Ensures our Longevity

40th 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.

torrent

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.

CONTENTS

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

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

INVESTOR SERVICES E – MAIL

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, 26th 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 31st 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 31st March, 2013 and to declare final dividend on equity shares for the said financial year.

   The Board of Directors at its meeting held on 29th 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 31st March, 2013 and in its meeting held on 30th 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 21st 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 21st 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 26th 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."

By Order of the Board of Directors
For TORRENT PHARMACEUTICALS LIMITED

Registered Office:
Torrent House,
Off Ashram Road,
Ahmedabad – 380 009
Gujarat

Ahmedabad
30th May, 2013

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 21st 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 from 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 12th June, 2013 to 14th 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 30th 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 14th 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 31st March, 2013 is uploaded on the Company's website 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 25th 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 23rd 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 23rd 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 21st 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 26th 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.

By Order of the Board of Directors
For TORRENT PHARMACEUTICALS LIMITED

Registered Office:
Torrent House,
Off Ashram Road,
Ahmedabad – 380 009
Gujarat

Ahmedabad
30th May, 2013

MAHESH AGRAWAL
VP (Legal) & Company Secretary

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 31st 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 31st 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 31st 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 9th 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 23rd 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 26th 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 30th 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 31st March, 2013. Further, due date of filing the Cost Audit Report for the financial year ended 31st March, 2012 was 28th February, 2013 and the same was filed on 11th 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
30th May, 2013

Sudhir Mehta
Chairman

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 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 Indrad 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 Indrad Plant, with an investment of ₹ 14 lacs, which is expected to be commissioned from 2nd 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 Indrad 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 Indrad 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#	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 1st 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
Gel Permeable Chromatography (GPC) 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.	2012-13	Yes
High Pressure Homogenizer 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. Advantages over other homogenizer system includes: a) Ability to shorten extended process duration-multiple passes: • Lower Production Costs • Lower Maintenance Costs b) Ability to customize the mix to product with different configurations 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

Technology Imported	Year of Import	Whether fully absorbed
FT4 – Powder Rheometer 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
DOE Software 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 31st 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 31st 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
30th 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.

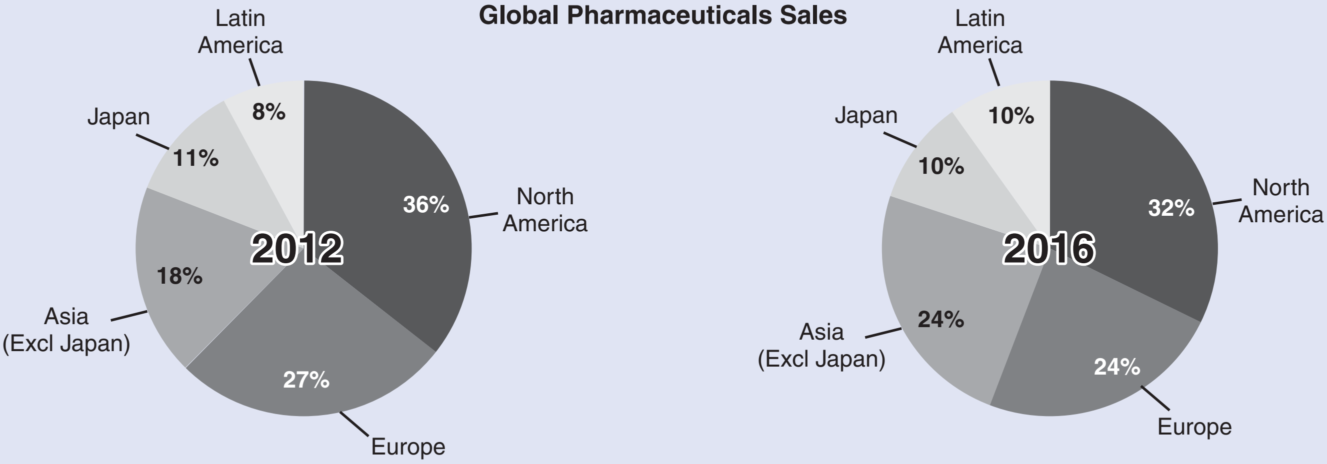
NOTE

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.

Global Pharmaceuticals Sales

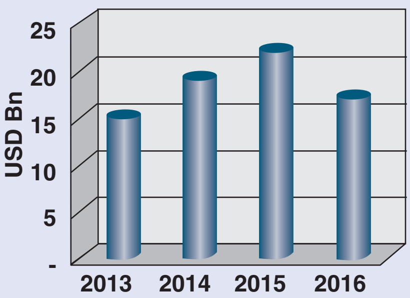


The world population is expected to grow to around 8 Bn by 2050. In addition, there has been an increase in the number of people having access to healthcare. Global spending on medicines is expected to reach USD 1.2 trillion by 2016 reflecting growth of 3 - 6% over the four year period compared to 6.2% 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.

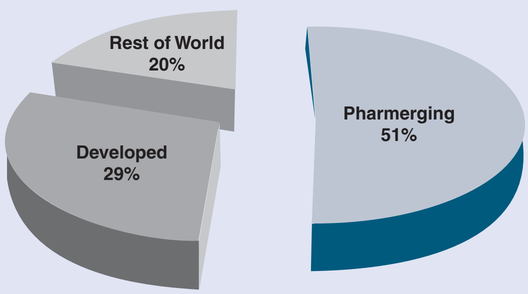
2012 was the transition year for Generics as drugs having sales value USD 44 Bn, have lost their patent protection during the current year. Although generics-focused companies will continue to benefit from patent expirations in 2013, these will not be to the same extent as in 2011-12, when a slew of 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.

Patent Expiry by Year



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



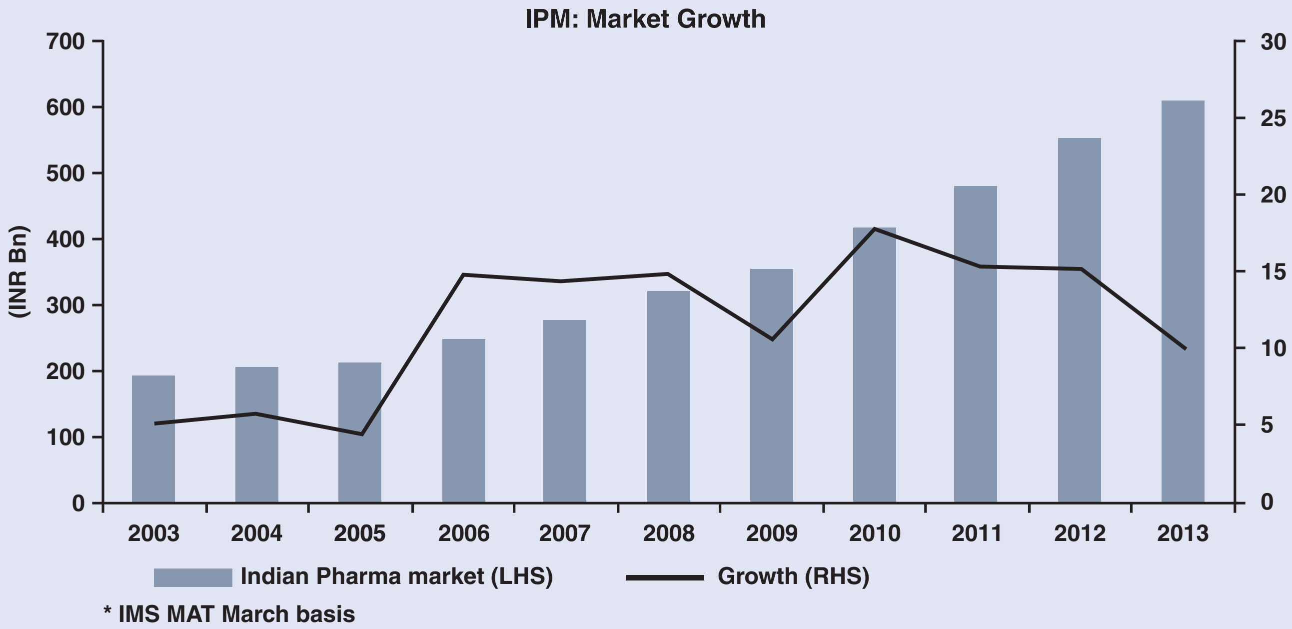
At present although growth in the mature market is very low as compared to the high growth in the Pharmerging market, over 80% sale of the NCE's (New Chemical Entities) are coming from the major developed market whereas the top 20 brands of the Pharmerging market are too old i.e. launched 11-20 years 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

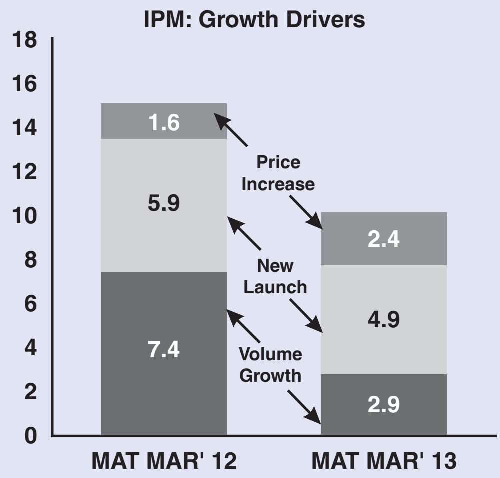
India, 14th largest pharma market in the world is valued over ₹ 600 Bn growing at a CAGR of 12% over 2002 and is expected to grow at a CAGR of 15-17% till 2020.It is one of the fastest growing pharma markets in the world. Indian pharmaceutical market is dominated majorly by branded generics constituting 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.

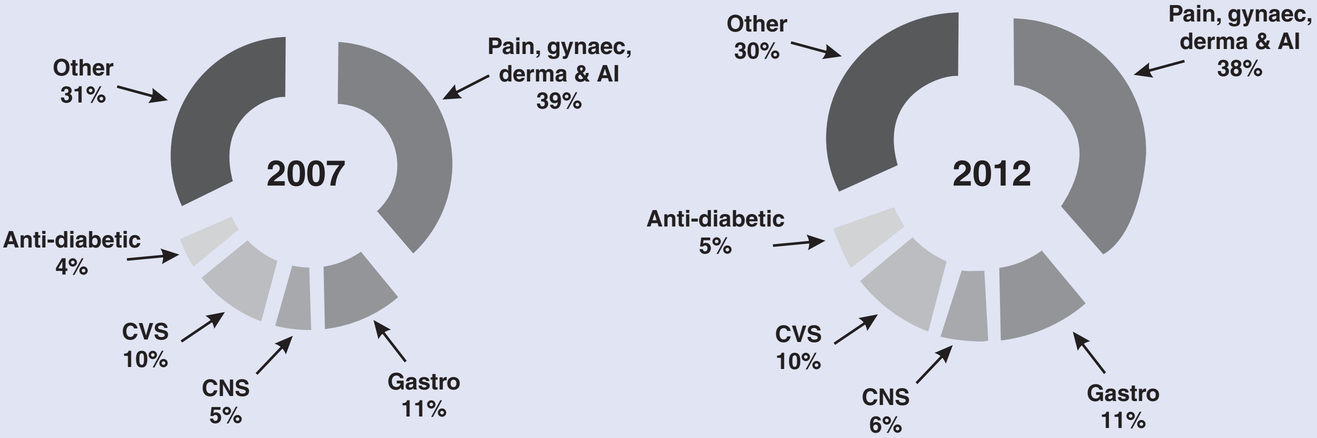
Key growth drivers are growing population, increase in drug penetration levels, aspiration to seek better healthcare as income levels increase, growing incidence of chronic ailments, availability of newer forms of treatments (such as vaccines) rising insurance penetration, improving medical infrastructure 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 15th 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)

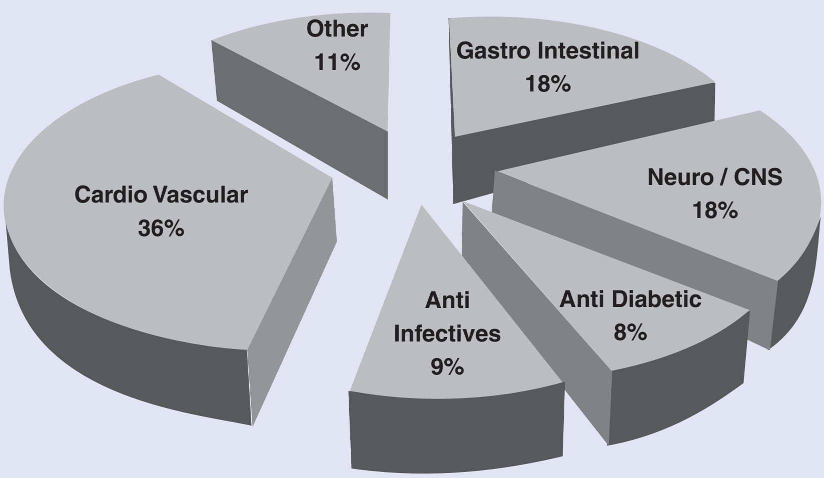
Segment	2012-13		2011-12		Growth
	Amount	Share	Amount	Share	%
India formulations (net of excise duty)	1024	32%	909	34%	13%
International Operations	1835	57%	1479	55%	24%
Contract Manufacturing	300	9%	299	11%	1%
Others	53	2%	9	0%	458%
Total	**3212**	**100%**	**2696**	**100%**	**19%**

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.

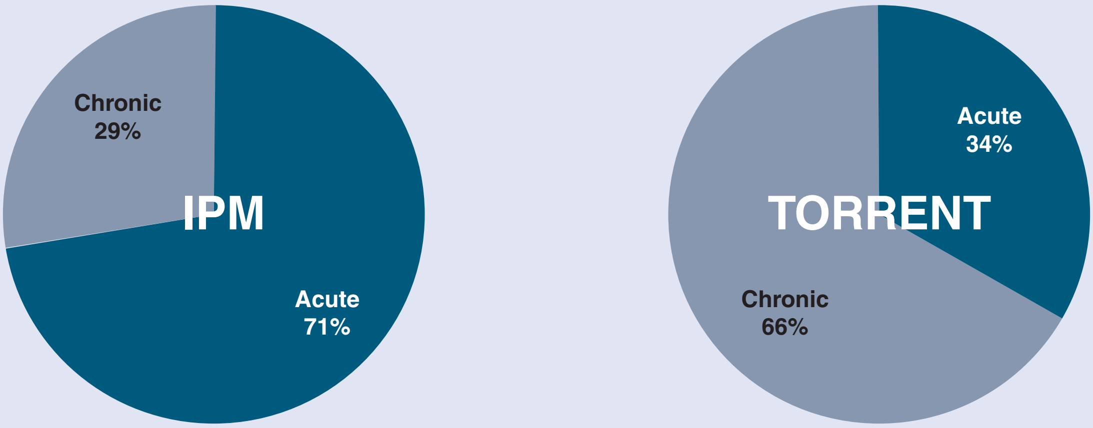
Therapeutic Area Wise



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 17th 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 7th 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 ACQUISTION 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%
Gross Profit	**2,286**	**71%**	**1,833**	**68%**	**25%**
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%)
Operating profit before depreciation/amortization, tax and interest	**692**	**22%**	**502**	**19%**	**38%**
Depreciation/Amortization	83	2.6%	82	3.0%	1%
Net Interest expense/(income)	(10)	0%	(4)	0%	150%
Profit before tax (PBT)	**619**	**19%**	**424**	**16%**	**46%**
Exceptional Items	37		65		
Profit before tax (PBT)	**582**	**18%**	**358**	**13%**	**62%**
Income Tax	147	5%	72	3%	
Profit after Tax (PAT)	**435**	**14%**	**286**	**11%**	**52%**

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.

INCOME TAX

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 AFTER TAXES

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
30th 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 31st 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 18th May, 2012, 23rd July, 2012, 26th October, 2012 and 29th 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 [3]	No. of other Board Committees of which Member / Chairman / Chairperson [3]	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 [1]	INED	NA	NA	1	1	Yes
Shri Pradeep Bhargava [2]	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 Haigreve 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 23rd July, 2012 (i.e. date of last Annual General Meeting).

2. Shri Pradeep Bhargava has been appointed as Additional Director with effect from 26th 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 18th May, 2012, 23rd July, 2012, 26th October, 2012 and 29th 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 [1]	-- do --	B. Sc., LL.M.	1	1
Dr. Prasanna Chandra	-- do --	MBA, Ph. D. in Finance	4	4
Shri Haigreve Khaitan [2]	-- do --	LL. B.	3	2
Dr. Leena Srivastava [2]	-- do --	Ph. D. in Energy Economics	3	2

1. Shri Shashikant Bhojani retired as Director with effect from 23rd 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 meeing held on 18th May, 2012.

The Committee was expanded by the Board at their meeting held on 30th 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 30th April, 2012, 3rd July, 2012, 11th October, 2012 and 7th 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 31st 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 31st March, 2013.

4. APPOINTMENT & REMUNERATION OF DIRECTORS

Nomination and Remuneration Committee

During the year under review, one meeting of the Committee was held on 18th 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 [1]	Independent Non-Executive	1
Shri Markand Bhatt	Non-Executive Director	1
Dr. Prasanna Chandra [2]	Independent Non-Executive	N.A.
Shri Shailesh Haribhakti	Independent Non-Executive	1

1. Shri Shashikant Bhojani retired as Director with effect from 23rd 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 18th May, 2012.

The Committee was expanded by the Board at their meeting held on 30th 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 30th 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 30th July, 2010 with effect from 1st August, 2010 and approved by the shareholders at the Annual General Meeting held on 30th 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 23rd July, 2012 effective from 1st January, 2012 for a period of three years up to 31st December, 2014.

b. Remuneration of Non-Executive Directors including Independent Directors

1. The shareholders, at the Annual General Meeting held on 30th 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 1st 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 31st March, 2013 are as under:

(₹ in lacs)

Name & Designation of Directors[$]	Salary & Perquisites[#]	Commission[##]	Total
Shri Sudhir Mehta, Chairman	Nil	500.00	500.00
Shri Markand Bhatt	Nil	Nil	Nil
Shri Shashikant Bhojani [1]	Nil	5.00	5.00
Shri Pradeep Bhargava [2]	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
Total	**274.98**	**1318.50**	**1593.48**

Notes:

1. Shri Shashikant Bhojani retired as Director with effect from 23rd July, 2012 (i.e. date of last Annual General Meeting).

2. Shri Pradeep Bhargava has been appointed as Additional Director with effect from 26th 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 31st 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
37th AGM	30-Jul-10	9:30 AM	J. B. Auditorium, Torrent AMA Centre, Ground Floor, Ahmedabad Management Association, Vastrapur, Ahmedabad	1
38th AGM	30-Jul-11	9:30 AM	-- do --	1
39th 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 30th 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. 1st 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 31st March, 2013	6	2,020
Number of shareholders to whom shares were transferred from Unclaimed Suspense Account during the year ended 31st 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 31st 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. 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. 40th Annual General Meeting

Date & Time	Friday, 26th 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	1st April to 31st 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

12th June, 2013 to 14th 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 30th 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 28th March, 2013 (last trading day of the year) was ₹ 695.25 on BSE & ₹ 695.55 on NSE.

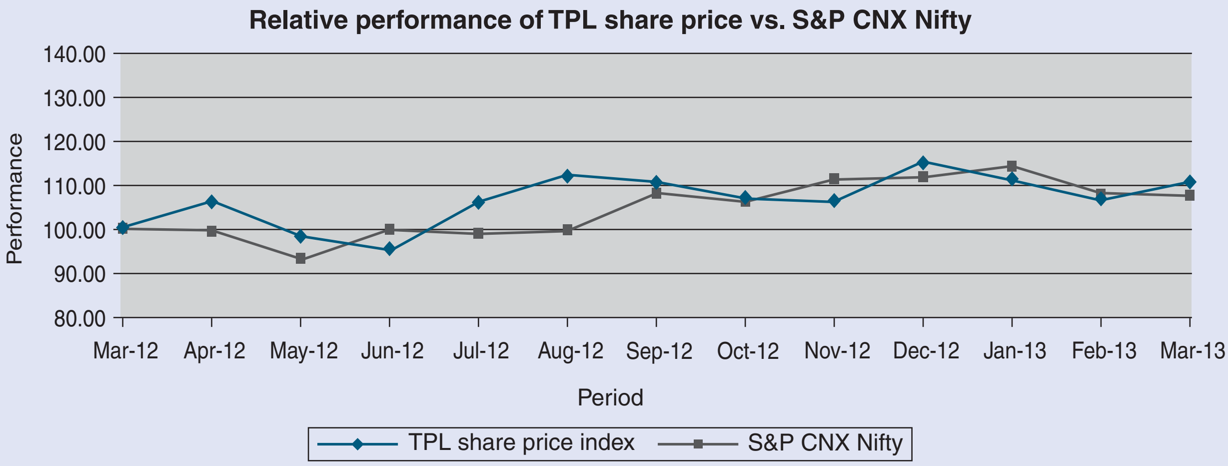
The monthly movement of equity share prices during the year at BSE & NSE are summarized below:

Monthly Share Price movement during the financial year ended 31st 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
Total			**1,943,445**			**10,577,458**
% of volume traded to outstanding shares			**2.30%**			**12.50%**

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 31st 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
Total	**Physical**	**532,496**	**0.63**	**1,828**	**8.47**
	Electronic	**84,078,864**	**99.37**	**19,761**	**91.53**
	Total	**84,611,360**	**100.00**	**21,589**	**100.00**

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
Total	**84,078,864**	**532,496**	**84,611,360**	**100.00**

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

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

For & on behalf of the Board

Ahmedabad
30th 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 1st April, 2012 or the date of their joining the Company, whichever is later to 31st 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
30th May, 2013

Samir Mehta
Executive Vice Chairman

Standalone Financial Statements 2012-13

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 31st 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 31st 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 31st March, 2013 taken on record by the Board of Directors, none of the directors is disqualified as on 31st 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)

Hemendra L. Shah
Partner
(Membership No. 33590)

Place : Ahmedabad
Dated: 30th May, 2013

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 31st 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 31st 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: 30th May, 2013

BALANCE SHEET

(₹ in Crores)

	Notes	As at 31-Mar-2013	As at 31-Mar-2012
EQUITY AND LIABILITIES			
Shareholder's funds			
Share capital	2	**42.31**	42.31
Reserves and surplus	3	**1,608.78**	1,262.19
		1,651.09	1,304.50
Non-current liabilities			
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
		592.20	445.32
Current liabilities			
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
		1,112.02	828.56
TOTAL		**3,355.31**	2,578.38
ASSETS			
Non-current assets			
Fixed assets	8		
Tangible assets		**784.99**	628.59
Intangible assets		**6.39**	7.71
Capital work-in-progress		**276.31**	26.87
		1,067.69	663.17
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
		1,292.45	1,154.39
Current assets			
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
		2,062.86	1,423.99
TOTAL		**3,355.31**	2,578.38
Notes forming part of the Financial Statements	1-44		

In terms of our report attached

Signatures to the Balance Sheet

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
30th May, 2013

Ahmedabad, Gujarat
30th May, 2013

STATEMENT OF PROFIT AND LOSS

(₹ in Crores)

	Notes	Year ended 31-Mar-2013	Year ended 31-Mar-2012
REVENUE			
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
Total Revenue		**2,897.90**	2,211.23
EXPENSES			
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
Total Expenses		**2,195.09**	1,779.33
PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX		**702.81**	431.90
Exceptional items	23	**37.49**	61.20
PROFIT BEFORE TAX		**665.32**	370.70
TAX EXPENSE			
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)
		118.90	59.45
NET PROFIT FOR THE YEAR		**546.42**	311.25
Earnings per share [Nominal value per equity share of ₹ 5]			
Basic	24	**64.58**	36.79
Diluted	24	**64.58**	36.79
Notes forming part of the Financial Statements	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
30th May, 2013

Ahmedabad, Gujarat
30th May, 2013

CASH FLOW STATEMENT

	Year ended 31-Mar-2013	Year ended 31-Mar-2012
		(₹ in Crores)
A CASH FLOW FROM OPERATING ACTIVITIES		
PROFIT BEFORE TAX	**665.32**	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)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	**769.35**	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
CASH GENERATED FROM OPERATIONS	**34.51**	471.37
Direct taxes paid	**(103.20)**	(75.00)
NET CASH FROM OPERATING ACTIVITIES	**(68.69)**	396.37
B CASH FLOW FROM INVESTING ACTIVITIES		
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
NET CASH USED IN INVESTING ACTIVITIES	**(89.48)**	(142.14)
C CASH FLOW FROM FINANCING ACTIVITIES		
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)
NET CASH USED IN FINANCING ACTIVITIES	**25.49**	(192.34)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	**(132.68)**	61.89
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**453.20**	391.31
CASH AND CASH EQUIVALENTS AT END OF YEAR	**320.52**	453.20
Note: 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
	320.52	453.20

In terms of our report attached

For DELOITTE HASKINS & SELLS
Chartered Accountants

Hemendra Shah
Partner

Ahmedabad, Gujarat
30th May, 2013

Signatures to the Cash Flow Statement

Sudhir Mehta
Chairman

R. Srinivasan
VP (Finance) & Chief Financial Officer

Samir Mehta
Executive Vice Chairman

Mahesh Agrawal
VP (Legal) & Company Secretary

Ahmedabad, Gujarat
30th May, 2013

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 ancilliary 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	As at 31-Mar-2012
		(₹ in Crores)
NOTE - 2 : SHARE CAPITAL		
Authorised		
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
	100.00	100.00
Issued		
8,46,25,360 (previous year 8,46,25,360) equity shares of ₹ 5 each	**42.31**	42.31
Subscribed and fully paid-up		
8,46,11,360 (previous year 8,46,11,360) equity shares of ₹ 5 each	**42.31**	42.31
Forfeited shares		
Amount originally paid up on 14,000 (previous year 14,000) equity shares of ₹ 5 each forfeited * [Amount ₹ 35,000 (previous year ₹ 35,000)]	*	*
	42.31	42.31

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	-	-	-	-
Outstanding at the end of the year	**8,46,11,360**	**42.31**	**8,46,11,360**	**42.31**

(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.

	As at 31-Mar-2013	As at 31-Mar-2012
NOTE - 3 : RESERVES AND SURPLUS		
Capital reserve	**0.71**	0.71
Capital redemption reserve	**3.85**	3.85
Securities premium account	**42.80**	42.80
Cash flow hedge reserve		
Balance as per last balance sheet	**(17.50)**	-
Add : Adjustment during the year	**27.46**	(17.50)
	9.96	(17.50)
General reserve		
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
	1,013.29	958.29
Balance in statement of profit and loss		
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
Balance in statement of profit and loss	**538.17**	274.04
	1,608.78	1,262.19

	Notes	As at 31-Mar-2013	As at 31-Mar-2012
			(₹ in Crores)
NOTE - 4 : BORROWINGS			
Long-term borrowings, non-current portion			
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
Long-term borrowings, current portion			
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
	6	**113.81**	118.56
Short-term borrowings			
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, 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
Total	**475.63**	**92.72**

(₹ in Crores)

	Notes	As at 31-Mar-2013	As at 31-Mar-2012
NOTE - 5 : DEFERRED TAX			
Deferred tax liabilities			
Excess of aggregate depreciation claimed under the income tax law over that debited to statement of profit and loss		**76.30**	77.06
Deferred tax assets			
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)
		(19.41)	(13.89)
Deferred tax liabilities (net)		**56.89**	63.17
NOTE - 6 : OTHER LIABILITIES			
Long-term liabilities			
Creditors for capital goods		**8.08**	-
Trade deposits		**0.20**	0.09
Derivative financial instruments		**1.48**	0.36
		9.76	0.45
Current liabilities			
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
		329.87	257.37
		339.63	257.82
NOTE - 7 : PROVISIONS			
Long-term provisions			
Provision for employee benefits			
Gratuity	32	**7.44**	2.32
Leave benefits		**32.80**	26.33
		40.24	28.65
Provision for sales returns	33	**30.77**	31.00
		71.01	59.65
Short-term provisions			
Provision for employee benefits			
Leave benefits		**6.39**	4.87
Long-term compensation		**0.02**	0.02
		6.41	4.89
Provision for sales returns	33	**33.14**	30.20
Proposed dividend		**143.84**	21.15
Tax on distributed profits		**24.45**	3.43
		207.84	59.67
		278.85	119.32

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
TANGIBLES										
Land										
Freehold	80.36	35.66	-	**116.02**	-	-	-	**-**	**116.02**	80.36
Leasehold	17.45	26.31	-	**43.76**	0.01	0.31	-	**0.32**	**43.44**	17.44
Buildings	240.22	56.50	2.52	**294.20**	51.92	7.74	0.40	**59.26**	**234.94**	188.30
Plant and equipment	465.73	88.50	4.68	**549.55**	195.39	46.33	2.20	**239.52**	**310.03**	270.34
Furniture and fixtures	32.05	2.36	0.06	**34.35**	17.73	2.47	0.04	**20.16**	**14.19**	14.32
Vehicles	15.24	3.28	2.35	**16.17**	5.37	1.52	1.18	**5.71**	**10.46**	9.87
Office equipment	42.57	4.66	5.97	**41.26**	32.21	4.33	5.78	**30.76**	**10.50**	10.36
Electrical equipment	71.37	13.29	0.66	**84.00**	33.77	5.07	0.25	**38.59**	**45.41**	37.60
(A)	964.99	230.56	16.24	**1,179.31**	336.40	67.77	9.85	**394.32**	**784.99**	
Previous year	867.17	110.92	13.10	964.99	286.08	60.74	10.42	336.40		628.59
INTANGIBLES										
Computer softwares	22.11	2.02	-	**24.13**	14.40	3.78	-	**18.18**	**5.95**	7.71
Product licenses	-	0.44	-	**0.44**	-	-	-	**-**	**0.44**	-
(B)	22.11	2.46	-	**24.57**	14.40	3.78	-	**18.18**	**6.39**	
Previous year	17.75	4.36	-	22.11	11.23	3.17	-	14.40		7.71
TOTAL (A+B)	**987.10**	**233.02**	**16.24**	**1,203.88**	**350.80**	**71.55**	**9.85**	**412.50**	**791.38**	
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	**0.41**	0.42
Plant and equipment [including laboratory equipment]	**3.48**	6.84
Electrical equipment	**0.13**	0.48
Furniture and fixtures	**0.35**	0.58
Office equipment	**0.08**	0.71
Vehicles	**0.80**	-
Intangibles being softwares	**0.03**	0.46
Total	**5.28**	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%	**23.79**	23.79
Freehold land	30%	**35.66**	-
Buildings	30%	**0.11**	-

(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
NOTE - 9 : INVESTMENTS			
Non-current [valued at cost]			
Investment in subsidiaries, unquoted			
Zao Torrent Pharma	23802	**58.80**	23.08
fully paid-up equity shares of Russian Roubles 100 each	[5400]		
Less : Provision for diminution in value		**23.08**	23.08
		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**	36.45
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.	1000000	**0.74**	0.74
fully paid-up equity shares of 5 Thai Baht each			
Laboratories Torrent (Malaysia) SDN BHD	500000	**0.77**	0.77
fully paid-up equity shares of 1 Malaysian Ringgit each			
		135.35	112.71
Investment in partnership firms [Note (iii)]			
Torrent Pharmaceuticals (Sikkim)		**12.12**	161.21
Torrent Pharmaceuticals (Dahej)		**-**	79.85
		12.12	241.06
Trade investments, unquoted			
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	**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
Non-trade investments, unquoted			
National savings certificates		**0.01**	0.01
		147.50	391.29

(₹ in Crores)

	No. of units	As at 31-Mar-2013	As at 31-Mar-2012
Current investments [valued at lower of cost and fair value]			
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
NOTE - 10 : LOANS AND ADVANCES			
[Unsecured and considered good, unless otherwise stated]			
Non-current loans and advances			
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
Current loans and advances			
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
NOTE - 11 : OTHER ASSETS		
[Unsecured and considered good, unless otherwise stated]		
Non-current assets		
Derivative financial instruments	**23.90**	46.25
	23.90	46.25
Current assets		
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
	56.34	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**	-
	145.66	105.09
	169.56	151.34
NOTE - 12 : INVENTORIES		
[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
	697.09	393.13
NOTE - 13 : TRADE RECEIVABLES		
Debts less six months from due date		
Considered good [Note (i) and (ii)]	**787.42**	370.87
	787.42	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
	43.85	38.74
	831.27	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
	599.48	227.04

(₹ in Crores)

	As at 31-Mar-2013	As at 31-Mar-2012
NOTE - 14 : CASH AND CASH EQUIVALENTS		
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
	277.76	366.68

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-2013	Year ended 31-Mar-2012
NOTE - 15 : REVENUE FROM OPERATIONS			
Sales			
Sales in india		**1,277.72**	1,174.13
Sales outside india		**1,346.93**	817.36
		2,624.65	1,991.49
Less : Excise duties	27	**7.10**	4.80
		2,617.55	1,986.69
Operating Income			
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
		148.68	89.35
		2,766.23	2,076.04
NOTE - 16 : OTHER INCOME			
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
		131.67	135.19
NOTE - 17 : COST OF MATERIALS CONSUMED			
Raw materials		**683.62**	508.97
Packing materials		**113.81**	81.20
		797.43	590.17
NOTE - 18 : CHANGES IN INVENTORIES OF FINISHED GOODS WORK-IN-PROGRESS AND STOCK-IN-TRADE			
Opening stock			
Finished goods		**67.28**	86.66
Stock-in-trade		**67.64**	24.03
Work-in-progress		**75.47**	63.73
		210.39	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
		320.82	210.39
Net (increase) / decrease in stock		**(110.43)**	(35.97)

(₹ in Crores)

	Notes	Year ended 31-Mar-2013	Year ended 31-Mar-2012
NOTE - 19 : EMPLOYEE BENEFITS EXPENSE			
[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
		366.34	309.05
NOTE - 20 : FINANCE COST			
[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
		36.51	39.78
NOTE - 21 : OTHER EXPENSES			
[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
		15.10	13.10
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		**5.11**	1.53
(Reversal)/ provision on asset held for sale		**-**	(0.03)
Auditors remuneration and expenses			
Audit fees		**0.16**	0.11
Other services		**0.25**	0.17
Out of pocket expenses		**0.01**	-
		0.42	0.28
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
		741.22	560.30

	Year ended 31-Mar-2013	(₹ in Crores) Year ended 31-Mar-2012
NOTE - 22 : DONATION TO POLITICAL PARTIES		
Donation includes political contributions as under:		
Bhartiya Janata Party	**2.00**	-
Indian National Congress	**1.50**	-
	3.50	-

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	(₹ in Crores) As at 31-Mar-2012
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
	254.34	40.04
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
	92.34	11.20
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
	92.34	14.21

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.

(₹ in Crores)

	Year ended 31-Mar-2013	Year ended 31-Mar-2012
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**	
	4.27	-
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**	-
	10.94	-
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
	53.71	54.87
Other expenses		
Power and fuel	**3.79**	3.86
Stores and spares consumed	**5.79**	6.87
Cost of outsourced manpower	**1.65**	1.40
Laboratory goods and testing expenses	**9.83**	13.82
Clinical research expenses	**11.27**	14.71
Repairs and maintenance	**2.78**	2.86
Travelling, conveyance and vehicle expenses	**2.59**	2.83
Communication expenses	**0.72**	1.20
Printing and stationery expenses	**0.39**	0.54
Insurance	**0.30**	0.45
Rates and taxes	**0.12**	0.16
Interest on fixed period loans	**0.46**	0.45
General charges	**13.53**	13.27
	111.14	116.66

(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
Total	**1.61**	0.46

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	Balance as at	
	2012-13	2011-12	outstanding during the year	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**	-
Total	**77.62**	-		**7.62**	2.56

(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	**48.47**	37.11
(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	**41.03**	34.79
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	**10.50**	6.50
(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	**7.44**	2.32
(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	**48.47**
Fair value of 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	(0.18)	2.32	**7.44**

(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	**22.74%**	24.63%
Corporate Bonds	**45.05%**	50.93%
Government Securities	**14.05%**	7.24%
Fixed Deposits with Banks	**18.17%**	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	**61.20**	-
Add: Additional provision	**36.28**	61.20
Less: Actual returns during the year	**33.57**	-
Closing provision	**63.91**	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
1 **Foreign currency loan - payable**						
Forward exchange contracts	JPY USD	67.39 2.29	-	-	USD	0.38
Currency cum interest rate swap	JPY USD	14,982.00 786.95	-	-		
2 **Foreign currency interest - payable** [Refer Note (b)]	-	-	-	-	JPY	0.60
3 **Trade payables**	-	-	-	-	USD EUR GBP RUB THB	0.09 0.30 0.03 1.68 0.38
4 **Foreign currency receivables** Forward exchange contracts [Refer Note (c)]	-	-	USD EUR RUB GBP	6.75 2.05 18.17 0.16	USD GBP	2.25 0.05

Notes :

(a) USD = United States Dollar
EUR = Euro
JPY = Japanese Yen
GBP = Great Britain Pound
THB = Thai Baht
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
Balance in cash flow hedge reserve as at 31-Mar-2013			**9.96**

(₹ in Crores)

	Year ended 31-Mar-2013	Year 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:

	Year ended 31-Mar-2013		Year ended 31-Mar-2012	
(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
1. Formulation						
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)
2. Bulk Drugs	Kg.	**33,035** (26,727)	**330** (729)	**5.68** (3.64)	**6,966** (330)	**14.65** (5.68)
Total				**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
1. Formulation						
Tablets	' 000 Nos.	**1,778,389** (238,845)	**436,270** (54,311)	**55.21** (14.16)	**71,974** (436,270)	**16.46** (55.21)
Capsules	' 000 Nos.	**110,802** (76,865)	**11,250** (10,082)	**3.43** (2.53)	**31,986** (11,250)	**6.69** (3.43)
Suspension / Liquid	Ltr.	**46,306** (36,133)	**35,808** (43,087)	**3.00** (1.56)	**17,797** (35,808)	**1.23** (3.00)
Injections	Ltr.	**97,263** (73,897)	**20,546** (26,253)	**1.00** (1.92)	**25,084** (20,546)	**2.85** (1.00)
Vials / Cartridges	Nos.	**555,012** (916,664)	**686,243** (732,912)	**2.73** (2.40)	**228,217** (686,243)	**3.08** (2.73)
Ointment	Kg.	**83,505** (56,784)	**8,335** (9,979)	**0.90** (0.92)	**16,887** (8,335)	**1.43** (0.90)
Others				**1.37** (0.19)	**1.35** (1.37)	
2. Bulk Drugs	Kg.	**40** (5,046)	**-** (5,000)	**-** (0.34)	**-** -	**-** -
Total				**67.64** (24.02)		**33.09** (67.64)

(e) Sales by class of goods

Item	Unit	Quantity	₹ in Crores
1. Formulation			
Tablets	' 000 Nos.	**7,787,109** (5,286,170)	**2,061.84** (1,459.65)
Capsules	' 000 Nos.	**502,700** (426,164)	**221.06** (176.86)
Suspension / Liquid	Ltr.	**419,715** (356,002)	**29.71** (28.58)
Injections	Ltr.	**152,724** (122,572)	**21.86** (19.74)
Vials / Cartridges	Nos.	**26,732,328** (27,378,365)	**258.95** (262.55)
Ointment	Kg.	**81,455** (61,594)	**14.89** (10.87)
Others			**13.62** (20.00)
2. Bulk Drugs	Kg.	**26,439** (37,171)	**2.72** (13.24)
Total			**2,624.65** (1,991.49)

	Year ended 31-Mar-2013		(₹ in Crores) Year ended 31-Mar-2012	
NOTE - 37 : BREAK-UP OF IMPORTED AND INDIGENOUS CONSUMPTION				
	₹ 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
	683.62	**100.00**	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
	40.24	**100.00**	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
		683.62		508.97
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	
(A) Nature of Transactions	**2012-13**	**2011-12**	**2012-13**	**2011-12**	**2012-13**	**2011-12**	**2012-13**	**2011-12**	**2012-13**	**2011-12**	**2012-13**	**2011-12**
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	
(A) Nature of Transactions	**2012-13**	**2011-12**	**2012-13**	**2011-12**	**2012-13**	**2011-12**	**2012-13**	**2011-12**	**2012-13**	**2011-12**	**2012-13**	**2011-12**
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	
(B) Balances at the end of the year	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
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 diminition 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

For DELOITTE HASKINS & SELLS
Chartered Accountants

Hemendra Shah
Partner

Ahmedabad, Gujarat
30th May, 2013

Signatures to notes forming part of Financial Statements 1 to 44

Sudhir Mehta
Chairman

Samir Mehta
Executive Vice Chairman

R. Srinivasan
VP (Finance) & Chief Financial Officer

Mahesh Agrawal
VP (Legal) & Company Secretary

Ahmedabad, Gujarat
30th 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 31st 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 31st 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 31st 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 : 30th May, 2013

CONSOLIDATED BALANCE SHEET

(₹ in Crores)

	Notes	As at 31-Mar-2013	As at 31-Mar-2012
EQUITY AND LIABILITIES			
Shareholder's funds			
Share capital	3	**42.31**	42.31
Reserves and surplus	4	**1,379.62**	1,151.52
		1,421.93	1,193.83
Minority interest		**0.37**	3.50
Non-current liabilities			
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
		650.97	499.49
Current liabilities			
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
		1,709.58	1,362.84
TOTAL		**3,782.85**	3,059.66
ASSETS			
Non-current assets			
Fixed assets	9		
Tangible assets		**797.19**	773.00
Intangible assets		**22.63**	23.87
Capital work-in-progress		**285.28**	118.77
		1,105.10	915.64
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
		1,223.03	1,072.54
Current assets			
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
		2,559.82	1,987.12
TOTAL		**3,782.85**	3,059.66
Notes forming part of the Consolidated Financial Statements	1 - 36		

In terms of our report attached

Signatures to the Consolidated Balance Sheet

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
30th May, 2013

Ahmedabad, Gujarat
30th May, 2013

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(₹ in Crores)

	Notes	Year ended 31-Mar-2013	Year ended 31-Mar-2012
REVENUE			
Revenue from operations			
Sales		**3,060.63**	2,599.21
Less : Excise duties	28	**7.10**	4.80
Net sales		**3,053.53**	2,594.41
Operating income		**157.61**	101.51
Revenue from operations (net)	16	**3,211.14**	2,695.92
Other income	17	**43.36**	44.52
Total Revenue		**3,254.50**	2,740.44
EXPENSES			
Cost of materials consumed	18	**844.81**	651.18
Purchases of stock-in-trade		**294.81**	215.34
Changes in inventories of finished goods, work-in-progress and stock-in-trade	19	**(213.85)**	(3.40)
Employee benefits expense	20	**623.29**	531.80
Finance costs	21	**33.80**	39.45
Depreciation, amortization and impairment expense		**82.69**	81.73
Other expenses	22	**969.86**	800.36
Total Expenses		**2,635.41**	2,316.46
PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX		**619.09**	423.98
Exceptional items	23	**37.49**	65.36
PROFIT BEFORE TAX		**581.60**	358.62
TAX EXPENSE			
Current tax [Net of MAT credit utilized ₹ 24.78 Crores (previous year ₹ Nil)]		**173.22**	68.98
Deferred tax (credit) / charge		**(25.62)**	4.04
(Excess) / short provision for tax of earlier years		**(0.91)**	(0.70)
		146.69	72.32
NET PROFIT FOR THE YEAR BEFORE MINORITY INTEREST		**434.91**	286.30
Minority interest		**2.15**	2.26
NET PROFIT FOR THE YEAR AFTER MINORITY INTEREST		**432.76**	284.04
Earnings per share [Nominal value per equity share of ₹ 5]			
Basic	24	**51.15**	33.57
Diluted	24	**51.15**	33.57
Notes forming part of the Consolidated Financial Statements	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
30th May, 2013

Ahmedabad, Gujarat
30th May, 2013

CONSOLIDATED CASH FLOW STATEMENT

(₹. in Crores)

		Year ended 31-Mar-2013	Year ended 31-Mar-2012
A	**CASH FLOW FROM OPERATING ACTIVITIES**		
	PROFIT BEFORE TAX	**581.60**	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)
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	**707.73**	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
	CASH GENERATED FROM OPERATIONS	**285.98**	581.84
	Direct taxes paid	**(132.50)**	(82.71)
	NET CASH FROM OPERATING ACTIVITIES	**153.48**	499.13
B	**CASH FLOW FROM INVESTING ACTIVITIES**		
	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
	NET CASH USED IN INVESTING ACTIVITIES	**(241.70)**	(136.97)
C	**CASH FLOW FROM FINANCING ACTIVITIES**		
	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)
	NET CASH USED IN FINANCING ACTIVITIES	**19.73**	(192.74)
	NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	**(68.49)**	169.42
	Effect of exchange rate changes on foreign currency cash and cash equivalents	**(4.90)**	(13.41)
	CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**760.80**	604.79
	CASH AND CASH EQUIVALENTS AT END OF YEAR	**687.41**	760.80
	Note: Cash and cash equivalents as at end of the year		
	Cash and cash equivalents as per Note - 15	**626.97**	674.28
	Current investments as per Note - 10	**60.44**	86.52
		687.41	760.80

In terms of our report attached

Signatures to the Consolidated Cash Flow Statement

For DELOITTE HASKINS & SELLS
Chartered Accountants

Hemendra Shah
Partner

Ahmedabad, Gujarat
30th May, 2013

Sudhir Mehta
Chairman

R. Srinivasan
VP (Finance) & Chief Financial Officer

Samir Mehta
Executive Vice Chairman

Mahesh Agrawal
VP (Legal) & Company Secretary

Ahmedabad, Gujarat
30th May, 2013

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
Subsidiaries [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
Step-down subsidiaries of TPG [having 100% proportion of ownership interest]	
Heumann Pharma GmbH & Co. Generica KG	Germany
Heunet Pharma GmbH	Germany
Norispharm GmbH	Germany
Partnership Firm [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 ancilliary 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
NOTE - 3 : SHARE CAPITAL		
Authorised		
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
	100.00	100.00
Issued		
8,46,25,360 (previous year 8,46,25,360) equity shares of ₹ 5 each	**42.31**	42.31
Subscribed and fully paid-up		
8,46,11,360 (previous year 8,46,11,360) equity shares of ₹ 5 each	**42.31**	42.31
Forfeited shares		
Amount originally paid up on 14,000 (previous year 14,000) equity shares of ₹ 5 each forfeited. * [Amount ₹ 35,000 (previous year ₹ 35,000)]	*****	*
	42.31	42.31

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.

	As at 31-Mar-2013	As at 31-Mar-2012
NOTE - 4 : RESERVES AND SURPLUS		
Capital reserve	**6.27**	6.27
Capital redemption reserve	**3.85**	3.85
Securities premium account	**42.80**	42.80
Cash flow hedge reserve		
Balance as per last balance sheet	**(17.50)**	-
Add : Adjustment during the year	**27.46**	(17.50)
	9.96	(17.50)
General reserve		
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
	1,013.38	958.38
Foreign currency translation reserve		
Balance as per last balance sheet	**(9.27)**	3.55
Add : Foreign currency translation reserve for the year	**(4.83)**	(12.82)
	(14.10)	(9.27)
Balance in statement of profit and loss		
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
Balance in statement of profit and loss	**317.46**	166.99
	1,379.62	1,151.52

(₹ in Crores)

	Notes	As at 31-Mar-2013	As at 31-Mar-2012
NOTE - 5 : BORROWINGS			
Long-term borrowings, non-current portion			
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
Long-term borrowings, current portion			
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
Short-term borrowings			
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
Total	**475.63**	**92.72**

(₹ in Crores)

	Notes	As at 31-Mar-2013	As at 31-Mar-2012
NOTE - 6 : DEFERRED TAX			
Deferred tax liabilities			
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
		77.95	77.92
Deferred tax assets			
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)
		(52.20)	(26.49)
Deferred tax liabilities (net)		**25.75**	51.43
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)
		25.75	51.43
NOTE - 7 : OTHER LIABILITIES			
Long-term liabilities			
Creditors for capital goods		**8.33**	3.35
Trade deposits		**0.20**	0.09
Derivative financial instruments		**1.48**	0.36
		10.01	3.80
Current liabilities			
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
		275.81	291.00
		285.82	294.80

(₹ in Crores)

	Notes	As at 31-Mar-2013	As at 31-Mar-2012
NOTE - 8 : PROVISIONS			
Long-term provisions			
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
Short-term provisions			
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	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	As at 31-Mar-13	As at 31-Mar-12
TANGIBLES														
Land														
Freehold	80.36	35.66	-	116.02	-	**116.02**	-	-	-	-	-	**-**	**116.02**	80.36
Leasehold	44.72	0.28	-	45.00	-	**45.00**	0.82	0.74	-	1.56	-	**1.56**	**43.44**	43.90
Building	284.17	19.39	5.36	298.20	0.04	**298.24**	53.60	8.43	0.39	61.64	0.01	**61.65**	**236.59**	230.57
Plant & equipment	538.55	40.42	7.69	571.28	(0.13)	**571.15**	207.02	50.51	2.23	255.30	(0.10)	**255.20**	**315.95**	331.53
Furniture & fixtures	35.57	3.89	0.05	39.41	0.02	**39.43**	19.91	2.85	0.05	22.71	0.01	**22.72**	**16.71**	15.66
Vehicles	17.85	2.14	2.35	17.64	(0.03)	**17.61**	6.33	1.86	1.18	7.01	(0.02)	**6.99**	**10.62**	11.52
Office equipment	49.15	4.49	6.10	47.54	0.05	**47.59**	35.55	5.38	5.84	35.09	0.02	**35.11**	**12.48**	13.60
Electrical equipment	80.39	6.60	1.83	85.16	-	**85.16**	34.53	5.49	0.24	39.78	-	**39.78**	**45.38**	45.86
(A)	1,130.76	112.87	23.38	1,220.25	(0.05)	**1,220.20**	357.76	75.26	9.93	423.09	(0.08)	**423.01**	**797.19**	
Previous year	908.94	234.44	13.45	1,129.93	0.83	1,130.76	293.74	74.33	10.74	357.33	0.43	357.76		773.00
INTANGIBLES														
Computer software	27.16	2.80	-	29.96	0.05	**30.01**	17.86	4.59	0.01	22.44	0.04	**22.48**	**7.53**	9.30
Product licenses	41.72	3.17	0.29	44.60	0.71	**45.31**	27.15	2.91	0.30	29.76	0.45	**30.21**	**15.10**	14.57
(B)	68.88	5.97	0.29	74.56	0.76	**75.32**	45.01	7.50	0.31	52.20	0.49	**52.69**	**22.63**	
Previous year	55.89	9.84	-	65.73	3.15	**68.88**	35.54	7.44	-	42.98	2.03	45.01		23.87
Current Year (A+B)	**1,199.64**	**118.84**	**23.67**	**1,294.81**	**0.71**	**1,295.52**	**402.77**	**82.76**	**10.24**	**475.29**	**0.41**	**475.70**	**819.82**	
Previous year	964.83	244.28	13.45	1,195.66	3.98	1,199.64	329.28	81.77	10.74	400.31	2.46	402.77		796.87

Notes:

(i) Foreign exchange translation represents foreign exchange diffrence 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	As at 31-Mar-2012
			(₹ in Crores)
NOTE - 10 : INVESTMENTS	No. of Units		
Non-current investments [valued at cost]			
Trade investments, unquoted			
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
Non-trade investments, unquoted			
National savings certificates		**0.01**	0.01
		0.03	37.52
Current investments [valued at lower of cost and fair value]			
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
NOTE - 11 : LOANS AND ADVANCES			
[Unsecured and considered good, unless otherwise stated]			
Non-current loans and advances			
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
Current loans and advances			
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
NOTE - 12 : OTHER ASSETS		
[Unsecured and considered good, unless otherwise stated]		
Non-current assets		
Derivative financial instruments	**23.90**	46.25
	23.90	46.25
Current assets		
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
	96.04	39.61
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
	185.85	115.50
	209.75	161.75
NOTE - 13 : INVENTORIES		
[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
	923.86	531.56
NOTE - 14 : TRADE RECEIVABLES		
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
	662.05	504.11
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
	25.77	18.69
	687.82	522.80
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

(₹ in Crores)

	As at 31-Mar-2013	As at 31-Mar-2012
NOTE - 15 : CASH AND CASH EQUIVALENTS		
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
	626.97	674.28

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)

	Notes	Year ended 31-Mar-2013	Year ended 31-Mar-2012
NOTE - 16 : REVENUE FROM OPERATIONS			
Sales			
Sales in India		**1,275.75**	1,165.98
Sales outside India		**1,784.88**	1,433.23
		3,060.63	2,599.21
Less : Excise duties	28	**7.10**	4.80
		3,053.53	2,594.41
Operating Income			
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
		157.61	101.51
		3,211.14	2,695.92
NOTE - 17 : OTHER INCOME			
Interest income		**33.81**	32.83
Net gain on sale of investments		**8.72**	11.36
Other non-operating income		**0.83**	0.33
		43.36	44.52
NOTE - 18 : COST OF MATERIALS CONSUMED			
Raw materials		**722.00**	560.87
Packing materials		**122.81**	90.31
		844.81	651.18
NOTE - 19 : CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE			
Opening stocks			
Finished goods		**139.75**	183.20
Work-in-progress		**87.62**	63.73
Stock-in-trade		**105.67**	82.71
		333.04	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
		546.89	333.04
Net (increase) / decrease in stock		**(213.85)**	(3.40)

	Notes	Year ended 31-Mar-2013	(₹ in Crores) Year ended 31-Mar-2012
NOTE - 20 : EMPLOYEE BENEFITS EXPENSE			
[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
		623.29	531.80
NOTE - 21 : FINANCE COSTS			
[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
		33.80	39.45
NOTE - 22 : OTHER EXPENSES			
[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
		18.91	15.08
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		**7.06**	-
(Reversal) / provision on asset held for sale		**-**	(0.03)
Auditors remuneration and expenses			
Audit Fees		**2.13**	1.62
Other Services		**0.61**	0.22
Out of pocket expenses		**0.05**	-
		2.79	1.84
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
		969.86	800.36

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 :

			Year ended 31-Mar-2013	Year ended 31-Mar-2012
Net profit for the year	(a)	[₹ in Crores]	**432.76**	284.04
Weighted average number of equity shares	(b)	[Nos.]	**8,46,11,360**	8,46,11,360
EPS (basic and diluted)	(a) / (b)	[₹]	**51.15**	33.57
Nominal value per equity share		[₹]	**5.00**	5.00

(₹ in Crores)

	As at 31-Mar-2013	As at 31-Mar-2012
NOTE - 25 : CAPITAL COMMITMENTS		
Estimated amount of contracts remaining unexecuted on capital account & not provided for :	**251.00**	182.64
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	**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	**3.24**	1.16
	93.36	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
	93.36	12.83

	Year ended 31-Mar-2013	(₹ in Crores) Year ended 31-Mar-2012
NOTE - 27 : PRE-OPERATIVE EXPENSES		
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
	6.75	3.21
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
	17.77	5.22

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.

(₹ 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
(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 :

(₹. in Crores)

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**

(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
NOTE - 30 : 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 :		
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	**81.80**	69.51
(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	**3.95**	5.75

	Year ended 31-Mar-2013	(₹ in Crores) Year ended 31-Mar-2012
NOTE - 31 : FOREIGN EXCHANGE LOSS / (GAIN)		
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	**49.55**	12.79
NOTE - 32 : 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	**2.98**	1.94
Later than 1 Year and not later than 5 Years	**2.94**	-
Total	**5.92**	1.94

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:

(₹ in Crores)

	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
Total	**3,053.53**	2,594.41

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	
(A) Nature of transaction	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
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	
(A) Nature of transaction	**2012-13**	**2011-12**	**2012-13**	**2011-12**	**2012-13**	**2011-12**	**2012-13**	**2011-12**	**2012-13**	**2011-12**
Services received	-	-	7.28	5.30	-	-	10.91	7.52	**18.19**	12.82
Tsunami Tours & Travels Limited	-	-	-	-	-	-	10.91	7.52	**10.91**	7.52
Torrent Power Limited	-	-	4.81	4.60	-	-	-	-	**4.81**	4.60
Torrent Energy Limited	-	-	2.47	0.70	-	-	-	-	**2.47**	0.70
Commission & interest paid to carrying & forwarding agents	-	-	-	-	-	-	1.22	1.12	**1.22**	1.12
Zeal Pharmachem India Pvt. Limited	-	-	-	-	-	-	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
Memadpur Kelavani Mandal	-	-	-	-	-	-	0.13	-	**0.13**	-
Shri Vadgam Mahal Kelavani Mandal	-	-	-	-	-	-	0.40	0.33	**0.40**	0.33
Interest income	-	-	0.04	0.04	-	-	-	-	**0.04**	0.04
Torrent Power Limited	-	-	0.04	0.04	-	-	-	-	**0.04**	0.04
Amount reimbursed towards purchase of fixed asset	-	-	0.35	-	-	-	-	-	**0.35**	-
Torrent Power Limited	-	-	0.35	-	-	-	-	-	**0.35**	-
Expenses reimbursement	-	-	0.08	-	-	-	0.21	0.20	**0.29**	0.20
Zeal Pharmachem India Pvt. Limited	-	-	-	-	-	-	0.21	0.20	**0.21**	0.20
Torrent Power Limited	-	-	0.08	-	-	-	-	-	**0.08**	-
Purchase of fixed assets	-	-	0.24	-	-	-	-	-	**0.24**	-
Torrent Power Limited	-	-	0.09	-	-	-	-	-	**0.09**	-
Torrent Cables Limited	-	-	0.15	-	-	-	-	-	**0.15**	-
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	-	-	-	-	**1.00**	0.01
Torrent Energy Limited	-	-	0.97	-	-	-	-	-	**0.97**	-
Torrent Power Limited	-	-	0.03	0.01	-	-	-	-	**0.03**	0.01
Recovery of expenses	-	-	-	-	-	-	0.02	0.01	**0.02**	0.01
Zeal Pharmachem India Pvt. Limited	-	-	-	-	-	-	0.02	0.01	**0.02**	0.01
(B) Balances at the end of the year	**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**
Trade receivables	-	-	0.06	0.02	-	-	-	-	**0.06**	0.02
Torrent Power Limited	-	-	0.06	0.02	-	-	-	-	**0.06**	0.02
Advances recoverable in cash or kind	0.32	0.30	1.02	0.01	-	-	1.29	1.23	**2.63**	1.54
TPL Employees Group Gratuity Trust	0.32	0.30	-	-	-	-	-	-	**0.32**	0.30
Tsunami Tours & Travels Pvt. Limited	-	-	-	-	-	-	1.29	1.23	**1.29**	1.23
Torrent Energy Limited	-	-	0.97	-	-	-	-	-	**0.97**	-
Torrent Power Limited	-	-	0.05	0.01	-	-	-	-	**0.05**	0.01
Trade payables	-	-	-	0.02	-	-	0.38	0.18	**0.38**	0.20
Zeal Pharmachem India Pvt. Limited	-	-	-	-	-	-	0.09	0.08	**0.09**	0.08
Tsunami Tours & Travels Pvt. Limited	-	-	-	-	-	-	0.29	0.10	**0.29**	0.10
Torrent Private Limited	-	-	-	0.02	-	-	-	-	**-**	0.02
Other payables	-	-	-	-	14.19	9.70	-	-	**14.19**	9.70
Shri Sudhir Mehta, Chairman	-	-	-	-	5.00	3.00	-	-	**5.00**	3.00
Shri Samir Mehta, Executive Vice Chairman	-	-	-	-	9.19	6.70	-	-	**9.19**	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 Limied, 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 8th 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.

(b) Summarized details regarding subsidiary companies for the year ended on 31-Mar-2013 as required under general circular No. 2/2011 dated 8th February, 2011 issued by the Ministry of Corporate Affairs under Section 212 (8) of the Companies Act, 1956 are as under :

(₹ in Crores)

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 Reais = ₹ 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

Signatures to the notes forming part of Consolidated Financial Statement 1 to 36

For DELOITTE HASKINS & SELLS
Chartered Accountants

Hemendra Shah
Partner

Ahmedabad, Gujarat
30th May, 2013

Sudhir Mehta
Chairman

R. Srinivasan
VP (Finance) & Chief Financial Officer

Samir Mehta
Executive Vice Chairman

Mahesh Agrawal
VP (Legal) & Company Secretary

Ahmedabad, Gujarat
30th 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 40th Annual General Meeting of the Company to be held on 26th 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 24th 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 40th Annual General Meeting being held at J. B. Auditorium, Torrent AMA Centre, Ground Floor, Ahmedabad Management Association, Vastrapur, Ahmedabad – 380 015 on Friday, the 26th 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.

Notes

Notes

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
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