rs.
(a) Term loans		
From banks		
Secured		
<b>HSBC - Term Loan</b>	12,580,695	-
Repayable in 12 equal monthly installments of Rs. 10,48,391/- each from 1.4.2014 to 31.03.2015 with interest rate @ 11.25% p.a and secured by first exclusive charge on entire Land & Bldg, P & M of the Company existing & new at Plot No. 810, Sector-III, Industrial Area, Pithampur, Dhar, M.P and collateral other movable assets excluding trade marks & vehicles (existing & proposed)		
<b>State Bank of India - Term Loan</b>	14,876,379	21,059,056
Repayable in 11 equal monthly installments of Rs. 12,00,000/- each from 1.4.2014 to 28.2.2015 & last instalment of Rs. 16,76,379/- in March'2015 with interest rate @ 11.25% p.a and secured by first exclusive charge on entire Land & Bldg, P & M of the Company existing & new at Plot No. 810, Sector-III, Industrial Area, Pithampur, Dhar, M.P and collateral other movable assets excluding trade marks & vehicles (existing & proposed)		
<b>State Bank of India - Corporate Loan</b>	1,964,160	3,600,000
Repayable in 5 equal monthly installments of Rs. 3,00,000/- each from 1.4.2014 to 31.8.2014 & last instalment of Rs. 4,64,160/- in September'2015 with interest rate @ 11.25% p.a and secured by first exclusive charge on entire Land & Bldg, P & M of the Company existing & new at Plot No. 810, Sector-III, Industrial Area, Pithampur, Dhar, M.P and collateral other movable assets excluding trade marks & vehicles (existing & proposed)		
<b>HDFC Bank - Vehicle Loan</b>	27,383	153,322
Repayable in 2 monthly installments of Rs. 13,896/- & Rs. 13,487/- from 1.4.2014 to 31.5.2014 with interest rate @12% and secured by Hypothecation of Vehicle		
<b>ICICI Bank - Vehicle Loan</b>	-	41,444
Unsecured		
From other parties		
Secured		
<b>Kotak Mahindra Prime Limited - Vehicle Loan 1</b>	100,998	379,492
Repayable in 3 equal monthly installments of Rs.34,232/- each from 1.4.2013 to 30.6.2013 with interest rate @10.10% and secured by Hypothecation of Vehicle		
<b>Total</b>	<b>29,549,615</b>	<b>25,233,314</b>

Zyg Pharma Pvt Ltd  
Notes forming part of the financial statements

Note 10 Short-term provisions

Particulars	As at 31 March, 2014	As at 31 March, 2013
	Rs.	Rs.
(a) Provision for employee benefits:		
(ii) Provision for compensated absences	42,702	19,370
(iii) Provision for gratuity	-	3,260
	42,702	22,630
<b>Total</b>	<b>42,702</b>	<b>22,630</b>

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Zyg Pharma Pvt Ltd  
Notes forming part of the financial statements

Note 11 Fixed assets

A.	Tangible assets	Gross block				Accumulated Depreciation				Net Block				
		Balance as at 1 April, 2013	Additions Zyg	Disposals Zyg	Balance as at 31 March, 2014	Balance as at 1 April, 2013	Depreciation / amortisation expense for the year	Eliminated on disposal of assets	Balance as at 31 March, 2014	Balance as at 31 March, 2014	Balance as at 31 March, 2013			
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.			
	(a) Land Freehold Leasehold *	864,448			864,448				194,509	8,711		203,220	661,228	669,939
	(b) Buildings Own use Given under operating lease *	106,155,524			106,155,524				67,898,188	3,825,734		71,723,921	34,431,603	36,257,336
	(c) Plant and Equipment Owned Taken under finance lease * Given under operating lease *	170,655,338	16,072,600		186,727,938				97,985,216	11,319,836		109,305,052	77,422,886	72,670,122
	(d) Furniture and Fixtures Owned Taken under finance lease * Given under operating lease *	12,224,524			12,224,524				8,433,592	686,159		9,119,751	3,104,773	3,790,932
	(e) Vehicles Owned Taken under finance lease * Given under operating lease *	6,224,688		788,252	5,436,436				4,464,277	437,997	-627,634	4,274,640	1,161,796	1,760,411
	(f) Office equipment Owned Taken under finance lease * Given under operating lease *	1,610,205			1,610,205				955,174	91,115		1,046,289	563,915	655,030
	(g) Leasehold improvements Owned Taken under finance lease * Given under operating lease *	53,700			53,700				53,700			53,700		
	(h) Laboratory Ware Owned Taken under finance lease * Given under operating lease *	24,508,546			24,508,546				18,679,154	610,968		19,490,022	5,018,523	5,825,391
	(i) Electrical installation Owned Taken under finance lease * Given under operating lease *	17,842,506			17,842,506				13,175,619	649,164		13,824,783	4,017,723	4,666,887
	(j) Air Conditioning Owned Taken under finance lease * Given under operating lease *	7,088,148	5,134,986		12,223,134				4,994,379	398,296		5,392,675	6,830,459	2,093,769
	(k) Effluent Treatment Plant Owned Taken under finance lease * Given under operating lease *	3,249,552			3,249,552				2,969,651	38,947		3,008,507	241,045	279,991
	(l) Warehouse Accessories Owned Taken under finance lease * Given under operating lease *	19,449,877	605,224		20,055,101				12,996,871	965,722		13,962,593	6,092,509	6,453,006
	(m) Computers Owned Taken under finance lease * Given under operating lease *	13,432,230	1,920,823		15,353,053				12,479,829	733,228		13,213,057	2,139,996	952,400
	Total	383,359,286	23,733,633	788,252	406,304,667	245,280,070	19,965,776	-627,634	245,280,070	20,417,392	-309,308	264,618,212	141,666,459	136,079,219
	Previous year	325,999,279	10,777,511	1,788,605	383,359,286	187,266,945	20,417,392	-309,308	187,266,945	20,417,392	-309,308	245,280,070	138,079,219	138,732,940

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Zyg Pharma Pvt Ltd  
Notes forming part of the financial statements

Note 11 Fixed assets (contd.)

B.	Intangible assets / Capital WIP	Gross block				Accumulated Depreciation			Net Block			
		Balance as at 1 April, 2013	Additions Zyg	Disposals Zyg	Balance as at 31 March, 2014	Balance as at 1 April, 2013	Depreciation / amortisation expense for the year	Eliminated on disposal of assets	Balance as at 31 March, 2014	Balance as at 31 March, 2013	Balance as at 31 March, 2014	
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
	Know-how, Bussiness		4,739,084		4,739,084						4,739,084	

C.	Particulars	Particulars		For the year ended 31 March, 2013	
		As at 31 March, 2014	Rs.	As at 31 March, 2014	Rs.
		Rs.		Rs.	
	Depreciation and amortisation relating to continuing operations:				
	Depreciation and amortisation for the year on tangible assets as per Note 12 A	19,965,776		20,417,392	
	Depreciation and amortisation for the year on intangible assets as per Note 12 B	-		-	
	Less: Utilised from revaluation reserve				
	Depreciation and amortisation relating to discontinuing operations (Refer Note 30.11)				
	Depreciation and amortisation relating to continuing operations	19,965,776		20,417,392	
	Details of assets acquired under hire purchase agreements:				
	Particulars	Gross block		Net block	
		As at 31 March, 2014	31 March, 2013	As at 31 March, 2014	31 March, 2013
	Vehicles	5,436,436	6,224,688	1,161,796	1,760,411

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Zyg Pharma Pvt Ltd  
Notes forming part of the financial statements

Note 13 Long-term loans and advances

Particulars	As at 31 March, 2014	As at 31 March, 2013
	Rs.	Rs.
(a) Capital advances		
Secured, considered good	-	-
Unsecured, considered good	-	-
Doubtful	-	-
Less: Provision for doubtful advances	-	-
(b) Security deposits		
Secured, considered good	-	-
Unsecured, considered good	3,805,864	3,681,764
Doubtful	-	-
Less: Provision for doubtful deposits	-	-
	3,805,864	3,681,764
(c) Loans and advances to related parties		
Secured, considered good	-	-
Unsecured, considered good	-	-
Encore Healthcare Pvt Ltd	-	9,000,000
Doubtful	-	-
Less: Provision for doubtful loans and advances	-	-
	-	9,000,000
(d) Loans and advances to employees		
Secured, considered good	-	-
Unsecured, considered good	164,882	270,000
Doubtful	-	-
Less: Provision for doubtful loans and advances	-	-
	164,882	270,000
(e) Advance income tax (net of provisions ` Rs. 7,87,53,647 (As at 31 March, 2013:Rs. 6,77,53,647) - Unsecured, considered good	2,372,333	1,980,349
<b>Total</b>	<b>6,343,078</b>	<b>14,932,112</b>

Note: Long-term loans and advances include amounts due from:

Particulars	As at 31 March, 2014	As at 31 March, 2013
	Rs.	Rs.
Directors		
Other officers of the Company	164,882	270,000
Firms in which any director is a partner (give details per firm)		
Private companies in which any director is a director or member :		
Encore Healthcare Pvt Ltd	-	9,000,000

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Zyg Pharma Pvt Ltd  
Notes forming part of the financial statements

Note 14 Other Non-current assets

Particulars	As at 31 March, 2014	As at 31 March, 2013
	Rs.	Rs.
Deposits with Banks (Refer note 18)	282,325	282,325
(b) Others	-	-
<b>Total</b>	<b>282,325</b>	<b>282,325</b>

Zyg Pharma Pvt Ltd  
Notes forming part of the financial statements

Note 15 Current investments

Particulars	As at 31 March, 2014			As at 31 March, 2013		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Investment in mutual funds - (at cost)						
Reliance Tax Saver Fund		1,058,950	1,058,950		756,752	756,752
Fidelity International Opportunities Fund		-	-		-	-
AIG India Equity Fund		2,000,000	2,000,000		2,000,000	2,000,000
DSP Blackrock FMP		-	-		-	-
HDFC Equity Fund - Growth		4,000,000	4,000,000		4,000,000	4,000,000
Birla Sunlife FMP		-	-		-	-
Franklin Templeton Indai Short Term Fund - Weekly Dividend		9,870,969	9,870,969		9,350,394	9,350,394
Templeton Indai Income Opportunities Fund - Quarterly Dividend Reinvestment		7,391,462	7,391,462		7,039,136	7,039,136
Birla Sunlife Dynamic Bond Fund		-	-		-	-
HDFC CMF Treasury Advantage Plan - Daily Dividend		10,224,293	10,224,293		9,625,643	9,625,643
		-	-		-	-
<b>Total - Other current investments</b>		<b>34,545,673</b>	<b>34,545,673</b>		<b>32,771,925</b>	<b>32,771,925</b>
Aggregate amount of quoted investments	-	-	-	-	-	-
Aggregate market value of listed and quoted investments	-	-	-	-	-	-
Aggregate value of listed but not quoted investments	-	-	-	-	-	-
Aggregate amount of unquoted investments			<b>34,545,673</b>			<b>32,771,925</b>

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**Zyg Pharma Pvt Ltd**  
**Notes forming part of the financial statements**

**Note 16 Inventories**

(At lower of cost and net realisable value)

Particulars	As at 31 March, 2014	As at 31 March, 2013
	Rs.	Rs.
( As certified by the Management )		
(a) Raw materials	40,100,345	37,233,943
(b) Work-in-progress	4,878,168	485,982
(c) Finished goods (other than those acquired for trading)	18,745,751	5,905,667
(d) Packing Material	16,865,270	22,277,633
<b>Total</b>	<b>80,589,534</b>	<b>65,903,225</b>

Note: Details of inventory of work-in-progress

Particulars	As at 31 March, 2014	As at 31 March, 2013
	Rs.	Rs.
Creams and ointments	4,878,168	485,982
	4,878,168	485,982

**Note 17 Trade receivables**

Particulars	As at 31 March, 2014	As at 31 March, 2013
	Rs.	Rs.
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Secured, considered good	-	-
Unsecured, considered good	-	-
Doubtful	-	-
Less: Provision for doubtful trade receivables	-	-
Other Trade receivables		
Secured, considered good	-	-
Unsecured, considered good	50,505,202	56,688,002
Doubtful	-	-
Less: Provision for doubtful trade receivables	-	-
<b>Total</b>	<b>50,505,202</b>	<b>56,688,002</b>

Note: Trade receivables include debts due from:

Particulars	As at 31 March, 2014	As at 31 March, 2013
	Rs.	Rs.
Directors	-	-
Other officers of the Company	-	-
Firms in which any director is a partner (give details per firm)	-	-
Private companies in which any director is a director or member -		
Encore Healthcare Pvt Ltd	1,749,252	1,010,640
Halcyon Labs Pvt Ltd	-	255,855
<b>Total</b>	<b>1,749,252</b>	<b>1,266,495</b>

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Zyg Pharma Pvt Ltd  
Notes forming part of the financial statements

Note: 18 Cash and Bank balance

Particulars	As at 31 March, 2014	As at 31 March, 2013
	Rs.	Rs.
<b>Cash &amp; Cash equivalents</b>		
(a) Cash on hand	26,355	65,189
(b) Balances with banks in current account	3,976,534	1,952,289
(c) Balances with banks in short term Deposit Account (original Maturity less than 3 months)	20,450,000	-
	<b>24,452,889</b>	<b>2,017,478</b>
<b>Other Balances with Bank</b>		
Deposits pledged with others	223,965	223,965
Margin money deposits	63,360	63,360
	<b>287,325</b>	<b>287,325</b>
<b>Total Cash &amp; Bank Balances</b>	<b>24,740,214</b>	<b>2,304,803</b>
Less : Term Deposits with banks maturing after 12 months from Balance Sheet date and other margin money classified as non-current (Refer note 14)	282,325	282,325
<b>Total</b>	<b>24,457,889</b>	<b>2,022,478</b>

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Zyg Pharma Pvt Ltd  
Notes forming part of the financial statements

Note 19 Short-term loans and advances

Particulars	As at 31 March, 2014	As at 31 March, 2013
	Rs.	Rs.
(c) Loans and advances to employees		
Secured, considered good	270,000	647,382
Unsecured, considered good	-	-
Doubtful	-	-
Less: Provision for doubtful loans and advances	-	-
	270,000	647,382
(d) Prepaid expenses - Unsecured, considered good	8,621,272	5,880,817
(e) Balances with government authorities		
Unsecured, considered good		
(i) CENVAT credit receivable	1,140,930	954,415
(ii) VAT/CST credit receivable	284,120	145,518
(iii) Service Tax credit receivable	1,316,228	70,962
	2,741,278	1,170,895
(g) Others (specify nature)		
Secured, considered good	-	-
Unsecured, considered good	431,941	143,029
Advances to Suppliers	27,232,187	6,496,276
Earnest Money Deposit	-	-
Less: Provision for other doubtful loans and advances	-	-
	27,664,128	6,639,305
<b>Total</b>	<b>39,296,678</b>	<b>14,338,399</b>

Note: Short-term loans and advances include amounts due from:

Particulars	As at 31 March, 2014	As at 31 March, 2013
	Rs.	Rs.
Directors		
Other officers of the Company	204,500	385,000
Firms in which any director is a partner (give details per firm)	-	-
Private companies in which any director is a director or member	-	-
	204,500	385,000

Note 20 Other current assets

Particulars	As at 31 March, 2014	As at 31 March, 2013
	Rs.	Rs.
(a) Accruals		
Interest accrued on deposits	657,111	145,115
(b) Others	-	-
<b>Total</b>	<b>657,111</b>	<b>145,115</b>

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**ZYG PHARMA PVT LTD**  
**Notes forming part of the financial statements**

**Note 21 Revenue from operations**

	Particulars	For the year ending	For the year ended
		31 March, 2014	31 March, 2013
		Rs.	Rs.
(a)	Sale of products (Refer Note (i) below)	574,139,268	418,145,764
(b)	Sale of services (Refer Note (ii) below)	-	6,886,250
(c)	Other operating revenues (Refer Note (iii) below)	9,816,918	41,160,388
	<u>Less:</u>	583,956,186	466,192,402
(d)	Excise duty	84,518,425	71,481,121
	<b>Total</b>	<b>499,437,761</b>	<b>394,711,281</b>

Note	Particulars	For the year ending	For the year ended
		31 March, 2014	31 March, 2013
		Rs.	Rs.
(i)	Sale of products comprises		
	Manufactured goods		
	Pharmaceutical formulations	574,139,268	418,145,764
	<b>Total - Sale of products</b>	<b>574,139,268</b>	<b>418,145,764</b>
(ii)	Sale of services comprises		
	Material Storage charges	-	3,900,000
	Analysis charges	-	2,986,250
	<b>Total - Sale of services</b>	<b>-</b>	<b>6,886,250</b>
(iii)	Other operating revenues comprises:		
	Sale of scrap	664,948	476,683
	Equipment hire charges	-	6,229
	Compensation on Volume Variance	4,303,218	35,000,008
	Stability charges	1,427,096	3,224,321
	Processing charges	3,421,657	2,453,147
	<b>Total - Other operating revenues</b>	<b>9,816,918</b>	<b>41,160,388</b>

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ZYG PHARMA PVT LTD  
Notes forming part of the financial statements

Note 22 Other income

	Particulars	For the year ending	For the year ended
		31 March, 2014	31 March, 2013
		Rs.	Rs.
(a)	Interest income (Refer Note (i) below)	8,198,794	1,189,568
(b)	Dividend income:		
	from current investments		
	others - Mutual Funds	1,773,748	1,869,236
	from long-term investments		
	others - Shares	1,709,120	211,150
(c)	Net gain on sale of:		
	current investments - Mutual Funds	886,309	-
(d)	Insurance Claim Received	-	660,148
(e)	Sundry Balances w/back	-	394,091
(f)	Miscellaneous Income	25,600	1,205,324
<b>Total</b>		<b>12,593,572</b>	<b>5,529,517</b>

Note	Particulars	For the year ending	For the year ended
		31 March, 2014	31 March, 2013
		Rs.	Rs.
(i)	Interest income comprises:		
	Interest from banks on:		
	deposits	926,984	1,041,032
	Interest on overdue trade receivables	7,096,068	-
	Other interest - Interest from Madhya Pradesh Paschim Kshetra Vidyut Vitran Electricity Board	175,742	148,536
<b>Total - Interest income</b>		<b>8,198,794</b>	<b>1,189,568</b>
(ii)	Other non-operating income comprises:		
<b>Total - Other non-operating income</b>		<b>-</b>	<b>-</b>

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ZYG PHARMA PVT LTD

Notes forming part of the financial statements

Note 23.a Cost of materials consumed

Particulars	For the year ending 31 March, 2014	For the year ended 31 March, 2013
	Rs.	Rs.
Opening stock	59,511,576	57,426,766
Add: Purchases	282,974,645	209,041,442
	342,486,221	266,468,208
Less: Closing stock	56,965,615	59,511,576
<b>Cost of material consumed</b>	<b>285,520,606</b>	<b>206,956,632</b>
Material consumed comprises:		
Raw Materials and Packing Materials		
Clotrimazole	4,852,621	1,972,342
Clobetasol Propionate	7,507,144	13,137,062
Betamethasone Dipropionate	10,901,596	4,396,953
Mometasone Fluorate	44,089,228	42,707,226
Immiquimod	38,729,292	14,656,649
Others	179,440,725	130,086,401
<b>Total</b>	<b>285,520,606</b>	<b>206,956,632</b>

Note 23.b Changes in inventories of finished goods, work-in-progress and stock-in-trade

Particulars	For the year ending 31 March, 2014	For the year ended 31 March, 2013
	Rs.	Rs.
<u>Inventories at the end of the year:</u>		
Finished goods	18,745,751	5,905,667
Work-in-progress	4,878,168	485,982
Stock-in-trade		
	23,623,919	6,391,649
<u>Inventories at the beginning of the year:</u>		
Finished goods	5,905,667	30,675,589
Work-in-progress	485,982	3,000,023
Stock-in-trade		
	6,391,649	33,675,612
<b>Net (increase) / decrease</b>	<b>-17,232,270</b>	<b>27,283,963</b>

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**ZYG PHARMA PVT LTD**  
**Notes forming part of the financial statements**

Note 24 Employee benefits expense

Particulars	For the year ending 31 March, 2014	For the year ended 31 March, 2013
	Rs.	Rs.
Salaries and wages	27,332,569	24,968,261
Contributions to provident and other funds	3,966,390	3,479,450
Staff welfare expenses	5,534,974	4,674,830
<b>Total</b>	<b>36,833,933</b>	<b>33,122,541</b>

**ZYG PHARMA PVT LTD**  
**Notes forming part of the financial statements**

Note 25 Finance costs

Particulars	For the year ending 31 March, 2014	For the year ended 31 March, 2013
	Rs.	Rs.
(a) Interest expense on:		
(i) Borrowings	12,041,311	12,786,328
<b>Total</b>	<b>12,041,311</b>	<b>12,786,328</b>

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**ZYG PHARMA PVT LTD**  
**Notes forming part of the financial statements**

Note 26 Other expenses

Particulars	For the year ended 31 March, 2014	For the year ended 31 March, 2013
	Rs.	Rs.
Consumption of stores and spare parts	9,207,747	5,881,142
Power and fuel	19,089,227	14,404,623
Repairs and maintenance - Buildings	2,663,784	99,865
Repairs and maintenance - Others *	5,106,165	1,877,838
Insurance	1,345,800	1,642,899
Rates and taxes	528,476	496,394
Travelling and conveyance	3,161,679	3,488,066
Freight and forwarding	6,386,549	6,925,581
Payments to auditors (Refer Note (i) below)	115,000	115,000
Loss on fixed assets sold / scrapped / written off	70,618	834,397
Foreign Exchange Loss	733,957	274,165
Wages & Bonus	20,726,727	13,788,760
Fees & Subscriptions	13,605,347	6,216,212
Legal and Professional	2,402,772	4,544,592
QC & Cosumables Expenses	5,496,614	3,941,244
Production Support Services	9,600,000	-
Clinical & BE Studies	5,400,000	-
Research & Development Expenses	11,129,179	-
Miscellaneous expenses	19,168,007	18,147,915
<b>Total</b>	<b>135,937,648</b>	<b>82,678,693</b>
<b>Notes:</b>		
(i) Payments to the auditors comprises (net of service tax input credit, where applicable):		
As auditors - statutory audit	100,000	100,000
For taxation matters	15,000	15,000
<b>Total</b>	<b>115,000</b>	<b>115,000</b>

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Zyg Pharma Pvt Ltd  
Notes forming part of the financial statements

Note 27 Previous year's figures

Note	Particulars
27	The Revised Schedule VI has become effective from 1 April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

In terms of our report attached.

For A. P. Asher & Co

Firm Registration No : 100615W

Chartered Accountants



A. P. Asher

Proprietor

Membership No : 012633

Place : MUMBAI

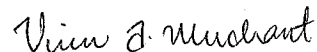
Date : 4TH SEPTEMBER, 2014

For and on behalf of the Board of Directors



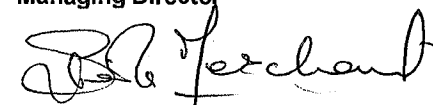
S.A. MERCHANT

Chairman



V.A. MERCHANT

Managing Director



S.V. MERCHANT

Jt. Managing Director

Place : MUMBAI

Date : 3RD SEPTEMBER, 2014

Note	Particulars
<b>1</b>	<b>Corporate information</b>
	Zyg Pharma Pvt Ltd is into manufacturing of Dermatological formulations. The company has its own manufacturing facilities located at Pithampur in Madhya Pradesh. The company have ISO 14001 certification and also has WHO accreditation The manufacturing facilities is recently approved by USFDA.
	<b>2 Significant accounting policies</b>
	<b>2.1 Basis of accounting and preparation of financial statements</b>
	The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on accrual basis under the historical cost convention except for categories of fixed assets acquired before 1 April, 200X, that are carried at revalued amounts. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.
	<b>2.2 Use of estimates</b>
	The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.
	<b>2.3 Inventories</b>
	Inventories are valued at the lower of cost (on FIFO / weighted average basis) and the net realisable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods to the point of sale, including octroi and other levies, transit insurance and receiving charges. Work-in-progress and finished goods include appropriate proportion of overheads and, where applicable, excise duty.
	<b>2.4 Cash and cash equivalents (for purposes of Cash Flow Statement)</b>
	Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.
	<b>2.5 Cash flow statement</b>
	Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.
	<b>2.6 Depreciation and amortisation</b>
	Depreciation has been provided on written down value method as per the rates prescribed in Schedule XIV to the Companies Act, 1956 except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under: Leasehold land is amortised over the duration of the lease ( 99 years)
	<b>2.7 Revenue recognition</b>
	<u>Sale of goods</u>
	Sales are recognised, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers. Sales include excise duty but exclude sales tax and value added tax.
	<u>Income from services</u>
	Revenues from contracts priced on a time and material basis are recognised when services are rendered and related costs are incurred.

Note 2 Significant accounting policies (contd.)

Note	Particulars
2.8	<p><b>Other income</b></p> <p>Interest income is accounted on accrual basis. Dividend income is accounted for when the right to receive it is established.</p>
2.9	<p><b>Fixed Assets :</b></p> <p><b>Tangible fixed assets</b></p> <p>Tangible fixed assets are stated at cost less depreciation/amortisation and impairment losses, if any. Cost includes the acquisition cost or the cost of construction, including duties and taxes (other than those refundable), expenses directly related to the location of assets and making them operational for their intended use and, in the case of qualifying assets, the attributable borrowing costs. Trade discounts, rebates and benefits arising from utilisation of duty free scrips are deducted in determining the cost of purchase. Projects under which the tangible fixed assets are not yet ready for their intended use are carried as capital work-in-progress at cost determined as aforesaid.</p> <p><b>Intangible fixed assets</b></p> <p>Intangible assets are initially measured at acquisition cost including any directly attributable costs of preparing the asset for its intended use. Intangibles are capitalised if, and only if, the technical feasibility and Company's intention and ability of completing the project &amp; the probability that the project will generate future economic benefits.</p> <p>Expenditure on projects which are not yet ready for intended use are carried as intangible assets under Capital Work-in-progress.</p>
2.10	<p><b>Foreign currency transactions and translations</b></p> <p><u>Initial recognition</u></p> <p>Transactions in foreign currencies entered into by the Company and its integral foreign operations are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.</p> <p><u>Measurement of foreign currency monetary items at the Balance Sheet date</u></p> <p>Foreign currency monetary items (other than derivative contracts) of the Company and its net investment in non-integral foreign operations outstanding at the Balance Sheet date are restated at the year-end rates.</p> <p>In the case of integral operations, assets and liabilities (other than non-monetary items), are translated at the exchange rate prevailing on the Balance Sheet date. Non-monetary items are carried at historical cost. Revenue and expenses are translated at the average exchange rates prevailing during the year. Exchange differences arising out of these translations are charged to the Statement of Profit and Loss.</p> <p><u>Treatment of exchange differences</u></p> <p>Exchange differences arising on settlement / restatement of short-term foreign currency monetary assets and liabilities of the Company and its integral foreign operations are recognised as income or expense in the Statement of Profit and Loss. The exchange differences on restatement / settlement of loans to non-integral foreign operations that are considered as net investment in such operations are accumulated in a "Foreign currency translation reserve" until disposal / recovery of the net investment.</p> <p>The exchange differences arising on restatement / settlement of long-term foreign currency monetary items are capitalised as part of the depreciable fixed assets to which the monetary item relates and depreciated over the remaining useful life of such assets or amortised on settlement / over the maturity period of such items if such items do not relate to acquisition of depreciable fixed assets. The unamortised balance is carried in the Balance Sheet as "Foreign currency monetary item translation difference account" net of the tax effect thereon.</p> <p><u>Accounting of forward contracts</u></p> <p>Premium / discount on forward exchange contracts, which are not intended for trading or speculation purposes, are amortised over the period of the contracts if such contracts relate to monetary items as at the Balance Sheet date.</p>

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Note 2 Significant accounting policies (contd.)

Note	Particulars
2.11	<p><b>Investments</b></p> <p>Long-term investments (excluding investment properties), are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties.</p> <p>Investment properties are carried individually at cost less accumulated depreciation and impairment, if any. Investment properties are capitalised and depreciated (where applicable) in accordance with the policy stated for Tangible Fixed Assets. Impairment of investment property is determined in accordance with the policy stated for Impairment of Assets.</p>
2.12	<p><b>Employee benefits</b></p> <p>Employee benefits include provident fund, superannuation fund, compensated absences and gratuity.</p> <p><u>Defined contribution plans</u></p> <p>All eligible employees are covered under contributory Provident Fund benefit of a contribution of specified percentage of salary. It is a defined contribution scheme and the contribution is charged to the statement of Profit &amp; Loss of the year when the contribution to the respective funds are due. There are no obligations other than the contribution payable to the respective fund.</p> <p>The Company contributes towards gratuity and superannuation to the Life Insurance Corporation of India under the Group Gratuity Scheme and Super Annuation Scheme which is considered as defined contribution plan. The company has no further obligation beyond making the contribution to the insurer.</p> <p>Leave encashment benefits are charged against revenue on the basis of actuarial valuation.</p> <p>In respect of the employees of IUCIL (the amalgamating company) the provision for Gratuity and Leave encashment are made in the books on the basis of actuarial valuation</p>
2.13	<p><b>Borrowing costs</b></p> <p>Borrowing costs include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset upto the date of capitalisation of such asset is added to the cost of the assets. Capitalisation of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.</p>
2.14	<p><b>Segment reporting</b></p> <p>The company is mainly engaged in pharmaceuticals business which is considered the Primary reportable business segment as per Accounting Standard (As 17) "Segment Reporting" issued by the Institute of Chartered Accountants of India. The secondary segments based on geographical segmentation are considered to be Business outside India and within India</p> <p>The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.</p> <p>Inter-segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors.</p> <p>Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on reasonable basis have been included under "unallocated revenue / expenses / assets / liabilities".</p>

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**Note 2 Significant accounting policies (contd.)**

**2.15 Taxes on income**

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantially enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise such assets. Deferred tax assets are recognised for timing differences of other items only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their realisability.

Current and deferred tax relating to items directly recognised in equity are recognised in equity and not in the Statement of Profit and Loss.

**2.16 Impairment of assets**

The carrying values of assets / cash generating units at each Balance Sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, except in case of revalued assets.

**2.17 Provisions and contingencies**

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes.

**2.18 Insurance claims**

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that there is no uncertainty in receiving the claims.

**2.19 Service tax input credit**

Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is no uncertainty in availing / utilising the credits.

**2.20 Research & Development Expenses**

Revenue expenditure pertaining to Research is charged to the Statement of Profit and Loss. Development costs of products are charged to the statement of Profit and Loss unless a product's technological feasibility has been established.

**ZYG PHARMA PVT LTD**  
**Notes forming part of the financial statements**

Note 27 Additional information to the financial statements

Note	Particulars	For the year ended 31 March, 2014	For the year ended 31 March, 2013	
27.1	<b>Value of imports calculated on CIF basis</b>	<b>Rs.</b>	<b>Rs.</b>	
		Raw materials	51,418,494	44,371,022
27.2	<b>Expenditure in foreign currency</b>	<b>Rs.</b>	<b>Rs.</b>	
		Foreign Travel Commission	1,334,410 1,544,580	1,414,639 2,028,772
27.3	<b>Details of consumption of imported and indigenous items</b>	<b>For the year ended 31 March, 2014</b>		
		<b>Rs.</b>	<b>%</b>	
		<u>Imported</u> Raw materials	53,294,023 (34,851,802)	18.67 (17.10)
		<u>Indigenous</u> Raw materials	232,226,583 (172,104,829)	81.33 (82.90)
		<b>Total</b>	285,520,606 (206,956,632)	100 (100)
		Note: Figures / percentages in brackets relates to the previous year		
27.4	<b>Earnings in foreign exchange</b>	<b>Rs.</b>	<b>Rs.</b>	
		Export of goods calculated on FOB basis	138,001,834	60,747,165

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Note 28 Disclosures under Accounting Standards (contd.)

Note	Particulars		
28.1	<b>Segment information</b> The Company has identified business segments as its primary segment Business segments is primarily manufacturing of Pharmaceutical Products.		
	Particulars	For the period ending 31 March, 2014	
		Business segment Manufacturing	Total
		Rs.	Rs.
	Revenue	499,437,761	499,437,761
	Inter-segment revenue	(394,711,281)	(394,711,281)
	Total	499,437,761	499,437,761
	Segment result	(394,711,281)	(394,711,281)
	Unallocable expenses (net)	499,437,761	499,437,761
	Operating income	(394,711,281)	(394,711,281)
	Other income (net)		473,067,005
	Profit before taxes		(383,245,548)
	Tax expense		26,370,757
	Net profit for the year		(11,465,732)
			12,593,572
			(5,529,517)
			38,964,329
			(16,995,249)
			12,327,030
			(5,387,124)
			26,637,299
			(11,608,125)

Note 28 Disclosures under Accounting Standards (contd.)

Note	Particulars	For the year ended 31 March, 2014	
		Business segments	Total
		Manufacturing	
		Rs.	Rs.
	Segment assets	395,836,094	395,836,094
	Unallocable assets	(338,357,013)	(338,357,013)
	Total assets		395,836,094
			(338,357,013)
	Segment liabilities	395,836,094	395,836,094
	Unallocable liabilities	(338,357,013)	(338,357,013)
	Total liabilities		395,836,094
			(338,357,013)
	<u>Other information</u>		
	Capital expenditure (allocable)	-	-
	Capital expenditure (unallocable)	-	-
	Depreciation and amortisation (allocable)	-	-
	Depreciation and amortisation (unallocable)	-	-
	Other significant non-cash expenses (allocable) (give details)	-	-
	Other significant non-cash expenses (unallocable)	-	-

Note 28 Disclosures under Accounting Standards (contd.)

Note	Particulars		
	The geographic segments individually contributing 10 percent or more of the Company's revenues and segment assets are shown separately:		
	Geographic Segment	Revenues For the year ended 31 March, 2014	Segment assets As at 31 March, 2014
		Rs.	Rs.
	Local	361,435,928	-
		(333,964,116)	-
	Export	138,001,834	-
		(60,747,165)	-

Note: Figures in bracket relates to the previous year

ZYG PHARMA PVT LTD  
Notes forming part of the financial statements

Note 28 Disclosures under Accounting Standards (contd.)

Note	Particulars											
	Related party transactions	Description of relationship	Names of related parties	Ultimate Holding Company	Holding Company	Subsidiaries	Fellow Subsidiaries	Associates Rs. In Lacs	KMP	Relatives of KMP	Entities in which KMP / relatives of KMP have significant influence	Total
28.2	Related party transactions											
	Details of related parties:	Description of relationship										
	Associates		Encore Healthcare Pvt Ltd Halcyon Labs Pvt Ltd Saidarshan Business Centres Pvt Ltd Encore Natural Polymers Pvt Ltd Encore Healthcare International Pvt Ltd Encore Polyfrac Pvt Ltd									
	Key Management Personnel (KMP)		Mr. Viren Merchant & Mrs. Shaila Merchant									
	Note: Related parties have been identified by the Management.											
	Details of related party transactions during the year ended 31 March, 2014 and balances outstanding as at 31 March, 2014:											
	Purchase of goods - Halcyon labs Pvt Ltd							267.78 (245.39) 0				267.78 (245.39) 0
	Purchase of Machinery - Encore Healthcare Pvt Ltd							(5.94)				(5.94)
	Rendering of services - Halcyon Labs Pvt Ltd							11.66				11.66
	Sales of Goods - Encore Healthcare Pvt Ltd							(43.68)				(43.68)
	Receiving of services - Saidarshan Business Centres Pvt Ltd							45.36				45.36
	- Encore Healthcare Pvt Ltd							(10.11)				(10.11)
	Interest Payment - Encore Natural Polymers Pvt Ltd							8.5				8.5
	Balances outstanding at the end of the year							(6.52)				(6.52)
	Trade receivables - Halcyon Labs Pvt Ltd							97.08				97.08
	- Encore Healthcare Pvt Ltd							(0)				(0)
	Loans and advances - Encore Healthcare Pvt Ltd							0				0
	Trade payables - Halcyon Labs Pvt Ltd							(18.81)				(18.81)
	- Encore Healthcare Pvt Ltd							0				0
	Payables for services - Saidarshan Business Centres Pvt Ltd							(2.56)				(2.56)
	- Encore Healthcare Pvt Ltd							17.49				17.49
	Loans and advances - Encore Healthcare Pvt Ltd							(10.11)				(10.11)
	Trade payables - Halcyon Labs Pvt Ltd							0				0
	- Encore Healthcare Pvt Ltd							(90.00)				(90.00)
	Payables for services - Saidarshan Business Centres Pvt Ltd							31.61				31.61
	- Encore Healthcare Pvt Ltd							(26.9)				(26.9)
	Payables for services - Halcyon Labs Pvt Ltd							0				0
	- Encore Healthcare Pvt Ltd							(5.94)				(5.94)
	Payables for services - Saidarshan Business Centres Pvt Ltd							0				0
	- Encore Healthcare Pvt Ltd							(6.52)				(6.52)
	Payables for services - Halcyon Labs Pvt Ltd							7.08				7.08
	- Encore Healthcare Pvt Ltd							(0)				(0)

Note: Figures in bracket relates to the previous year

**ZYG PHARMA PVT LTD**

**Notes forming part of the financial statements**

Note 28 Disclosures under Accounting Standards (contd.)

Note	Particulars	For the year ended 31 March, 2014	For the year ended 31 March, 2013
		Rs.	Rs.
28.3	<b>Earnings per share</b>		
	Basic		
	Net profit / (loss) for the year	26,637,299	11,608,125
	Weighted average number of equity shares	161,160	161,160
	Par value per share	10	10
	Earnings per share - Basic/Diluted	165.28	72.03

**Zyg Pharma Pvt Ltd**

**Notes forming part of the financial statements**

Note 28 Disclosures under Accounting Standards (contd.)

Note	Particulars	As at 31 March, 2014	As at 31 March, 2013
28.4	<b>Deferred tax (liability) / asset</b>	(3,581,617)	(3,516,126)
	Add : Deferred Tax liability pursuant to amalgamation	-	(178,367)
	<u>Tax effect of items constituting deferred tax liability</u>		
	On difference between book balance and tax balance of fixed assets	4,060,893	
	Provision for compensated absences, gratuity and other employee benefits	28,567	
	On expenditure deferred in the books but allowable for tax purposes		
	On items included in Reserves and surplus pending amortisation into the Statement of Profit and Loss		
	Others		
	Tax effect of items constituting deferred tax liability	1,327,030	
	<u>Tax effect of items constituting deferred tax assets</u>		
	Provision for compensated absences, gratuity and other employee benefits		19,326
	Provision for doubtful debts / advances		
	Disallowances under Section 40(a)(i), 43B of the Income Tax Act, 1961		
	On difference between book balance and tax balance of fixed assets		328,519
	Unabsorbed depreciation carried forward		
	Brought forward business losses		
	On items included in Reserves and surplus pending amortisation into the Statement of Profit and Loss		
	Others		
	Tax effect of items constituting deferred tax assets		112,876
	<b>Net deferred tax (liability) / asset</b>	<b>(4,908,647)</b>	<b>(3,581,617)</b>
	The Company has recognised deferred tax asset on unabsorbed depreciation to the extent of the corresponding deferred tax liability on the difference between the book balance and the written down value of fixed assets under Income Tax (or) The Company has recognised deferred tax asset on unabsorbed depreciation and brought forward business losses based on the Management's estimates of future profits considering the non-cancellable customer orders received by the Company.		

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**A. P. ASHER & CO**  
**CHARTERED ACCOUNTANTS**

**A. P. ASHER**  
B.Com. (Hons.), F.C.A.

VELA KUTIR  
PLOT # 25, NAVYUG SOCIETY  
V. M. ROAD, JVPD SCHEME  
VILE PARLE (WEST)  
MUMBAI - 400 056.

**INDEPENDENT AUDITORS' REPORT**

**TO THE MEMBERS OF ZYG PHARMA PRIVATE LIMITED**

**Report on the Financial Statements**

We have audited the accompanying financial statements of **ZYG PHARMA PRIVATE LIMITED** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2013 and the Statement of Profit and Loss for the year then ended, and a summary of the significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the Company in accordance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act") and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.



An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March, 2013;
- (b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date.
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**



1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. Further to our comments in the Annexure referred to above, we report that:
  - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
  - (c) The Balance Sheet and the Statement of Profit and Loss dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the Balance Sheet and the Statement of Profit and Loss comply with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956.
  - (e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2013 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2013 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.



MUMBAI: September 18, 2013

**FOR A.P. ASHER & CO**  
*Firm Registration No.100615W*  
**CHARTERED ACCOUNTANTS**

**(A.P. ASHER)**  
**PROPRIETOR**  
**(MEMBERSHIP NO.:012633)**

**ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT**

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our Report of even date of Zyg Pharma Private Limited for the year ended March 31, 2013).

(i) In respect of its fixed assets:

(a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets upto 31<sup>st</sup> March, 2012. In respect of additions/deductions during the year, we are informed that the necessary particulars will be entered in the said records during the current financial year.

(b) As informed to us, the fixed assets have been physically verified by the management at reasonable intervals during the year and no material discrepancies were noticed on such verification.

(c) The company has not disposed of any substantial part of its fixed assets so as to affect its going concern status.

(ii) (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.

(b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.

(c) On the basis of our examination of the inventory records, in our opinion, the company is maintaining proper records of inventory. The

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discrepancies noticed on verification between the physical stocks and the books records were not material.

(iii) (a) According to the information and explanations given to us, the company has granted unsecured loan to one party (previous year: one) covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.90.00 lacs (previous year Rs.88.50 lacs) and the year-end balance of the loan was Rs.90.00 lacs (previous year Rs.90.00 lacs).

(b) In our opinion, as no provision has been made in the accounts during the year for interest, the same is, prima facie, prejudicial to the interest of the company. We are informed that no other terms and conditions have been stipulated.

(c) As the said loan is interest-free and repayment terms have not been stipulated, the question of our reporting whether receipt of the principal amount and interest is regular does not arise.

(d) As repayment terms have not been stipulated, there were no overdue amounts in respect of the loans referred to in (a) above, and hence the question of the our reporting whether reasonable steps have been taken by the company for recovery of the principal and interest does not arise;

(e) According to the information and explanations given to us, the company has taken an unsecured loan from a company covered in the register maintained under section 301 of the Companies Act, 1956. In our opinion, the rate of interest and other terms and conditions are prima facie not prejudicial to the interest of the company. The said loan was repaid by the company during the year.

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- (iv) In our opinion, and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and nature of its business for the purchase of inventory and fixed assets and for the sale of goods. The company does not sell any services. According to the information and explanation given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control procedures.
- (v) (a) On the basis of the audit procedures performed by us and according to the information and explanations given to us on our enquiries on this behalf and the records produced to us for our verification, the transactions that need to be entered into a register in pursuance of section 301 of the Companies Act, 1956 have been so entered in the register required to be maintained under that section.
- (b) The transactions exceeding the value of Rs.5,00,000/- made in pursuance of such contracts or arrangements have been, in our opinion and as per the information and explanation given to us, made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) According to the information and explanations given to us, the company has not accepted any deposits from the public within the meaning of sections 58A and 58AA or any other relevant provisions of the Act and the rules framed thereunder.
- (vii) The internal audit of the company is entrusted to a firm of practicing chartered accountants. In our opinion, the internal audit system is commensurate with the size and nature of its business.

- (viii) We have broadly reviewed the cost records maintained by the company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under section 209(1)(d) of the Companies Act, 1956, and are of the opinion that, prima facie, the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (ix) (a) According to the information and explanations given to us and the records of the company examined by us, in our opinion, the company is generally regular in depositing undisputed statutory dues including Provident Fund, Income-Tax, Sales-Tax, Custom Duty, Excise Duty, Cess and other material statutory dues as applicable, with the appropriate authorities. The company had no liabilities towards the Investor Education and Protection Fund, or under Service Tax, Employees State Insurance Act and Wealth Tax Act.
- (b) According to the records of the company, and the information and explanations given to us, there are no dues of Income tax, Excise Duty, Sales tax, Service Tax, Custom duty and cess, which have not been deposited on account of any dispute.
- (x) The Company has no accumulated losses as at March 31, 2013 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial.
- (xi) In our opinion and according to information and explanations given to us, the company has not defaulted in repayment of dues to bank.
- (xii) As the Company has not granted during the year under review, any loans and advances on the basis of security by way of pledge of shares,

debentures and other securities, the question of our reporting whether adequate documents and records are maintained, does not arise.

- (xiii) As the company is not a chit fund/nidhi/mutual benefit fund/societies the provisions of clause 4(xii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xiv) The Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xv) In our opinion, on the basis of the information and explanations given to us, as the company has not given any guarantee for loans taken by others from bank or financial institutions, the question of our reporting whether the terms and conditions thereof are prejudicial to the interest of the company, does not arise.
- (xvi) According to the books of accounts and records, the company has not availed any term loan during the year.
- (xvii) According to the information and explanations given to us, and on an overall examination of the Balance Sheet of the company, in our opinion, and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.
- (xviii) As the company has not made during the year any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of Act, the question of our reporting

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whether the price at which the shares have been issued is prejudicial to the interest of company, does not arise.

(xix) As the company had not issued debentures, the question of creating any security or charge does not arise.

(xx) As the company has not raised any money by public issues during the year, the question of our reporting whether the management has disclosed on the end use of money does not arise.

(xxi) During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company noticed or reported during the year, nor have we been informed of such case by the management.



MUMBAI: September 18, 2013

FOR A.P. ASHER & CO  
*Firm Registration No.100615W*  
CHARTERED ACCOUNTANTS


(A.P. ASHER)  
PROPRIETOR  
(MEMBERSHIP NO.:012633)

Zyg Pharma Pvt Ltd  
Balance Sheet as at 31 March, 2013

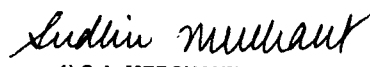
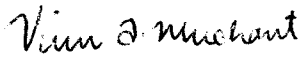

Particulars		Note No.	As at 31 March, 2013	As at 31 March, 2012
			Rs.	Rs.
<b>A</b>	<b>EQUITY AND LIABILITIES</b>			
<b>1</b>	<b>Shareholders' funds</b>			
	(a) Share capital	3	1,611,600	1,550,400
	(b) Reserves and surplus	4	149,898,774	136,405,068
	(c) Money received against share warrants		-	-
<b>2</b>	<b>Share application money pending allotment</b>		<b>151,510,374</b>	<b>137,955,468</b>
<b>3</b>	<b>Non-current liabilities</b>			
	(a) Long-term borrowings	5	16,684,194	42,848,629
	(b) Deferred tax liabilities (net)	28	3,581,617	3,516,126
	(d) Long-term provisions	6	1,164,119	836,193
<b>4</b>	<b>Current liabilities</b>		<b>21,429,930</b>	<b>47,200,948</b>
	(a) Short-term borrowings	7	49,476,206	52,146,992
	(b) Trade payables	8	66,448,137	79,349,162
	(c) Other current liabilities	9	49,469,737	54,456,079
	(d) Short-term provisions	10	22,630	75,347
			<b>165,416,710</b>	<b>186,027,580</b>
	<b>TOTAL</b>		<b>338,357,013</b>	<b>371,183,998</b>
<b>B</b>	<b>ASSETS</b>			
<b>1</b>	<b>Non-current assets</b>			
	(a) Fixed assets			
	(i) Tangible assets	11.A	138,079,219	138,732,940
	(iii) Capital work-in-progress		-	-
	(b) Non-current investments	12	138,079,219	138,732,940
	(d) Long-term loans and advances	13	14,932,112	15,510,017
<b>2</b>	<b>Current assets</b>		<b>28,126,325</b>	<b>28,704,230</b>
	(a) Current investments	14	32,771,925	30,902,689
	(b) Inventories	15	65,903,225	91,102,378
	(c) Trade receivables	16	56,688,002	35,635,274
	(d) Cash and cash equivalents	17	2,304,803	33,745,191
	(e) Short-term loans and advances	18	14,338,399	11,927,969
	(f) Other current assets	19	145,115	433,329
			<b>172,151,469</b>	<b>203,746,829</b>
	<b>TOTAL</b>		<b>338,357,013</b>	<b>371,183,998</b>
	See accompanying notes forming part of the financial statements			

In terms of our report attached.

For A.P. Asher & Co  
Firm Registration No : 100615W  
Chartered Accountants

  
A.P. Asher  
Proprietor  
Membership No : 012633

For and on behalf of the Board of Directors

   
1) S.A. MERCHANT  
Chairman  
2) V.A. MERCHANT  
Managing Director  
  
3) S.V. MERCHANT  
Jt. Managing Director

Place : MUMBAI  
Date : 18TH SEPTEMBER, 2013

Place : MUMBAI  
Date : 17TH SEPTEMBER, 2013

ZYG PHARMA PVT LTD

Statement of Profit and Loss for the year ended 31 March, 2013

Particulars		Note No.	For the year ended	For the year ended
			31 March, 2013	31 March, 2012
			Rs.	Rs.
<b>A</b>	<b>CONTINUING OPERATIONS</b>			
1	Revenue from operations (gross)	20	467,397,725	380,693,762
	Less: Excise duty	20	71,481,121	56,961,575
	Revenue from operations (net)		395,916,604	323,732,187
2	Other income	21	5,335,949	6,429,216
3	<b>Total revenue (1+2)</b>		<b>401,252,554</b>	<b>330,161,403</b>
4	<b>Expenses</b>			
	(a) Cost of materials consumed	22.a	206,956,632	171,858,333
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	22.b	27,283,963	-7,015,347
	(d) Employee benefits expense	23	33,122,541	30,274,449
	(e) Finance costs	24	12,786,328	16,287,101
	(f) Depreciation and amortisation expense	11B	20,417,392	20,903,514
	(g) Other expenses	25	83,690,449	78,024,106
	<b>Total expenses</b>		<b>384,257,304</b>	<b>310,332,155</b>
5	<b>Profit / (Loss) before exceptional and extraordinary items and tax (3 - 4)</b>		<b>16,995,249</b>	<b>19,829,247</b>
6	Exceptional items	26	-	3,839,626
7	<b>Profit / (Loss) before extraordinary items and tax (5 ± 6)</b>		<b>16,995,249</b>	<b>15,989,621</b>
8	Extraordinary items			-
9	<b>Profit / (Loss) before tax</b>		<b>16,995,249</b>	<b>15,989,621</b>
10	<b>Tax expense:</b>			
	(a) Current tax expense for current year		5,500,000	5,500,000
	(b) (Less): MAT credit (where applicable)		-	-
	(c) Current tax expense relating to prior years		-	-
	(d) Net current tax expense		5,500,000	5,500,000
	(e) Deferred tax		-112,876	-237,026
			<b>5,387,124</b>	<b>5,262,974</b>
11	<b>Profit / (Loss) from continuing operations (9 ± 10)</b>		<b>11,608,125</b>	<b>10,726,647</b>
<b>B</b>	<b>DISCONTINUING OPERATIONS</b>			
<b>C</b>	<b>TOTAL OPERATIONS</b>		<b>11,608,125</b>	<b>10,726,647</b>
12	<b>Profit / (Loss) for the year</b>		<b>11,608,125</b>	<b>10,726,647</b>
13	<b>Earnings per share (of Rs.10/- each):</b>			
	Basic/Diluted	28	72.03	69.19
<b>See accompanying notes forming part of the financial statements</b>				

In terms of our report attached.

For A. P. Asher & Co

Firm Registration No : 100615W

Chartered Accountants

*A.P. Asher*

A. P. Asher  
Proprietor

Membership No : 012633

For and on behalf of the Board of Directors

*Sudhir Merchant* *Vinod Merchant*

1) S.A. MERCHANT  
Chairman

2) V.A. MERCHANT  
Managing Director

*S.V. Merchant*

3) S.V. MERCHANT  
Jt. Managing Director

Place : MUMBAI  
Date : 18TH SEPTEMBER, 2013

Place : MUMBAI  
Date : 17TH SEPTEMBER, 2013

Note	Particulars
1	<p><b>Corporate information</b> Zyg Pharma Pvt Ltd is into manufacturing of Dermatological formulations. The company has its own manufacturing facilities located at Pithampur in Madhya Pradesh. The company have ISO 14001 certification and also has WHO accreditation The manufacturing facilities is recently approved by USFDA.</p>
2	<p><b>Significant accounting policies</b></p>
2.1	<p><b>Basis of accounting and preparation of financial statements</b> The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on accrual basis under the historical cost convention except for categories of fixed assets acquired before 1 April, 200X, that are carried at revalued amounts. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.</p>
2.2	<p><b>Use of estimates</b> The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.</p>
2.3	<p><b>Inventories</b> Inventories are valued at the lower of cost (on FIFO / weighted average basis) and the net realisable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods to the point of sale, including octroi and other levies, transit insurance and receiving charges. Work-in-progress and finished goods include appropriate proportion of overheads and, where applicable, excise duty.</p>
2.4	<p><b>Cash and cash equivalents (for purposes of Cash Flow Statement)</b> Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.</p>
2.5	<p><b>Cash flow statement</b> Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.</p>
2.6	<p><b>Depreciation and amortisation</b> Depreciation has been provided on written down value method as per the rates prescribed in Schedule XIV to the Companies Act, 1956 except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under: Leasehold land is amortised over the duration of the lease ( 99 years)</p>
2.7	<p><b>Revenue recognition</b></p> <p><u>Sale of goods</u> Sales are recognised, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers. Sales include excise duty but exclude sales tax and value added tax.</p> <p><u>Income from services</u> Revenues from contracts priced on a time and material basis are recognised when services are rendered and related costs are incurred.</p>

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*[Signature]*

*[Signature]*

Note 2 Significant accounting policies (contd.)

Note	Particulars
2.8	<p><b>Other income</b></p> <p>Interest income is accounted on accrual basis. Dividend income is accounted for when the right to receive it is established.</p>
2.9	<p><b>Tangible fixed assets</b></p> <p>Fixed assets are carried at cost less accumulated depreciation and impairment losses, if any. The cost of fixed assets includes interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use and other incidental expenses incurred up to that date. Exchange differences arising on restatement / settlement of long-term foreign currency borrowings relating to acquisition of depreciable fixed assets are adjusted to the cost of the respective assets and depreciated over the remaining useful life of such assets. Machinery spares which can be used only in connection with an item of fixed asset and whose use is expected to be irregular are capitalised and depreciated over the useful life of the principal item of the relevant assets. Subsequent expenditure relating to fixed assets is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.</p> <p>Fixed assets acquired and put to use for project purpose are capitalised and depreciation thereon is included in the project cost till commissioning of the project.</p> <p>Fixed assets acquired in full or part exchange for another asset are recorded at the fair market value or the net book value of the asset given up, adjusted for any balancing cash consideration. Fair market value is determined either for the assets acquired or asset given up, whichever is more clearly evident. Fixed assets acquired in exchange for securities of the Company are recorded at the fair market value of the assets or the fair market value of the securities issued, whichever is more clearly evident.</p> <p><u>Capital work-in-progress:</u> Projects under which assets are not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest.</p>
2.10	<p><b>Foreign currency transactions and translations</b></p> <p><u>Initial recognition</u> Transactions in foreign currencies entered into by the Company and its integral foreign operations are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.</p> <p><u>Measurement of foreign currency monetary items at the Balance Sheet date</u> Foreign currency monetary items (other than derivative contracts) of the Company and its net investment in non-integral foreign operations outstanding at the Balance Sheet date are restated at the year-end rates.</p> <p>In the case of integral operations, assets and liabilities (other than non-monetary items), are translated at the exchange rate prevailing on the Balance Sheet date. Non-monetary items are carried at historical cost. Revenue and expenses are translated at the average exchange rates prevailing during the year. Exchange differences arising out of these translations are charged to the Statement of Profit and Loss.</p> <p><u>Treatment of exchange differences</u> Exchange differences arising on settlement / restatement of short-term foreign currency monetary assets and liabilities of the Company and its integral foreign operations are recognised as income or expense in the Statement of Profit and Loss. The exchange differences on restatement / settlement of loans to non-integral foreign operations that are considered as net investment in such operations are accumulated in a "Foreign currency translation reserve" until disposal / recovery of the net investment.</p> <p>The exchange differences arising on restatement / settlement of long-term foreign currency monetary items are capitalised as part of the depreciable fixed assets to which the monetary item relates and depreciated over the remaining useful life of such assets or amortised on settlement / over the maturity period of such items if such items do not relate to acquisition of depreciable fixed assets. The unamortised balance is carried in the Balance Sheet as "Foreign currency monetary item translation difference account" net of the tax effect thereon.</p> <p><u>Accounting of forward contracts</u> Premium / discount on forward exchange contracts, which are not intended for trading or speculation purposes, are amortised over the period of the contracts if such contracts relate to monetary items as at the Balance Sheet date.</p>

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*[Handwritten signatures]*



Note 2 Significant accounting policies (contd.)

Note	Particulars
2.11	<p><b>Investments</b></p> <p>Long-term investments (excluding investment properties), are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties.</p> <p>Investment properties are carried individually at cost less accumulated depreciation and impairment, if any. Investment properties are capitalised and depreciated (where applicable) in accordance with the policy stated for Tangible Fixed Assets. Impairment of investment property is determined in accordance with the policy stated for Impairment of Assets.</p>
2.12	<p><b>Employee benefits</b></p> <p>Employee benefits include provident fund, superannuation fund, compensated absences and gratuity.</p> <p><u>Defined contribution plans</u> All eligible employees are covered under contributory Provident Fund benefit of a contribution of specified percentage of salary. It is a defined contribution scheme and the contribution is charged to the statement of Profit &amp; Loss of the year when the contribution to the respective funds are due. There are no obligations other than the contribution payable to the respective fund.</p> <p>The Company contributes towards gratuity and superannuation to the Life Insurance Corporation of India under the Group Gratuity Scheme and Super Annuation Scheme which is considered as defined contribution plan. The company has no further obligation beyond making the contribution to the insurer.</p> <p>Leave encashment benefits are charged against revenue on the basis of actuarial valuation.</p> <p>In respect of the employees of IUCIL (the amalgamating company) the provision for Gratuity and Leave encashment are made in the books on the basis of actuarial valuation</p>
2.13	<p><b>Borrowing costs</b></p> <p>Borrowing costs include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset upto the date of capitalisation of such asset is added to the cost of the assets. Capitalisation of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.</p>
2.14	<p><b>Segment reporting</b></p> <p>The company is mainly engaged in pharmaceuticals business which is considered the Primary reportable business segment as per Accounting Standard (As 17) "Segment Reporting" issued by the Institute of Chartered Accountants of India. The secondary segments based on geographical segmentation are considered to be Business outside India and within India</p> <p>The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.</p> <p>Inter-segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors.</p> <p>Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on reasonable basis have been included under "unallocated revenue / expenses / assets / liabilities".</p>
2.15	<p><b>Taxes on income</b></p> <p>Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.</p> <p>Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.</p> <p>Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantially enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise such assets. Deferred tax assets are recognised for timing differences of other items only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can. Current and deferred tax relating to items directly recognised in equity are recognised in equity and not in the Statement of Profit and Loss.</p>
2.16	<p><b>Impairment of assets</b></p> <p>The carrying values of assets / cash generating units at each Balance Sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, except in case of revalued assets.</p>
2.17	<p><b>Provisions and contingencies</b></p> <p>A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes.</p>
2.18	<p><b>Insurance claims</b></p> <p>Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that there is no uncertainty in receiving the claims.</p>
2.19	<p><b>Service tax input credit</b></p> <p>Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is no uncertainty in availing / utilising the credits.</p>

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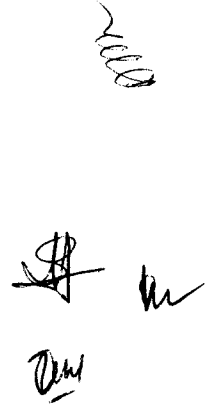
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**Zyg Pharma Pvt Ltd**  
**Notes forming part of the financial statements**

Note 3 Share capital

Particulars	As at 31 March, 2013		As at 31 March, 2012	
	Number of shares	Rs.	Number of shares	Rs.
(a) Authorised 1300000 Equity shares of Rs. 10/- each with voting rights	1,300,000	13,000,000	1,250,000	12,500,000
(b) Issued # 161160 Equity shares of Rs. 10/- each with voting rights	161,160	1,611,600	155,040	1,550,400
(c) Subscribed and fully paid up 161160 Equity shares of Rs. 10/- each with voting rights	161,160	1,611,600	155,040	1,550,400
<b>Total</b>	<b>161,160</b>	<b>1,611,600</b>	<b>155,040</b>	<b>1,550,400</b>

**Rights, preferences and restrictions attached to the shares**  
The Company has issued one class of equity share having a par value of Rs. 10/- per share. Each shareholder is eligible for one vote per share held. The dividend if any proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.



Note 3 Share capital (contd.)

Particulars								
Notes:								
(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:								
Particulars	Opening Balance	Fresh issue	Bonus	ESOP	Conversion	Buy back	On Amalgamation	Closing Balance
Equity shares with voting rights								
Year ended 31 March, 2013								
- Number of shares	155,040	-	-	-	-	-	6,120	161,160
- Amount (')	1,550,400	-	-	-	-	-	61,200	1,611,600
Year ended 31 March, 2012								
- Number of shares	155,040	-	-	-	-	-	-	155,040
- Amount (')	1,550,400	-	-	-	-	-	-	1,550,400

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Zyg Pharma Pvt Ltd  
Notes forming part of the financial statements

Note 3 Share capital (contd.)

(ii) Details of shares held by each shareholder holding more than 5% shares:

Class of shares / Name of shareholder	As at 31 March, 2013		As at 31 March, 2012	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares with voting rights				
Viren A Merchant - HUF	13500	8.38%	13500	8.71%
Radhika A Merchant	15200	9.43%	15200	9.80%
Anjali V Merchant	15200	9.43%	15200	9.80%
Shaila V Merchant	13700	8.50%	13700	8.84%
Viren A Merchant	12416	7.70%	12416	8.01%
Sudhir A Merchant - HUF	10000	6.21%	10000	6.45%
Nandini S Merchant	15000	9.31%	15000	9.67%
Aditya S Merchant	15000	9.31%	15000	9.67%
Rupa S Merchant	15000	9.31%	15000	9.67%
Sudhir A Merchant	15016	9.32%	15016	9.69%
Induben A Merchant	15008	9.31%	15008	9.68%
<b>Note : Information on equity shares allotted without receipt of cash or allotted as bonus shares or shares bought back - NIL</b>				

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**Zyg Pharma Pvt Ltd**  
**Notes forming part of the financial statements**

Note 4 Reserves and surplus

Particulars	As at 31 March, 2013	As at 31 March, 2012
	Rs.	Rs.
(a) Capital reserve		
Opening balance	5,481,640	5,481,640
Add: Additions during the year pursuant to amalgamation (Refer Note 29.5)	4,672,732	-
Less: Utilised / transferred during the year (give details)		
Closing balance	10,154,372	5,481,640
(b) General reserve		
Opening balance	29,305,620	29,305,620
Add: Transferred from surplus in Statement of Profit and Loss		
Less: Transferred during the year :		
Profit & Loss A/c balance of Industrial Utilities (India) Pvt Ltd as on 1.4.2012 pursuant to Amalgamation	-2,787,151	
Closing balance	26,518,469	29,305,620
(c) Surplus / (Deficit) in Statement of Profit and Loss		
Opening balance	101,617,808	90,891,161
Add: Profit / (Loss) for the year	11,608,125	10,726,647
Amounts transferred from:		
General reserve		-
Other reserves (give details)		-
Less: Interim dividend		-
Dividends proposed to be distributed to equity shareholders (₹ ___ per share)		-
Dividends proposed to be distributed to preference shareholders (₹ ___ per share)		-
Tax on dividend		-
Transferred to:		
General reserve		-
Capital redemption reserve		-
Debenture redemption reserve		-
Other reserves (give details)		-
Closing balance	113,225,933	101,617,808
<b>Total</b>	<b>149,898,774</b>	<b>136,405,068</b>

**Zyg Pharma Pvt Ltd**  
**Notes forming part of the financial statements**

Note 5 Long-term borrowings

Particulars	As at 31 March, 2013	As at 31 March, 2012
	Rs.	Rs.
(a) Term loans		
From banks		
Secured	16,583,196	42,368,136
Unsecured		-
From other parties	16,583,196	42,368,136
Secured	100,998	480,493
Unsecured		-
<b>Total</b>	<b>16,684,194</b>	<b>42,848,629</b>

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**Zyg Pharma Pvt Ltd**  
Notes forming part of the financial statements

**Note 5 Long-term borrowings (contd.)**

		Particulars			
(i) Details of terms of repayment for long-term borrowings and security provided in respect of the secured long-term borrowings:					
Particulars	Terms of repayment and security*	As at 31 March, 2013		As at 31 March, 2012	
		Secured Rs.	Unsecured Rs.	Secured Rs.	Unsecured Rs.
Term loans from banks:				14,298,252	-
State Bank of India Term Loan 1				22,221,212	-
State Bank of India Term Loan 2	Repayable in 24 monthly installments (from 1.4.2014) with interest @ 13.90 %. Secured by first exclusive charge on entire Land & Bldg, P & M of the Company existing & new at Plot No. 810, Sector-III, Industrial Area, Pithampur, Dhar, M.P and collateral other movable assets excluding trade marks & vehicles (existing & proposed)	14,655,813			
State Bank of India Corporate Loan	Repayable in 6 monthly installments (from 1.4.2014) with interest @ 14.75 %. Security as in term Loan 2	1,900,000		5,626,523	-
HDFC Bank Loan	Vehicle Repayable in 2 equal monthly installments of Rs. 13,896/- each from 1.4.2014 with interest @ 12% p.a and secured by Hypothecation of Vehicle	27,383		180,705	-
ICICI Bank Loan	Vehicle	-		41,444	-
<b>Total - Term loans from banks</b>		<b>16,583,196</b>	<b>-</b>	<b>42,368,136</b>	<b>-</b>
<u>Term loans from other parties:</u>					
Kotak Mahindra Prime Limited Vehicle Loan 1	Repayable in 15 equal monthly installments of Rs. 34,232/- each from 1.4.2013 with interest @ 10.10% p.a and secured by Hypothecation of Vehicle	100,998		480,493	-
<b>Total - Term loans from other parties</b>		<b>100,998</b>	<b>-</b>	<b>480,493</b>	<b>-</b>

**Note: Long Term borrowings guaranteed by some of the Directors - NIL**

**Zyg Pharma Pvt Ltd**  
**Notes forming part of the financial statements**

Note 6 Long-term provisions

Particulars	As at 31 March, 2013	As at 31 March, 2012
	Rs.	Rs.
(a) Provision for employee benefits:		
(i) Provision for compensated absences	992,246	836,193
(ii) Provision for gratuity	171,873	-
(iii) Provision for post-employment medical benefits		
(iv) Provision for other defined benefit plans		
(v) Provision for other employee benefits		
	1,164,119	836,193
(b) Provision - Others:	-	-
<b>Total</b>	<b>1,164,119</b>	<b>836,193</b>

**Zyg Pharma Pvt Ltd**  
**Notes forming part of the financial statements**

Note 7 Short-term borrowings

Particulars	As at 31 March, 2013	As at 31 March, 2012
	Rs.	Rs.
(a) Loans repayable on demand		
From banks		
Secured		
Unsecured	49,476,206	52,146,992
<b>Total</b>	<b>49,476,206</b>	<b>52,146,992</b>

**Notes:**

(i) Details of security for the secured short-term borrowings:

Particulars	Nature of security	As at 31 March, 2012	As at 31 March, 2012
		Rs.	Rs.
Loans repayable on demand from banks:			
State Bank of India - Cash Credit Account	Secured by Hypothecation on present and future stocks and book debts, present and future fixed assets, equitable mortgage on factory land and building As above	49,476,206	4,931,992
State Bank of India - FCNRB Cash Credit		-	47,215,000
<b>Total - from banks</b>		<b>49,476,206</b>	<b>52,146,992</b>

Note : (1) Short Term borrowings guaranteed by Directors or others : NIL  
(2) Defaults in repayment of loans and interest : NIL

**Zyg Pharma Pvt Ltd**  
**Notes forming part of the financial statements**

Note 8 Trade payables \*

Particulars	As at 31 March, 2013	As at 31 March, 2012
	Rs.	Rs.
Trade payables:		
Acceptances	-	-
Other than Acceptances	66,448,137	79,349,162
<b>Total</b>	<b>66,448,137</b>	<b>79,349,162</b>

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**Zyg Pharma Pvt Ltd**  
**Notes forming part of the financial statements**

Note 9 Other current liabilities

Particulars	As at 31 March, 2013	As at 31 March, 2012
	Rs.	Rs.
(a) Current maturities of long-term debt (Refer Note (i) below)	25,233,314	31,551,528
(b) Other payables		
(i) Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, Excise Duty, VAT, Service Tax, etc.)	3,630,936	13,278,520
(ii) Payables on purchase of fixed assets		2,446,582
(iii) Advances from customers	13,166,473	438,439
(iv) Provision for expenses	7,439,014	6,741,010
<b>Total</b>	<b>49,469,737</b>	<b>54,456,079</b>

Note (i): Current maturities of long-term debt (Refer Notes (i), (iii) and (iv) in Note 5 -

Particulars	As at 31 March, 2012	As at 31 March, 2012
	Rs.	Rs.
(a) Term loans		
From banks		
Secured		
<b>State Bank of India - Term Loan 1</b>	13,859,056	20,040,000
Repayable in 8 equal monthly installments of Rs. 16,90,000/- each from 1.4.2013 to 30.11.2013 with interest rate @ 13.90% p.a and secured by first exclusive charge on entire Land & Bldg, P & M of the Company existing & new at Plot No. 810, Sector-III, Industrial Area, Pithampur, Dhar, M.P and collateral other movable assets excluding trade marks & vehicles (existing & proposed)		
<b>State Bank of India - Term Loan 2</b>	7,200,000	7,200,000
Repayable in 12 equal monthly installments of Rs. 6,00,000/- each from 1.4.2013 to 31.3.2014 with interest rate @ 13.90% p.a and secured by first exclusive charge on entire Land & Bldg, P & M of the Company existing & new at Plot No. 810, Sector-III, Industrial Area, Pithampur, Dhar, M.P and collateral other movable assets excluding trade marks & vehicles (existing & proposed)		
<b>State Bank of India - FCNRB Term Loan</b>	-	-
<b>State Bank of India - Corporate Loan</b>	3,600,000	3,600,000
Repayable in 12 equal monthly installments of Rs. 3,00,000/- each from 1.4.2013 to 31.3.2014 with interest rate @ 13.90% p.a and secured by first exclusive charge on entire Land & Bldg, P & M of the Company existing & new at Plot No. 810, Sector-III, Industrial Area, Pithampur, Dhar, M.P and collateral other movable assets excluding trade marks & vehicles (existing & proposed)		
<b>HDFC Bank - Vehicle Loan</b>		
Repayable in 12 equal monthly installments of Rs.13,896/- each from 1.4.2013 to 31.3.2014 with interest rate @12% and secured by Hypothecation of Vehicle	153,322	136,071
<b>ICICI Bank - Vehicle Loan</b>	41,444	154,653
Repayable in 3 equal monthly installments of Rs.14,076/- each from 1.4.2013 to 1.6.2013 with interest rate @11.93% and secured by Hypothecation of Vehicle		
Unsecured	-	-
	<b>24,853,822</b>	<b>31,130,724</b>
From other parties		
Secured		
<b>Kotak Mahindra Prime Limited - Vehicle Loan 1</b>	379,492	343,169
Repayable in 12 equal monthly installments of Rs.34,232/- each from 1.4.2012 to 31.3.2013 with interest rate @10.10% and secured by Hypothecation of Vehicle		
<b>Kotak Mahindra Prime Limited - Vehicle Loan 2</b>	-	77,635
Repayable in 12 equal monthly installments of Rs.26,297/- each from 1.4.2012 to 31.3.2013 with interest rate @9.66% and secured by Hypothecation of Vehicle		
	<b>379,492</b>	<b>420,804</b>
<b>Total</b>	<b>25,233,314</b>	<b>31,551,528</b>

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**Zyg Pharma Pvt Ltd**  
**Notes forming part of the financial statements**

Note 10 Short-term provisions

Particulars	As at 31 March, 2013	As at 31 March, 2012
	Rs.	Rs.
(a) Provision for employee benefits:		
(i) Provision for bonus	-	-
(ii) Provision for compensated absences	19,370	75,347
(iii) Provision for gratuity	3,260	-
(iv) Provision for post-employment medical benefits	-	-
(v) Provision for other defined benefit plans	-	-
(vi) Provision for other employee benefits	-	-
	22,630	75,347
<b>Total</b>	<b>22,630</b>	<b>75,347</b>

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Zyg Pharma Pvt Ltd  
Notes forming part of the financial statements

Note 1.1 Fixed assets

A.	Tangible assets	Gross block						Accumulated Depreciation				Net Block	
		Balance as at 1 April, 2012	Additions Zyg	Sub Total	Disposals Zyg	Balance as at 31 March, 2013	Balance as at 1 April, 2012	On Amalgamation from 1.4.2011 to 31.3.2012	Depreciation / amortisation expense for the year	Eliminated on disposal of assets	Balance as at 31 March, 2013	Balance as at 31 March, 2012	
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
	(a) Land Freehold Leasehold *	864,448		864,448		864,448		8,711		669,939	678,650		
	(b) Buildings Own use Given under operating lease *	106,155,524	-	106,155,524		106,155,524		4,250,815		38,257,336	42,508,151		
	(c) Plant and Equipment Owned Taken under finance lease * Given under operating lease *	122,572,122	7,870,216	172,443,943	1,788,605	170,655,338	30,343,113	11,036,809	-309,308	72,670,122	67,279,216		
	(d) Furniture and Fixtures Owned Taken under finance lease * Given under operating lease *	12,224,524	-	12,224,524		7,595,792		837,801		3,790,932	4,628,733		
	(e) Vehicles Owned Taken under finance lease * Given under operating lease *	5,295,538	929,150	6,224,688		3,116,841	663,726	614,992		1,760,411	2,178,697		
	(f) Office equipment Owned Taken under finance lease * Given under operating lease *	1,189,454	420,751	1,610,205		880,442		74,732		655,030	309,011		
	(g) Leasehold improvements Owned Taken under finance lease * Given under operating lease *	53,700		53,700		53,700							
	(h) Laboratory Ware Owned Taken under finance lease * Given under operating lease *	24,508,546		24,508,546		17,737,270		941,884		5,829,391	6,771,276		
	(i) Electrical installation Owned Taken under finance lease * Given under operating lease *	12,402,161	5,440,345	17,842,506		7,213,179	5,170,910	754,053		4,666,887	5,188,983		
	(j) Air Conditioning Owned Taken under finance lease * Given under operating lease *	7,088,148		7,088,148		4,656,078		338,301		2,093,769	2,432,070		
	(k) Effluent Treatment Plant Owned Taken under finance lease * Given under operating lease *	3,249,552		3,249,552		2,924,321		45,240		279,991	325,231		
	(l) Warehouse Accessories Owned Taken under finance lease * Given under operating lease *	17,563,634	1,866,243	19,449,877		12,043,762		953,109		6,453,006	5,519,872		
	(m) Computers Owned Taken under finance lease * Given under operating lease *	12,831,929	600,301	13,432,230		11,918,863		560,946		952,400	913,046		
	<b>Total</b>	325,999,279	10,777,511	385,147,891	1,788,605	383,359,286	36,177,749	20,417,392	-309,308	138,079,219	138,732,940		
	<b>Previous year</b>	312,238,317	14,219,935	355,147,891	5,18,973	325,969,279	166,781,556	20,903,514	-398,725	138,732,940	138,732,940		

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**Zyg Pharma Pvt Ltd**  
**Notes forming part of the financial statements**

Note 11 Fixed assets (contd.)

<b>Particulars</b>		<b>For the year ended 31 March, 2013 Rs.</b>	<b>For the year ended 31 March, 2012 Rs.</b>
<b>C. Depreciation and amortisation relating to continuing operations:</b>			
<b>Particulars</b>			
Depreciation and amortisation for the year on tangible assets as per Note 12 A		20,417,392	20,903,514
Depreciation and amortisation for the year on intangible assets as per Note 12 B		-	
Less: Utilised from revaluation reserve			
Depreciation and amortisation relating to discontinuing operations (Refer Note 30.11)			
Depreciation and amortisation relating to continuing operations		20,417,392	20,903,514
<b>Details of assets acquired under hire purchase agreements:</b>			
<b>Particulars</b>			
	<b>Gross block</b>	<b>Net block</b>	
	<b>31 March, 2013</b>	<b>31 March, 2013</b>	<b>31 March, 2012</b>
Vehicles	5,295,538	1,760,411	2,178,697

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**Zyg Pharma Pvt Ltd**  
**Notes forming part of the financial statements**

Note 13 Long-term loans and advances

Particulars	As at 31 March, 2013	As at 31 March, 2012
	Rs.	Rs.
(a) Capital advances		
Secured, considered good	-	-
Unsecured, considered good	-	1,559,337
Doubtful	-	-
Less: Provision for doubtful advances	-	-
	-	1,559,337
(b) Security deposits		
Secured, considered good	-	-
Unsecured, considered good	3,681,764	1,924,518
Doubtful	-	-
Less: Provision for doubtful deposits	-	-
	3,681,764	1,924,518
(c) Loans and advances to related parties		
Secured, considered good	-	-
Unsecured, considered good		
Encore Healthcare Pvt Ltd	9,000,000	8,850,000
Doubtful	-	-
Less: Provision for doubtful loans and advances	-	-
	9,000,000	8,850,000
(d) Loans and advances to employees		
Secured, considered good	-	-
Unsecured, considered good	270,000	213,382
Doubtful	-	-
Less: Provision for doubtful loans and advances	-	-
	270,000	213,382
(e) Advance income tax (net of provisions ` Rs. 6,77,53,647 (As at 31 March, 2012:Rs. 6,22,27,647) - Unsecured, considered good	1,980,349	2,962,780
<b>Total</b>	<b>14,932,112</b>	<b>15,510,017</b>

Note: Long-term loans and advances include amounts due from:

Particulars	As at 31 March, 2013	As at 31 March, 2012
	Rs.	Rs.
Directors		
Other officers of the Company	270,000	-
Firms in which any director is a partner (give details per firm)		
Private companies in which any director is a director or member :		
Encore Healthcare Pvt Ltd	9,000,000	8,850,000

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Zyg Pharma Pvt Ltd  
Notes forming part of the financial statements

Note 14. Current investments

Particulars	As at 31 March, 2013			As at 31 March, 2012		
	Quoted Rs.	Unquoted Rs.	Total Rs.	Quoted Rs.	Unquoted Rs.	Total Rs.
	Investment in mutual funds - (at cost)					
Reliance Tax Saver Fund		756,752	756,752		756,752	756,752
Fidelity International Opportunities Fund		-	-		-	-
AIG India Equity Fund		2,000,000	2,000,000		2,000,000	2,000,000
DSP Blackrock FMP		-	-		-	-
HDFC Equity Fund - Growth		4,000,000	4,000,000		4,000,000	4,000,000
Birla Sunlife FMP		-	-		-	-
Franklin Templeton Indai Short Term Fund - Weekly Dividend		9,350,394	9,350,394		8,657,421	8,657,421
Templeton Indai Income Opportunities Fund - Quarterly Dividend Reinvestment		7,039,136	7,039,136		6,440,310	6,440,310
Birla Sunlife Dynamic Bond Fund		-	-		-	-
HDFC CMF Treasury Advantage Plan - Daily Dividend		9,625,643	9,625,643		9,048,206	9,048,206
	-	32,771,925	32,771,925	-	30,902,689	30,902,689
<b>Total - Other current investments</b>			<b>32,771,925</b>		<b>30,902,689</b>	<b>30,902,689</b>
Aggregate amount of quoted investments	-	-	-	-	-	-
Aggregate market value of listed and quoted investments	-	-	-	-	-	-
Aggregate value of listed but not quoted investments	-	-	-	-	-	-
Aggregate amount of unquoted investments			32,771,925			30,902,689

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**Zyg Pharma Pvt Ltd**  
**Notes forming part of the financial statements**

Note 15 Inventories

(At lower of cost and net realisable value)

Particulars	As at 31 March, 2013	As at 31 March, 2012
	Rs.	Rs.
( As certified by the Management )		
(a) Raw materials	37,233,943	43,246,081
(b) Work-in-progress	485,982	3,000,023
(c) Finished goods (other than those acquired for trading)	5,905,667	30,675,589
(d) Packing Material	22,277,633	14,180,684
<b>Total</b>	<b>65,903,225</b>	<b>91,102,378</b>

Note: Details of inventory of work-in-progress

Particulars	As at 31 March, 2013	As at 31 March, 2012
	Rs.	Rs.
Creams and ointments	485,982	3,000,023
	485,982	3,000,023

**Zyg Pharma Pvt Ltd**  
**Notes forming part of the financial statements**

Note 16 Trade receivables

Particulars	As at 31 March, 2013	As at 31 March, 2012
	Rs.	Rs.
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Secured, considered good	-	-
Unsecured, considered good	-	910,852
Doubtful	-	-
Less: Provision for doubtful trade receivables	-	-
Other Trade receivables	-	910,852
Secured, considered good	-	-
Unsecured, considered good	56,688,002	34,724,421
Doubtful	-	-
Less: Provision for doubtful trade receivables	-	-
<b>Total</b>	<b>56,688,002</b>	<b>35,635,274</b>

Note: Trade receivables include debts due from:

Particulars	As at 31 March, 2013	As at 31 March, 2012
	Rs.	Rs.
Directors	-	-
Other officers of the Company	-	-
Firms in which any director is a partner (give details per firm)	-	-
Private companies in which any director is a director or member -		
Encore Healthcare Pvt Ltd	1,010,640	-
Halcyon Labs Pvt Ltd	255,855	354,616
	1,266,495	354,616

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**Zyg Pharma Pvt Ltd**  
**Notes forming part of the financial statements**

Note 17 Cash and cash equivalents

Particulars	As at 31 March, 2013	As at 31 March, 2012
	Rs.	Rs.
(a) Cash on hand	65,189	53,479
(b) Balances with banks		
(i) In current accounts	1,952,289	3,409,387
(ii) In deposit accounts	213,360	30,213,360
(iii) In earmarked accounts		
- Balances held as margin money or security against borrowings, guarantees and other commitments	73,965	68,965
<b>Total</b>	<b>2,304,803</b>	<b>33,745,191</b>
Balances in deposit accounts held as security against guarantees : Rs. 1,50,000/- ( Previous Year: Rs. 1,50,000/-) Maturity more than 12 months		

**Zyg Pharma Pvt Ltd**  
**Notes forming part of the financial statements**

Note 18 Short-term loans and advances

Particulars	As at 31 March, 2013	As at 31 March, 2012
	Rs.	Rs.
(c) Loans and advances to employees		
Secured, considered good	647,382	1,666,666
Unsecured, considered good	-	-
Doubtful	-	-
Less: Provision for doubtful loans and advances	-	-
	647,382	1,666,666
(d) Prepaid expenses - Unsecured, considered good	5,880,817	512,242
(e) Balances with government authorities		
Unsecured, considered good		
(i) CENVAT credit receivable	954,415	708,331
(ii) VAT/CST credit receivable	145,518	58,092
(iii) Service Tax credit receivable	70,962	3,828
	1,170,895	770,251
(g) Others (specify nature)		
Secured, considered good	-	-
Unsecured, considered good	143,029	-
Advances to Suppliers	6,496,276	8,097,000
Earnest Money Deposit	-	881,810
Less: Provision for other doubtful loans and advances	-	-
	6,639,305	8,978,810
<b>Total</b>	<b>14,338,399</b>	<b>11,927,969</b>

Note: Short-term loans and advances include amounts due from:

Particulars	As at 31 March, 2013	As at 31 March, 2012
	Rs.	Rs.
Directors		
Other officers of the Company	385,000	226,000
Firms in which any director is a partner (give details per firm)	-	-
Private companies in which any director is a director or member	-	-
	385,000	226,000

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**Zyg Pharma Pvt Ltd**  
**Notes forming part of the financial statements**

Note 19 Other current assets

Particulars	As at 31 March, 2013	As at 31 March, 2012
	Rs.	Rs.
(a) Accruals		
Interest accrued on deposits	145,115	433,329
(b) Others	-	-
<b>Total</b>	<b>145,115</b>	<b>433,329</b>

**ZYG PHARMA PVT LTD**  
**Notes forming part of the financial statements**

Note 20 Revenue from operations

Particulars	For the year ended 31 March, 2013	For the year ended 31 March, 2012
	Rs.	Rs.
(a) Sale of products (Refer Note (i) below)	418,145,764	321,068,010
(b) Sale of services (Refer Note (ii) below)	6,886,250	6,686,055
(c) Other operating revenues (Refer Note (iii) below)	42,365,712	52,939,696
Less:	467,397,725	380,693,762
(d) Excise duty	71,481,121	56,961,575
<b>Total</b>	<b>395,916,604</b>	<b>323,732,187</b>

Note	Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2012
		Rs.	Rs.
(i)	Sale of products comprises Manufactured goods Pharmaceutical formulations	418,145,764	321,068,010
	<b>Total - Sale of products</b>	418,145,764	321,068,010
(ii)	Sale of services comprises Material Storage charges Analysis charges	3,900,000 2,986,250	3,212,925 3,473,130
	<b>Total - Sale of services</b>	6,886,250	6,686,055
(iii)	Other operating revenues comprises: Sale of scrap Equipment hire charges Compensation on Volume Variance Stability charges Processing charges Miscellaneous Income	476,683 6,229 35,000,008 3,224,321 2,453,147 1,205,324	528,873 1,798,264 48,621,770 - 1,990,789 -

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**ZYG PHARMA PVT LTD**  
**Notes forming part of the financial statements**

Note 21 Other income

	Particulars	For the year ended 31 March, 2013	For the year ended 31 March, 2012
		Rs.	Rs.
(a)	Interest income (Refer Note (i) below)	1,189,568	2,631,588
(b)	Dividend income:		
	from current investments		
	others - Mutual Funds	1,869,236	1,281,075
	from long-term investments		
	others - Shares	211,150	99,325
(c)	Net gain on sale of:		
	current investments - Mutual Funds		2,281,870
(d)	Net gain on foreign currency transactions and translation (other than considered as finance cost)	1,011,756	121,843
(e)	Insurance Claim Received	660,148	-
(f)	Sundry Balances w/back	394,091	13,514
(h)	Other non-operating income (net of expenses directly attributable to such income) (Refer Note (ii) below)	-	-
	<b>Total</b>	<b>5,335,949</b>	<b>6,429,216</b>

Note	Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2012
		Rs.	Rs.
(i)	Interest income comprises:		
	Interest from banks on:		
	deposits	1,041,032	734,276
	other balances		
	Interest on overdue trade receivables	-	1,819,868
	Other interest - Interest from MPEB deposit	148,536	77,444
	<b>Total - Interest income</b>	<b>1,189,568</b>	<b>2,631,588</b>
(ii)	Other non-operating income comprises:		
	Profit on sale of fixed assets [net of expenses directly attributable ` Nil (Year ended 31 March, 2012 ` Nil )]	-	-
	<b>Total - Other non-operating income</b>	<b>-</b>	<b>-</b>

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**ZYG PHARMA PVT LTD**

**Notes forming part of the financial statements**

Note 22.a Cost of materials consumed

Particulars	For the year ended 31	For the year ended 31
	March, 2013	March, 2012
	Rs.	Rs.
Opening stock	57,426,766	47,897,558
Add: Purchases	209,041,442	181,387,541
	266,468,208	229,285,098
Less: Closing stock	59,511,576	57,426,766
<b>Cost of material consumed</b>	<b>206,956,632</b>	<b>171,858,333</b>
Material consumed comprises:		
Raw Materials and Packing Materials		
Clotrimazole	1,972,342	4,221,852
Clobetasol Propionate	13,137,062	10,719,217
Betamethasone Dipropionate	4,396,953	9,421,876
Mometasone Fuorate	42,707,226	20,435,372
Immiquimod	14,656,649	-
White Soft Paraffin	8,453,032	5,650,206
Alu.Tube Ptd.Quadri Derm Rf Cr.5G	10,412,369	20,453,378
Alu.Tube Ptd.Quadri Derm Rf Cr.10G	3,370,637	6,385,002
Alu.Tube Ptd.Dipsalic F Oint. 20G	6,313,470	5,915,050
Hdpe Bottle/Cap&Plug Tinaderm Sol.20MI	5,348,557	2,048,902
Others	96,188,334	86,607,478
<b>Total</b>	<b>206,956,632</b>	<b>171,858,333</b>

**Note 22.b Changes in inventories of finished goods, work-in-progress and stock-in-trade**

Particulars	For the year ended 31	For the year ended 31
	March, 2013	March, 2012
	Rs.	Rs.
<u>Inventories at the end of the year:</u>		
Finished goods	5,905,667	30,675,589
Work-in-progress	485,982	3,000,023
Stock-in-trade		
	6,391,649	33,675,612
<u>Inventories at the beginning of the year:</u>		
Finished goods	30,675,589	23,806,899
Work-in-progress	3,000,023	2,853,366
Stock-in-trade		
	33,675,612	26,660,265
<b>Net (increase) / decrease</b>	<b>27,283,963</b>	<b>-7,015,347</b>

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**ZYG PHARMA PVT LTD**  
**Notes forming part of the financial statements**

Note 23 Employee benefits expense

Particulars	For the year ended 31 March, 2013	For the year ended 31 March, 2012
	Rs.	Rs.
Salaries and wages	24,968,261	22,844,768
Contributions to provident and other funds	3,479,450	3,177,160
Staff welfare expenses	4,674,830	4,252,521
<b>Total</b>	<b>33,122,541</b>	<b>30,274,449</b>

**ZYG PHARMA PVT LTD**  
**Notes forming part of the financial statements**

Note 24 Finance costs

Particulars	For the year ended 31 March, 2013	For the year ended 31 March, 2012
	Rs.	Rs.
(a) Interest expense on:		
(i) Borrowings	12,786,328	16,287,101
<b>Total</b>	<b>12,786,328</b>	<b>16,287,101</b>

**ZYG PHARMA PVT LTD**  
**Notes forming part of the financial statements**

Note 26 Exceptional items

Particulars	For the year ended 31 March, 2013	For the year ended 31 March, 2012
	Rs.	Rs.
Loss of Stocks due to fire		3,839,626
<b>Total</b>	<b>-</b>	<b>3,839,626</b>

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**ZYG PHARMA PVT LTD**  
**Notes forming part of the financial statements**

Note 25 Other expenses

Particulars	For the year ended 31 March, 2013	For the year ended 31 March, 2012
	Rs.	Rs.
Consumption of stores and spare parts	5,881,142	5,743,908
Power and fuel	14,404,623	12,658,255
Repairs and maintenance - Buildings	99,865	4,562,939
Repairs and maintenance - Machinery	-	1,611,980
Repairs and maintenance - Others *	1,877,838	3,828,055
Insurance	1,642,899	612,524
Rates and taxes	496,394	185,908
Travelling and conveyance	3,488,066	4,354,230
Freight and forwarding	6,925,581	4,561,605
Payments to auditors (Refer Note (i) below)	115,000	115,000
Loss on fixed assets sold / scrapped / written off	834,397	51,282
from current investments	-	-
from long-term investments	-	180,260
Foreign Exchange Loss	1,285,922	2,293,172
Wages & Bonus	13,788,760	16,660,253
Fees & Subscriptions	6,216,211.50	1,479,047
Legal and Professional	4,544,592.00	1,974,020
Miscellaneous expenses	22,089,160	17,151,668
<b>Total</b>	<b>83,690,449</b>	<b>78,024,106</b>
<b>Notes:</b>		
(i) Payments to the auditors comprises (net of service tax input credit, where applicable):		
As auditors - statutory audit	100,000	100,000
For taxation matters	15,000	15,000
<b>Total</b>	<b>115,000</b>	<b>115,000</b>

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**ZYG PHARMA PVT LTD**  
**Notes forming part of the financial statements**

Note 28 Additional information to the financial statements

Note	Particulars		
28.1	<b>Value of imports calculated on CIF basis</b>	<b>For the year ended 31 March, 2013</b>	<b>For the year ended 31 March, 2012</b>
		<b>Rs.</b>	<b>Rs.</b>
	Raw materials	44,371,022	7,488,579
28.2	<b>Expenditure in foreign currency</b>	<b>For the year ended 31 March, 2013</b>	<b>For the year ended 31 March, 2012</b>
		<b>Rs.</b>	<b>Rs.</b>
	Foreign Travel	1,414,639	1,917,236
	Interest	-	2,902,716
	Commission	2,028,772	539,273
28.3	<b>Details of consumption of imported and indigenous items</b>	<b>For the year ended 31 March, 2013</b>	
		<b>Rs.</b>	<b>%</b>
	<u>Imported</u> Raw materials	34,851,802 (25,097,640)	17.10 (14.60)
	<u>Indigenous</u> Raw materials	172,104,829 (146,760,693)	82.90 (85.40)
	<b>Total</b>	206,956,632 (171,858,333)	100 (100)
	Note: Figures / percentages in brackets relates to the previous year		
28.4	<b>Earnings in foreign exchange</b>	<b>For the year ended 31 March, 2013</b>	<b>For the year ended 31 March, 2012</b>
		<b>Rs.</b>	<b>Rs.</b>
	Export of goods calculated on FOB basis	60,747,165	22,286,831

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**Zyg Pharma Pvt Ltd**  
**Notes forming part of the financial statements**

**Note 27 Previous year's figures**

Note	Particulars
27	The Revised Schedule VI has become effective from 1 April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

In terms of our report attached.

**For A. P. Asher & Co**

Firm Registration No : 100615W

Chartered Accountants

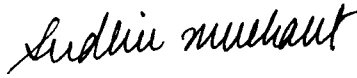


**A. P. Asher**

**Proprietor**

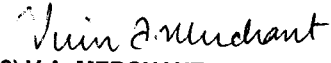
Membership No : 012633

**For and on behalf of the Board of Directors**



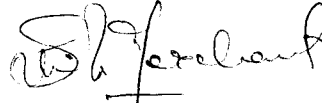
**1) S.A. MERCHANT**

**Chairman**



**2) V.A. MERCHANT**

**Managing Director**



**3) S.V. MERCHANT**

**Jt. Managing Director**

Place : MUMBAI

Date : 18TH SEPTEMBER, 2013

Place : MUMBAI

Date : 17TH SEPTEMBER, 2013

Note 29 Disclosures under Accounting Standards (contd.)

Note	Particulars		
	29.1	<b>Segment information</b>	
		The Company has identified business segments as its primary segment Business segments is primarily manufacturing of Pharmaceutical Products.	
	For the year ended 31 March, 2013		
	Particulars	Business segment	Total
		Manufacturing	Eliminations
		Rs.	Rs.
	Revenue	395,916,604	395,916,604
		(323,732,187)	(323,732,187)
	Inter-segment revenue	-	-
		-	-
	Total	395,916,604	395,916,604
		(323,732,187)	(323,732,187)
	Segment result	395,916,604	395,916,604
		(323,732,187)	(323,732,187)
	Unallocable expenses (net)		384,257,304
			(314,171,781)
	Operating income		11,659,300
			(9,560,405)
	Other income (net)		5,335,949
			(6,429,216)
	Profit before taxes		16,995,249
			(15,989,621)
	Tax expense		5,387,124
			(5,262,974)
	Net profit for the year		11,608,125
			(10,726,647)

Note 29 Disclosures under Accounting Standards (contd.)

Note	Particulars	For the year ended 31 March, 2013	
		Business segments	Total
		Manufacturing	
		Rs.	Rs.
	Segment assets	338,357,013	338,357,013
		(371,183,998)	(371,183,998)
	Unallocable assets		-
	Total assets		338,357,013
			(371,183,998)
	Segment liabilities	338,357,013	338,357,013
		(371,183,998)	(371,183,998)
	Unallocable liabilities		-
	Total liabilities		338,357,013
			(371,183,998)
	<u>Other information</u>		
	Capital expenditure (allocable)	-	-
	Capital expenditure (unallocable)	-	-
	Depreciation and amortisation (allocable)	-	-
	Depreciation and amortisation (unallocable)	-	-
	Other significant non-cash expenses (allocable) (give details)	-	-
	Other significant non-cash expenses (unallocable)	-	-

Note 29 Disclosures under Accounting Standards (contd.)

Note	Particulars		
	The geographic segments individually contributing 10 percent or more of the Company's revenues and segment assets are shown separately:		
	Geographic Segment	Revenues	Segment assets
		For the year ended 31 March, 2013	As at 31 March, 2013
	Rs.	Rs.	
	Local	335,169,440	-
		(22,286,831)	-
	Export	60,747,165	-
		(22,286,831)	-

Note: Figures in bracket relates to the previous year

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**ZYG PHARMA PVT LTD**  
Notes forming part of the financial statements

**Note 29 Disclosures under Accounting Standards (contd.)**

Note	Particulars											
	Related party transactions	Names of related parties		Ultimate Holding Company	Holding Company	Subsidiaries	Fellow Subsidiaries	Associates Rs. In Lacs	KMP	Relatives of KMP	Entities in which KMP / relatives of KMP have significant influence	Total
29.2	Related party transactions	Names of related parties										
	Details of related parties:	Description of relationship										
	Associates	Encore Healthcare Pvt Ltd Halcyon Labs Pvt Ltd Saidarshan Business Centres Mr. Sudhir Merchant & Mr. Viren Merchant										
	Key Management Personnel (KMP)	Note: Related parties have been identified by the Management.										
	Details of related party transactions during the year ended 31 March, 2013 and balances outstanding as at 31 March, 2013:											
	Purchase of goods - Halcyon labs Pvt Ltd							245.39 (271.79)				245.39 (271.79)
	Purchase of Machinery - Encore Healthcare Pvt Ltd							5.94 (0.00)				5.94 (0.00)
	Rendering of services - Halcyon Labs Pvt Ltd							43.68 (23.42)				43.68 (23.42)
	Sales of Goods - Encore Healthcare Pvt Ltd							10.11 (0.00)				10.11 (0.00)
	Receiving of services - Saidarshan Business Centres Pvt Ltd							6.52 (7.57)				6.52 (7.57)
	Interest Payment - Encore Natural Polymers Pvt Ltd							18.81 (0.00)				18.81 (0.00)
	Balances outstanding at the end of the year											
	Trade receivables - Halcyon Labs Pvt Ltd							2.56 (3.55)				2.56 (3.55)
	Trade receivables - Encore Healthcare Pvt Ltd							10.11 (0.00)				10.11 (0.00)
	Loans and advances - Encore Healthcare Pvt Ltd							90 (88.5)				90 (88.5)
	Trade payables - Halcyon Labs Pvt Ltd							26.9 (52.76)				26.9 (52.76)
	Trade payables - Encore Healthcare Pvt Ltd							5.94 (0.00)				5.94 (0.00)
	Payables for services - Saidarshan Business Centres Pvt Ltd							6.52 (7.51)				6.52 (7.51)
	Note: Figures in bracket relates to the previous year											

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**ZYG PHARMA PVT LTD**  
**Notes forming part of the financial statements**

Note 29 Disclosures under Accounting Standards (contd.)

Note	Particulars	For the year ended 31 March, 2013	For the year ended 31 March, 2012
		Rs.	Rs.
29.3	<b>Earnings per share</b>		
	<u>Basic</u>		
	Net profit / (loss) for the year	11,608,125	10,726,647
	Weighted average number of equity shares	161,160	155,040
	Par value per share	10	10
	Earnings per share - Basic/Diluted	72.03	69.19

**Zyg Pharma Pvt Ltd**  
**Notes forming part of the financial statements**

Note 29 Disclosures under Accounting Standards (contd.)

Note	Particulars	As at 31 March, 2013	As at 31 March, 2012
29.4	<b>Deferred tax (liability) / asset</b>	(3,516,126)	(3,753,152)
	Add : Deferred Tax liability pursuant to amalgamation	(178,367)	
	<u>Tax effect of items constituting deferred tax liability</u>		
	On difference between book balance and tax balance of fixed assets		
	On expenditure deferred in the books but allowable for tax purposes		
	On items included in Reserves and surplus pending amortisation into the Statement of Profit and Loss		
	Others		
	Tax effect of items constituting deferred tax liability		
	<u>Tax effect of items constituting deferred tax assets</u>		
	Provision for compensated absences, gratuity and other employee benefits	19,326	106,823
	Provision for doubtful debts / advances		
	Disallowances under Section 40(a)(i), 43B of the Income Tax Act, 1961	328,519	590,517
	On difference between book balance and tax balance of fixed assets		
	Unabsorbed depreciation carried forward		
	Brought forward business losses		
	On items included in Reserves and surplus pending amortisation into the Statement of Profit and Loss		
	Others		
	Tax effect of items constituting deferred tax assets	112,876	237,026
	<b>Net deferred tax (liability) / asset</b>	<b>(3,581,617)</b>	<b>(3,516,126)</b>
	The Company has recognised deferred tax asset on unabsorbed depreciation to the extent of the corresponding deferred tax liability on the difference between the book balance and the written down value of fixed assets under Income Tax (or) The Company has recognised deferred tax asset on unabsorbed depreciation and brought forward business losses based on the Management's estimates of future profits considering the non-cancellable customer orders received by the Company.		

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**Zyg Pharma Pvt Ltd**  
**Notes forming part of the financial statements**

Note 29 Disclosures under Accounting Standards (contd.)

Note	Particulars																																										
29.5	<p><b>Details of Amalgamation</b></p> <p>In terms of the Scheme of Amalgamation (the scheme), Industrial Utilities (India) Pvt Ltd (IUCIL) , (referred to as 'Transferor Company') has been merged with the company (Transferee Company), upon which the undertaking and the entire business, including all the assets and liabilities of the Transferor company stand transferred to and vested in the Transferee Company at their book values. Industrial Utilities (India) Pvt Ltd was engaged in the manufacturing of Industrial Utilities and were predominantly acting as captive manufacturer for the company.</p> <p>The Scheme of Amalgamation filed by the Company has been approved by the Honourable High Court of Judicature at Mumbai with an appointed date of 1st April 2011 and an effective date of 11th February 2013 ('the effective date') being the date on which all the requirements under the Companies Act, 1956 have been completed.</p> <p>Pursuant to the Scheme, the Company issued 6120 Equity Shares of Rs. 10/- each (100% of shares in the Transferor Company and 3.95% of shares in the Transferee Company) to the shareholders in the Transferor Company</p> <p>Details of assets and liabilities acquired on amalgamation and treatment of the difference between the net assets acquired and the shares issued to the shareholders of Transferor company.</p> <table border="1" style="width: 100%; margin-top: 20px;"> <thead> <tr> <th colspan="2" style="text-align: center;">For the year ended 31 March, 2013</th> </tr> <tr> <th style="text-align: center;">Rs.</th> <th style="text-align: center;">Rs.</th> </tr> </thead> <tbody> <tr> <td>Value of Assets and liabilities acquired:</td> <td></td> </tr> <tr> <td>Fixed Assets Gross</td> <td style="text-align: right;">12,193,351</td> </tr> <tr> <td>Less : Accumulated Depreciation</td> <td></td> </tr> <tr> <td><b>Current Assets</b></td> <td></td> </tr> <tr> <td>Cash and cash equivalents</td> <td style="text-align: right;">77,841</td> </tr> <tr> <td>Short term Loans and Advances</td> <td style="text-align: right;">475,528</td> </tr> <tr> <td></td> <td style="text-align: right;">553,369</td> </tr> <tr> <td><b>Less : Current Liabilities</b></td> <td></td> </tr> <tr> <td>Trade Payables</td> <td style="text-align: right;">2,248,196</td> </tr> <tr> <td>Other Current Liabilities</td> <td style="text-align: right;">5,420,478</td> </tr> <tr> <td></td> <td style="text-align: right;">7,668,674</td> </tr> <tr> <td>Net Current Assets</td> <td style="text-align: right;">-7,115,305</td> </tr> <tr> <td><b>Non current liabilities</b></td> <td></td> </tr> <tr> <td>Deffered Tax liability</td> <td style="text-align: right;">165,422</td> </tr> <tr> <td>Long term provision</td> <td style="text-align: right;">178,692</td> </tr> <tr> <td></td> <td style="text-align: right;">4,733,932</td> </tr> <tr> <td>Less :</td> <td style="text-align: right;">-61,200</td> </tr> <tr> <td>Value of shares of the Company issued to the shareholders of IUCIL</td> <td style="text-align: right;">4,672,732</td> </tr> <tr> <td><b>Difference considered as Capital Reserve</b></td> <td></td> </tr> </tbody> </table>	For the year ended 31 March, 2013		Rs.	Rs.	Value of Assets and liabilities acquired:		Fixed Assets Gross	12,193,351	Less : Accumulated Depreciation		<b>Current Assets</b>		Cash and cash equivalents	77,841	Short term Loans and Advances	475,528		553,369	<b>Less : Current Liabilities</b>		Trade Payables	2,248,196	Other Current Liabilities	5,420,478		7,668,674	Net Current Assets	-7,115,305	<b>Non current liabilities</b>		Deffered Tax liability	165,422	Long term provision	178,692		4,733,932	Less :	-61,200	Value of shares of the Company issued to the shareholders of IUCIL	4,672,732	<b>Difference considered as Capital Reserve</b>	
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*DM*

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**ZYG PHARMA PVT.LTD.**
**CASH-FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2013**

	31.03.2013	31.03.2012
	Rs.	Rs.
<b>(A) Cash flow from Operating Activities :</b>		
Net profit before taxation	16,995,249	15,989,621
Adjustments for :-		
Depreciation	20,417,392	20,903,514
Interest income	(1,189,568)	(2,631,588)
Interest expense	12,786,328	16,287,101
Dividend on Investments	(2,080,386)	(1,380,400)
(Profit) / Loss on Investments (net)	-	(2,101,610)
Provision for leave encashment / Gratuity	19,326	108,823
(Profit) / Loss on sale of Fixed Assets (net)	834,397	51,282
<b>Operating profit before working capital changes</b>	<b>47,782,738</b>	<b>47,224,743</b>
Adjustments for :-		
(Increase) /Decrease Sundry Debtors	(21,052,728)	23,816,878
(Increase) /Decrease in Inventories	25,199,153	(16,544,555)
(Increase)/Decrease in Loans & Advances	(1,796,891)	3,798,987
Increase / (Decrease) in Sundry Creditors	(21,624,442)	11,115,236
Increase / (Decrease) in Other Liabilities	1,267,009	(33,520,940)
	<b>(18,007,901)</b>	<b>(11,536,594)</b>
<b>Cash generated from operations</b>	<b>29,774,838</b>	<b>35,688,149</b>
Direct Taxes paid ( net of refunds)	(4,543,569)	(6,710,672)
<b>Net cash from Operating Activities</b>	<b>25,231,269</b>	<b>28,977,477</b>
<b>(B) Cash flow from Investing Activities</b>		
Purchase of Fixed Assets	(10,777,511)	(6,607,507)
Proceeds from sale of Fixed Asset	644,899	70,000
Interest Income	1,189,568	2,631,588
Income on Investments	2,080,386	1,380,400
(Profit) / Loss on Investments (net)	-	2,101,610
Purchase of Investments ( Net)	(1,869,236)	14,255,770
Proceeds from sale of Investments	-	-
<b>Net cash used in Investing Activities</b>	<b>(8,731,894)</b>	<b>13,831,862</b>
<b>(C) Cash flow from Financing Activities</b>		
Repayment of long-term borrowings	(32,482,649)	(10,978,421)
Proceeds from Cash Credits	(2,670,786)	2,293,520
Proceeds from Share Capital	-	-
Interest paid	(12,786,328)	(16,287,101)
<b>Net cash used in financing activities</b>	<b>(47,939,763)</b>	<b>(24,972,002)</b>
<b>Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>	<b>(31,440,389)</b>	<b>17,837,337</b>
<b>Cash and cash equivalents as at 31.3.2012</b>	<b>33,745,191</b>	<b>15,907,854</b>
<b>Cash and cash equivalents as at 31.3.2013</b>	<b>2,304,803</b>	<b>33,745,191</b>

**NOTES :**

- The above Cash Flow Statement has been prepared under the 'Indirect method' set out in Accounting Standard (AS-3) issued by the Institute of Chartered Accountants of India.
- On account of the amalgamation of Industrial Utilities Company (India) Pvt.Ltd. with the Company w.e.f. 01.04.2011, the figures for the year ended on 31.03.2013 are strictly not comparable with the corresponding period of the previous year.
- Figures in bracket indicate cash outflow.
- Previous year figures have been regrouped and recasted wherever necessary to confirm to current year's classification.

This is the Cash Flow Statement referred to in our report on even date.

In terms of our report attached.

**For A. P. Asher & Co**

Firm Registration No : 100615W

Chartered Accountants

*A.P. Asher*  
A. P. Asher

Proprietor

Membership No : 012633

**For and on behalf of the Board of Directors**

*Sudhin Merchant*

1) S.A. MERCHANT

Chairman

*Vinod Merchant*

2) V.A. MERCHANT

Managing Director

*S.V. Merchant*

3) S.V. MERCHANT

Jt. Managing Director

Place : MUMBAI

Date : 18TH SEPTEMBER, 2013

Place : MUMBAI

Date : 17TH SEPTEMBER, 2013

**Statement of Changes in Equity as per Section 2(40) of the Companies Act, 2013**

	<b>As on 31-03-2013 (In Rs.)</b>	<b>As on 31-03-2012 (In Rs.)</b>
Authorised Capital	1,30,00,000	1,25,00,000
Paid up Capital	1,611,600	1,550,400

During the Financial year under review, Industrial Utilities Company (India) Private Limited [Transferor Company] has been merged with Zyg Pharma Private Limited [Transferee Company] and the Scheme of Amalgamation has been approved by the Honourable High Court of Judicature at Mumbai with an appointed date of 1<sup>st</sup> April, 2011.

Pursuant to the scheme, the Company issued 6120 Equity Shares of Rs. 10/- each to the Shareholders in the Transferor Company as detailed below -

<b>Sr. No</b>	<b>Name of allottees</b>	<b>Address of Allotees</b>	<b>Nationality of allottee</b>	<b>Number of shares allotted</b>	<b>Total amount paid (including premium in Rs.)</b>
1.	Mr. Kirit N. Shah.	279, Shanti Kunj, IInd Floor, Flat No. 24, Sion-Matunga (East) Scheme No. 6, Road No. 31, Sion, Mumbai- 400022	Indian	3,060	NIL  [Post merger allotment]
2.	Mr. Bharat R. Joshi.	6, Nishant Bungalow 2, Near Someshwar Mandir, Satellite Road, Ahmedabad- 380015	Indian	3,060	NIL  [Post merger allotment]
			<b>Total</b>	<b>6,120</b>	<b>NIL</b>  <b>[Post merger allotment]</b>

For and on behalf of ZYG PHARMA PRIVATE LIMITED  
Sd/-  
Director

# Deloitte Haskins & Sells

## INDEPENDENT AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF ZYG PHARMA PRIVATE LIMITED

### Report on the Condensed Financial Statements

We have audited the accompanying condensed financial statements of **ZYG PHARMA PRIVATE LIMITED** ("the Company"), which comprise the Condensed Balance Sheet as at 17<sup>th</sup> July, 2015, the Condensed Statement of Profit and Loss and the Condensed Cash Flow Statement for the period ended 17<sup>th</sup> July, 2015 and the Selected Explanatory Notes, for the purpose of inclusion in the scheme of amalgamation to be submitted to Bombay Stock Exchange Limited and National Stock Exchange of India Limited ("The Stock Exchange").

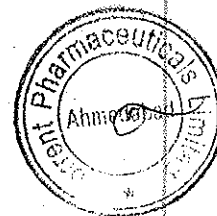
### Management's Responsibility for the Condensed Financial Statements

The Company's Management is responsible for the preparation of these condensed financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with Accounting Standard 25 (Interim Financial Reporting), as specified under 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and other accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatements, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these condensed financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the condensed financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the condensed financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the condensed financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal controls relevant to the Company's preparation and fair presentation of the condensed financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the condensed financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



# Deloitte Haskins & Sells

## Opinion

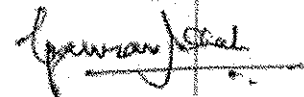
In our opinion and to the best of our information and according to the explanations given to us, the aforesaid condensed financial statements give a true and fair view in conformity with AS 25 and the accounting principles generally accepted in India:

- (a) in the case of the Condensed Balance Sheet, of the state of affairs of the Company as at 17<sup>th</sup> July, 2015;
- (b) in the case of the Condensed Statement of Profit and Loss, of the loss of the Company for the period ended on that date, and
- (c) in the case of the Condensed Cash Flow Statement, of the cash flows of the Company for the period ended on that date.

## Limitation of Use

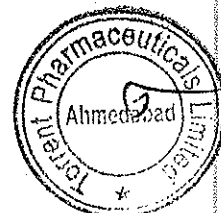
Our reporting is intended solely for use by management for inclusion in the scheme of amalgamation to be submitted to Bombay Stock Exchange Limited and National Stock Exchange of India Limited ("The Stock Exchange"). Our report should not be used, referred to or distributed for any other purpose except with our prior consent in writing.

For DELOITTE HASKINS & SELLS  
Chartered Accountants  
(Firm's Registration No. 117365W)



Gaurav J. Shah  
Partner  
Membership No. 35701

AHMEDABAD, 8<sup>th</sup> October, 2015



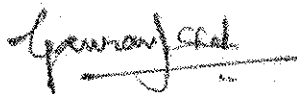
Zyg Pharma Pvt Ltd  
Condensed Balance Sheet

Particulars		Notes	As at 17-Jul-2015	As at 31-Mar-2015
			Rs.	Rs.
<b>A</b>	<b>EQUITY AND LIABILITIES</b>			
	Shareholders' funds			
	(a) Share capital	3	1,611,600	1,611,600
	(b) Reserves and surplus	4	157,327,567	204,890,977
			<b>158,939,167</b>	<b>206,502,577</b>
	Non-current liabilities			
	(a) Long-term borrowings	5	25,605,157	32,272,336
	(b) Long-term provisions	6	2,582,301	1,985,206
			<b>28,187,458</b>	<b>34,257,542</b>
	Current liabilities			
	(a) Short-term borrowings	7	31,138,772	49,956,197
	(b) Trade payables	8	80,349,154	119,218,451
	(c) Other current liabilities	9	78,605,561	57,487,333
	(d) Short-term provisions	10	8,999,804	7,889,715
			<b>199,093,291</b>	<b>234,551,696</b>
	<b>TOTAL</b>		<b>386,219,916</b>	<b>475,311,815</b>
<b>B</b>	<b>ASSETS</b>			
	Non-current assets			
	(a) Fixed assets	11		
	(i) Tangible assets		103,340,888	102,953,454
	(ii) Capital work-in-progress		26,225,459	41,314,855
			<b>129,566,347</b>	<b>144,268,309</b>
	(b) Non-current investments	12	159,526	258,000
	(c) Deferred tax assets (net)		7,610,826	6,910,827
	(d) Long-term loans and advances	13	6,954,604	3,888,152
	(e) Other non-current Assets	14	219,673	219,673
			<b>14,944,629</b>	<b>11,276,652</b>
	Current assets			
	(a) Inventories	15	126,338,186	122,005,290
	(b) Trade receivables	16	15,271,764	87,725,355
	(c) Cash and cash equivalents	17	80,145,831	83,362,192
	(d) Short-term loans and advances	18	19,705,390	25,217,223
	(e) Other current assets	19	247,769	1,456,795
			<b>241,708,940</b>	<b>319,766,854</b>
	<b>TOTAL</b>		<b>386,219,916</b>	<b>475,311,815</b>
	Significant Accounting Policies	2		
	Notes forming part of the Financial Statements	1 - 30		

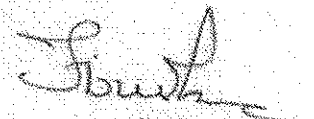
In terms of our report attached

Signatures to Balance Sheet

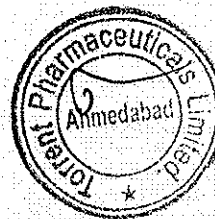
For Deloitte Haskins & Sells  
Chartered Accountants



Gaurav J. Shah  
Partner  
Date: 08-Oct-2015  
Place: Ahmedabad



Mr. Jinesh Shah  
Chairman  
Date: 08-Oct-2015  
Place: Ahmedabad





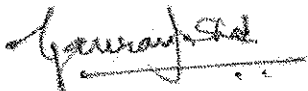
## Condensed Statement of Profit and Loss

Particulars	Notes	Period 01-Apr-2015 to 17-Jul-2015	Year Ended 31-Mar-2015
		Rs.	Rs.
<b>CONTINUING OPERATIONS</b>			
Revenue from operations (gross)	20	119,543,544	609,796,441
Less: Excise duty	20	14,217,548	95,489,675
Revenue from operations (net)		105,325,996	514,306,766
Other income	21	1,335,326	23,926,106
<b>Total revenue (1+2)</b>		<b>106,661,322</b>	<b>538,232,871</b>
<b>Expenses</b>			
(a) Cost of materials consumed	22a	46,377,967	260,307,632
(b) Changes in inventories of finished goods, work-in-progress and stock-in-trade	22b	17,679,710	157,063
(c) Employee benefits expense	23	21,573,435	69,149,750
(d) Finance costs	24	5,965,786	7,433,358
(e) Depreciation and amortisation expense	11	8,483,717	55,926,897
(f) Other expenses	25	54,844,117	98,869,456
<b>Total expenses</b>		<b>154,924,731</b>	<b>491,844,155</b>
<b>Profit / (Loss) before tax</b>		<b>(48,263,410)</b>	<b>46,388,716</b>
<b>Tax expense:</b>			
(a) Current Tax			21,000,000
(b) (Excess) provision for tax of earlier years			(460,639)
(c) Deferred Tax		(700,000)	(11,819,473)
Net current tax expense		(700,000)	8,719,888
<b>Profit / (Loss) from continuing operations (9 +10)</b>		<b>(47,563,410)</b>	<b>37,668,828</b>
<b>DISCONTINUING OPERATIONS</b>			
<b>TOTAL OPERATIONS</b>		<b>(47,563,410)</b>	<b>37,668,828</b>
<b>Profit / (Loss) for the period</b>		<b>(47,563,410)</b>	<b>37,668,828</b>
Significant Accounting Policies	2		
Notes forming part of the Financial Statements	1 - 30		

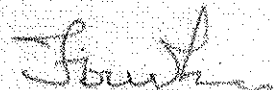
In terms of our report attached

Signatures to Statement of Profit and Loss

For Deloitte Haskins & Sells  
Chartered Accountants



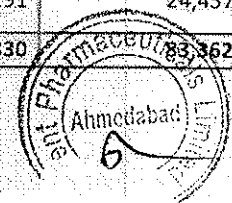
Gaurav J. Shah  
Partner  
Date: 08-Oct-2015  
Place: Ahmedabad

Mr. Jinesh Shah  
Chairman  
Date: 08-Oct-2015  
Place: Ahmedabad

Zyg Pharma Pvt Ltd  
Condensed Cash Flow Statement

	Particulars	Period 01-Apr-2015 to	Year Ended
		17-Jul-2015	31-Mar-2015
		Rs.	Rs.
(A)	<b>Cash flows from Operating Activities :</b>		
	Net profit before tax	(48,263,410)	46,388,716
	Adjustments for :-		
	Depreciation & Amortisation	8,483,717	55,926,897
	Interest income	(469,809)	(2,279,543)
	Interest expense	5,965,786	7,433,358
	Dividend income	(37,429)	(1,622,927)
	Provision for diminution in value of investment	98,474	-
	Net Gain on sale of Investments	-	(19,595,364)
	Provision for compensated absences	-	1,091,210
	Provision for gratuity	650,000	-
	Provision for doubtful debts	20,512	-
	Provision for doubtful advances and deposits	2,800,445	-
	Technical Know-how expenses (write-off)	10,635,029	-
	Sundry balances w/back	(50,057)	(32,037)
	(Profit) / Loss on sale of Fixed Assets	569,559	(27,721)
	Net loss on foreign currency transaction	-	413,186
	<b>Operating profit before working capital changes</b>	<b>(19,597,182)</b>	<b>87,695,776</b>
	Adjustments for :-		
	(Increase) /Decrease Trade Receivables	72,433,079	(37,601,303)
	(Increase) /Decrease in Inventories	(4,332,896)	(41,415,756)
	(Increase)/Decrease in Long term Loans & Advances	(215,162)	82,594
	(Increase)/Decrease in Short term Loans & Advances	5,213,245	14,079,456
	(Increase)/Decrease in other current assets	-	(799,683)
	(Increase)/Decrease in other non current assets	-	62,652
	Increase / (Decrease) in Trade Payables	(38,819,240)	56,548,052
	Increase / (Decrease) in Other current Liabilities	21,118,227	(18,892,047)
		<b>55,397,253</b>	<b>(27,936,035)</b>
	<b>Cash generated from operations</b>	<b>35,800,071</b>	<b>59,759,741</b>
	Direct Taxes paid (net of refunds)	(100,965)	(10,541,499)
	<b>Net cash from Operating Activities</b>	<b>35,699,106</b>	<b>49,218,242</b>
(B)	<b>Cash flow from Investing Activities</b>		
	Purchase of Fixed Assets	(12,873,599)	(57,569,392)
	Proceeds from sale of Fixed Asset	3,743,132	170,000
	Interest income	469,809	2,279,543
	Dividend income	37,429	1,622,927
	Purchase of Investments	-	(1,372,171)
	Proceeds from sale/redemption of Investments	-	67,988,269
	<b>Net cash used in Investing Activities</b>	<b>(8,623,229)</b>	<b>13,119,176</b>
(C)	<b>Cash flow from Financing Activities</b>		
	Repayment of long-term borrowings	(6,667,179)	(10,696,222)
	Proceeds from Long Term Borrowing	-	9,052,600
	Proceeds/(Repayment) of Short term borrowings	(18,817,425)	5,643,865
	Interest expenses	(4,807,635)	(7,433,358)
	<b>Net cash used in financing activities</b>	<b>(30,292,238)</b>	<b>(3,433,115)</b>
	<b>Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>	<b>(3,216,361)</b>	<b>58,904,303</b>
	Cash and cash equivalents at the Beginning of period	83,362,191	24,457,889
	Cash and cash equivalents at the end of period	<b>80,145,830</b>	<b>83,362,191</b>



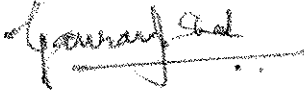
NOTES :

1. The above Cash Flow Statement has been prepared under the 'Indirect method' set out in Accounting Standard (AS-3) issued by the Institute of Chartered Accountants of India.
2. Previous year figures have been regrouped and recasted wherever necessary to confirm to current year's classification.

In terms of our report attached

Signatures to Cash Flow Statement

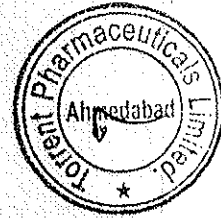
For Deloitte Haskins & Sells  
Chartered Accountants



Gaurav J. Shah  
Partner  
Date: 08-Oct-2015  
Place: Ahmedabad



Mr. Jinesh Shah  
Chairman  
Date: 08-Oct-2015  
Place: Ahmedabad



ZYG PHARMA PVT LTD  
NOTES FORMING PART OF THE CONDENSED FINANCIAL STATEMENTS

**NOTE - 1 : CORPORATE INFORMATION**

Zyg Pharma Pvt Ltd is into manufacturing of Dermatological formulations. The company has its own manufacturing facilities located at Pithampur in Madhya Pradesh. The company have ISO 14001 certification and also has WHO accreditation. The manufacturing facilities is recently approved by USFDA, TGA (Australia) and other authorities.

**NOTE - 2 : SIGNIFICANT ACCOUNTING POLICIES**

**2.1 Basis of accounting and preparation of condensed financial statements**

The condensed financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards as prescribed under section 133 of the Companies Act 2013 ("the Act") read with Rule 7 of the companies (Accounts) Rules 2014 and the provisions of the Act to the extent notified. The condensed financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the condensed financial statements are followed consistently.

**2.2 Use of estimates**

The preparation of the condensed financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the condensed financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialize.

**2.3 Inventories**

Inventories are valued at the lower of cost and the net realizable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods to the point of sale, including octroi and other levies, transit insurance and receiving charges. Raw and packing materials are valued at moving average basis of purchase cost. Work-in-progress and finished goods include appropriate proportion of overheads determined on weighted average basis.

**2.4 Cash and cash equivalents (for purposes of Cash Flow Statement)**

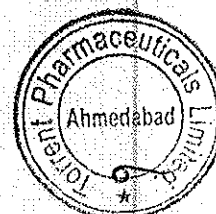
Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

**2.5 Cash flow statement**

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

**2.6 Depreciation and amortization**

Depreciation has been provided on written down value method based on useful life of the assets prescribed in Schedule II of the Companies Act, 2013 except in respect of the leasehold land which is amortized over the duration of the lease.



## 2.7 Revenue recognition

### (a) Sale of goods :

Sales are recognised, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers. Sales include excise duty but exclude sales tax and value added tax.

### (b) Income from services :

Revenues from contracts priced on a time and material basis are recognised when services are rendered and related costs are incurred.

## 2.8 Other income

Interest income is accounted on accrual basis. Dividend income is accounted for when the right to receive it is established.

## 2.9 Fixed Assets

### (a) Tangible fixed assets :

Tangible fixed assets are stated at cost less depreciation/amortization and impairment losses, if any. Cost includes the acquisition cost or the cost of construction, including duties and taxes (other than those refundable), expenses directly related to the location of assets and making them operational for their intended use and, in the case of qualifying assets, the attributable borrowing costs. Trade discounts, rebates and benefits arising from utilization of duty free scrips are deducted in determine the cost of purchase. Projects under which the tangible fixed assets are not yet ready for their intended use are carried as capital work-in-progress at cost determined as aforesaid.

### (b) Intangible fixed assets :

Intangible assets are initially measured at acquisition cost including any directly attributable costs of preparing the asset for its intended use. Intangibles are capitalized if, and only if, the technical feasibility and Company's intention and ability of completing the project & the probability that the project will generate future economic benefits.

### (c) Expenditure on projects which are not yet ready for intended use are carried under Capital Work-in-progress.

## 2.10 Foreign currency transactions and translations

Transactions denominated in foreign currencies are recorded at exchange rate prevailing on the date of transaction. The gain or loss on account of exchange differences arising on settlement of foreign currency transactions are recognized as income or expense of the period in which they arise.

Monetary assets and liabilities denominated in foreign currencies as at balance sheet date are translated at the closing rate. The resultant exchange differences are recognized in the Statement of Profit and Loss.

## 2.11 Investments

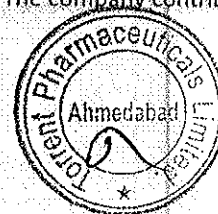
Long-term investments (excluding investment properties), are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of investments includes acquisition charges such as brokerage, fees and duties.

## 2.12 Employee benefits

### (a) Defined contribution plans

All eligible employees are covered under contributory Provident Fund and Super Annuation Scheme benefit of a contribution of specified percentage of salary. It is a defined contribution scheme and the contribution is charged to the statement of Profit & Loss of the year when the contribution to the respective funds are due. There are no obligations other than the contribution payable to the respective fund. The company contributes towards superannuation Scheme to the Life Insurance Corporation of India.

Defined Benefit plans



The obligation in respect of defined benefit plans, which cover Gratuity are provided for on the basis of actuarial valuation, using the projected unit credit method, at the end of each financial year. Gratuity is funded with the Life Insurance Corporation of India. Contribution if any is recognised immediately in the statement of Profit and Loss.

(c) Other Benefits

Compensated absences are provided for on the basis of an actuarial valuation, using the projected credit method, at the end of each financial year. Actuarial gain/losses, if any are recognised immediately in the statement of profit and loss.

### 2.13 Borrowing costs

Borrowing costs include interest, amortization of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilized for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset up to the date of capitalization of such asset is added to the cost of the assets. Capitalization of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

### 2.14 Segment reporting

The company is mainly engaged in pharmaceuticals business which is considered the Primary reportable business segment as per Accounting Standard (As 17) "Segment Reporting" issued by the Institute of Chartered Accountants of India. The secondary segments based on geographical segmentation are considered to be Business outside India and within India.

### 2.15 Taxes on income

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantially enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realize such assets. Deferred tax assets are recognised for timing differences of other items only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realized. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their realisability.

Current and deferred tax relating to items directly recognised in equity is recognised in equity and not in the Statement of Profit and Loss.

### 2.16 Impairment of assets

The carrying values of assets / cash generating units at each Balance Sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, except in case of revalued assets.



## 2.17 Provisions , contingent Liabilities & contingent assets

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

Contingent liabilities are disclosed unless the possibility of outflow of resource is remote.

Contingent assets are neither recognised nor disclosed in the condensed financial statements.

## 2.18 Insurance claims

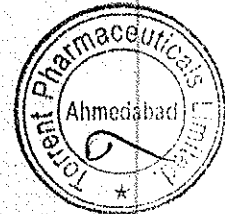
Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that there is no uncertainty in receiving the claims.

## 2.19 Service tax input credit

Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is no uncertainty in availing / utilizing the credits.

## 2.20 Research & Development Expenses

Revenue expenditure pertaining to Research is charged to the Statement of Profit and Loss. Development costs of products are charged to the statement of Profit and Loss unless a product's technological feasibility has been established.



Note 3 Share capital

Particulars	As at 17-Jul-2015		As at 31-Mar-2015	
	Number of shares	Rs.	Number of shares	Rs.
(a) Authorised				
1,300,000 Equity shares of Rs. 10/- each with voting rights	1,300,000	13,000,000	1,300,000	13,000,000
(b) Issued #				
161,160 Equity shares of Rs. 10/- each with voting rights	161,160	1,611,600	161,160	1,611,600
(c) Subscribed and fully paid up				
161,160 Equity shares of Rs. 10/- each with voting rights	161,160	1,611,600	161,160	1,611,600
<b>Total</b>	<b>161,160</b>	<b>1,611,600</b>	<b>161,160</b>	<b>1,611,600</b>

(i) Rights, preferences and restrictions attached to the shares

The Company has issued one class of equity share having a par value of Rs. 10/- per share. Each shareholder is eligible for one vote per share held. The dividend if any proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

(ii) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	Opening Balance	Addition during the period	Deduction during the period	Closing Balance
Equity shares with voting rights				
Period ended 17 July, 2015				
- Number of shares	161,160			161,160
- Amount (')	1,611,600			1,611,600
Year ended 31 March, 2015				
- Number of shares	161,160			161,160
- Amount (')	1,611,600			1,611,600

(iii) Details of shares held by each shareholder holding more than 5% shares:

Class of shares / Name of shareholder	As at 17th July, 2015		As at 31 March, 2015	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
<b>Equity shares with voting rights</b>				
Torrent Pharmaceuticals Limited (including 6 shares held in name of its nominees)	116,160.00	100.00%	-	0.00%
Viren A Merchant - HUF	-	0.00%	13,500.00	8.38%
Radhika A Merchant	-	0.00%	14,175.00	8.80%
Anjali V Merchant	-	0.00%	14,175.00	8.80%
Shaila V Merchant	-	0.00%	15,750.00	9.77%
Viren A Merchant	-	0.00%	22,980.00	14.26%
Sudhir A Merchant - HUF	-	0.00%	10,000.00	6.21%
Nandini S Merchant	-	0.00%	15,000.00	9.31%
Aditya S Merchant	-	0.00%	15,000.00	9.31%
Rupa S Merchant	-	0.00%	15,000.00	9.31%
Sudhir A Merchant	-	0.00%	22,520.00	13.97%
	<b>161,160.00</b>	<b>100.00%</b>	<b>158,100.00</b>	<b>98.10%</b>

(iv). Torrent Pharmaceuticals Limited has acquired 100% equity share capital of Zyg Pharma Pvt. Limited by way of share purchase agreement dated 17-Jul-2015. Consequently, Torrent Pharmaceuticals Limited becomes 100% holding parent company of Zyg Pharma Pvt. Limited.





Note 4 Reserves and surplus

Particulars	As at 17-Jul-2015	As at 31-Mar-2015
	Rs.	Rs.
(a) Capital reserve		
Opening balance	10,154,372	10,154,372
Add: Additions during the period	-	-
Less: Utilised / transferred during the period	-	-
Closing balance	10,154,372	10,154,372
(b) General reserve		
Opening balance	25,524,751	29,182,199
Add: Transferred from surplus in Statement of Profit and Loss	-	-
Less : Depreciation on transition to Schedule II of the Companies Act, 2013 on tangible	-	(3,657,448)
Closing balance	25,524,751	25,524,751
(c) Surplus in Statement of Profit and Loss		
Opening balance	169,211,854	131,543,027
Add: Profit / (Loss) for the period	(47,563,410)	37,668,828
Closing balance	121,648,444	169,211,855
<b>Total</b>	<b>157,327,567</b>	<b>204,890,977</b>

Note 5 Long-term borrowings

Particulars	As at 17-Jul-2015	As at 31-Mar-2015
	Rs.	Rs.
(a) Term loans		
From banks		
Secured	25,605,157	28,738,059
Unsecured	-	-
	25,605,157	28,738,059
(a) Vehicle loans		
From banks		
Secured	-	3,534,276
Unsecured	-	-
	-	3,534,276
<b>Total</b>	<b>25,605,157</b>	<b>32,272,336</b>

**Note :**

(i) Term Loans are secured by sole and exclusive charge by hypothecation on all the present and future plant and machinery of the borrower, present and future stock and receivables, all the present and future movable assets (including furnitures, fixtures and all other movable accessories) and equitable mortgage on factory Land and Building situated at Plot 810, Sec III, Industrial area, Pithampur.

(ii) The terms of repayment of loan obligations on principal amount repayable in monthly installment are as under:

Financial Year	Secured
2015-16	9,398,709
2016-17	12,531,612
2017-18	12,531,612
2018-19	3,674,839



Zyg Pharma Pvt Ltd  
Notes forming part of the condensed financial statements

Note 6 Long-term provisions

Particulars	As at 17-Jul-2015	As at 31-Mar-2015
	Rs.	Rs.
(a) Provision for employee benefits:		
(i) Provision for compensated absences	1,985,206	1,985,206
(ii) Provision for gratuity	597,095	-
<b>Total</b>	<b>2,582,301</b>	<b>1,985,206</b>

Note 7 Short-term borrowings

Particulars	As at 17-Jul-2015	As at 31-Mar-2015
	Rs.	Rs.
(a) Loans repayable on demand		
From banks		
Secured	31,138,772	49,956,197
Unsecured	-	-
<b>Total</b>	<b>31,138,772</b>	<b>49,956,197</b>

**Notes:**

(i) Short term borrowings are secured by :

Sole and Exclusive charge by hypothecation on all the present and future plant and machinery of the borrower, present and future stock and receivables, all the present and future movable assets (including furnitures, fixtures and all other movable accessories) and equitable mortgage on factory Land and Building situated at Plot B10, Sec III, Industrial area, Pithampur.

Note 8 Trade payables

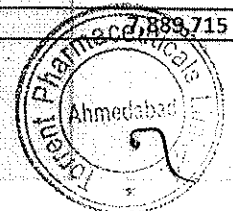
Particulars	As at 17-Jul-2015	As at 31-Mar-2015
	Rs.	Rs.
Trade payables:		
Acceptances	-	-
Other than Acceptances	80,349,154	119,218,451
<b>Total</b>	<b>80,349,154</b>	<b>119,218,451</b>

Note 9 Other current liabilities

Particulars	As at 17-Jul-2015	As at 31-Mar-2015
	Rs.	Rs.
(a) Current maturities of long-term debt	12,531,615	13,341,064
(b) Other payables		
(i) Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, Excise Duty, VAT, Service Tax, etc.)	185,938	11,158,049
(ii) Advances from customers	62,778,467	32,988,220
(iii) Book Overdraft	40,645	-
(iv) Payables on purchase of fixed assets	2,884,330	-
(v) Interest accrued but not due	184,566	-
<b>Total</b>	<b>78,605,561</b>	<b>57,487,333</b>

Note 10 Short-term provisions

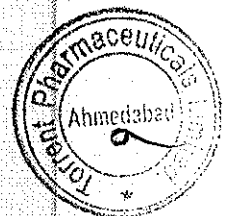
Particulars	As at 17-Jul-2015	As at 31-Mar-2015
	Rs.	Rs.
(a) Provision for employee benefits:		
(i) Provision for compensated absences	264,186	264,186
(ii) Provision for gratuity	52,905	-
	317,091	264,186
(b) Provision - Others:		
Provision for Tax (net of advance tax Rs. 66,882,713 (As at 31 March, 2015:Rs. 66,882,713) - Unsecured, considered good	8,682,713	7,625,529
<b>Total</b>	<b>8,999,804</b>	<b>7,889,715</b>



Zyg Pharma Pvt. Ltd  
Notes forming part of the condensed financial statements

Note 11 Fixed Assets

Class Category	Gross Block			Depreciation				Net Block	
	As at 1-Apr-2015	Addition during the period	Deductions/ Adjustments during the period	As at 17-July-2015	Transfer to General Reserve	Addition during the period	Deductions/ Adjustments during the period	As at 17-July-2015	As at 31-March-2015
Lease hold	918,148	-	-	918,148	-	1,950	-	650,507	652,457
Buildings	109,745,254	645,838	-	110,391,092	-	1,485,820	-	29,302,801	30,142,784
Plant and Machinery	241,541,121	9,954,258	5,717,861	245,777,519	-	5,380,659	5,202,734	61,739,552	57,681,080
Furniture & Fixtures	13,766,654	791,806	-	14,558,460	-	336,075	-	2,927,340	2,471,609
Vehicles	10,774,494	-	5,164,000	5,610,494	-	529,941	1,366,436	981,752	5,309,258
Office Equipment	18,332,975	17,500	-	18,350,475	-	276,016	-	1,023,745	5,309,258
Electrical Equipment	31,407,788	1,774,442	-	33,182,230	-	473,255	-	6,715,191	5,414,004
Grand Total	426,486,433	13,183,845	10,881,861	428,788,416	-	8,483,717	6,569,170	103,340,888	106,980,450
Previous year	406,304,667	20,893,621	811,853	426,486,435	3,657,448	55,926,897	669,573	102,953,454	141,686,459



Note 12 Non-current investments

Particulars	As at 17-Jul-2015	As at 31-Mar-2015
	Rs.	Rs.
<b>Investments (At cost):</b>		
Investment in equity instruments (give details separately for fully / partly paid up instruments)		
<u>Trade Investment, quoted</u>		
3100 Fully paid Equity shares of Rs. 10 each of Corporation Bank	248,000	248,000
<u>Non - Trade Investment, unquoted</u>		
1000 Fully paid Equity shares of Rs. 10 each of Saraswat Co-op Bank Ltd	10,000	10,000
	258,000	258,000
Less: Provision for diminution in value of investments	(98,474)	-
	<b>159,526</b>	<b>258,000</b>
Aggregate amount of quoted investments	248,000	248,000
Aggregate market value of listed and quoted investments	149,526	161,820
Aggregate amount of unquoted investments	10,000	10,000

Note 13 Long-term loans and advances

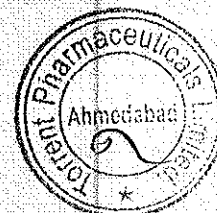
Particulars	As at 17-Jul-2015	As at 31-Mar-2015
	Rs.	Rs.
(Unsecured and considered good, unless otherwise stated)		
(a) Capital advances		
Considered good	4,144,122	-
Considered Doubtful	279,522	-
	4,423,644	-
Less: Provision for doubtful advances	(279,522)	-
	4,144,122	-
(b) Security deposits		
Considered good	2,192,105	3,205,415
Doubtful	1,013,310	-
	3,205,415	3,205,415
Less: Provision for doubtful deposits	(1,013,310)	-
	2,192,105	3,205,415
(c) Loans and advances to employees		64,360
(d) Balance with statutory authorities (Under protest)	618,377	618,377
<b>Total</b>	<b>6,954,604</b>	<b>3,888,152</b>

Note: Long-term loans and advances include amounts due from:

Particulars	As at 17-Jul-2015	As at 31-Mar-2015
	Rs.	Rs.
Other officers of the Company	-	64,360
	-	64,360

Note 14 Other Non-current assets

Particulars	As at 17-Jul-2015	As at 31-Mar-2015
	Rs.	Rs.
Margin money deposits with Banks (Refer note 18)	219,673	219,673
<b>Total</b>	<b>219,673</b>	<b>219,673</b>



Note 15 Inventories

Particulars	As at 17-Jul-2015	As at 31-Mar-2015
	Rs.	Rs.
(At lower of cost and net realisable value)		
(a) Raw materials	93,962,638	76,722,420
(b) Work-in-progress	218,444	12,062,123
(c) Finished goods (other than those acquired for trading)	5,568,703	11,404,734
(d) Packing Material	26,588,401	21,816,013
<b>Total</b>	<b>126,338,186</b>	<b>122,005,290</b>

Note: Details of inventory of work-in-progress

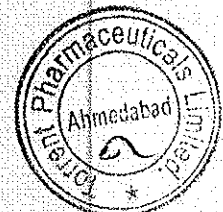
Particulars	As at 17-Jul-2015	As at 31-Mar-2015
	Rs.	Rs.
Creams and ointments	218,444	12,062,123
	<b>218,444</b>	<b>12,062,123</b>

Note 16 Trade receivables

Particulars	As at 17-Jul-2015	As at 31-Mar-2015
	Rs.	Rs.
[Unsecured, unless otherwise stated]		
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Considered good	3,639,996	1,858,156
Doubtful	20,512	-
	3,660,508	1,858,156
Less: Provision for doubtful trade receivables	(20,512)	-
	3,639,996	1,858,156
Other Trade receivables		
Considered good	11,631,768	85,867,199
Doubtful	-	-
	11,631,768	85,867,199
Less: Provision for doubtful trade receivables	-	-
	11,631,768	85,867,199
<b>Total</b>	<b>15,271,764</b>	<b>87,725,355</b>

Note: Trade receivables include debts due from:

Particulars	As at 17-Jul-2015	As at 31-Mar-2015
	Rs.	Rs.
Private companies in which any director is a director or member - Encore Healthcare Pvt Ltd	-	6,383,594
	-	<b>6,383,594</b>



Zyg Pharma Pvt Ltd  
Notes forming part of the condensed financial statements

Note 17 Cash and Bank balance

Particulars	As at 17-Jul-2015	As at 31-Mar-2015
	Rs.	Rs.
<b>Cash &amp; Cash equivalents</b>		
(a) Cash on hand	13,533	37,422
(b) Balances with banks in current account	77,564,646	10,957,118
(c) Balances with banks in short term Deposit Account - Original Maturity less than 3 months	2,500,000	72,300,000
	80,078,179	83,294,540
<b>Other Balances with Bank</b>		
Balances with bank held as margin money	223,965	223,965
Margin money deposits held with others	63,360	63,360
	287,325	287,325
<b>Total</b>	80,365,504	83,581,865
Less : Term Deposits with banks maturing after 12 months from Balance Sheet date and other margin money classified as non- current (Refer note 14)	219,673	219,673
<b>Total</b>	80,145,831	83,362,192

Note 18 Short-term loans and advances

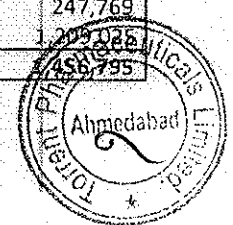
Particulars	As at 17-Jul-2015	As at 31-Mar-2015
	Rs.	Rs.
[Unsecured and considered good, unless otherwise stated]		
(a) Loans and advances to employees	742,034	782,309
(b) Prepaid expenses - Unsecured, considered good	4,572,249	9,736,385
(c) Balances with government authorities Unsecured, considered good		
(i) CENVAT credit receivable	8,807,733	2,102,956
(ii) VAT/CST credit receivable	497,155	68,737
(iii) Service Tax credit receivable	819,396	267,566
(iv) Custom Duty paid advance	198,456	186,247
	10,322,740	2,625,506
(d) Advances to Suppliers		
Considered good	4,068,367	12,073,023
Doubtful	298,588	-
	4,366,955	12,073,023
Less: Provision for doubtful advances	(298,588)	-
	4,068,367	12,073,023
<b>Total</b>	19,705,390	29,217,223

Note: Short-term loans and advances include amounts due from:

Particulars	As at 17-Jul-2015	As at 31-Mar-2015
	Rs.	Rs.
Other officers of the Company	-	708,559
	-	708,559

Note 19 Other current assets

Particulars	As at 17-Jul-2015	As at 31-Mar-2015
	Rs.	Rs.
Interest accrued on deposits	247,769	247,769
Other claims receivable	-	29,025
<b>Total</b>	247,769	276,794



Zyg Pharma Pvt Ltd  
Notes forming part of the condensed financial statements

Note 20 Revenue from operations

Particulars	Period 01-Apr-2015 to 17-Jul-2015	Year Ended 31-Mar-2015
	Rs.	Rs.
Sale of products (Refer Note (i) below)	115,714,178	581,256,838
Sale of services (Refer Note (i) below)	-	14,599,598
Other operating revenues (Refer Note (i) below)	3,829,366	13,940,004
	119,543,544	609,796,441
<b>Less:</b>		
Excise duty on sale of Products	14,217,548	95,489,675
<b>Total</b>	<b>105,325,996</b>	<b>514,306,766</b>

Note (i):

Particulars	Period 01-Apr-2015 to 17-Jul-2015	Year Ended 31-Mar-2015
	Rs.	Rs.
Sale of products comprises		
<u>Manufactured goods</u>		
Pharmaceutical products	115,714,178	581,256,838
<b>Total - Sale of products</b>	<b>115,714,178</b>	<b>581,256,838</b>
Sale of services comprises		
Analysis charges	-	1,230,000
Product Development Charges	-	13,369,598
<b>Total - Sale of services</b>	<b>-</b>	<b>14,599,598</b>
Other operating revenues comprises:		
Sale of scrap	254,591	699,728
Processing charges	2,882,261	13,240,277
Duty drawback and other export incentives	692,514	-
<b>Total - Other operating revenues</b>	<b>3,829,366</b>	<b>13,940,004</b>

Note 21 Other income

Particulars	Period 01-Apr-2015 to 17-Jul-2015	Year Ended 31-Mar-2015
	Rs.	Rs.
Interest income		
Interest from banks	413,521	2,027,468
Interest on overdue trade receivables	-	73,597
Others	56,288	178,478
Dividend income:		
From long-term investments - Equity Shares	37,429	79,030
From Current investments - Mutual Funds	-	1,543,897
Net gain on sale of:		
Current investments - Mutual Funds	-	5,466,651
Current investments - Equity shares	-	257,432
Long-term investments - Equity shares	-	13,871,282
Net gain on foreign currency transactions and translation	778,031	-
Insurance Claim Received	-	368,514
Gain on sale of Asset	-	27,721
Liabilities no longer required w/back	50,057	32,037
<b>Total</b>	<b>1,335,326</b>	<b>23,926,106</b>



Zyg Pharma Pvt Ltd  
Notes forming part of the condensed financial statements

Note 22a Cost of materials consumed

Particulars	Period 01-Apr-2015 to 17-Jul-2015	Year Ended 31-Mar-2015
	Rs.	Rs.
Opening stock	98,538,433	56,965,615
Add: Purchases	68,390,572	301,880,450
	166,929,006	358,846,065
Less: Closing stock	120,551,039	98,538,433
<b>Cost of material consumed</b>	<b>46,377,967</b>	<b>260,307,632</b>
<b>Total</b>	<b>46,377,967</b>	<b>260,307,632</b>

Note 22b Changes in inventories of finished goods, work-in-progress and stock-in-trade

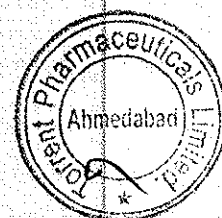
Particulars	Period 01-Apr-2015 to 17-Jul-2015	Year Ended 31-Mar-2015
	Rs.	Rs.
<u>Inventories at the end of the year:</u>		
Finished goods	5,568,703	11,404,734
Work-in-progress	218,444	12,062,123
	5,787,147	23,466,856
<u>Inventories at the beginning of the year:</u>		
Finished goods	11,404,734	18,745,751
Work-in-progress	12,062,123	4,878,168
	23,466,856	23,623,919
<b>Net (increase) / decrease</b>	<b>17,679,710</b>	<b>157,063</b>

Note 23 Employee benefits expense

Particulars	Period 01-Apr-2015 to 17-Jul-2015	Year Ended 31-Mar-2015
	Rs.	Rs.
Salaries, wages and bonus	18,260,273	56,685,973
Contributions to provident and other funds	1,026,750	4,706,320
Staff welfare expenses	2,286,412	7,757,457
<b>Total</b>	<b>21,573,435</b>	<b>69,149,750</b>

Note 24 Finance costs

Particulars	Period 01-Apr-2015 to 17-Jul-2015	Year Ended 31-Mar-2015
	Rs.	Rs.
(a) Interest expense on:		
(i) Borrowings	4,807,637	7,433,358
(ii) Others		
- Interest on delayed / deferred payment of income tax	1,158,149	
<b>Total</b>	<b>5,965,786</b>	<b>7,433,358</b>

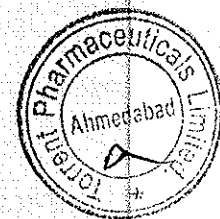




Zyg Pharma Pvt Ltd  
Notes forming part of the condensed financial statements

Note 25 Other expenses

Particulars	Period 01-Apr-2015 to 17-Jul-2015	Year Ended 31-Mar-2015
	Rs.	Rs.
Consumption of stores and spare parts	3,944,823	6,584,949
Power and fuel	7,032,431	22,673,500
Repairs and maintenance - Buildings	6,745,723	1,666,328
Repairs and maintenance - Others	6,826,201	4,691,074
Insurance	766,699	2,055,089
Rates and taxes	428,568	1,121,434
Travelling and conveyance	593,923	4,398,826
Freight and forwarding	604,930	8,003,759
Payments to auditors	38,333	115,000
Loss on fixed assets sold / scrapped / written off	569,559	-
Provision for doubtful debts	20,512	-
Net loss on foreign currency transactions and translation (other than considered as finance cost)	-	413,186
Fees & Subscriptions	5,074,534	16,500,890
Legal and Professional	481,776	2,838,384
QC & Cosumables Expenses	1,158,030	5,629,946
Provision for diminution in value of investments	98,474	-
Provision for doubtful advances and deposits	2,800,445	-
Research & Development Expenses	-	1,281,758
Excise duty on Finished goods	1,837,960	-
Miscellaneous expenses	5,186,167	20,895,332
Technical Know-how expenses (write-off)	10,635,029	-
<b>Total</b>	<b>54,844,117</b>	<b>98,869,456</b>



ZYG PHARMA PVT LTD

Notes forming part of the condensed financial statements

Note 26. Earning / (Loss) per Share

Particulars	Period 01-Apr-2015 to 17-Jul-2015	Year Ended 31-Mar-2015
	Rs.	Rs.
Basic and diluted		
Net profit / (loss) for the period	(47,563,410)	37,668,828
Weighted average number of equity shares	161,160	161,160
Nominal value per share	10	10
Earning / (Loss) per Share	(295.13)	233.74

Note 27. Contingent liabilities and commitments (to the extent not provided for)

(Rupees In Lacs)

Particulars	Period 01-Apr-2015 to 17-Jul-2015	Year Ended 31-Mar-2015
	Rs.	Rs.
Contingent liabilities		
Sales Tax	6	6
Excise Duty	253	253
Service Tax	198	145
CST	5	5

Note 28. Segment Information

The primary and secondary reportable segments considered are Business and Geographical segments respectively.

The Company operates in a solitary business segment i.e. pharmaceuticals products. Geographical segments have been identified based on location of customers. The reportable geographical segments and segment revenue are as under:

Geographic Segment	Period 01-Apr-2015 to 17-Jul-2015	Year Ended 31-Mar-2015
	Rs.	Rs.
Local	56,673,726	406,886,463
Export	48,652,269	107,420,303

Note 29. Related Party Disclosures (For the period 01-Apr-2015 to 16-Jul-15)

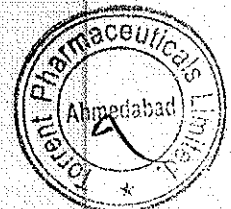
(a) Names of related parties and description of relationship

Controlling entity / enterprises controlled by the controlling entity

Encore Healthcare Pvt Ltd  
Halcyon Labs Pvt Ltd  
Saidarshan Business Centres Pvt Ltd  
Encore Natural Polymers Pvt Ltd  
Encore Healthcare International Pvt Ltd  
Encore Polyfrac Pvt Ltd

Key Management Personnel (KMP)

Mr. Viren Merchant & Mrs. Shaila Merchant



ZYG PHARMA PVT LTD  
Notes forming part of the condensed financial statements

(b) Transactions with related parties	Period 01-Apr-2015 to 17-Jul-2015	Year Ended 31-Mar-2015
	Rs.	Rs.
Purchase of goods Halcyon labs Pvt Ltd	5,633,000	33,778,000
Sales of Goods Encore Healthcare Pvt Ltd	1,355,000	12,460,000
Receiving of services Saidarshan Business Centres Pvt Ltd	-	915,000
Balances as at 17-Jul-2015		
Trade Receivables Encore Healthcare Pvt Ltd	4,314,000	6,384,000
Trade Payables Halcyon Labs Pvt Ltd	3,280,000	6,267,000
Payables for services Saidarshan Business Centres Pvt Ltd	-	491,000

**Related Party Disclosures [For 17-Jul-15]**

(a) Names of related parties and description of relationship

**Controlling entity / enterprises controlled by the controlling entity**

Torrent Pharmaceuticals Limited, Zao Torrent Pharma, Torrent Pharma GmbH, Torrent Do Brasil Ltda., Torrent Pharma Inc., Torrent Pharma Philippines Inc., Heumann Pharma GmbH & Co. Generica KG, Torrent Australasia Pty Ltd, Torrent Pharma S.R.L., Laboratorios Torrent, S.A. De C.V., Heunet Pharma GmbH, Norispharm GmbH, Torrent Pharma Canada Inc., Torrent Pharma (Thailand) Co., Ltd., Torrent Pharma (UK) Ltd, Laboratorios Torrent (Malaysia) SDN.BHD., Torrent Pharma France S.A.S., Aptil Pharma Limited, TPL Employee Group Gratuity Trust, TPL Employee Superannuation Trust, Torrent Phramaceuticals (Sikkim)

(b) Transactions with related parties	17-Jul-15
	Rs.
Investment in Zyg Pharma Pvt. Limited by holding Company	2,310,000,000
Balances as at 17-Jul-2015	
Share Capital Torrent Pharmaceuticals Limited	2,310,000,000

**Note 30. Comparative Information and Previous year regrouping**

(a) This condensed financial statements are specifically prepared for filing along with the Draft Scheme of Amalgamation of the company with Torrent Pharmaceuticals Limited. The financial statements is prepared for the period 01.04.2015 to 17.07.2015. Corresponding previous period information is not available, hence full year information has been presented as comparatives of statement of profit and loss account.

(b) Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

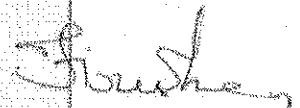
In terms of our report attached

Signatures to Notes to the financial statements

For Deloitte Haskins & Sells  
Chartered Accountants



Gaurav J. Shah  
Partner  
Date: 08-Oct-2015  
Place: Ahmedabad



Mr. Jinesh Shah  
Chairman  
Date: 08-Oct-2015  
Place: Ahmedabad

