2011-12

39th ANNUAL REPORT

TORRENT PHARMACEUTICALS LIMITED

CONTENTS

CORPORATE INFORMATION

DIRECTORS

1. Shri Sudhir Mehta
   Chairman
2. Shri Markand Bhatt
3. Shri Shashikant Bhojani
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 Shashikant Bhojani
   Chairman
2. Dr. Prasanna Chandra
3. Shri Shailesh Haribhakti
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 Shashikant Bhojani
   Chairman
2. Shri Markand Bhatt
3. Dr. Prasanna Chandra
4. Shri Shailesh Haribhakti

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
(Firm Registration No. 117365W)

REGISTERED OFFICE

Torrent House,
Off Ashram Road,
Ahmedabad – 380 009
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 ID

investorservices@torrentpharma.com

NOTICE IS HEREBY GIVEN THAT THE THIRTY NINTH ANNUAL GENERAL MEETING OF THE MEMBERS OF TORRENT PHARMACEUTICALS LIMITED will be held on Monday, 23rd July, 2012 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, 2012, 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, 2012 and to declare final dividend on equity shares for the said financial year.

   The Board of Directors at its meeting held on 23rd January, 2012 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, 2012 and in its meeting held on 18th May, 2012 recommended a special dividend as final dividend of ₹ 2.50 per equity share of fully paid up face value of ₹ 5.00 each for the said financial year.

3. To appoint a Director in place of Shri Sudhir Mehta, Director, who retires by rotation, and being eligible, offers himself for re-appointment.

4. To resolve not to fill the vacancy for the time being in the Board, caused by the retirement of Shri Shashikant Bhojani, 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:

   RE-APPOINTMENT OF DR. CHAITANYA DUTT AS DIRECTOR (RESEARCH & DEVELOPMENT) AND FIXATION OF REMUNERATION

   "**RESOLVED THAT** pursuant to the provisions of Sections 198, 269, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 as existing or modified or re-enacted from time to time and further subject to any other approval as may be required, the consent of the Company be and is hereby accorded for re-appointment of Dr. Chaitanya Dutt as a Whole-time Director of the Company, to be designated as Director (Research & Development), for a period of three years effective from 1st January, 2012 on the following terms and conditions:

1.	**SALARY**	:	(i)	₹ 1,085,000/- per month with effect from 1st January, 2012 for a period of 3 months.
			(ii)	₹ 1,260,000/- per month with effect from 1st April, 2012. Salary may be revised, as may be decided by the Board of Directors or any Committee thereof ("the Board") from time to time, within the maximum ceiling of ₹ 2,500,000/- per month.
2.	**PERQUISITES**	:	The appointee will be also allowed the perquisites as under:	
	A.		(i)	The Company shall pay House Rent Allowance @ 60% of the salary.
			(ii)	The Company shall reimburse annual fees for two clubs.
			(iii)	The Company shall pay the premium on personal accident insurance policy as per Company rules.

(iv) The Company shall pay the premium on medical insurance for self and family as per the Company rules.

B.

(i) The Company shall provide a car with driver for official and personal use.

(ii) The Company shall provide telephones at his residence, the cost of which will be borne by the Company.

C.

(i) Company's contribution to the provident fund will be as per applicable laws and rules of the Company.

(ii) Company's contribution to the superannuation scheme will be as per applicable laws and rules of the Company.

(iii) He will be entitled to gratuity as per applicable laws and rules of the Company.

3. OTHER TERMS :

(i) His entitlement for leave and its accumulation and encashment shall be as per prevailing Company rules.

(ii) The total remuneration for any year shall not exceed 5% of the profits of the Company as calculated in accordance with Section 349 of the Companies Act, 1956, as existing or modified or re-enacted from time to time."

"**RESOLVED FURTHER THAT** in the event of loss or inadequacy of profit in any financial year, the Company shall pay Dr. Chaitanya Dutt, in respect of such financial year, remuneration by way of salary, allowances, perquisites, benefits and contributions, as the Board may deem fit, subject to the limits prescribed here in and in Section II of Part II of Schedule XIII of the Companies Act, 1956, as existing or modified or re-enacted from time to time."

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

APPOINTMENT OF DR. LEENA SRIVASTAVA AS DIRECTOR

"**RESOLVED THAT** Dr. Leena Srivastava, who was appointed as Additional Director under Section 260 of the Companies Act, 1956, by the Board of Directors on 18th October, 2011 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 her 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."

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

APPOINTMENT OF SHRI HAIGREVE KHAITAN AS DIRECTOR

"**RESOLVED THAT** Shri Haigreve Khaitan, who was appointed as Additional Director under Section 260 of the Companies Act, 1956, by the Board of Directors on 23rd January, 2012 and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed with effect from the commencement of this meeting as Director of the Company, liable to retire by rotation."

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

By Order of the Board of Directors
For TORRENT PHARMACEUTICALS LIMITED

Gangtok, Sikkim
18th May, 2012

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 No. 4 and Special Business i.e. Item Nos. 6, 7 & 8 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 received at the registered office of the Company, 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. The members, holding shares in physical form, are requested to intimate any change in their address or bank details to the Company or its Registrars & Transfer Agents (RTA), Karvy Computershare Private Limited. Those holding shares in dematerialized form may intimate any change in their address or bank details / mandate to their Depository Participants (DP) immediately. Members holding shares in dematerialized form may note that bank details registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its RTA can not act on any request directly received from any member holding shares in dematerialized form for any change in such details. Such changes are to be advised only to the DP of the members.

8. The Company has decided to close the Register of Members and the Share Transfer Register for a period of three days from 13th June, 2012 to 15th June, 2012 (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 27th July, 2012 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 15th June, 2012.

9. Trading in the shares of the Company is compulsorily in dematerialized form for all investors. 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.

    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 2003-04 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, 2012 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 the Directors recommended for appointment / re-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. 4

Shri Shashikant Bhojani retires by rotation at this Annual General Meeting. Shri Bhojani 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 Bhojani is a Director of the Company since 25th May, 2001 and is also Chairman of the Audit Committee & Nomination and Remuneration Committee of the Company. The Directors place on record their appreciation for the contribution made by Shri Bhojani during his long tenure on the Board.

Item No. 6

Dr. Chaitanya Dutt has been working as Director (Research & Development) of the Company since 27th June, 2000 and in terms of the approval at the Annual General Meeting held on 29th July, 2008, his tenure was to expire on 31st December, 2011. The Board of Directors of the Company at their meeting held on 18th October, 2011, re-appointed Dr. Dutt as Whole-time Director of the Company, to be designated as Director (Research & Development) for a period of three years effective from 1st January, 2012, subject to approval of the members.

This ordinary resolution, accordingly, seeks members' approval for appointment of Dr. Dutt as Director (Research & Development) of the Company for a period of three years effective from 1st January, 2012 on such remuneration and other terms and conditions as mentioned in the said resolution.

Particulars of his qualifications, brief resume, area of expertise and other details are provided in the Annexure attached to this Notice.

No Director, except Dr. Dutt, is concerned or interested in his re-appointment and remuneration payable to him as Director (Research & Development).

The terms of re-appointment of Dr. Dutt, as stated in this notice, may be treated as the abstract of terms and conditions of re-appointment and memorandum of interest under Section 302 of the Companies Act, 1956. The copies of relevant resolutions of the Board with respect to the re-appointment is available for inspection by members at the registered office of the Company during working hours on any working day till the date of this Annual General Meeting.

The Board commends this resolution for your approval.

Item No. 7

Dr. Leena Srivastava was appointed as Additional Director by the Board on 18th October, 2011 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 Dr. Leena Srivastava for the office of Director.

Particulars of her qualifications, brief resume, area of expertise and other details are provided in the Annexure attached to this Notice.

None of the Directors, except Dr. Leena Srivastava is concerned or interested in the proposed resolution.

The Board commends this resolution for your approval.

Item No. 8

Shri Haigreve Khaitan was appointed as Additional Director by the Board on 23rd January, 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 Haigreve Khaitan 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.

None of the Directors, except Shri Haigreve Khaitan is concerned or interested in the proposed resolution.

The Board commends this resolution for your approval.

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

Gangtok, Sikkim
18th May, 2012

By Order of the Board of Directors
For TORRENT PHARMACEUTICALS LIMITED

MAHESH AGRAWAL
VP (Legal) & Company Secretary

ANNEXURE TO THE NOTICE

Information on Directors recommended for appointment / re-appointment as per note 13 to the Notice:

Shri Sudhir Mehta

Shri Sudhir Mehta, a Promoter Director, was last re-appointed as Director on 29th July, 2009 and his term of office ends at the ensuing Annual General Meeting under Section 256 of the Companies Act, 1956. He shall retire by rotation in normal course and being eligible, is proposed for re-appointment under Section 256 of the Companies Act, 1956.

Shri Mehta, 58, is presently the Non-Executive Chairman of the Company. He has been associated with the Company since its inception. The growth and progress of the Company is largely attributable to his vision, strategy & leadership. His constant efforts and endeavour to grow has made the Company one of the most reputed corporate entities in the Indian Pharma Industry. Known to possess a pro-active approach to business, his risk-taking abilities and strong sense of conviction have led to Torrent Pharma's success in the International business. The 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. His sagacious counsel, laudable knowledge and noteworthy experience will enrich the Board.

Companies (other than Torrent Pharmaceuticals Limited) in which Shri Sudhir Mehta holds directorship and committee membership:

Sr. No.	Directorship in Companies / Organisations	Name of Committees
1.	Torrent Power Limited	Nomination and Remuneration Committee - Member
2.	Torrent Pipavav Generation Limited	Committee of Directors - Member
3.	Torrent Energy Limited	-
4.	Arvind Limited	Remuneration Committee - Chairman Investor's Grievance Committee - Member
5.	Torrent Private Limited	-
6.	Diamond Infrastructure Limited	-

Shri Sudhir Mehta holds 38,01,428 shares (including 8,58,740 shares held in the name of Sudhir Mehta HUF) of the Company.

Dr. Chaitanya Dutt

Dr. Chaitanya Dutt, 61, is one of the key functionaries in the top management team and has been associated with the Company for last three decades. He holds an MD in Medicine and had practiced as a consulting physician before joining the Company in 1982. His rich experience spans areas of Pharma R&D, clinical research, manufacturing, quality assurance, etc.

He has been instrumental in setting up the Research Centre of the Company. Under his prudent guidance and leadership, the Research Centre has achieved tremendous progress in the areas of discovery research as well as development work on formulations. Besides the above, the Company's leadership position in introducing new molecules & line extensions in the domestic market is due to the capabilities built up under the leadership of Dr. Dutt. He does not hold any directorship in any other Company.

Dr. Chaitanya Dutt holds 400 shares of the Company.

Dr. Leena Srivastava

Dr. Leena Srivastava, 51, is currently the Vice Chancellor of the TERI University in addition to being the Executive Director (Operations) at The Energy and Resources Institute (TERI), New Delhi. The TERI University is a graduate institution only with nearly 700 students, out of which 100 are Ph. D. students. TERI is an independent not-for-profit research institution, with a staff size of nearly a 1000 people, working in the areas of energy, environment and sustainable development. In her three decades of experience at TERI, she has worked on a range of issues covering energy and environment policy / planning, energy economics and climate change. She has a Ph. D. in Energy Economics from the Indian Institute of Science in Bangalore, India and has a number of publications to her credit. She is on the Editorial Boards of various international journals dealing with energy and environment issues.

Dr. Srivastava is also a member of various committees and Boards both at the international and national levels including the UN Secretary General's High-level Group on Sustainable Energy for All and Energy Advisory Board of World Economic Forum.

Companies (other than Torrent Pharmaceuticals Limited) in which Dr. Leena Srivastava holds directorship and committee membership:

Sr. No.	Directorship in Companies / Organisations	Name of Committees
1.	TERI Technologies Limited	-
2.	Strategic Media Works Private Limited	-
3.	Meridian Institute	-
4.	World Environment Centre	-

Dr. Leena Srivastava does not hold any shares of the Company.

Shri Haigreve Khaitan

Shri Haigreve Khaitan, 41, is a Corporate and Commercial lawyer and a Partner of Khaitan & Co. Shri Khaitan heads Khaitan & Co.'s Mergers & Acquisitions (M&A) practice. He joined Khaitan & Co. in the year 1988. He spent considerable years of his initial practice in representing clients on litigation matters, and thereafter, he went on representing many clients on project finance and real estate transactions. Shri Khaitan presently focuses his practice on M&A, Private Equity, Venture Capital, Corporate Restructuring and advises various Indian and international clients on other strategic transactions. He comes highly recommended by world's leading law chambers / legal accreditation bodies as one of the leading lawyers in India and as the leading lawyer for Project Finance in Asia.

Companies (other than Torrent Pharmaceuticals Limited) in which Shri Haigreve Khaitan holds directorship and committee membership:

Sr. No.	Directorship in Companies / Organisations (excluding alternate directorship)	Name of Committees
1.	Bajaj Corp Limited	-
2.	Ceat Limited	-
3.	Harrisons Malayalam Limited	Audit Committee - Member Remuneration Committee - Member
4.	Inox Leisure Limited	Audit Committee - Member
5.	JSW Ispat Steel Limited	-
6.	Jindal Steel & Power Limited	Audit Committee - Member
7.	National Engineering Industries Limited	Audit Committee - Member Shareholder's Grievance Committee - Member Remuneration Committee - Member
8.	Sterlite Technologies Limited	Audit Committee - Member Remuneration Committee - Member
9.	The Oudh Sugar Mills Limited	-
10.	Xpro India Limited	Share Transfer Committee - Member
11.	AVTEC Limited	Audit Committee - Member
12.	Great Eastern Energy Corp. Limited	Remuneration Committee - Member Compensation Committee - Member
13.	Orient Cement Limited	-
14.	Vinar Systems Private Limited	-

Shri Haigreve Khaitan does not hold any shares of the Company.

To

The Shareholders

The Directors have the pleasure of presenting the Thirty Ninth Annual Report of your Company together with the audited accounts for the year ended 31st March, 2012.

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	
	2011-12	2010-11	**2011-12**	2010-11
Sales & Operating Income	**2696**	2198	**2076**	1752
Profit Before Depreciation, Finance Cost, Exceptional Items & Tax	**544**	443	**536**	455
Less Depreciation	**82**	62	**64**	58
Less Finance Cost	**39**	39	**40**	39
Profit Before Exceptional Items & Tax	**423**	342	**432**	358
Less Exceptional Items	**65**	0	**61**	0
Less Tax Expense	**72**	72	**60**	67
Less Minority Interest	**2**	0	**0**	0
Net Profit for the Year	**284**	270	**311**	291
Balance brought forward	**158**	119	**237**	178
Distributable Profits	**442**	389	**548**	469
Appropriated as under:				
Transfer to General Reserve	**191**	153	**191**	153
Interim Dividend	**51**	0	**51**	0
Proposed Final Dividend	**21**	68	**21**	68
Tax on Distributed Profits for Interim Dividend	**8**	0	**8**	0
Tax on Distributed Profits for Final Dividend	**3**	11	**3**	11
Balance Carried Forward	**167**	157	**274**	237
Earnings Per Share (₹ per share)	**33.57**	31.93	**36.79**	34.38

Consolidated Operating Results

The consolidated sales and operating income increased to ₹ 2696 crores from ₹ 2198 crores in the previous year yielding a growth of 22.66%. The consolidated operating profit for the year was ₹ 544 crores as against ₹ 443 crores in the previous year registering an increase of 22.80%. The consolidated net profit increased to ₹ 284 crores from ₹ 270 crores in the previous year registering a growth of 5.19%. During the current year, exceptional item pertaining to sales returns provision amounting to ₹ 65 crores is charged to the statement of profit and loss. Adjusting for the exceptional item (net of tax), consolidated net profit has grown by 24.44%.

Standalone Operating Results

The sales and operating income increased to ₹ 2076 crores from ₹ 1752 crores in the previous year yielding a growth of 18.49%. The operating profit for the year under review increased to ₹ 536 crores as against ₹ 455 crores in the previous year registering a growth of 17.80%. The profits after tax for the year under review increased to ₹ 311 crores as against ₹ 291 crores in the previous year registering a growth of 6.87%. During the current year, exceptional item pertaining to sales returns provision amounting to ₹ 61 crores is charged to the statement of profit and loss. Adjusting for the exceptional item (net of tax), net profit has grown by 23.71%.

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 a special dividend as final dividend of ₹ 2.50 per equity share amounting to ₹ 21.15 crores. Total distribution including tax of ₹ 3.42 crores works out to be ₹ 24.58 crores towards such final dividend. Aggregate dividend works out to be ₹ 8.50 per share (previous year ₹ 8.00 including special dividend of ₹ 2.00 per share) and distribution amount including tax on distributed profit works out to be ₹ 83.58 crores (previous year ₹ 78.67 crores). These dividends are tax free in the hands of the shareholders.

Transfer to Reserves

The Board has recommended a transfer of ₹ 191.00 crores to the general reserve and an amount of ₹ 274.04 crores is retained in the Statement of Profit and Loss of Standalone financials.

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, 2012, 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, 2012 and of the profit for the year ended 31st March, 2012;

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 55.43 million (₹ 365.33 crores) for the financial year 2011-12 as compared with Euro 50.29 million (₹ 303.53 crores) for the previous year, registering a growth of 20.35% in Rupees. Net loss for the year was Euro 0.13 million (₹ 7.41 crores) as against a net profit of Euro 2.30 million (₹ 9.73 crores) for the previous year. Current year losses are on account of two one off items i.e. actuarial losses on pension liability and provision for sales returns.

Torrent do Brasil Ltda. (TdBL), Brazil

During the year, TdBL achieved revenues of Reai 165.88 million (₹ 467.80 crores), as compared with Reai 131.27 million (₹ 346.28 crores) in the previous year, registering a growth of 35.09% in Rupees. TdBL earned a net profit after tax of Reai 8.46 million (₹ 26.27 crores), as compared to a net profit after tax of Reai 2.98 million (₹ 8.06 crores) in the previous year.

ZAO Torrent Pharma (ZAO TP), Russia

During the year, ZAO TP achieved revenue of RRU 293.37 million (₹ 47.62 crores) as compared with RRU 238.88 million (₹ 36.02 crores) in the previous year, registering a growth of 32.20% in Rupees. Net loss for the year was at RRU 27.85 million (₹ 2.74 crores) as against a net profit after tax of RRU 92.08 million (₹ 12.99 crores) for the previous year. Previous year profits were exceptionally high on account of loan write back from parent and hence not strictly comparable. Efforts are on to improve sales performance and to turnaround.

Torrent Pharma Inc. (TPI), USA

During the year, TPI earned revenues of USD 44.50 million (₹ 214.57 crores), as compared with USD 22.88 million (₹ 104.13 crores) in previous year registering a growth of 106.06% in Rupees. Net profit for the year was at USD 0.89 million (₹ 10.39 crores) as against a net profit of USD 0.30 million (₹ 0.12 crores) for the previous year. The Company has 37 ANDA's approvals, 29 pending approvals and 16 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), Mexico

During the year, LTSA earned revenues of Mexican Peso 70.93 million (₹ 26.85 crores) as compared with Mexican Peso 69.45 million (₹ 25.52 crores) for the previous year. Net loss for the year was at Mexican Peso 1.33 million (₹ 0.56 crores) as against a loss of Mexican Peso 2.00 million (₹ 0.66 crores) for the previous year.

CORPORATE SOCIAL RESPONSIBILITY

The Company's Corporate Social Responsibility (CSR) initiatives are highly influenced by the philosophies of its group Founder Chairman, Shri U. N. Mehta. He firmly believed that it was the responsibility of every member of the society to give back for all the good that the society has bestowed upon us. The Company continues to make focused efforts for fulfilling its CSR, with the thrust areas being education, health & sanitation and public awareness.

During the year, the Company was involved in the following CSR activities:

- Shiksha Setu, the programme spread over 5 years for Teaching Learning Enhancement in all 20 project schools covering approximately 2700 students in the financial year ended 31st March, 2012 which comprise four components viz.
  - Low Stakes Learning Assessment of students
  - Post-Assessment Analysis Workshop
  - Continuous Teachers' Support Programme
  - Individualized ICT-based learning support
- Completion of Sharda Mandir School project, which was to the populace of Indrad Village.
- Shardashish Scholarship Programme which provided scholarship support to 46 meritorious students from economically weak background.

ENVIRONMENT, HEALTH AND SAFETY

In line with its philosophy of highest importance to safety in its various operations and in an effort to create more awareness at the work place about safety and compliance of safety norms so as to avoid accidents at the workplace as also to substantially compensate the personnel and their families who have been adversely affected by accidents, the "Conviction for Safety" policy has been implemented by the Company which is first of its kind in the country. Safety campaigns and public awareness programs have also been enhanced.

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, the Board of Directors re-appointed Dr. Chaitanya Dutt, Director (Research & Development), whose terms of appointment expired on 31st December, 2011, for a period of three years with effect from 1st January, 2012 subject to the approval of shareholders at the ensuing Annual General Meeting.

During the year, Smt. Renu Sud Karnad was appointed as Additional Director with effect from 20th April, 2011 and as regular Director at the Annual General Meeting on 30th July, 2011. She has resigned from the directorship of the Company with effect from 10th October, 2011.

Dr. Leena Srivastava and Shri Haigreve Khaitan were appointed as Additional Directors of the Company with effect from 18th October, 2011 and 23rd January, 2012 respectively. It is proposed to appoint them as Directors of the Company, liable to retire by rotation, at the ensuing Annual General Meeting.

Shri Sudhir Mehta and Shri Shashikant Bhojani retire by rotation at the ensuing Annual General Meeting. Shri Mehta, being eligible, has been proposed for re-appointment. Shri Bhojani has expressed his intention to retire and consequently not getting re-appointed. The Directors place on record their appreciation for the contribution made by Shri Bhojani during his long tenure on the Board since 25th May, 2001.

Brief resumes of the Directors being appointed / re-appointed together with other relevant details form part of the Notice of the ensuing Annual General Meeting. The Board recommends their appointment / re-appointment.

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 a 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 18th May, 2012 has recommended the appointment of Deloitte Haskins & Sells, Ahmedabad (Firm Registration No. 117365W) as Statutory Auditors of the Company for the year 2012-13.

- **Cost Auditors**

Pursuant to the approval of the Central Government under Section 233B of the Companies Act, 1956, the Company has appointed Kirit Mehta & Co., Cost Accountants, Mumbai (Firm Registration No. 00015) as the Cost Auditor of the Company for audit of cost accounting records of its Pharmaceutical activities (Formulation & Bulk Drugs activities) for the financial year ended 31st March, 2012. Further, due date of filing the Cost Audit Report in respect of Formulation activities of the Company for the financial year ended 31st March, 2011 was 30th September, 2011 and the same has been filed on 17th September, 2011.

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, Gujarat Urja Vikas Nigam Limited, Himachal Pradesh State Electricity Board, other 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

Gangtok, Sikkim
18th May, 2012

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 annual rebate of ₹ 29 lacs from Uttar Gujarat Vij Company Limited.
2. Instead of using pretreated Narmada water in combination with RO treated water for feeding the Cooling Towers, we have started using 100% pretreated Narmada water at Indrad Plant. Expected saving on this will be ₹ 12 lacs per annum.
3. Modified existing Brine Plant System to meet product specific temperature requirement of -25^0 C at API Indrad Plant, resulting into saving in electricity cost upto ₹ 12 lacs per annum.

(b) Additional investment and proposals, if any, being implemented for reduction of consumption of energy:

1. It is proposed to get certification for ISO-50001-2011 for Energy Management System, which will help in reduction in energy consumption.
2. It is proposed to replace insulation for Steam Pipes with low thermal conductivity and high density with an investment of ₹ 30 lacs. Payback period for the same is 1 year.

(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	2011-12	2010-11
	a	Purchased Units (KWH in lacs)	398.97	393.99
		Total Amount (₹ in lacs)	2484.71	2235.32
		Average Rate (₹)	6.23	5.67
	b	Own generation through DG sets (KWH in lac Units)	19.92	21.21
		Units generated per liter of diesel	3.65	3.69
		Cost of fuel per Unit (₹ / KWH)	10.41	9.59
	c	Own generation through CPP (KWH in lac Units)	67.35	39.27
		Natural Gas consumed (in lac SCM)	18.06	10.38
		Units generated per SCM of Gas	3.73	3.78
		Cost of gas per Unit (₹ / KWH)	6.87	5.34
2		**Fuel Consumption**		
	a	HSD (in lac liters)	0.86	-
		Total amount (₹ in lacs)	33.10	-
		Average Rate (₹ / liter)	38.72	-
	b	Furnace Oil (in lac liters)	13.17	16.08
		Total Amount (₹ in lacs)	586.18	521.25
		Average Rate (₹ / liter)	44.51	32.41
	c	Natural Gas Steam Generation		
		Purchased Gas in SCM	2731106	2417684
		Total Amount (₹ in lacs)	673.80	428.24
		Average Rate (₹ / SCM)	24.67	17.71

***For plants 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 is also developing new processes and suitable formulations for known Active Pharmaceutical Ingredients (APIs) and value-added & differentiated formulations on in-house developed NDDS platforms. Lately, Company also forayed into development of injectable formulations.

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

- At the end of the year under review, 66 ANDAs and 23 DMFs filed in US and 45 new product Dossiers & 23 DMF submitted in the EU.
- Six (Five for International and one for Domestic Markets) processes for APIs were developed and transferred to plant during the year.
- 767 patents filed for NDDS technology, drug discovery projects and innovative process of API & formulations for various geographies and 295 have been granted so far.

3. Future plan of action

- Drug discovery projects would be continued in focused therapeutic areas. Building capabilities and infrastructure for pre clinical development and clinical trials required for NCEs are being pursued aggressively.
- Efforts would continue for development of new, value added and differentiated formulations and new cost effective, eco friendly & safe processes for APIs.
- Efforts would also continue to identify the limitation in the current therapeutics and to develop novel technologies / delivery systems to satisfy the unmet medical needs through NDDS Program. The products based on these technologies would provide patients with newer dosage forms that are safer and more effective.

4. Expenditure on R & D

Particulars	**2011-12** (₹ in crores)
a. Capital expenses	7.99
b. Revenue expenses	116.65
Total (a+b)	124.64
c. Total R&D expenditure as a percentage of turnover	**6.27%**

Technology absorption, adaptation and innovation

1. Efforts, in brief, made towards technology absorption, adaptation and innovation

API technologies were developed based on green chemistry principles. Scalable processed for both API & Formulation were transferred at plant scale for both domestic and international markets.

2. Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution etc.

Development of single API and formulation processes helped in unifying and 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
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 ₹ 186.77 crores and earned foreign exchange amounting to ₹ 815.02 crores during the year ended 31st March, 2012 as compared to ₹ 166.97 crores and ₹ 608.06 crores respectively for previous year.

ANNEX 3 TO DIRECTOR'S 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, 2012, 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)

Gaurav J. Shah
Partner
Membership No. 35701

Gangtok, Sikkim
18th May, 2012

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, 2012.

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 to develop this desired minimum framework and institutionalise the spirit it entails. This will 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. 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 28th May, 2011, 30th July, 2011, 18th October, 2011 and 23rd January, 2012. 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	INED	1	Nil	4	4	Yes
Dr. Prasanna Chandra	INED	Nil	Nil	4	4	Yes
Shri Shailesh Haribhakti	INED	14	5 (Chairman); 4 (Member)	4	4	Yes
Shri Haigreve Khaitan [1]	INED	13	7 (Member)	Nil	Nil	N.A.
Shri Sanjay Lalbhai	INED	5	1 (Member)	4	3	No
Dr. Leena Srivastava [2]	INED	1	Nil	1	1	N.A.
Shri Samir Mehta, Executive Vice Chairman	WTD	2	1 (Chairman); 1 (Member)	4	4	Yes
Dr. Chaitanya Dutt, Director (Research & Development)	WTD	Nil	Nil	4	4	Yes

Notes:

1. Shri Haigreve Khaitan has been appointed as Additional Director with effect from 23rd January, 2012.
2. Dr. Leena Srivastava has been appointed as Additional Director with effect from 18th October, 2011.
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. In all other cases, the details are updated till the date of this Report.

4. NED – Non-Executive Director; INED – Independent Non-Executive 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 Director is related to any other Director on the Board in term of definition of 'relative' as per the Companies Act, 1956.

Smt. Renu Sud Karnad was appointed as Additional Director with effect from 20th April, 2011 and as regular director at Annual General Meeting on 30th July, 2011. She ceased to be a Director of the Company due to her resignation with effect from 10th October, 2011.

Shri Sudhir Mehta and Shri Shashikant Bhojani are liable to retire by rotation at the forthcoming Annual General Meeting. Shri Mehta, being eligible, has been proposed for re-appointment. Shri Bhojani has expressed his intention to retire and consequently not getting re-appointed. Relevant details pertaining to Shri Sudhir Mehta, seeking re-appointment at the ensuing Annual General Meeting are provided in the Notice of the said meeting.

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 28th May, 2011, 30th July, 2011, 18th October, 2011 and 23rd January, 2012 and the gap between two meetings did not exceed four months.

The composition of the Committee as on 31st March, 2012 as well as the particulars of attendance at the Committee meetings during the year are given in the table below:

Name & Designation	Category of Directorship	Qualification / Competence	No. of meetings attended
Shri Shashikant Bhojani, Chairman	Independent Non-Executive	B. Sc., LL.M.	4
Dr. Prasanna Chandra	-- do --	MBA, Ph. D. in Finance	4
Shri Shailesh Haribhakti	-- do --	F.C.A.	4

The Committee was expanded by the Board at their meeting held on 18th May, 2012 by appointing Shri Haigreve Khaitan & Dr. Leena Srivastava as its Members.

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 the Chief Financial Officer, Vice Presidents (Finance), Statutory Auditors and Internal Auditors Cost Auditor and other Executives of the Company also attended the meetings, as and when required.

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 five times on 8th April, 2011, 8th July, 2011, 5th October, 2011, 28th November, 2011 and 10th January, 2012. The constitution and functioning of the Committee is as given below:

Name & Designation of Director	Category	No. of meetings attended
Shri Sudhir Mehta, Chairman	Non-Executive Director	5
Shri Markand Bhatt	Non-Executive Director	5
Shri Samir Mehta	Executive Vice Chairman	5

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

99.34% 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, 2012.

During the year the Company received seven complaints from the shareholders and the same were attended within a reasonable period of time. No complaint was pending as on 31st March, 2012.

4. APPOINTMENT & REMUNERATION OF DIRECTORS

Nomination and Remuneration Committee

During the year under review, three meetings of the Committee were held on 28th May, 2011, 18th October, 2011 and 23rd January, 2012.

The composition of the Committee as on 31st March, 2012 as well as the particulars of attendance at the Committee during the year are given in the table below:

Name & Designation of Director	Category	No. of meetings attended
Shri Shashikant Bhojani, Chairman	Independent Non-Executive	3
Shri Markand Bhatt	Non-Executive Director	3
Shri Shailesh Haribhakti	Independent Non-Executive	3

The Committee was expanded by the Board at their meeting held on 18th May, 2012 by appointing Dr. Prasanna Chandra as its Member.

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 as well as Non-Executive Directors (NEDs) and remuneration of Executive Directors and senior management of the Company.

The terms of reference of the Committee as approved by the Board and as 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 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 Recommend and monitor the level and structure of pay for senior management i.e. managers immediately below the Board of Directors.

vii 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.

viii To seek information from management and have full access to the Company's records relevant to its functioning in discharge of its obligations.

ix 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 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 29th July, 2008 effective from 1st July, 2008 for a period up to 31st December, 2011. The Board at its meeting held on 18th October, 2011, subject to approval of the shareholders, had approved the re-appointment and remuneration of Dr. Chaitanya Dutt, Director (Research & Development) for a period of three years with effect from 1st January, 2012.

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, 2012 are as under:

(₹ in lacs)

Name & Designation of Directors$	**Salary & Perquisites#**	**Commission##**	**Total**
Shri Sudhir Mehta, Chairman	Nil	300.00	300.00
Shri Markand Bhatt	Nil	Nil	Nil
Shri Shashikant Bhojani	Nil	11.50	11.50
Dr. Prasanna Chandra	Nil	10.00	10.00
Shri Shailesh Haribhakti	Nil	11.50	11.50
Shri Haigreve Khaitan [1]	Nil	0.57	0.57
Shri Sanjay Lalbhai	Nil	Nil	Nil
Dr. Leena Srivastava [2]	Nil	2.36	2.36
Shri Samir Mehta, Executive Vice Chairman	2.63	500.00	502.63
Dr. Chaitanya Dutt, Director (Research & Development)	234.42	Nil	234.42
Total	**237.05**	**835.93**	**1072.98**

Notes:

1. Shri Haigreve Khaitan has been appointed as Additional Director with effect from 23rd January, 2012.
2. Dr. Leena Srivastava has been appointed as Additional Director with effect from 18th October, 2011.

$ The terms of appointment of all Whole-time Directors 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.

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, 2012 are as under:

Name of the Director	Nos. of Equity shares
Shri Sanjay Lalbhai	800
Shri Sudhir Mehta	3,801,428

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
36th AGM	29-Jul-09	9:30 AM	H. T. Parekh Convention Centre, Ahmedabad Management Association, Vastrapur, Ahmedabad	1
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

During the year under review, no special resolution was passed through postal ballot and as of day, there is no proposal to pass any special resolution through postal ballot.

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 45 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, shareholders holding physical shares and who have not claimed share certificates, were sent three reminder letters at the address given in the application form as well as last available address as per the records of the Company / Registrar and Transfer Agents (RTA) asking them for the correct particulars so that the relevant certificates could be sent by the Company to them. After considering the responses received from them, the shares remaining unclaimed were transferred to the Unclaimed Suspense Account in the name of “Torrent Pharmaceuticals Limited - Unclaimed Suspense Account” during the year and have since been dematerialised. Following was the status of outstanding shares lying in the said account as on 31st March, 2012:

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, 2011 / transferred to Account during the year ended 31st March, 2012	217	59,720
Number of shareholders who approached to the Company / RTA for transfer of shares from Unclaimed Suspense Account during the year ended 31st March, 2012	-	-
Number of shareholders to whom shares were transferred from Unclaimed Suspense Account during the year ended 31st March, 2012	-	-
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, 2012	217	59,720

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 sought to provide a mechanism for the Employees to disclose any unethical behaviour and improper practices and wrongful conduct taking place in the Company for appropriate action. The confidentiality of those reporting violations 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 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, half-yearly and annual financial results on the standalone basis and un-audited quarterly & half-yearly 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 half-yearly 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 to the investors are also made available on the website for a reasonable period of time. The Company plans to send the soft copies of Annual Report 2011-12 to those members whose email ids are registered with the Depository Participants (DPs) and / or with the Company's Registrars & Transfer Agents after informing them suitably to support the "Green Initiative in the Corporate Governance", an initiative taken by the Ministry of Corporate Affairs (MCA).

8. GENERAL SHAREHOLDER INFORMATION

a. 39th Annual General Meeting

Date & Time	Monday, 23rd July, 2012 at 9:30 AM
Venue	J. B. Auditorium, Torrent AMA Centre, Ground Floor, Ahmedabad Management Association, Vastrapur, Ahmedabad

b. Tentative Financial Calendar for the year 2012-13

Financial year	1st April to 31st March
First Quarter results	Fourth week of July 2012
Half Yearly results	Third week of October 2012
Third Quarter results	Fourth week of January 2013
Results for year-end	Second week of May 2013

c. Date of Book Closure

13th June, 2012 to 15th June, 2012 (both days inclusive)

d. Dividend payment date

The proposed dividend, if approved at the ensuing Annual General Meeting will be distributed on or around 27th July, 2012.

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 2012-13 to both of the above stock exchanges.

f. Market Price Data

The closing market price of equity share on 30th March, 2012 (last trading day of the year) was ₹ 628.65 on BSE & ₹ 630.60 on NSE.

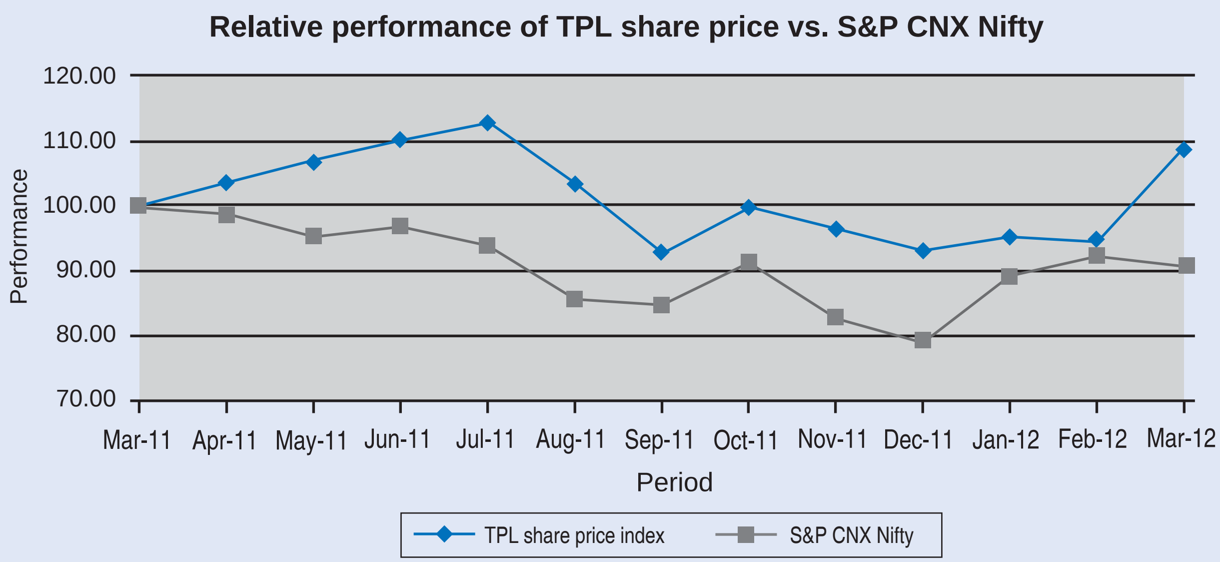
The monthly movement of equity share prices during the year at BSE & NSE are summarized below:

Monthly Share Price movement during the financial year ended 31st March, 2012 at BSE & NSE						
Month	BSE			NSE		
	High	Low	Volume	High	Low	Volume
Apr – 11	605.00	499.00	182,827	606.00	552.10	440,167
May – 11	669.00	583.00	169,386	672.00	580.10	665,586
Jun – 11	668.80	579.00	144,455	668.00	579.00	689,526
Jul – 11	686.95	620.00	398,720	687.00	621.10	2,349,667
Aug – 11	669.00	573.00	86,745	670.45	570.00	750,588
Sep – 11	634.00	530.00	147,608	650.00	531.00	469,306
Oct – 11	588.95	520.00	131,062	590.00	526.60	494,097
Nov – 11	585.00	544.30	42,671	598.30	543.20	548,986
Dec – 11	570.00	504.60	26,137	568.80	512.00	295,521
Jan – 12	579.00	523.60	182,295	580.50	525.25	734,245
Feb – 12	588.00	546.65	401,340	586.65	545.20	965,439
Mar – 12	633.00	550.00	165,252	636.00	547.00	1,002,016
Total			**2,078,498**			**9,405,144**
% of volume traded to outstanding shares			**2.46%**			**11.12%**

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 – 11	580.45	5833.75	100.00	100.00
Apr – 11	600.50	5749.50	103.45	98.56
May – 11	619.35	5560.15	106.70	95.31
Jun – 11	639.25	5647.40	110.13	96.81
Jul – 11	654.30	5482.00	112.72	93.97
Aug – 11	599.80	5001.00	103.33	85.73
Sep – 11	539.05	4943.25	92.87	84.74
Oct – 11	578.95	5326.60	99.74	91.31
Nov – 11	559.45	4832.05	96.38	82.83
Dec – 11	540.10	4624.30	93.05	79.27
Jan – 12	552.25	5199.25	95.14	89.12
Feb – 12	549.30	5385.20	94.63	92.31
Mar – 12	630.60	5295.55	108.64	90.77

**closing data on the last day of the month



g. Distribution of shareholding as at 31st March, 2012

By size of shareholding:

From - To	Mode of Holding	Shares held		No. of shareholders	
		Number	% Total	Number	% Total
1 - 5,000	Physical	555,521	0.66	1,888	9.32
	Electronic	3,226,389	3.81	18,174	89.73
5,001 - 10,000	Physical	-	-	-	-
	Electronic	292,629	0.35	41	0.20
10,001 - 50,000	Physical	-	-	-	-
	Electronic	1,753,795	2.07	64	0.32
50,001 - 1,00,000	Physical	-	-	-	-
	Electronic	2,057,565	2.43	29	0.14
Above 1,00,000	Physical	-	-	-	-
	Electronic	76,725,461	90.68	57	0.28
Total	**Physical**	**555,521**	**0.66**	**1,888**	**9.32**
	Electronic	**84,055,839**	**99.34**	**18,365**	**90.68**
	Total	**84,611,360**	**100.00**	**20,253**	**100.00**

By category of shareholders:

Category	No. of Shares		Total Shares	% of Holding
	Electronic	Physical		
Promoters' Group	60,501,860	-	60,501,860	71.51
Mutual Funds and UTI	9,742,965	-	9,742,965	11.51
Banks, FIs & Insurance Companies	501,776	-	501,776	0.59
Foreign Institutional Investors / NRIs	4,206,710	-	4,206,710	4.97
Other Bodies Corporate	3,554,804	5,220	3,560,024	4.21
Indian Public	5,547,724	550,301	6,098,025	7.21
Total	**84,055,839**	**555,521**	**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 99.34% 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 are dispatched to the transferee within twenty one 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
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) (Owned by Torrent Pharmaceuticals (Sikkim))

m. Dahej Project Site

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

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

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

Gangtok, Sikkim
18th May, 2012

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, 2011 or the date of their joining the Company, whichever is later to 31st March, 2012 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.

Gangtok, Sikkim
18th May, 2012

Samir Mehta
Executive Vice Chairman

Standalone Financial Statements
2011-12

TO THE MEMBERS OF TORRENT PHARMACEUTICALS LIMITED

1. We have audited the attached Balance Sheet of **TORRENT PHARMACEUTICALS LIMITED** ("the Company") as at 31st March, 2012, the Statement of Profit and Loss and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report as follows:
   (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 dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
   (e) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
      (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012;
      (ii) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date and
      (iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
5. On the basis of the written representations received from the Directors as on 31st March, 2012 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2012 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Registration No. 117365W)

Gaurav J. Shah
Partner
Membership No. 35701

Place : Gangtok, Sikkim
Date :18th May, 2012

(Referred to in paragraph 3 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 the Company's 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 the Company's 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 during the year from public within the meaning of provision of section 58A and 58AA or any other relevant provision of the Companies Act, 1956 and rules made thereafter.

(viii) In our opinion, the internal audit functions carried out during the year by a 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 Income Tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31st March, 2012 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, 2012 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	2005-06	2.03
Uttar Pradesh Trade Tax Act, 1948	Demand of Penalty	Tribunal, Uttar Pradesh	2009-10	1.84
Gujarat Value Added Tax, 2003	Demand of Tax and Penalty	Joint Commissioner of Commercial Tax (Appeals), Ahmedabad	2006-07 and 2007-08	49.75
Central Excise Act, 1944	Input Service Tax / Demand of Duty and Penalty	CESTAT	2005-06 to 2008-09	28.62
	Demand of Duty	Commissioner (Appeals-Ankleshwar)	2005-06 and 2006-07	0.71
	Cenvat Credit	Commissioner of Central Excise, Ahmedabad-III	2006-07	11.47
	Demand of Interest	Dy. Commissioner of Central Excise-Kalol	2001-02 and 2002-03	3.02
	Demand of Duty	Assistant Commissioner of Central Excise-Kalol	2008-09 and 2009-10	8.28
	Demand of Duty and Penalty	Commissioner (Appeals)	2009 -10 and 2010-11	40.51
Finance Act, 1994	Service Tax and Demand of Duty and Penalty	Commissioner (Appeals)	2001-02 / 2004-05 and 2005-06	12.30
	Demand of Penalty	Joint Commissioner of Central Excise	2008-09	18.01
E.S.I Act, 1948	E.S.I Contribution	Gujarat High Court	1993-94 to 2011-12	497.79
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, the terms and conditions of the guarantees given by the Company for loans taken by others from banks and financial institutions are not *prima facie* prejudicial to the interests of the Company.

(xv) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained, other than temporary deployment pending application.

(xvi) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis have not been used during the year for long-term investment.

(xvii) According to the information and explanations given to us, the Company has not made preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.

(xviii) The Company has not issued any debenture during the year.

(xix) The Company has not raised money by public issue during the year.

(xx) To the best of our knowledge and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Registration No. 117365W)

Gaurav J. Shah
Partner
Membership No. 35701

Place: Gangtok, Sikkim
Date: 18th May, 2012

BALANCE SHEET

(₹ in lacs)

	Notes	As at 31-Mar-2012	As at 31-Mar-2011
EQUITY AND LIABILITIES			
Shareholder's funds			
Share capital	3	**4,230.92**	4,230.92
Reserves and surplus	4	**126,218.31**	105,073.60
		130,449.23	109,304.52
Non current liabilities			
Long-term borrowings	5	**32,205.54**	29,304.05
Deferred tax liabilities (net)	6	**6,317.28**	6,170.53
Other long-term liabilities	7	**44.60**	31.64
Long-term provisions	8	**5,964.66**	2,071.58
		44,532.08	37,577.80
Current liabilities			
Short-term borrowings	5	**13,812.25**	9,956.95
Trade payables		**37,339.93**	29,894.74
Other current liabilities	7	**25,737.58**	26,999.06
Short-term provisions	8	**5,967.02**	8,440.54
		82,856.78	75,291.29
TOTAL		**257,838.09**	222,173.61
ASSETS			
Non-current assets			
Fixed assets	9		
Tangible assets		**62,859.48**	58,109.15
Intangible assets		**771.38**	651.76
Capital work-in-progress		**2,686.51**	4,437.28
		66,317.37	63,198.19
Non-current investments	10	**39,130.05**	30,453.43
Long-term loans and advances	11	**5,367.26**	3,713.62
Other non-current assets	12	**4,624.79**	4,633.83
		115,439.47	101,999.07
Current assets			
Current investments	10	**8,651.59**	12,598.78
Inventories	13	**39,312.25**	34,282.50
Trade receivables	14	**40,961.49**	34,001.37
Cash and cash equivalents	15	**36,668.85**	26,532.58
Short-term loans and advances	11	**6,296.12**	3,879.06
Other current assets	12	**10,508.32**	8,880.25
		142,398.62	120,174.54
TOTAL		**257,838.09**	222,173.61
Notes forming part of the Financial Statements	1-45		

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

Gaurav J. Shah
Partner

R. Srinivasan
VP (Finance) & Chief Financial Officer

Mahesh Agrawal
VP (Legal) & Company Secretary

Gangtok, Sikkim
18th May, 2012

Gangtok, Sikkim
18th May, 2012

STATEMENT OF PROFIT AND LOSS

(₹ in lacs)

	Notes	Year ended 31-Mar-2012	Year ended 31-Mar-2011
REVENUE			
Revenue from operations	16		
Sales		**199,149.20**	168,361.67
Less : Excise duties	27	**479.83**	326.41
Net sales		**198,669.37**	168,035.26
Operating income		**8,934.79**	7,137.66
Revenue from operations (net)		**207,604.16**	175,172.92
Other income	17	**13,518.91**	5,897.04
Total Revenue		**221,123.07**	181,069.96
EXPENSES			
Cost of materials consumed	18	**59,016.63**	57,577.82
Purchases of stock-in-trade		**25,210.20**	9,054.18
Changes in inventories of finished goods, work-in-progress and stock-in-trade	19	**(3,596.47)**	(6,554.05)
Employee benefits expense	20	**30,904.64**	27,196.42
Finance costs	21	**3,978.42**	3,902.44
Depreciation and amortization expense		**6,390.28**	5,812.62
Other expenses	22	**56,029.17**	48,291.68
Total Expenses		**177,932.87**	145,281.11
PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX		**43,190.20**	35,788.85
Exceptional items	23	**6,120.00**	-
PROFIT BEFORE TAX		**37,070.20**	35,788.85
Tax expense			
Current tax		**5,806.25**	6,846.09
Deferred tax charge / (credit)		**146.75**	(36.56)
Excess provision for tax of earlier years		**(7.86)**	(107.04)
		5,945.14	6,702.49
NET PROFIT FOR THE YEAR		**31,125.06**	29,086.36
Earnings per share [Nominal value per equity share of ₹ 5]			
Basic	24	**36.79**	34.38
Diluted	24	**36.79**	34.38
Notes forming part of the Financial Statements	1-45		

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

Gaurav J. Shah
Partner

R. Srinivasan
VP (Finance) & Chief Financial Officer

Mahesh Agrawal
VP (Legal) & Company Secretary

Gangtok, Sikkim
18th May, 2012

Gangtok, Sikkim
18th May, 2012

(₹ in lacs)

		Year ended 31-Mar-2012	Year ended 31-Mar-2011
A	**CASH FLOW FROM OPERATING ACTIVITIES :**		
	PROFIT BEFORE TAX	**37,070.20**	35,788.85
	Adjustments for :		
	Depreciation, amortization and impairment	**6,390.28**	5,812.62
	Allowance for doubtful debts	**57.37**	66.45
	Bad debts written-off	**2.50**	4.83
	Allowance / (reversal) for doubtful claim receivables	**-**	(142.43)
	Foreign exchange loss / (gain) on borrowings	**188.51**	245.96
	Loss on sale / discard / write-off of fixed assets	**152.99**	98.20
	Loss on disposal of investment in subsidiaries	**-**	4.24
	(Reversal) / provision on asset held for sale	**(3.41)**	3.44
	(Profit) / loss on sale of current investments	**(1,135.87)**	(786.74)
	Dividend received	**(506.49)**	-
	Finance cost	**3,978.43**	3,854.82
	Interest income	**(3,813.06)**	(2,437.73)
	Government grant	**(62.87)**	(8.93)
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	**42,318.58**	42,503.58
	Adjustments for changes in working capital :		
	Trade receivables, loans & advances and other assets	**(7,937.22)**	(9,325.84)
	Inventories	**(5,029.76)**	(12,048.81)
	Trade payables, liabilities and provisions	**17,891.38**	9,038.46
	CASH GENERATED FROM OPERATIONS	**47,242.98**	30,167.39
	Direct taxes paid	**(7,500.01)**	(6,837.18)
	NET CASH FROM OPERATING ACTIVITIES	**39,742.97**	23,330.21
B	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of fixed assets	**(8,435.48)**	(24,117.21)
	Proceeds from fixed assets sold	**114.80**	189.53
	Long-term investments in subsidiaries	**(2,379.75)**	(1,420.23)
	Proceeds from disposal of investment in subsidiaries	**-**	34.06
	Investment in capital of partnership firms	**(6,064.17)**	(1,729.01)
	Purchase of long-term trade investments	**(1,752.46)**	(95.33)
	Profit on sale of current investments	**1,135.87**	786.74
	Dividend received	**506.49**	-
	Interest received	**2,554.47**	2,125.09
	NET CASH USED IN INVESTING ACTIVITIES	**(14,320.23)**	(24,226.36)
C	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Proceeds from long-term borrowings	**10,662.47**	9,009.75
	Repayment of long-term borrowings	**(16,333.41)**	(4,383.42)
	Net proceeds/ (repayment) of short-term borrowings	**3,167.56**	(2,770.99)
	Government grant	**62.87**	8.93
	Dividend paid	**(13,732.89)**	(5,911.65)
	Finance cost paid	**(3,060.26)**	(2,816.53)
	NET CASH USED IN FINANCING ACTIVITIES	**(19,233.66)**	(6,863.91)
	NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	**6,189.08**	(7,760.06)
	CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**39,131.36**	46,891.42
	CASH AND CASH EQUIVALENTS AT END OF YEAR	**45,320.44**	39,131.36
	Note: Cash and cash equivalents as at end of the year:		
	Cash and cash equivalents as per Note - 15	**36,668.85**	26,532.58
	Current investments as per Note - 10	**8,651.59**	12,598.78
		45,320.44	39,131.36

In terms of our report attached

For DELOITTE HASKINS & SELLS
Chartered Accountants

Gaurav J. Shah
Partner

Gangtok, Sikkim
18th May, 2012

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

Gangtok, Sikkim
18th May, 2012

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 accrual basis of accounting and in accordance with the Generally Accepted Accounting Principles (GAAP) in India. GAAP includes Accounting Standards (AS) notified by the 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 includes 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 on straightline method on the basis of the depreciation rates prescribed in Schedule XIV of the Companies Act, 1956 or based on useful life of the asset as estimated by the management, whichever is higher.

The management's estimate of the useful life of 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) Certain 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.

(b) The capitalized software costs are amortized using the straightline method over estimated useful life of 3 to 5 years, as estimated at the time of capitalization.

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 or net realisable value.

1.4 Investments

(a) Long-term investments are stated 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 under 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 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 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 right to receive dividend is established.

(g) Interest income is recognized using the time-proportion 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 Employee 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 services 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 employees' costs.

(b) Defined benefit plan :

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

(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 and other costs that the Company incurs 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-utilizable 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 is 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 on 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 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.

(e) 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.

(f) 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. 1st April, 2011 to the extent they do not conflict with existing mandatory accounting standards and other authoritative pronouncements, Company law and other regulatory requirements. These transactions comprise of forward contracts taken to hedge risks associated with foreign currency fluctuations relating to highly probable forecast transactions and designated as cash flow hedges and valued at fair value. Changes in the fair value of these forward contracts that are effective hedges are recognized directly in cash flow hedge reserve account and the ineffective portion is recognized in the statement of profit and loss.

Amount accumulated in cash flow hedge reserve account is reclassified to the statement of profit and loss in the same period during which the forecasted transaction materialize. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting.

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

1.18 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. Liabilities which are of 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.

NOTE - 2 : CHANGE IN ACCOUNTING POLICY

With effect from 1st April, 2011, the Company has adopted AS 30, “Financial Instruments: Recognition and Measurement” with respect to accounting for derivatives, to the extent adoption does not conflict with existing mandatory accounting standards and other authoritative pronouncements, Company Law and other regulatory requirements. This adoption has resulted in change in accounting policy followed by the Company in respect of derivatives. As per requirement of the transitional provisions in AS 30, ₹ 128.73 lacs, being the difference between the carrying value and fair value of the derivatives, as on 1st April, 2011 has been credited to the general reserve account. Further, consequent to this, net foreign exchange loss is lower by ₹ 1,661.78 lacs and net profit after tax is higher by ₹ 1,329.26 lacs.

(₹ in lacs)

	Notes	As at 31-Mar-2012	As at 31-Mar-2011
NOTE - 3 : SHARE CAPITAL			
Authorised			
150,000,000 (previous year 150,000,000) equity shares of ₹ 5 each		**7,500.00**	7,500.00
2,500,000 (previous year 2,500,000) preference shares of ₹ 100 each		**2,500.00**	2,500.00
		10,000.00	10,000.00
Issued and subscribed			
84,625,360 (previous year 84,625,360) equity shares of ₹ 5 each		**4,231.27**	4,231.27
Paid-up			
84,611,360 (previous year 84,611,360) equity shares of ₹ 5 each		**4,230.57**	4,230.57
		4,230.57	4,230.57
Forfeited shares			
Amount originally paid up on 14,000 (previous year 14,000) equity shares of ₹ 5 each forfeited		**0.35**	0.35
		4,230.92	4,230.92

Notes :

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

	As at 31-Mar- 2012		As at 31-Mar- 2011	
	Numbers	₹ in lacs	Numbers	₹ in lacs
As at beginning of the year	84,611,360	4,230.92	84,611,360	4,230.92
Issued during the year	-	-	-	-
Outstanding at the end of the year	**84,611,360**	**4,230.92**	**84,611,360**	**4,230.92**

(ii) Torrent Private Limited, the holding Company, holds 43,057,736 (previous year 43,057,736) equity shares of ₹ 5 each, equivalent to 50.89% (previous year 50.89%) of the total number of equity shares, which is the only shareholder holding more than 5% of total equity shares.

(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.

(₹ in lacs)

	Notes	As at 31-Mar-2012	As at 31-Mar-2011
NOTE - 4 : RESERVES AND SURPLUS			
Capital reserve		**71.08**	71.08
Capital redemption reserve		**384.71**	384.71
Securities premium account		**4,279.88**	4,279.88
Cash flow hedge reserve			
Balance as per last balance sheet		**-**	-
Add : Adjustment during the year		**(1,750.40)**	-
		(1,750.40)	-
General reserve			
Balance as per last balance sheet		**76,600.00**	61,300.00
Add : Transitional provision on adoption of AS 30	2	**128.73**	-
Add : Transfer from statement of profit and loss		**19,100.00**	15,300.00
		95,828.73	76,600.00
Balance in statement of profit and loss			
Balance as per last balance sheet		**23,737.93**	17,818.57
Add : Net profit for the current year		**31,125.06**	29,086.36
Less: Appropriations			
Interim dividend [₹ 6.00 per share, (previous year ₹ Nil)]		**5,076.68**	-
Proposed dividend [₹ 2.50 per share (previous year ₹ 8.00)]		**2,115.28**	6,768.91
Tax on distributed profits		**1,166.72**	1,098.09
Transfer to general reserve		**19,100.00**	15,300.00
Balance in statement of profit and loss		**27,404.31**	23,737.93
		126,218.31	105,073.60

(₹ in lacs)

	Notes	As at 31-Mar-2012	As at 31-Mar-2011
NOTE - 5 : BORROWINGS			
Long-term borrowings, non-current portion			
Secured term loans			
from banks [Note: (i)(a)]		**22,383.47**	17,059.16
Unsecured term loans			
from banks		**8,413.90**	10,920.68
from others		**1,408.17**	1,324.21
		9,822.07	12,244.89
		32,205.54	29,304.05
Long-term borrowings, current portion			
Secured term loans			
from banks [Note: (i)(a)]		**7,481.60**	14,530.46
from others		**-**	3,220.00
		7,481.60	17,750.46
Unsecured term loans			
from banks		**4,206.95**	-
from others		**167.51**	194.00
		4,374.46	194.00
		11,856.06	17,944.46
Short-term borrowings			
Secured loans from banks [Note: (i)(b)]		**7,417.69**	8,037.00
Unsecured loans from banks		**6,394.56**	1,919.95
		13,812.25	9,956.95
		57,873.85	57,205.46

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, on pari passu basis.

(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 term loans are as under:

(₹ in lacs)

Financial year	Secured	Unsecured
2012-13	7,481.60	4,374.46
2013-14	7,481.60	4,473.81
2014-15	8,080.66	4,473.81
2015-16	3,410.09	266.86
2016-17	3,411.12	266.86
2017-18	-	198.54
2018-19 to 2020-21	-	47.40
Total	**29,865.07**	**14,196.53**

(₹ in lacs)

	Notes	As at 31-Mar-2012	As at 31-Mar-2011
NOTE - 6 : DEFERRED TAX			
Deferred tax liabilities			
Excess of depreciation claimed under the income tax law over that debited to statement of profit and loss in the earlier years		**7,706.29**	7,555.20
Advances for gratuity		**-**	6.00
		7,706.29	7,561.20
Deferred tax assets			
Provision for leave salary		**(1,012.29)**	(849.89)
Provision for bonus		**(170.94)**	(160.36)
Provision for gratuity		**(75.24)**	-
Provision for doubtful debts		**(130.04)**	(379.92)
Provision for doubtful claim receivables		**(0.50)**	(0.50)
		(1,389.01)	(1,390.67)
		6,317.28	6,170.53
NOTE - 7 : OTHER LIABILITIES			
Long-term liabilities			
Derivative financial instruments		**35.70**	27.24
Trade advances and deposits		**8.90**	4.40
		44.60	31.64
Current liabilities			
Current maturities of long-term debt	5	**11,856.06**	17,944.46
Interest accrued but not due on borrowings		**212.23**	188.93
Book overdraft		**1,112.50**	1,737.93
Unclaimed dividend (not due)		**88.98**	54.62
Trade advances and deposits		**1,816.49**	903.49
Advance from related parties		**1,949.22**	385.80
Payables to statutory and other authorities		**998.30**	1,043.95
Derivative financial instruments		**4,254.08**	743.41
Other payables		**3,449.72**	3,996.47
		25,737.58	26,999.06
		25,782.18	27,030.70
NOTE - 8 : PROVISIONS			
Long-term provisions			
Provision for employee benefits			
Gratuity	32	**231.89**	-
Leave benefits		**2,632.77**	2,071.58
		2,864.66	2,071.58
Provision for sales returns	33	**3,100.00**	-
		5,964.66	2,071.58
Short-term provisions			
Provision for employee benefits			
Leave benefits		**487.24**	547.88
Long-term compensation		**1.35**	25.66
		488.59	573.54
Proposed dividend		**2,115.28**	6,768.91
Tax on distributed profits		**343.15**	1,098.09
Provision for sales returns	33	**3,020.00**	-
		5,967.02	8,440.54
		11,931.68	10,512.12

NOTE - 9 : FIXED ASSETS

(₹ in lacs)

Particulars	Gross block (at cost)				Depreciation and amortization				Net block	
	As at 1-Apr-2011	Additions during the year	Deductions/ Adjustments during the year	As at 31-Mar-2012	As at 1-Apr-2011	Additions during the year	Deductions/ Adjustments during the year	As at 31-Mar-2012	As at 31-Mar-2012	As at 31-Mar-2011
TANGIBLES										
Land										
Freehold	7,567.71	468.65	-	**8,036.36**	-	-	-	**-**	**8,036.36**	7,567.71
Leasehold	1,744.86	-	-	**1,744.86**	0.84	0.18	-	**1.02**	**1,743.84**	1,744.02
Buildings	22,308.27	1,713.75	-	**24,022.02**	4,512.15	679.68	-	**5,191.83**	**18,830.19**	17,796.12
Plant and equipment	39,914.66	7,461.45	802.88	**46,573.23**	16,092.68	4,113.50	667.55	**19,538.63**	**27,034.60**	23,821.98
Furniture and fixtures	3,094.27	219.14	108.35	**3,205.06**	1,606.94	265.23	99.30	**1,772.87**	**1,432.19**	1,487.33
Vehicles	1,589.85	165.50	231.58	**1,523.77**	531.43	136.68	130.65	**537.46**	**986.31**	1,058.42
Office equipment	3,900.51	496.02	139.50	**4,257.03**	2,941.06	403.67	123.52	**3,221.21**	**1,035.82**	959.45
Electrical equipment	6,597.22	567.29	27.82	**7,136.69**	2,923.10	474.74	21.32	**3,376.52**	**3,760.17**	3,674.12
(A)	86,717.35	11,091.80	1,310.13	**96,499.02**	28,608.20	6,073.68	1,042.34	**33,639.54**	**62,859.48**	58,109.15
Previous year	75,880.18	14,698.79	3,861.63	86,717.34	23,728.83	5,593.41	714.05	28,608.19	58,109.15	
INTANGIBLES										
Computer softwares	1,775.36	436.22	-	**2,211.58**	1,123.60	316.60	-	**1,440.20**	**771.38**	651.76
(B)	1,775.36	436.22	-	**2,211.58**	1,123.60	316.60	-	**1,440.20**	**771.38**	651.76
Previous year	1,299.02	476.35	-	1,775.37	887.60	236.01	-	1,123.61	651.76	
TOTAL (A+B)	**88,492.71**	**11,528.02**	**1,310.13**	**98,710.60**	**29,731.80**	**6,390.28**	**1,042.34**	**35,079.74**	**63,630.86**	**58,760.91**
Previous year	77,179.20	15,175.14	3,861.63	88,492.71	24,616.43	5,829.42	714.05	29,731.80	58,760.91	-

Notes:

(i) Additions to research and development assets during the year are as under :

(₹ in lacs)

Particulars	Year ended 31-Mar-2012	Year ended 31-Mar-2011
Free hold land	**0.80**	4.18
Buildings	**41.90**	72.51
Plant and equipment [including laboratory equipment]	**684.23**	866.95
Electrical equipment	**47.55**	29.36
Furniture and fixtures	**58.45**	46.45
Office equipment	**71.10**	56.45
Vehicles	**-**	28.42
Intangibles being softwares	**46.09**	49.69
Total	**950.12**	1,154.01

(ii) Capital work-in-progress and advances for capital expenditure on research and development assets are as under :

(₹ in lacs)

Particulars	As at 31-Mar-2012	As at 31-Mar-2011
Capital work-in-progress	**44.70**	131.54
Advances for capital expenditure	**1.44**	65.86
Total	**46.14**	197.40

(iii) Depreciation and amortization for the year includes ₹ Nil (previous year ₹ 16.80 lacs) transferred to capital work-in-progress.

(iv) Freehold land includes pro-rata cost of land amounting to ₹ 2,379.06 lacs (previous year ₹ 2,379.06 lacs) owned jointly in equal proportion with Torrent Power Limited, a Company under same management.

	No. of units	As at 31-Mar-2012	(₹ in lacs) As at 31-Mar-2011
NOTE - 10 : INVESTMENTS			
Non-current [valued at cost]			
Investment in subsidiaries, unquoted			
Zao Torrent Pharma	5400	**2,308.49**	2,308.49
fully paid up equity shares of Russian Roubles 100 each			
Less: Provision for diminution in value		**2,308.49**	2,308.49
		-	-
Torrent Do Brasil Ltda	191444418	**3,111.04**	3,111.04
fully paid up equity shares (Quotas) of Brazilian Reai 1 each			
Torrent Pharma Gmbh: equity capital	-	**3,645.29**	3,645.29
Torrent Pharma Inc.	12000	**498.78**	498.78
fully paid up common stock of USD 100 each			
Torrent Pharma Philippines Inc	55852	**91.64**	91.64
fully paid up equity shares of Philippines Pesos 200 each			
Laboratorios Torrent, S.A. De C.V.	74691	**2,799.26**	2,577.08
fully paid up equity shares of Mexican Pesos 1000 each	[68892]		
Torrent Australasia Pty Limited	675000	**29.94**	29.94
partly paid up common stock of Australian Dollar (AUD) 1 each, AUD 0.1282 paid each			
Torrent Pharma Canada Inc.	334279	**149.12**	149.12
fully paid up equity shares of Canadian Dollar 1 each			
Torrent Pharma SRL	97000	**627.41**	161.28
fully paid up equity shares of Euro 10 each	[27000]		
Torrent Pharma (UK) Ltd.	225000	**167.89**	73.49
fully paid up equity shares of United Kingdom's Sterling 1 each	[100000]		
Torrent Pharma (Thailand) Co.Ltd.	1000000	**74.32**	74.32
fully paid up equity shares of 1 Thai Baht each			
Laboratories Torrent (Malaysia) SDN BHD	500000	**77.29**	-
fully paid up equity shares of 1 Malaysian Ringgit each			
		11,271.98	10,411.98
Investment in partnership firms [Note (iii)]			
Torrent Pharmaceuticals (Sikkim)		**16,120.53**	12,113.06
Torrent Pharmaceuticals (Dahej)		**7,985.16**	5,928.47
		24,105.69	18,041.53
Trade investments, unquoted			
York Pharma Plc.- fully paid up equity shares of United Kingdom's Sterling 0.05 each	63056	**155.60**	155.60
Less: Provision for diminution in value		**155.60**	155.60
		-	-
GPC Cayman Investors I Ltd. - fully paid up equity shares of USD 10 each	820601	**3,749.28**	1,996.82
	[463301]		
Shivalik Solid Waste Limited - fully paid up equity shares of ₹ 10 each	20000	**2.00**	2.00
		3,751.28	1,998.82
Non-trade investments, unquoted			
National savings certificates		**1.10**	1.10
		1.10	1.10
		39,130.05	30,453.43

(₹ in lacs)

	No. of units	As at 31-Mar-2012	As at 31-Mar-2011
Current investments [valued at lower of cost and fair value]			
Units of mutual fund schemes - Debt funds [Note (ii)]			
Prudential ICICI Liquid Plan - Institutional Growth	46531 [2372981]	**73.69**	3,398.91
Birla Sunlife Cash Plus - Institutional Premium - Growth	[24690690]	**-**	3,857.16
HDFC Cash Management Fund Saving - Growth	16907527 [5370806]	**3,777.90**	1,100.00
Tata Liquid Super High Investment Fund - Appreciation	5052 [19255]	**100.00**	347.71
IDFC Cash Fund - Plan C	[32685023]	**-**	3,895.00
		3,951.59	12,598.78
Corporate deposit with HDFC Limited		**4,700.00**	-
		8,651.59	12,598.78
Aggregate unquoted investments		**47,781.64**	43,052.21

Notes:

(i) Aggregate provision for diminution in value of investments	**2,464.09**	2,464.09
(ii) Aggregate NAV of investment in mutual funds	**3,961.52**	12,664.12

(iii) Disclosures in respect of investment in partnership firms:

(₹ in lacs)

Name of the Firm	Name of Partner	Share in Partnership	Capital
Torrent Pharmaceuticals (Sikkim)	Torrent Pharmaceuticals Limited Torrent Employee's Welfare Trust	97% 3%	16,120.53 241.04
Torrent Pharmaceuticals (Dahej)	Torrent Pharmaceuticals Limited Torrent Employee's Welfare Trust	97% 3%	7,985.16 109.17

(₹ in lacs)

	Notes	As at 31-Mar-2012	As at 31-Mar-2011
NOTE - 11 : LOANS AND ADVANCES			
[Unsecured and considered good, unless otherwise stated]			
Non-current loans and advances			
Capital advances		**678.97**	2,346.11
Security deposits		**848.09**	770.44
Advances recoverable in cash or kind		**105.91**	65.65
Share application money pending allotment		**1,519.73**	-
Advances to gratuity trust fund		**-**	18.48
Advance tax paid, net of provisions		**2,214.56**	512.94
		5,367.26	3,713.62
Current loans and advances			
Security deposits		**5.75**	10.17
Loans and advances to related parties		**3,420.83**	975.26
Balance with excise and customs department / VAT		**0.16**	0.05
Advances recoverable in cash or kind		**2,869.38**	2,893.58
		6,296.12	3,879.06
		11,663.38	7,592.68

	Notes	As at 31-Mar-2012	As at 31-Mar-2011
			(₹ in lacs)
NOTE - 12 : OTHER CURRENT ASSETS			
[Unsecured and considered good, unless otherwise stated]			
Non-current assets			
Derivative financial instruments		**4,624.79**	4,633.83
		4,624.79	4,633.83
Current assets			
Export benefits receivable		**2,706.51**	3,797.56
Claims receivable : indirect tax / insurance			
Considered good		**2,222.98**	1,743.45
Considered doubtful		**1.54**	1.54
Less : Allowance for doubtful claims receivable		**1.54**	1.54
		2,222.98	1,743.45
Interest accrued on loans and deposits		**1,866.09**	607.50
Derivative financial instruments		**3,712.74**	2,731.74
		10,508.32	8,880.25
		15,133.11	13,514.08
NOTE - 13 : INVENTORIES			
[At lower of cost or net realisable value]			
Raw materials		**15,640.08**	14,878.01
Packing materials		**2,633.65**	1,962.44
Work-in-progress		**7,546.81**	6,373.24
Finished goods		**6,727.96**	8,666.19
Stock-in-trade		**6,763.75**	2,402.62
		39,312.25	34,282.50
NOTE - 14 : TRADE RECEIVABLES			
[Unsecured]			
Debts over six months from due date			
Considered good [Note (ii)]		**3,873.85**	2,922.69
Considered doubtful		**400.81**	1,170.98
Less : Allowance for doubtful trade receivables		**400.81**	1,170.98
		3,873.85	2,922.69
Other debts - considered good [Note (i) and (ii)]		**37,087.64**	31,078.68
		40,961.49	34,001.37
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		1.67	2.39
(ii) Trade receivables also include debts due from group companies as below:			
Considered good			
Debts over six months from due date		2,009.99	2,240.13
Other debts		20,694.23	18,221.52
		22,704.22	20,461.65

(₹ in lacs)

	Notes	As at 31-Mar-2012	As at 31-Mar-2011
NOTE - 15 : CASH AND CASH EQUIVALENTS			
Cash on hand		**8.44**	0.70
Balances with banks		**4,258.97**	2,224.07
Fixed deposits		**32,300.00**	24,250.05
Balances with banks for unclaimed dividend		**89.06**	54.71
Balances with banks held as margin money		**10.33**	-
Term deposits lodged with banks as securities		**2.05**	3.05
		36,668.85	26,532.58

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 lacs)

	Notes	Year ended 31-Mar-2012	Year ended 31-Mar-2011
NOTE - 16 : REVENUE FROM OPERATIONS			
Sales			
Sales in India		**117,413.50**	105,904.90
Sales outside India		**81,735.70**	62,456.77
		199,149.20	168,361.67
Less : Excise duties	27	**479.83**	326.41
		198,669.37	168,035.26
Operating Income			
Export benefits		**3,014.59**	3,405.12
Income from product registration dossiers		**5,082.79**	2,811.59
Other operating income		**837.41**	920.95
		8,934.79	7,137.66
		207,604.16	175,172.92
NOTE - 17 : OTHER INCOME			
Dividend income		**506.49**	-
Interest income		**3,813.06**	2,437.73
Net gain on sale of investments		**1,135.87**	786.74
Net foreign exchange gain	35	**-**	2,655.55
Share of profit from partnership firms		**7,297.67**	-
Royalty income		**542.46**	-
Other non-operating income		**223.36**	17.02
		13,518.91	5,897.04
NOTE - 18 : COST OF MATERIALS CONSUMED			
Raw materials		**50,896.81**	49,368.31
Packing materials		**8,119.82**	8,209.51
		59,016.63	57,577.82
NOTE - 19 : CHANGES IN INVENTORIES OF FINISHED GOODS WORK-IN-PROGRESS AND STOCK-IN-TRADE			
Opening stock			
Finished goods		**8,666.19**	5,386.97
Stock-in-trade		**2,402.62**	1,872.91
Work-in-progress		**6,373.24**	3,628.12
		17,442.05	10,888.00
Less : Closing stock			
Finished goods		**6,727.96**	8,666.19
Stock-in-trade		**6,763.75**	2,402.62
Work-in-progress		**7,546.81**	6,373.24
		21,038.52	17,442.05
Net (increase) / decrease in stock		**(3,596.47)**	(6,554.05)

	Notes	Year ended 31-Mar-2012	Year ended 31-Mar-2011
			(₹ in lacs)
NOTE - 20 : EMPLOYEE BENEFITS EXPENSE			
[Other than those included in pre-operative expenses]			
Salaries, wages and bonus		**27,308.50**	24,136.99
Contribution to provident and other funds		**2,116.97**	1,716.52
Gratuity cost	32	**650.37**	617.86
Staff welfare expenses		**828.80**	725.05
		30,904.64	27,196.42
NOTE - 21 : FINANCE COST			
Interest expense		**3,042.05**	2,939.55
Other borrowing cost		**10.28**	52.02
Net foreign exchange loss (to the extent considered as finance costs)		**926.09**	910.87
		3,978.42	3,902.44
NOTE - 22 : OTHER EXPENSES			
[Other than those included in pre-operative expenses]			
Power and fuel		**4,995.07**	4,207.14
Stores and spares consumed		**3,194.76**	3,332.58
Labour charges		**1,509.17**	1,561.12
Job work charges		**821.91**	903.11
Laboratory goods and testing expenses		**2,767.35**	2,568.11
Clinical research expense		**1,485.73**	1,745.41
Excise duties	27	**156.52**	219.78
Repairs and maintenance:			
Machinery		**655.51**	352.79
Buildings		**414.00**	324.57
Others		**240.32**	448.16
		1,309.83	1,125.52
Selling, publicity and medical literature expenses		**19,697.55**	16,293.13
Commission on sales		**1,397.95**	1,251.08
Sales and turnover taxes		**551.84**	160.75
Allowance for doubtful debts [net of reversal of allowance ₹ 33.43 lacs (previous year ₹ 4.20 lacs)]		**57.37**	66.45
Bad debts written-off (net of allowance)		**2.50**	4.83
Travelling, conveyance and vehicle expenses		**4,421.57**	4,064.35
Communication expenses		**833.27**	762.74
Liaison support services		**3,327.25**	2,533.28
Printing and stationery expenses		**297.06**	309.33
Rent		**593.76**	565.21
Rates and taxes		**104.87**	83.35
Registration expenses		**2,167.37**	581.15
Insurance		**436.08**	388.57
Net foreign exchange loss	35	**1,031.80**	-
Loss on sale / discard / write-off of fixed assets		**152.99**	98.20
(Profit) / loss on disposal of investment in subsidiaries		**-**	4.24
(Reversal) / provision on asset held for sale		**(3.41)**	3.44
Auditors remuneration and expenses			
Audit fees		**10.64**	10.76
Other services		**16.88**	15.83
Out of pocket expenses		**0.04**	1.28
		27.56	27.87
Cost audit fees		**3.87**	3.36
Commission to non executive directors		**337.37**	279.26
Donation		**635.00**	1,118.40
General charges		**3,715.21**	4,029.92
		56,029.17	48,291.68

NOTE - 23 : EXCEPTIONAL ITEMS

Hitherto, the Company has been accounting for sales returns as and when the returns are physically received at the Company's premises. During the year, the Company has effected a change in method of estimating sales returns. A detailed exercise was done to estimate future sales returns on all sales effected till 31st March, 2012. This has resulted into a one-time charge of ₹ 6120.00 lacs which has been shown under Exceptional items during the year ended 31st March, 2012.

NOTE - 24 : EARNINGS PER SHARE

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

			Year ended 31-Mar-2012	Year ended 31-Mar-2011
Net profit for the period	(a)	[₹ In Lacs]	**31,125.06**	29,086.36
Weighted average number of equity shares	(b)	[Nos. in lacs]	**846.11**	846.11
EPS (basic and diluted)	(a) / (b)	[₹]	**36.79**	34.38
Nominal value per equity share		[₹]	**5.00**	5.00

(₹ in lacs)

	As at 31-Mar-2012	As at 31-Mar-2011
NOTE - 25 : CAPITAL AND OTHER COMMITMENTS		
(a) Estimated amount of unexecuted capital contracts [net of advances] not provided for:	**3,690.82**	3,509.19
(b) Uncalled liability on partly paid shares of Torrent Australasia Pty Limited, a wholly owned subsidiary. [Australian Dollar (AUD) 5.88 lacs (previous year AUD 5.88 lacs)]	**313.14**	271.52
	4,003.96	3,780.71
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	**340.32**	153.17
Disputed employee state insurance contribution liability under E.S.I. Act, 1948	**497.79**	390.98
Disputed legal cases for supply of goods and services	**1.78**	1.78
Disputed demand of excise and service tax	**146.64**	72.16
Disputed demand of local sales tax and C.S.T.	**17.44**	65.32
Disputed cases at labour court / industrial court	**115.66**	92.67
	1,119.63	776.08
(b) The Company has issued guarantees aggregating USD 20.00 lacs (previous year USD 20.00 lacs) and EURO 2.68 lacs (previous year EURO 45.00 lacs) 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	**137.86**	527.81
(c) The Company has issued guarantee aggregating ₹ 200.00 lacs (previous year ₹ 200.00 lacs) 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	**162.50**	162.50
	1,419.99	1,466.39

NOTE - 27 : EXCISE DUTIES

Excise duties shown as deduction from domestic sales represents the amount of excise duty collected on sales. Excise duties expenses under Note - 22, "Other Expenses", represents the difference between excise duty element in closing stock and opening stock, excise duty paid on samples and on inventory write-off, which is not recoverable from sales.

(₹ in lacs)

	Year ended 31-Mar-2012	Year ended 31-Mar-2011
NOTE - 28 : PRE-OPERATIVE EXPENSES		
Pre-operative expenses allocated to projects during the year are as under:		
Employee benefits expenses:		
Salaries, wages and bonus	-	808.88
Contribution to provident, and other funds [Defined contribution plan]	-	85.34
Gratuity cost	-	29.95
	-	924.17
Power and fuel	-	108.25
Stores and spares consumed	-	147.05
Labour charges	-	37.99
Travelling, conveyance and vehicle expenses	-	103.58
Communication expenses	-	2.27
Printing and stationery expenses	-	23.36
Insurance	-	5.05
Rent	-	20.62
Rates and taxes	-	32.00
Depreciation	-	16.80
General charges	-	405.95
	-	1,827.09
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	**62.87**	8.93
Employee benefits expense :		
Salaries, wages and bonus	**4,821.75**	4,500.97
Contribution to provident and other funds [defined contribution plan]	**404.14**	373.32
Gratuity cost	**131.58**	92.48
Welfare expenses	**128.71**	125.50
	5,486.18	5,092.27
Other expenses:		
Power and fuel	**385.57**	432.71
Stores and spares consumed	**686.75**	962.80
Labour charges	**139.60**	133.81
Laboratory goods and testing expenses	**1,381.72**	1,647.47
Clinical research expenses	**1,471.13**	1,745.41
Repairs and maintenance	**286.36**	263.57
Travelling, conveyance and vehicle expenses	**283.04**	233.59
Communication expenses	**120.15**	129.04
Printing and stationery expenses	**54.19**	64.02
Insurance	**45.41**	72.57
Rates and taxes	**15.51**	11.82
Interest on fixed period loans	**45.25**	47.62
General charges	**1,327.42**	1,349.66
	11,665.41	12,177.43

(b) The Government grant income during the year represents grant received from the Department of Biotechnology for development of Diiodothyronine (T2) analogue, a New Chemical Entities [NCE] project.

(c) Depreciation and amortization includes ₹ 1,613.63 lacs (previous year ₹1,670.31 lacs) pertaining to research and development fixed assets.

NOTE - 30 : LOANS TO GROUP COMPANIES

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

(₹ in lacs)

Name of subsidiary	Loan Given		Maximum amount outstanding during the year	Balance as at	
	2011-12	2010-11		**31-Mar-2012**	31-Mar-2011
Torrent Pharma Philippines Inc.	**-**	-	266.33	**255.78**	223.25
Zao Torrent Pharma	**-**	-	540.22	**-**	540.22
Total	**-**	-		**255.78**	763.47

(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) Loan given to Zao Torrent Pharma, a wholly owned subsidiary, was at nil interest rate. There are no other 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 lacs)

	31-Mar-2012	31-Mar-2011
(a) The principal amount remaining unpaid at the end of the year	**9.02**	5.32
(b) (i) The delayed payments of principal amount paid beyond the appointed date during the year	**78.07**	74.55
(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	**0.83**	1.82
(d) Total interest accrued during the year and remaining unpaid	**0.83**	1.83

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.

(₹ in lacs)

	Year ended 31-Mar-2012	Year ended 31-Mar-2011
(a) Reconciliation of opening and closing balances of the present value of the defined benefit obligation :		
Obligations at the beginning of the year	**3,197.60**	2,642.20
Current service cost	**477.32**	562.24
Interest cost	**255.81**	198.17
Liabilities transferred out	**-**	(28.53)
Actuarial loss	**125.19**	169.59
Benefits paid / payable	**(345.43)**	(346.07)
Obligations at the end of the year	**3,710.49**	3,197.60
(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	**3,216.08**	2,510.36
Expected return on plan assets	**307.78**	240.24
Actuarial gain/ (loss)	**(99.83)**	41.93
Contributions	**400.00**	600.00
Benefits paid	**(345.43)**	(176.45)
Plan assets at the end of the year	**3,478.60**	3,216.08
Actual return on plan assets	**207.95**	282.17

(₹ in lacs)

	Year ended 31-Mar-2012	Year ended 31-Mar-2011
(c) Gratuity cost for the year:		
Current service cost	**477.32**	562.24
Interest cost	**255.81**	198.17
Expected return on plan assets	**(307.78)**	(240.24)
Net actuarial (gain) / loss	**225.02**	127.66
Net gratuity cost	**650.37**	647.83
(d) (i) Reconciliation of the present value of the defined benefit obligation & fair value of plan assets:		
Obligations at the end of the year	**3,710.49**	3,197.60
Plan assets at the end of the year, at fair value	**3,478.60**	3,216.08
(Asset) / liability recognized in balance sheet	**231.89**	(18.48)
(ii) Experience adjustments gain / (loss)		
Plan liabilities	**(23.32)**	233.55
Plan assets	**(99.83)**	41.93
(e) Expected contribution for the next year	**600.00**	600.00

(f) Past four years' data for defined benefit obligation and fair value of plan assets are as under:

(₹ in lacs)

Particulars	2007-08	2008-09	2009-10	2010-11
Present value of defined benefit obligations at the end of the year [independent actuary]	1366.67	2007.75	2,642.21	3,197.60
Fair value of plan assets at the end of the year	1182.02	1641.32	2,510.36	3,216.08
Net (assets) / liability at the end of year	184.65	366.43	131.85	(18.48)

	Year ended 31-Mar-2012	Year ended 31-Mar-2011
(g) Assumptions:		
Discount rate	**8.50%**	8.00%
Expected rate of return on plan assets	**10.65%**	9.57%
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 data of Life Insurance Corporation of India.

(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 have invested the funds substantially as under:

	Year ended 31-Mar-2012	Year ended 31-Mar-2011
Equity Instruments	**24.63%**	20.97%
Corporate Bonds	**50.93%**	46.67%
Government Securities	**7.24%**	16.98%
Fixed Deposits with Banks	**17.20%**	15.38%

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 lacs)

	As at 31-Mar-2012	As at 31-Mar-2011
Opening provision	**-**	-
Add: Additional provision	**6,120.00**	-
Closing provision	**6,120.00**	-

NOTE - 34 : NET FOREIGN CURRENCY HEDGE POSITION

Net foreign currency positions outstanding as at 31st March, 2012 under derivative contracts for hedging are summarized below:

(Amount in lacs)

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	3,369.33	-	-	JPY	6,738.67
	USD	270.00				
Currency cum interest rate swap	JPY	26,594.67	-	-		
	USD	382.60				
2 **Foreign currency interest - payable**						
[Refer Note (b)]	-	-	-	-	JPY	78.92
3 **Trade payables**						
[Refer Note (c)]	-	-	-	-	USD	13.07
					EUR	7.26
					GBP	0.48
					JPY	25.56
					RUB	89.70
					AUD	0.19
					THB	49.73
					CAD	0.52
4 **Foreign currency receivables**						
Forward exchange contracts	-	-	USD	379.61	USD	52.87
[Refer Note (d)]			EUR	90.61	EUR	2.69
			RUB	1,418.58	GBP	3.58

Notes :

a INR = Indian Rupees, reporting currency; JPY = Japanese Yen; AUD = Australian Dollar

USD = United States Dollar; GBP = Great Britain Pound; THB = Thai Baht

EUR = Euro; RUB = Russian Rouble

b Foreign currency loan - payable, outstanding as on 31st March, 2012 JPY 10,108 lacs 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 Forward exchange contracts on forecasted payables, outstanding as on 31st March, 2012 USD 139 lacs are accounted as per AS 30. Fair value of these contracts ₹ 275 lacs is accounted in statement of profit and loss.

d The following are outstanding foreign exchange forward contracts on receivables, which have been designated as cash flow hedges, as at 31st March, 2012. [Refer Note 2]

Foreign currency	Long position (Amount in lacs)	Short position (Amount in lacs)	Fair value gain/(loss) (₹ in lacs)
USD	-	813.00	(1,812.72)
EUR	-	160.00	62.32
Balance in cash flow hedge reserve as at 31-Mar-2012			**(1,750.40)**

(₹ in lacs)

	Year ended 31-Mar-2012	Year ended 31-Mar-2011
NOTE - 35 : FOREIGN EXCHANGE GAIN / (LOSS)		
Foreign exchange gain / (loss) included in the net profit for the year :		
Net foreign exchange (loss) / gain, included in other expenses (Note-22) / other income (Note-17) :	**(1,031.80)**	2,655.55
Add / (less) :		
(a) Net foreign exchange loss on foreign currency borrowings to the extent regarded as an adjustment to finance cost, included in Note-21.	**(926.09)**	(910.87)
(c) MTM on forward exchange contracts to hedge the foreign currency risk of highly probable forecast transactions accounted as per AS 30/ principle of prudence	**1,740.11**	508.99
Total foreign exchange gain/ (loss) as per AS 11	**(217.78)**	2,253.67

NOTE - 36 : QUANTITATIVE INFORMATION

	Year ended 31-Mar-12		Year ended 31-Mar-11	
(a) Licensed Capacity	**Not Applicable**		Not Applicable	
(b) Installed Capacity				
(i) Formulation				
1. Tablets	**10000**	**Mn.**	10000	Mn.
2. Capsules	**1000**	**Mn.**	1000	Mn.
3. Injection/Vials	**26**	**Mn.**	26	Mn.
4. Suspension/ Liquid [Ltr.]	**1**	**Mn.**	1	Mn.
(ii) Bulk Drugs	**45000**	**Kg.**	30000	Kg.

(c) Production and Stocks

Item	Unit	Production*	Opening Stock		Closing Stock	
		Quantity	Quantity	₹ in lacs	Quantity	₹ in lacs
1. Formulation						
Tablets	' 000 Nos.	**4,849,377** (6,379,946)	**986,195** (606,314)	**6,700.73** (3,805.47)	**406,289** (986,195)	**3,198.25** (6,700.73)
Capsules	' 000 Nos.	**344,225** (321,900)	**56,776** (39,224)	**715.33** (469.95)	**50,534** (56,776)	**652.22** (715.33)
Suspension / Liquid	Ltr.	**313,491** (480,000)	**97,416** (44,918)	**285.27** (129.02)	**98,317** (97,416)	**567.51** (285.27)
Injections	Ltr.	**41,380** (50,198)	**16,983** (9,766)	**144.86** (88.96)	**15,396** (16,983)	**126.72** (144.86)
Vials / Cartridges	Nos.	**25,996,052** (23,680,374)	**841,079** (702,409)	**420.93** (411.12)	**422,100** (841,079)	**76.68** (420.93)
Ointment	Kg.	**4,131** (4,041)	**1,779** (1,546)	**14.26** (11.61)	**2,745** (1,779)	**32.38** (14.26)
Others	Kg.			**20.40** (22.06)		**1,506.62** (20.40)
2. Bulk Drugs	Kg.	**26,727** (26,170)	**729** (1,583)	**364.41** (448.78)	**330** (729)	**567.58** (364.41)
Total				**8,666.19** (5,386.97)		**6,727.96** (8,666.19)

*** 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 lacs	Quantity	₹ in lacs
1. Formulation						
Tablets	‘ 000 Nos.	**238,845** (188,439)	**54,311** (49,742)	**1,415.96** (1,234.15)	**436,270** (54,311)	**5,521.08** (1,415.96)
Capsules	‘ 000 Nos.	**76,865** (65,604)	**10,082** (7,133)	**253.36** (241.98)	**11,250** (10,082)	**343.38** (253.36)
Suspension / Liquid	Ltr.	**36,133** (111,843)	**43,087** (11,056)	**156.18** (45.91)	**35,808** (43,087)	**299.61** (156.18)
Injections	Ltr.	**73,897** (36,224)	**26,253** (5,133)	**191.82** (136.66)	**20,546** (26,253)	**100.19** (191.82)
Vials / Cartridges	Nos.	**916,664** (1,717,438)	**732,912** (440,345)	**240.29** (138.85)	**686,243** (732,912)	**273.36** (240.29)
Ointment	Kg.	**56,784** (35,720)	**9,979** (8,690)	**92.25** (66.98)	**8,335** (9,979)	**89.73** (92.25)
Others				**18.52** (8.38)		**136.40** (18.52)
2. Bulk Drugs	Kg.	**5,046** (29,225)	**5,000** -	**34.25** -	**-** (5,000)	**-** (34.25)
Total				**2,402.62** (1,872.91)		**6,763.75** (2,402.62)

(e) Sales by class of goods

Item	Unit	Quantity	₹ in lacs
1. Formulation			
Tablets	‘ 000 Nos.	**5,286,170** (6,183,935)	**145,965.14** (121,203.45)
Capsules	‘ 000 Nos.	**426,164** (367,003)	**17,686.36** (14,972.79)
Suspension / Liquid	Ltr.	**356,002** (507,314)	**2,857.76** (3,121.58)
Injections	Ltr.	**122,572** (58,084)	**1,974.07** (1,054.37)
Vials / Cartridges	Nos.	**27,378,365** (24,966,575)	**26,255.45** (23,631.02)
Ointment	Kg.	**61,594** (38,239)	**1,087.37** (876.20)
Others			**1,998.72** (548.61)
2. Bulk Drugs	Kg.	**37,171** (51,249)	**1,324.33** (2,627.24)
Total			**199,149.20** (168,035.26)

	Year ended 31-Mar-12		Year ended 31-Mar-11	
NOTE - 37 : BREAK-UP OF IMPORTED AND INDIGENOUS CONSUMPTION				
	₹ in lacs	% to Total Consumption	₹ in lacs	% to Total Consumption
(a) Raw materials				
Imported	**19,385.18**	**38.09**	17,553.00	35.56
Indigenous	**31,511.63**	**61.91**	31,815.31	64.44
	50,896.81	**100.00**	49,368.31	100.00
(b) Components and spare parts				
Imported	**269.63**	**8.44**	169.98	7.17
Indigenous	**2,925.13**	**91.56**	2,199.80	92.83
	3,194.76	**100.00**	2,369.78	100.00

NOTE - 38 : CONSUMPTION OF RAW MATERIALS

	Quantity	₹ in lacs	Quantity	₹ in lacs
Dry Insulin MU	**9,601**	**16,801.42**	8,841	15,472.24
Others		**34,095.39**		33,896.07
		50,896.81		49,368.31

(₹ in lacs)

	Year ended 31-Mar-12	Year ended 31-Mar-2011
NOTE - 39 : VALUE OF IMPORTS ON CIF BASIS IN RESPECT OF		
(a) Raw materials and packing materials	**19454.54**	19,239.47
(b) Components and spare parts	**572.47**	636.37
(c) Capital goods	**2057.04**	2,976.16
NOTE - 40 : EXPENDITURE IN FOREIGN CURRENCY		
(a) Books and periodicals	**41.74**	29.07
(b) Traveling	**443.05**	410.01
(c) Professional fees	**430.12**	194.92
(d) Interest expenses	**376.09**	405.91
(e) Others	**12100.76**	8,277.37
NOTE - 41 : REMITTANCE IN FOREIGN CURRENCY ON ACCOUNT OF DIVIDEND		
(a) Dividend remittance for the year ended 31st March, 2010	**-**	9.86
(b) Number of share-holders	**-**	1
(c) Number of shares held	**-**	164,383
NOTE - 42 : EARNINGS IN FOREIGN EXCHANGE		
(a) F.O.B. value of exports	**75,854.09**	57,817.67
(b) Interest	**3.92**	3.60
(c) Other income [Product registration dossiers and others]	**5,643.83**	2,984.83

NOTE - 43 : SEGMENT REPORTING

AS17 requires segment information to be presented on the basis of consolidated financial statements. Accordingly segment information is disclosed in consolidated financial statements.

NOTE - 44 : REGROUPING

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

NOTE - 45: RELATED PARTIES AND TRANSACTIONS

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

(₹ in lacs)

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	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	**2011-12**	2010-11
Sale of finished goods	50,785.80	35,847.13	-	-	34.60	33.38	-	-	-	-	**50,820.40**	35,880.51
Torrent Do Brasil Ltda.	17,423.86	12,401.00	-	-	-	-	-	-	-	-	**17,423.86**	12,401.00
Torrent Pharma Inc.	17,914.12	11,461.07	-	-	-	-	-	-	-	-	**17,914.12**	11,461.07
Heumann Pharma Gmbh & Co	5,924.41	4,598.66	-	-	-	-	-	-	-	-	**5,924.41**	4,598.66
Zao Torrent Pharma	3,117.04	4,023.36	-	-	-	-	-	-	-	-	**3,117.04**	4,023.36
Others	6,406.37	3,363.04	-	-	34.60	33.38	-	-	-	-	**6,440.97**	3,396.42
Sale of material	-	-	815.19	-	-	-	-	-	-	-	**815.19**	-
Torrent Pharmaceuticals (Sikkim)	-	-	815.19	-	-	-	-	-	-	-	**815.19**	-
Sale of dossiers	268.25	310.38	-	-	-	-	-	-	-	-	**268.25**	310.38
Torrent Pharma GmbH	268.25	310.38	-	-	-	-	-	-	-	-	**268.25**	310.38
Purchase of material, consumables etc	57.77	55.43	-	-	-	5.00	-	-	-	-	**57.77**	60.43
Torrent Pharma Inc.	16.18	34.73	-	-	-	-	-	-	-	-	**16.18**	34.73
Torrent Pharma GmbH	40.55	20.70	-	-	-	-	-	-	-	-	**40.55**	20.70
Others	1.03	-	-	-	-	5.00	-	-	-	-	**1.03**	5.00
Purchase of finished goods	-	-	18,448.32	-	-	-	-	-	-	-	**18,448.32**	-
Torrent Pharmaceuticals (Sikkim)	-	-	18,448.32	-	-	-	-	-	-	-	**18,448.32**	-
Remuneration to key management personnel	-	-	-	-	-	-	1037.04	966.34	-	-	**1037.04**	966.34
Shri Samir Mehta, Executive Vice Chairman	-	-	-	-	-	-	502.63	512.70	-	-	**502.63**	512.70
Shri Sudhir Mehta, Chairman	-	-	-	-	-	-	300.00	250.00	-	-	**300.00**	250.00
Dr. Chaitanya Dutt, Director (Research & Development)	-	-	-	-	-	-	234.42	203.64	-	-	**234.42**	203.64
Contribution to gratuity / superannuation funds	-	-	849.39	934.90	-	-	-	-	-	-	**849.39**	934.90
TPL Emp. Group Gratuity Trust	-	-	400.00	600.00	-	-	-	-	-	-	**400.00**	600.00
TPL Emp. Superannuation Trust	-	-	449.39	334.90	-	-	-	-	-	-	**449.39**	334.90
Lease rent paid	-	-	-	-	2.00	2.00	-	-	-	-	**2.00**	2.00
Torrent Private Limited	-	-	-	-	2.00	2.00	-	-	-	-	**2.00**	2.00
Services received	3,262.79	2,528.89	-	-	459.67	512.89	-	-	752.39	809.82	**4,474.85**	3,851.60
Laboratorios Torrent S.A. de C.V	1,016.23	2,009.65	-	-	-	-	-	-	-	-	**1,016.23**	2,009.65
Tsunami Tours & Travels Pvt. Ltd.	-	-	-	-	-	-	-	-	752.39	809.82	**752.39**	809.82
Torrent Power Limited	-	-	-	-	459.67	502.15	-	-	-	-	**459.67**	502.15
Torrent Pharma Srl	1,340.66	99.49	-	-	-	-	-	-	-	-	**1,340.66**	99.49
Others	905.89	419.75	-	-	-	10.74	-	-	-	-	**905.89**	430.49
Commission & interest paid to carrying & forwarding agents	-	-	-	-	-	-	-	-	111.58	102.88	**111.58**	102.88
Zeal Pharmachem India Pvt. Ltd.	-	-	-	-	-	-	-	-	111.58	102.88	**111.58**	102.88
Donation	-	-	-	-	-	-	-	-	473.00	690.00	**473.00**	690.00
U. N. Mehta Charitable Trust	-	-	-	-	-	-	-	-	440.00	415.00	**440.00**	415.00
U. N. Mehta Institute of Cardiology & Research Centre	-	-	-	-	-	-	-	-	-	275.00	**-**	275.00
Others	-	-	-	-	-	-	-	-	33.00	-	**33.00**	-
Interest income	3.87	3.46	1,123.01	7.61	3.53	-	-	-	-	-	**1,130.41**	11.07
Torrent Pharmaceuticals (Sikkim)	-	-	803.76	7.10	-	-	-	-	-	-	**803.76**	7.10
Torrent Pharmaceuticals (Dahej)	-	-	319.25	0.51	-	-	-	-	-	-	**319.25**	0.51
Others	3.87	3.46	-	-	3.53	-	-	-	-	-	**7.40**	3.46
Interest expense	21.27	14.34	-	-	-	-	-	-	-	-	**21.27**	14.34
Heumann Pharma Gmbh & Co	21.27	14.34	-	-	-	-	-	-	-	-	**21.27**	14.34
Expenses reimbursement	263.56	124.75	-	-	-	-	-	-	20.02	17.39	**283.58**	142.14
Torrent Australasia Pty Limited	75.13	48.35	-	-	-	-	-	-	-	-	**75.13**	48.35

(₹ in lacs)

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	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	**2011-12**	2010-11
Torrent Pharma GmbH	92.87	36.73	-	-	-	-	-	-	-	-	**92.87**	36.73
Zao Torrent Pharma	81.79	35.63	-	-	-	-	-	-	-	-	**81.79**	35.63
Zeal Pharmachem India Pvt. Ltd.	-	-	-	-	-	-	-	-	20.02	17.39	**20.02**	17.39
Others	13.76	4.04	-	-	-	-	-	-	-	-	**13.76**	4.04
Purchase of fixed assets	-	-	19.91	-	-	61.18	-	-	-	-	**19.91**	61.18
Torrent Pharmaceuticals (Sikkim)	-	-	19.91	-	-	-	-	-	-	-	**19.91**	-
Torrent Cables Limited	-	-	-	-	-	61.18	-	-	-	-	**-**	61.18
Sale of fixed assets	-	-	0.69	-	5.50	7.64	-	-	2.60	-	**8.79**	7.64
Torrent Power Limited	-	-	-	-	5.50	7.64	-	-	-	-	**5.50**	7.64
Tsunami Tours & Travels Pvt. Ltd.	-	-	-	-	-	-	-	-	2.60	-	**2.60**	-
Others	-	-	0.69	-	-	-	-	-	-	-	**0.69**	-
Sale of license	-	-	10.87	-	-	-	-	-	-	-	**10.87**	-
Torrent Pharmaceuticals (Sikkim)	-	-	10.87	-	-	-	-	-	-	-	**10.87**	-
Equity contribution	860.01	1,420.24	-	-	-	-	-	-	-	-	**860.01**	1,420.24
Laboratorios Torrent S.A. de C.V	222.19	989.35	-	-	-	-	-	-	-	-	**222.19**	989.35
Torrent Pharma SRL	466.13	161.28	-	-	-	-	-	-	-	-	**466.13**	161.28
Torrent Pharma (UK) Ltd.	94.40	73.49	-	-	-	-	-	-	-	-	**94.40**	73.49
Others	77.29	196.12	-	-	-	-	-	-	-	-	**77.29**	196.12
Investment variable capital partnership firm	-	-	3,666.50	18,041.53	-	-	-	-	-	-	**3,666.50**	18,041.53
Torrent Pharmaceuticals (Sikkim)	-	-	1,259.50	12,113.06	-	-	-	-	-	-	**1,259.50**	12,113.06
Torrent Pharmaceuticals (Dahej)	-	-	2,407.00	5,928.47	-	-	-	-	-	-	**2,407.00**	5,928.47
Repayment variable capital partnership firm	-	-	4,900.00	-	-	-	-	-	-	-	**4,900.00**	-
Torrent Pharmaceuticals (Sikkim)	-	-	4,900.00	-	-	-	-	-	-	-	**4,900.00**	-
Share of profit/(loss) from partnership firm	-	-	7,297.67	-	-	-	-	-	-	-	**7,297.67**	-
Torrent Pharmaceuticals (Sikkim)	-	-	7,647.97	-	-	-	-	-	-	-	**7,647.97**	-
Torrent Pharmaceuticals (Dahej)	-	-	(350.31)	-	-	-	-	-	-	-	**(350.31)**	-
Other income - (common services)	-	-	200.00	-	-	-	-	-	-	-	**200.00**	-
Torrent Pharmaceuticals (Sikkim)	-	-	200.00	-	-	-	-	-	-	-	**200.00**	-
Royalty income	-	-	542.46	-	-	-	-	-	-	-	**542.46**	-
Torrent Pharmaceuticals (Sikkim)	-	-	542.46	-	-	-	-	-	-	-	**542.46**	-
Dividend income	506.49	-	-	-	-	-	-	-	-	-	**506.49**	-
Torrent Do Brasil Ltda.	506.49	-	-	-	-	-	-	-	-	-	**506.49**	-
Loans given	-	-	3,000.00	-	-	-	-	-	-	-	**3,000.00**	-
Torrent Pharmaceuticals (Dahej)	-	-	3,000.00	-	-	-	-	-	-	-	**3,000.00**	-
Repayment of loan	614.46	365.21	-	-	-	-	-	-	-	-	**614.46**	365.21
Zao Torrent Pharma	614.46	365.21	-	-	-	-	-	-	-	-	**614.46**	365.21
Deposits given	-	-	-	-	1.42	6.25	-	-	-	-	**1.42**	6.25
Torrent Energy Limited	-	-	-	-	-	6.25	-	-	-	-	**-**	6.25
Torrent Power Limited	-	-	-	-	1.42	-	-	-	-	-	**1.42**	-
Share application money - pending allotment	1,519.73	-	-	-	-	-	-	-	-	-	**1,519.73**	-
Zao Torrent Pharma	1,519.73	-	-	-	-	-	-	-	-	-	**1,519.73**	-
Recovery of expenses	-	79.92	-	-	0.32	-	-	-	1.36	-	**1.68**	79.92
Heumann Pharma Gmbh & Co	-	63.31	-	-	-	-	-	-	-	-	**-**	63.31
Torrent Do Brasil Ltda.	-	16.61	-	-	-	-	-	-	-	-	**-**	16.61
Zeal Pharmachem India Pvt. Ltd.	-	-	-	-	-	-	-	-	1.36	-	**1.36**	-
Torrent Energy Limited	-	-	-	-	0.32	-	-	-	-	-	**0.32**	-
Disposal of investment	-	34.06	-	-	-	-	-	-	-	-	**-**	34.06
Torrent Pharma Japan Co. Ltd	-	34.06	-	-	-	-	-	-	-	-	**-**	34.06

(₹ in lacs)

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	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	**2011-12**	2010-11
Trade receivables	21,421.36	20,461.65	1,282.86	-	1.67	2.39	-	-	-	-	**22,705.89**	20,464.04
Torrent Pharma Inc.	1,464.74	5,829.79	-	-	-	-	-	-	-	-	**1,464.74**	5,829.79
Zao Torrent Pharma	4,973.00	5,719.70	-	-	-	-	-	-	-	-	**4,973.00**	5,719.70
Torrent Do Brasil Ltda.	8,092.87	5,113.50	-	-	-	-	-	-	-	-	**8,092.87**	5,113.50
Torrent Pharma Srl	2,246.44	86.05	-	-	-	-	-	-	-	-	**2,246.44**	86.05
Others	4,644.31	3,712.61	1,282.86	-	1.67	2.39	-	-	-	-	**5,928.84**	3,715.00
Loans	255.78	763.47	3,000.00	-	-	-	-	-	-	-	**3,255.78**	763.47
Zao Torrent Pharma	-	540.22	-	-	-	-	-	-	-	-	**-**	540.22
Torrent Pharma Philippines Inc.	255.78	223.25	-	-	-	-	-	-	-	-	**255.78**	223.25
Torrent Pharmaceuticals (Dahej)	-	-	3,000.00	-	-	-	-	-	-	-	**3,000.00**	-
Interest receivable on loan to subsidiary	50.68	40.82	997.07	6.85	-	-	-	-	-	-	**1,047.75**	47.67
Torrent Pharma Philippines Inc.	50.68	40.82	-	-	-	-	-	-	-	-	**50.68**	40.82
Torrent Pharmaceuticals (Sikkim)	-	-	712.44	6.39	-	-	-	-	-	-	**712.44**	6.39
Torrent Pharmaceuticals (Dahej)	-	-	284.63	0.46	-	-	-	-	-	-	**284.63**	0.46
Advances recoverable in cash or kind	11.34	34.67	29.59	19.59	1.42	-	-	-	122.70	157.53	**165.05**	211.79
Tsunami Tours & Travels Pvt. Ltd.	-	-	-	-	-	-	-	-	122.64	157.53	**122.64**	157.53
Torrent Pharma (UK) Ltd.	-	34.67	-	-	-	-	-	-	-	-	**-**	34.67
TPL Employees Group Gratuity Trust	-	-	29.58	19.58	-	-	-	-	-	-	**29.58**	19.58
Others	11.34	-	0.01	0.01	1.42	-	-	-	0.06	-	**12.83**	0.01
Trade advances and deposits	1,949.22	385.80	-	-	-	5.50	-	-	-	2.60	**1,949.22**	393.90
Heumann Pharma Gmbh & Co	1,949.22	385.80	-	-	-	-	-	-	-	-	**1,949.22**	385.80
Others	-	-	-	-	-	5.50	-	-	-	2.60	**-**	8.10
Investments in equities	13,580.47	12,720.46	-	-	-	-	-	-	-	-	**13,580.47**	12,720.46
Torrent Pharma GmbH	3,645.29	3,645.29	-	-	-	-	-	-	-	-	**3,645.29**	3,645.29
Torrent Do Brasil Ltda.	3,111.04	3,111.04	-	-	-	-	-	-	-	-	**3,111.04**	3,111.04
Laboratorios Torrent S.A. de C.V	2,799.26	2,577.08	-	-	-	-	-	-	-	-	**2,799.26**	2,577.08
Zao Torrent Pharma	2,308.49	2,308.49	-	-	-	-	-	-	-	-	**2,308.49**	2,308.49
Others	1,716.38	1,078.56	-	-	-	-	-	-	-	-	**1,716.38**	1,078.56
Investments In partnership firm	-	-	16,808.02	18,041.53	-	-	-	-	-	-	**16,808.02**	18,041.53
Torrent Pharmaceuticals (Sikkim)	-	-	8,472.56	12,113.06	-	-	-	-	-	-	**8,472.56**	12,113.06
Torrent Pharmaceuticals (Dahej)	-	-	8,335.47	5,928.47	-	-	-	-	-	-	**8,335.47**	5,928.47
Share of profit/(loss) from partnership firm	-	-	7,297.67	-	-	-	-	-	-	-	**7,297.67**	-
Torrent Pharmaceuticals (Sikkim)	-	-	7,647.97	-	-	-	-	-	-	-	**7,647.97**	-
Torrent Pharmaceuticals (Dahej)	-	-	(350.31)	-	-	-	-	-	-	-	**(350.31)**	-
Provision diminution in value of investments	2,308.49	2,308.49	-	-	-	-	-	-	-	-	**2,308.49**	2,308.49
Provision diminution in value of investments	2,308.49	2,308.49	-	-	-	-	-	-	-	-	**2,308.49**	2,308.49
Trade and other payables	2,595.25	1,792.19	5,812.30	-	2.08	6.38	969.62	819.62	18.24	21.91	**9,397.49**	2,640.10
Laboratorios Torrent S.A. de C.V	-	1,131.98	-	-	-	-	-	-	-	-	**-**	1,131.98
Shri Samir Mehta, Executive Vice Chairman	-	-	-	-	-	-	669.62	569.62	-	-	**669.62**	569.62
Torrent Pharmaceuticals (Sikkim)	-	-	5,812.30	-	-	-	-	-	-	-	**5,812.30**	-
Others	2,595.25	660.21	-	-	2.08	6.38	300.00	250.00	18.24	21.91	**2,915.57**	938.50
Guarantees given	1,207.65	3,738.80	-	-	-	-	-	-	-	-	**1,207.65**	3,738.80
Torrent Pharma GmbH (0.27 Mn. Euro) Previous year (4.5 Mn. Euro)	184.52	2,845.80	-	-	-	-	-	-	-	-	**184.52**	2,845.80
Zao Torrent Pharma (2 Mn. USD) Previous year (2 Mn. USD)	1,023.13	893.00	-	-	-	-	-	-	-	-	**1,023.13**	893.00

(b) Names of related parties and description of relationship :

<table>
<tr><td>1</td><td>Subsidiaries and step down subsidiaries</td><td colspan="3">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., Laborotrios Torrent SA de CV, Heunet Pharma Gmbh., Norispharma Gmbh, Torrent Pharma Canada Inc., Torrent Pharma (Thailand) Co. Ltd., Torrent Pharma (UK) Ltd., Torrent Pharma S.R.L., Laboratories Torrent (Malaysia) Sdn. Bhd.</td></tr>
<tr><td>2</td><td>Enterprises controlled by the Company</td><td colspan="3">TPL Employee Group Gratuity Trust, TPL Employee Superannuation Trust, Torrent Pharamaceuticals (Sikkim), Torrent Pharmaceuticals (Dahej)</td></tr>
<tr><td>3</td><td>Holding Company / Enterprises controlled by the holding Company</td><td colspan="3">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</td></tr>
<tr><td>4</td><td>Key management personnel</td><td>Shri Sudhir Mehta
Chairman</td><td>Shri Samir Mehta
Executive Vice Chairman</td><td>Dr. Chaitanya Dutt
Director (Research & Development)</td></tr>
<tr><td>5</td><td>Relatives of key management personnel</td><td>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</td><td>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</td><td>Smt. Shobha Dutt, wife
Shri Umang Dutt, son
Shri Uttang Dutt, son</td></tr>
<tr><td>6</td><td>Enterprises controlled by key management personnel / Relatives of key management personnel</td><td colspan="3">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</td></tr>
</table>

In terms of our report attached

Signatures to notes forming part of Financial Statements 1 to 45

For DELOITTE HASKINS & SELLS
Chartered Accountants

Sudhir Mehta
Chairman

Samir Mehta
Executive Vice Chairman

Gaurav J. Shah
Partner

R. Srinivasan
VP (Finance) & Chief Financial Officer

Mahesh Agrawal
VP (Legal) & Company Secretary

Gangtok, Sikkim
18th May, 2012

Gangtok, Sikkim
18th May, 2012

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.

GLOBAL PHARMACEUTICALS MARKET

The world pharmaceutical market for 2011 was around USD 900 billion registering a growth of around 4-5%. Average revenue growth in established markets was around 3% while that in emerging markets was around 12%. The top five pharmaceutical markets in the world remained the US, Japan, Germany, France and China with the US representing 38.1% of global prescription pharmaceutical sales.

For 2012, the estimated value of Pharmaceutical market is USD 920-950 billion giving an expected growth rate of around 3-5%. The largest Pharmaceutical market US, is expected to be in the range of USD310 -345 billion with a growth rate of 1-4%. European markets are expected to grow at a CAGR of 0-3% till 2015 to achieve sales in the range of USD 140-170 billion. Sales in Pharmerging markets is expected to grow at an impressive CAGR of 13-16% to reach a size in the range of USD 315-345 billion by 2015. 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. Collectively these markets account for close to around 30-35% of the global growth. 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.

Generic segment contributed around 30% of the world pharmaceuticals market and is expected to reach 40% of the total global pharma spending by 2015 growing with a CAGR of 13% compared with a 1% CAGR in the patented branded market.This trend is visible not only in developing markets but also in developed markets. Global generics market continues to present a positive outlook and growth opportunities based on i) increasing health cost burden in developed economies compelling governments to encourage genericisation ii) approximately USD 156 billion drugs to lose patent protections between 2010-2019 iii) rising income levels and improving healthcare coverage in the emerging economies to provide significant growth opportunities. 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 costs and sound marketing reach and capabilities built over a period of time. Blockbuster drugs going off patent continue to offer significant opportunity.

Global spending on medicines is expected to reach USD 1.1 trillion by 2015 reflecting growth of 3-6% over the three year period compared to 6.2% annual growth over the past five years. Absolute global spending growth is expected to be USD 210-240 billion, compared to USD 251 billion since 2005.

The share of U.S. and top 5 European countries global spending is expected to decline from 41% in 2005 to 31% in 2015, and from 20% to 13% over the same period respectively accounting for 44% of spend on medicines compared to 61% in 2005 .

Global growth is expected to accelerate on the back of robust growth coming in from, 17 high growth emerging markets led by China, India, Russia, Brazil, Turkey,Venezuela, Poland, Argentina, Mexico, Vietnam, South Africa, Thailand, Indonesia, Romania, Egypt, Pakistan and Ukraine (known as Pharmerging markets), which are expected to contribute 28% of total spending by 2015, up from only 12% in 2005. This shift will be accompained by accelerating drift in spending toward generics, rising to 39% of spending in 2015, up from 20% in 2005 on account of large patent cliff's coming across globe.

INDIAN PHARMACEUTICALS MARKET

India ranks 10th globally in terms of value and 3rd in terms of volumes. Indian pharmaceutical market is dominated majorly by branded generics constituting nearly 70% to 80% (Source: IMS India Pharma Report) of market. Indian formulations market is currently valued at ₹ 555 billion and has grown at a CAGR of 15% (Source: ORG - IMS) over last 5 years.

Growing population, improving medical infrastructure, rising income levels, increasing health insurance coverage and increasing government spend on healthcare are driving the market growth. Indian market is witnessing gradual transition from acute diseases to lifestyle diseases and chronic therapies like Cardiology, Neurology, Psychiatry 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.

Indian Pharma market is also witnessing shift of focus from Metro's and Tier I cities to rural areas. Currently Metro's and Tier I cities contribute majority to Indian formulations market which is growing at 15% p.a. Higher penetration, increasing per capita income and increased focus of Pharma companies into rural and Tier II to Tier VI markets is expected to out pace growth of these geographies compared to Metros and Tier I cities.

Over the coming years, patent laws will provide an impetus to the launch of patent protected products. The market for patented products is likely to be concentrated in therapeutic segments like Neuro-Psychiatry, Oncology, Anti-Infective, Gastro-Intestinal, and Cardiovascular. Such products have the potential to capture 10% of the overall market in the coming years.

India is one of the largest branded generic markets across globe primarily because of high influence of physicians in the country. This picture is distinctly different from other larger generics markets like US with balance of power entirely in favour of the trade.

Outlook for generics in India looks positive due to several factors The current pipeline of the generics 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. Generics players continue to have a wide range of options for new generics launches from the basket of pre 1995 products.

Currently, the prices of 74 drugs are controlled as per the mandate issued by the Drug Price Control Order, 1995 (DPCO). Currently 10% of company's revenues are from products covered by DPCO.

Given the above developments, companies need to focus on 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 operations (comprising sales outside India of branded and unbranded-generic pharmaceutical formulations) and Contract manufacturing. Company's current international operations mainly include Brazil & Latin America, Europe, Russia & CIS countries, North America and Rest of the World comprising, inter alia, of less regulated markets of Africa and Asia.

During the financial year 2011-12, the Company reported revenues of ₹ 2696 crores, a growth of 23% compared with ₹ 2198 crores in the previous financial year.

The breakup of Revenues under key segments is under:

(₹ Crores)

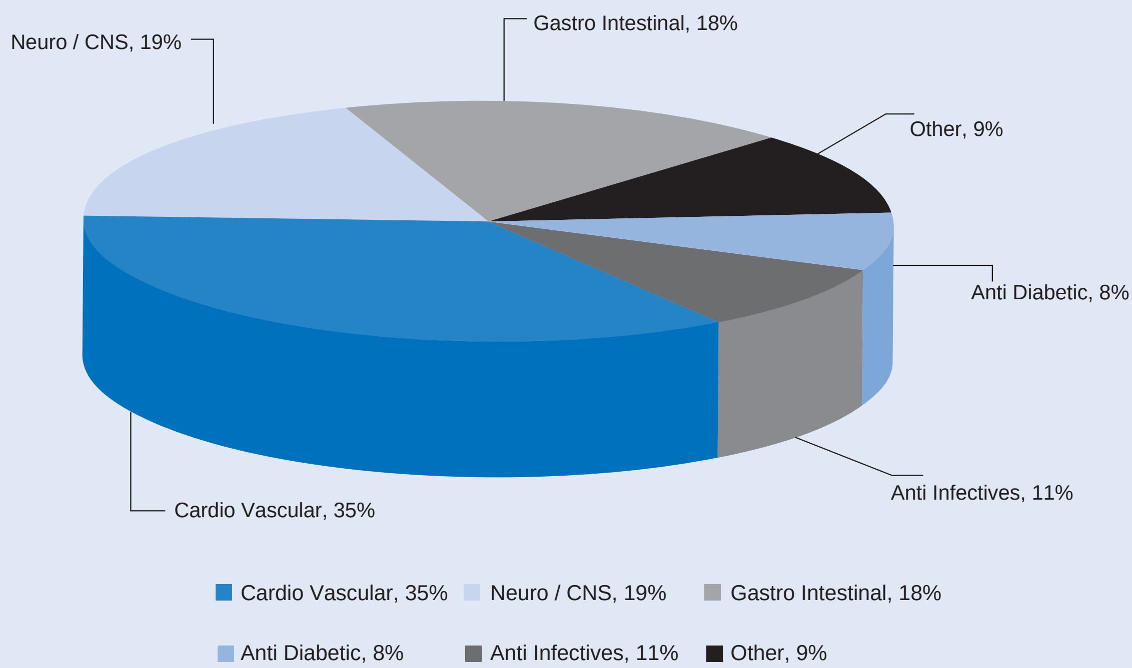
Segment	2011-12		2010-11		Growth
	Amount	Share	Amount	Share	%
India formulations (net of excise duty)	912	34%	838	38%	9%
International Operations	1477	55%	1110	51%	33%
Contract Manufacturing	291	11%	237	11%	23%
Others	16	0%	13	0%	23%
Total	**2696**	**100%**	**2198**	**100%**	**23%**

INDIA FORMULATION BUSINESS

The India formulations segment registered growth of 9% over the previous year with lower sales growth in acute therapies mainly impacted by competitive pressures and overall industry slow down in acute therapies.

During the year the company continued with its efforts and strategic initiatives towards improving its market share through portfolio expansion, new product introductions, increase in geography coverage and developing differentiated products. The company has moved to expand its therapeutic reach by entering into Oncology - Cytotoxic market having a market size of ₹ 870 crores and growing at 17%. The company has also created new division in acute therapy to bring appropriate focus on products and specialties.

The Therapeutic area wise breakup of branded formulation sales in India is as given below:



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 6 brands in top 300 brands and 39 brands in leadership position in their respective molecule 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 sound marketing reach and 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 20% in the revenues from International operations which now accounts for more than 55% of the total revenues.

1. Brazilian Branded Formulation

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 17 billion The market is growing at a 5 year CAGR of 16% wherein 40% of the market is being controlled by Innovators. (Source: IMS). Torrent is one of the leading Indian branded generic players in Brazilian market covering a market of USD 2.50 billion (Source: IMS) enjoying a market share of 6% in the covered market. During the year, the Brazilian operations registered revenues of ₹ 477 crores with a growth of 34%. Growth in Reai terms is 26%. The covered market growing at 26% is indicative of the growth potential out of the existing portfolio. The Company has 15 products under approval and 5 products are expected to be approved during the coming year. The Company has a basket of 32 products with 12 products in the Cardio Vascular (CV) segment, 12 products in the Central Nervous System (CNS) segment and 8 products in the Oral Anti Diabetic segment. The Company also has a strong pipeline of 41 products in the above therapies to augment future growth.

2. US

The US is the largest pharmaceutical markets in the world (USD 300 billion). Driven by factors, such as large healthcare spending, high per-capita income, and strong investments, the pharmaceutical market in the US has been witnessing an upward surge. Despite the dull economic outlook, the pharmaceutical market continued to grow at 5%. Generics (USD 68 billion) has also increased its share in the overall pharmaceutical market in terms of both revenue and prescriptions on the back of factors such as demand for cost-effective medications, patent expiration of blockbuster drugs and government support.

The Company has started to realize the benefits of its investments in the US market. Revenues from its US operations were ₹ 216 crores during the financial year 2011-12 as compared with ₹ 114 crores during the previous financial year. Although Torrent was a late entrant in the US generics market, it has been successful in building a decent market share in existing products. Torrent is the largest supplier of Citalopram and second largest supplier of Zolpidem in the US market. The company received 12 ANDA approvals in 2011-12. In the future it plans to launch 8 to 10 products every year. The Company has 37 ANDA approvals, and its pipeline consists of 29 pending approvals and 16 products under development. The US business is expected to contribute to the growth of international business in a significant way.

3. Germany

German pharmaceutical market is the largest generic market in Europe with generic market size of USD 6.8 billion with a growth of 3-5%.

Revenues from our Germany operations (Heumann) grew by 16%(constant currency growth of 11%) at ₹ 349 crores during the financial year 2011-12, as compared with ₹ 302 crores during previous year. Heumann was successful in obtaining tender awards announced by various health insurance funds during the year which constituted 55% of total sales. During the year the company launched 11 new products.

12 new products are proposed to be launched in the coming year. Heumann growth plans include filling portfolio gaps in the existing therapies and expanding into new therapy areas. Focus of the company is to successfully service the increased demand from the tender business, garner incremental share in the market by aggressively bidding for upcoming tenders and launch of new products.

4. **Other Markets**

Dossier out-licensing and product supply business (Europe) continues to provide growth momentum in international business, registering growth of 23%, with revenues of ₹ 182 crores during the financial year 2011-12 as compared with ₹ 148 crores during the previous financial year. In Euro terms, the revenue grew by 16%. The company has a strong pipeline for launch in the coming years. Rest of World segment registered growth of 16% with revenues of ₹ 157 crores during the financial year 2011-12, as compared with ₹ 135 crores during the previous financial year.

5. **Opportunities and Outlook**

Mexico: The Company had identified Mexico as a promising market offering potential for branded generic business and having a market size of USD 9.8 billion growing at 5%**.** The company commenced operations in branded generic market with 6 molecules in the neuro-psychiatry segment. The company has till now filed for 34 product registration and has received registrations for a total of 13 products, with 6 in neuro-psychiatry and 7 in the Cardiovascular segment.

Thailand: 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% 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. The Company plans to complete registration filings for 15 products from the selected portfolio of molecules in Cardiovascular, Neuro-Psychiatry and Anti-diabetic segment within the next financial year.

Advantages of excellent product development capabilities combined with low cost manufacturing of quality products provides Torrent with the required edge for establishing itself and harnessing the growth opportunity in the Thailand market.

CONTRACT MANUFACTURING BUSINESS

This segment registered revenues of ₹ 291 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.

Global innovator companies have shown increasing proclivity to outsource their supply needs by entering into contract manufacturing arrangements. Years of product development experience, cost effective manufacturing capabilities and providing stable partnering abilities has placed the company in a good position to take advantage of the significant opportunity offered by this emerging segment.

The company has entered into product out-licensing and supply contracts with 3 global pharma players to exploit its product portfolio developed for regulated/semi regulated markets. As part of these agreements, companies would source their product requirements and market them worldwide as part of their emerging market strategy. Supplies under these contracts are expected to commence soon with sales ramping up in 12-18 months' horizon.

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 has commenced building a new formulation and API manufacturing facility at Dahej SEZ in Gujarat. The Company has also undertaken a substantial expansion in its Effluent Management facility.

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 and cardiovascular disorders, ischemic diseases and neuropathic pain. The Company has cummulatively filed 450 patents for NCEs from these and earlier projects in all major markets of which, 211 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. The Company believes that its AGE Breaker Program has attractive development potential in the poorly served diabetic heart failure segment and other long-term complications arising out of AGE formation. The company has so far published four research papers in peer reviewed international journals describing various findings of the lead molecule.

During the financial year 2011-12, the company has completed Phase I clinical trial of its second NCE. The company intends to initiate further clinical studies in near future to ascertain safety and efficacy of the lead molecule. 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.

The company's published research papers in peer reviewed international journals and invited chapter in a book describing emerging therapeutic trends and various effects of the lead molecule have been well received.

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

The bio-equivalence 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.

Domestic Market:

Price control: The domestic market is subject to price control under DPCO, 1995. In the event Government reduces the prices of Company's products under DPCO or introduces price control on products currently not subject to such control, the profit margins could be significantly affected.

The Department of Pharmaceuticals has recently released the draft note on the National Pharmaceutical Pricing Policy (2011), which if accepted would replace the present Drug Policy introduced back in 1994. In its proposed form, the policy framework aims at widening the ambit of medicines under price control as it proposes to include all of the 348 essential drugs listed in the National List of Essential Medicines (NLEM) as compared to the 74 bulk drugs, which forms part of the present policy regime. It is estimated, that the new policy in its proposed form would bring approximately 60% of the domestic formulation industry under the pricing control compared to 20% earlier. This would affect the profit margins significantly. The Company manages its product portfolio so as to move away, reduce and minimize the product weightage of drugs under price control.

Intellectual Property Rights (IPR) regime: Patent laws in respect of pharmaceutical products have been changed effective 1st January 2005. This would mean that pharmaceutical products patented after 1st January 1995 can no longer be copied through process re-engineering. This has narrowed the choice of new products which the Company can introduce in the market. Indian market being price sensitive is less likely to see significant penetration of patented molecules. Generic versions of out-of-patent products will experience an extended life cycle.

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 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 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 analysis, improved management bandwidth, marketing alliances and corporate management oversight.

On supply side, for products made out of outsourced API, wherever the API supply is from a single supply source the Company carries the risk of probable supply disruption. The Company has a policy to actively develop alternate supply sources for key products subject to economic justification.

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 under utilization of capacities resulting in high manufacturing cost. The risks are sought to be mitigated by forming appropriate project management team and corporate management oversight.

Exchange 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.

HUMAN RESOURCES

The total employee strength of the Company at the end of financial year 2011-12 was 9150 against 9003 as at the end of financial year 2010-11, an increase of 147 employees. The field force increased by 353 from 4059 at the end of financial year 2010-11 to 4412 at the end of financial year 2011-12. The R&D centre had 784 employees (of which 642 were scientists) at the end of financial year 2011-12 compared with 907 (of which 773 were scientists) as at the end of financial year 2010-11, decrease of 123 employees. The worker strength at plant was 1283 at the end of financial year 2011-12 compared with 1354 at the end of financial year 2010-11. 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 stood at 2671 at the end of financial year 2011-12 compared to 2683 at the end of financial year 2010-11.

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 2011-12 COMPARED WITH FINANCIAL YEAR 2010-11

Summary Financial Information:

Particulars	2011-12		2010-11		% Increase / (Decrease)
	₹ Crores	% to Revenues	₹ Crores	% to Revenues	
Net Sales and Operating Income (Revenues)	2,696	100%	2,198	100%	23%
Gross Profit	**1,833**	**68%**	**1,501**	**68%**	**22%**
Selling, general and administrative expenses (SG&A)	1,181	**44%**	967	**44%**	22%
Research and Development spend	132	**5%**	138	**6%**	-5%
Forex Gain / (Loss)	-21	**-1%**	22	**1%**	
Operating profit before depreciation/ amortization, tax and interest	**499**	**19%**	**417**	**19%**	**20%**
Depreciation/Amortization	82	**3%**	63	**3%**	31%
Net Interest expense	-7	**0%**	13	**1%**	
Profit before tax (PBT)	**424**	**16%**	**342**	**16%**	**24%**
Exceptional items	-65				
Profit before tax (PBT)	**359**	**13%**	**342**	**16%**	**5%**
Income Tax	72	**3%**	72	**3%**	
Profit after Tax (PAT)	**286**	**11%**	**270**	**12%**	**6%**

Net Sales and other operating income

Consolidated net sales stood at ₹ 2594 crores compared with net sales of ₹ 2115 crores during the previous financial year, registering growth of 23%.

Other operating income was ₹ 102 crores compared with ₹ 83 crores in previous financial year, indicating an increase of 23%. Income includes ₹ 48 crores in financial year 2011-12 (₹ 23 crores booked in financial year 2010-11) from multi-product/market out licensing contracts. This along with increased export benefits were the major items contributing to the increase.

Operating Profit before depreciation/amortization,tax and interest (PBDIT)

SG&A expenses increased by 22% to ₹ 1181 crores as compared to ₹ 967 crores during the previous financial year. Significant spend was incurred in market development activities both in India and overseas market. Launch of Oncology division, investment support in gynecology division launched in previous year, increased marketing efforts in light of increase in competition activities were significant activities in Indian market. Investment in Greenfield projects were the significant activites in the overseas markets.

Despite the investments, the company has maintained its PBDIT margins at 19% in financial year 2011-12 compared to 19% in financial year 2010-11.

Research & Development expenses reduced by 5% to ₹ 132 crores, as compared to ₹ 138 crores during the previous financial year. Product development costs account for 76% (previous year 72%) and discovery research costs account for 24% (previous year 28%) of the total R&D cost.

Foreign exchange losses were ₹ 21 crores against exchange gains of ₹ 22 crores during the previous year.

Depreciation and amortization

Depreciation and amortization charge during the financial year 2011-12 was ₹ 82 crores as compared with ₹ 63 crore during the previous financial year. Depreciation to total sales and operating income ratio was 3.0% for financial year 2011-12 compared with 2.8% for financial year 2010-11 causing the PAT margin loss of 0.2%.

Net interest expense

Net Interest income (net of income from investments made in debt and money market instruments) were ₹ 7 crores compared with interest cost of ₹ 4 crores during the previous financial year.

Exceptional Items

During the financial year 2011-12, the company has adopted a revision in provisioning methodology for accounting sales returns. Exceptional items of ₹ 65 crores majorly relates to provision on account of non saleable returns due to shelf life expiry expected to flow in subsequent years.

Income Tax

The income tax charge for the financial year 2011-12 stood at ₹ 72 crores compared to ₹ 72 crores in financial year 2010-11. Average income tax rate as a percentage of profit before tax is 20% for the year 2011-12 as compared to 21% for the year 2010-11.

Net profit after taxes

The net profit after taxes for the financial year 2011-12 was ₹ 286 crores compared with ₹ 270 crores during the previous financial year, an increase of 6%. Adjusted for exceptional items (net of tax), the net profit after taxes growth is 24%.

Capital & Debt

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

Out of the divisible profits of ₹ 284 crores (previous year ₹ 270 crores), a sum of ₹ 191 crores (previous year ₹ 153 crores) was transferred to General Reserve Account. Dividend of ₹ 72 crores (₹ 8.50 per share) is proposed during the year (normal annual dividend of ₹ 6.00 per share as interim dividend already distributed and special dividend of ₹ 2.50 per share proposed as final dividend), previous year ₹ 68 crores (₹ 8.00 per share) was distributed. This represents an increase of ₹ 0.50 in dividend per share. This distribution (including tax thereon) is approximately 29% of profit after tax for the year (previous year 29%).

The net long-term borrowing decreased by ₹ 31 crores during the year to ₹ 441 crores at the end of FY 2011-12 from ₹ 472 crores at the end of FY 2010-11. Outstanding working capital loans as on 31-March-12 were ₹ 138 crores (previous year ₹ 100 crores). The total debt to net worth (including deferred tax liability) ratio as at the end of FY 2011-12 was 0.46 (previous year 0.41).

Fixed assets

The net investment in fixed assets during the year was ₹ 100 crores; comprising addition in gross assets, capital advances and capital work in progress of ₹ 174 crores reduced by increase in accumulated depreciation of ₹ 74 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.

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 decreased by ₹ 81 crores from ₹ 222 crores at the end of financial year 2010-11 to ₹ 141 crores at the end of financial year 2011-12. The primary reason for this decrease is due to substantial increase in accruals for health insurance contract in Germany. Adjusting for this, the number of days of net trade working capital has increased from 75 days in 2010-11 to 79 days in 2011-12.

The liquidity of the Company as reflected by cash and bank balances and current investments increased by ₹ 156 crores, from ₹ 605 crores at the end of financial year 2010-11 to ₹ 761 crores at the end of financial year 2011-12. The Company generated net cash of ₹ 507 crores from operations (after working capital changes) during financial year 2011-12 while it spent a net amount of ₹ 146 crores on investing activities such as aquisition of new fixed assets, long term investment. Net cash flow used in financing activities comprising dividend and interest paid and net debts repaid, was ₹ 192 crores during financial year 2011-12.

For and on behalf of the Board

Gangtok, Sikkim
18th May, 2012

Samir Mehta
Executive Vice Chairman

Consolidated Financial Statements 2011-12

AUDITORS' REPORT
TO THE BOARD OF DIRECTORS
TORRENT PHARMACEUTICALS LIMITED

1. We have audited the attached Consolidated Balance Sheet of **TORRENT PHARMACEUTICALS LIMITED** ("the Company"), and its subsidiaries (the Company and its subsidiaries constitute "the Group") as at 31st March, 2012, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement of the Group for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management and have been prepared on the basis of the separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. We did not audit the financial statements of fifteen subsidiary companies, namely, (1) Zao Torrent Pharma, (2) Torrent Pharma GmbH, (3) Heumann Pharma GmbH & Co. Generica KG, (4) Torrent Do Brasil Ltda., (5) Torrent Pharma Philippines, Inc., (6) Torrent Pharma Inc., (7) Laboratories Torrent (Malaysia) SDN. BHD., (8) Laboratories Torrent, S.A. de C.V, (9) Torrent Australasia Pty Ltd, (10) Heunet Pharma GmbH, (11) Norispharm GmbH, (12) Torrent Pharma Canada Inc., (13) Torrent Pharma (Thailand) Co., Ltd. (14) Torrent Pharma S.R.L., (15) Torrent Pharma (UK) Ltd whose financial statements reflect total assets of ₹ 87,194.86 lacs as at 31st March, 2012, total revenues of ₹ 1,14,434.28 lacs and net cash inflows amounting to ₹ 9,436.00 lacs 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 and our opinion in so far as it relates to the amounts included in respect of these subsidiaries is based solely on the reports of the other auditors.

4. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 (Consolidated Financial Statements), as notified under the Companies (Accounting Standards) Rules, 2006.

5. Based on our audit and on consideration of the separate audit reports on individual financial statements of the Company, its aforesaid subsidiaries and to the best of our information and according to the explanations given to us, in our opinion, the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:

   (i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2012;

   (ii) 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

   (iii) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Registration No. 117365W)

Gaurav J. Shah
Partner
Membership No. 35701

Gangtok, Sikkim
18th May, 2012

CONSOLIDATED BALANCE SHEET

(₹ in lacs)

	Notes	As at 31-Mar-2012	As at 31-Mar-2011
EQUITY AND LIABILITIES			
Shareholder's funds			
Share capital	4	**4,230.92**	4,230.92
Reserves and surplus	5	**115,150.74**	98,009.56
		119,381.66	102,240.48
Minority interest		**350.20**	160.09
Non-current liabilities			
Long-term borrowings	6	**32,205.54**	29,304.05
Deferred tax liabilities (net)	7	**7,708.71**	6,170.53
Other long-term liabilities	8	**379.50**	43.59
Long-term provisions	9	**11,045.05**	5,613.87
		51,338.80	41,132.04
Current liabilities			
Short-term borrowings	6	**13,812.25**	9,956.95
Trade payables		**86,346.65**	61,500.03
Other current liabilities	8	**29,099.86**	31,285.19
Short-term provisions	9	**7,025.24**	8,666.35
		136,284.00	111,408.52
TOTAL		**307,354.66**	254,941.13
ASSETS			
Non-current assets			
Fixed assets	10		
Tangible assets		**77,299.85**	61,519.30
Intangible assets		**2,387.40**	2,035.48
Capital work-in-progress		**11,877.23**	17,987.89
		91,564.48	81,542.67
Non-current investments	11	**3,752.38**	1,999.92
Deferred tax assets (net)	7	**2,565.45**	1,371.96
Long-term loans and advances	12	**6,137.00**	5,950.88
Other non-current assets	13	**4,624.79**	4,633.83
		108,644.10	95,499.26
Current assets			
Current investments	11	**8,651.59**	12,598.78
Inventories	14	**53,155.20**	50,483.06
Trade receivables	15	**52,280.02**	34,039.63
Cash and cash equivalents	16	**67,428.06**	47,880.28
Short-term loans and advances	12	**5,646.06**	4,927.60
Other current assets	13	**11,549.63**	9,512.52
		198,710.56	159,441.87
TOTAL		**307,354.66**	254,941.13
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

Gaurav J. Shah
Partner

R. Srinivasan
VP (Finance) & Chief Financial Officer

Mahesh Agrawal
VP (Legal) & Company Secretary

Gangtok, Sikkim
18th May, 2012

Gangtok, Sikkim
18th May, 2012

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(₹ in lacs)

	Notes	Year ended 31-Mar-2012	Year ended 31-Mar-2011
REVENUE			
Revenue from operations			
Sales		**259,920.89**	211,800.52
Less : Excise duties	29	**479.83**	326.41
Net sales		**259,441.06**	211,474.11
Operating income		**10,150.82**	8,305.15
Revenue from operations (net)	17	**269,591.88**	219,779.26
Other income	18	**4,451.53**	5,623.39
Total Revenue		**274,043.41**	225,402.65
EXPENSES			
Cost of materials consumed	19	**65,118.12**	58,469.42
Purchases of stock-in-trade		**21,533.95**	23,810.68
Changes in inventories of finished goods, work-in-progress and stock-in-trade	20	**(339.74)**	(12,627.09)
Employee benefits expense	21	**53,372.20**	44,043.95
Finance costs	22	**3,945.43**	3,912.64
Depreciation and amortization expense		**8,172.90**	6,255.84
Other expenses	23	**79,842.99**	67,303.72
Total Expenses		**231,645.85**	191,169.16
PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX		**42,397.56**	34,233.49
Exceptional items	24	**6,536.38**	-
PROFIT BEFORE TAX		**35,861.18**	34,233.49
TAX EXPENSE			
Current tax		**6,897.81**	7,507.81
Deferred tax charge / (credit)		**403.95**	(151.85)
(Excess) / short provision for tax of earlier years		**(70.25)**	(139.01)
		7,231.51	7,216.95
NET PROFIT FOR THE YEAR BEFORE MINORITY INTEREST		**28,629.67**	27,016.54
Minority interest		**226.12**	(0.41)
NET PROFIT FOR THE YEAR AFTER MINORITY INTEREST		**28,403.55**	27,016.95
Earnings per share [Nominal value per equity share of ₹ 5]			
Basic	25	**33.57**	31.93
Diluted	25	**33.57**	31.93
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

Gaurav J. Shah
Partner

R. Srinivasan
VP (Finance) & Chief Financial Officer

Mahesh Agrawal
VP (Legal) & Company Secretary

Gangtok, Sikkim
18th May, 2012

Gangtok, Sikkim
18th May, 2012

CONSOLIDATED CASH FLOW STATEMENT

(₹ in lacs)

		Year ended 31-Mar-2012	Year ended 31-Mar-2011
A	**CASH FLOW FROM OPERATING ACTIVITIES :**		
	PROFIT BEFORE TAX	**35,861.18**	34,233.49
	Adjustments for :		
	Depreciation, amortization and impairment	**8,172.90**	6,255.84
	Allowance for doubtful debts	**(18.31)**	513.09
	Bad debts written-off	**2.95**	46.28
	Allowance / (reversal) for doubtful claim receivables	**-**	(142.43)
	Foreign exchange loss on borrowings	**188.51**	245.96
	Loss on sale / discard / write-off of fixed assets	**156.52**	99.73
	(Reversal) / provision on asset held for sale	**(3.41)**	3.44
	(Profit) on sale of current investments	**(1,135.87)**	(786.74)
	Finance cost	**3,945.43**	3,912.64
	Interest income	**(3,283.00)**	(2,659.38)
	Government grant	**(62.87)**	(8.93)
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	**43,824.03**	41,712.99
	Adjustments for changes in working capital :		
	Trade receivables, loans & advances and other assets	**(18,773.43)**	(8,003.90)
	Inventories	**(2,672.14)**	(18,120.13)
	Trade payables, liabilities and provisions	**36,624.56**	32,312.17
	CASH GENERATED FROM OPERATIONS	**59,003.02**	47,901.13
	Direct taxes paid	**(8,269.39)**	(8,399.87)
	NET CASH FROM OPERATING ACTIVITIES	**50,733.63**	39,501.26
B	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of fixed assets	**(17,025.51)**	(26,497.69)
	Proceeds from fixed assets sold	**113.74**	189.95
	Purchase of long-term trade investments	**(1,752.46)**	(95.33)
	Profit on sale of current investments	**1,135.87**	786.74
	Interest received	**2,935.12**	2,356.57
	NET CASH USED IN INVESTING ACTIVITIES	**(14,593.24)**	(23,259.76)
C	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Proceeds from long-term borrowings	**10,662.47**	9,009.75
	Repayment of long-term borrowings	**(16,333.41)**	(4,383.42)
	Net proceeds / (repayment) of short-term borrowings	**3,167.56**	(2,770.99)
	Net capital financed to / by minority partners	**(36.01)**	160.50
	Government grant	**62.87**	8.93
	Dividend paid	**(13,732.88)**	(5,911.65)
	Finance cost paid	**(2,989.12)**	(2,874.35)
	NET CASH USED IN FINANCING ACTIVITIES	**(19,198.52)**	(6,761.23)
	NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	**16,941.87**	9,480.27
	Effect of exchange rate changes on foreign currency cash and cash equivalents	**(1,341.28)**	(46.70)
	CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**60,479.06**	51,045.49
	CASH AND CASH EQUIVALENTS AT END OF YEAR	**76,079.65**	60,479.06
	Note: Cash and cash equivalents as at end of the year		
	Cash and cash equivalents as per Note - 16	**67,428.06**	47,880.28
	Current investments as per Note - 11	**8,651.59**	12,598.78
		76,079.65	60,479.06

In terms of our report attached

Signatures to the Consolidated Cash Flow Statement

For DELOITTE HASKINS & SELLS
Chartered Accountants

Sudhir Mehta
Chairman

Samir Mehta
Executive Vice Chairman

Gaurav J. Shah
Partner

R. Srinivasan
VP (Finance) & Chief Financial Officer

Mahesh Agrawal
VP (Legal) & Company Secretary

Gangtok, Sikkim
18th May, 2012

Gangtok, Sikkim
18th May, 2012

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 entities (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., Ltd.	Thailand
Torrent Pharma S.R.L.	Romania
Torrent Pharma (UK) Ltd	United Kingdom
Laboratories 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 Firms [having 97% proportion of ownership interest]	
Torrent Pharmaceuticals (Sikkim)	India
Torrent Pharmaceuticals (Dahej)	India

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 accrual basis of accounting and in accordance with the Generally Accepted Accounting Principles (GAAP) in India. GAAP includes Accounting Standards (AS) notified by the 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. The Company has presented financial statements as per format prescribed in 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.

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 materialize.

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 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 includes 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 on straightline method on the basis of the depreciation rates prescribed under the respective domestic laws or based on useful life of the asset as estimated by the management, whichever is higher.

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

Product license	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 or net realizable value.

2.5. Investments

(a) Long-term investments are stated 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 under 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 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.

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 duties 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 right to receive dividend is established.

(g) Interest income is recognized using the time-proportion 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. Employee 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 statement of profit and loss as and when it is incurred as employee's costs.

(b) Defined benefit plan:

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

(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 and other costs that the Group incurs 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 on straightline 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 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.

(d) 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.

(e) 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. 1st April, 2011 to the extent they do not conflict with existing mandatory accounting standards and other authoritative pronouncements, Company law and other regulatory requirements. These transactions comprise of forward contracts taken to hedge risks associated with foreign currency fluctuations relating to highly probable forecast transactions and designated as cash flow hedges and valued at fair value. Changes in the fair value of these forward contracts that are effective hedges are recognized directly in cash flow hedge reserve account and the ineffective portion is recognized in the statement of profit and loss.

Amount accumulated in cash flow hedge reserve account is reclassified to the statement of profit and loss in the same period during which the forecasted transaction materialize. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting.

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

2.16. 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.

2.17 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. Liabilities which are of 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.

NOTE - 3 CHANGE IN ACCOUNTING POLICY

With effect from 1st April, 2011, the Company has adopted AS 30 "Financial Instruments: Recognition and Measurement" with respect to accounting for derivatives, to the extent adoption does not conflict with existing mandatory accounting standards and other authoritative pronouncements, Company Law and other regulatory requirements. This adoption has resulted in change in accounting policy followed by the Company in respect of derivatives. As per requirement of the transitional provisions in AS 30, ₹ 128.73 lacs, being the difference between the carrying value and fair value of the derivatives, as on 1st April, 2011 has been credited to the general reserve account. Further, consequent to this, net foreign exchange loss is lower by ₹ 1,661.78 lacs and net profit after tax is higher by ₹ 1,329.26. lacs.

	Notes	As at 31-Mar-2012	As at 31-Mar-2011
			(₹ in lacs)
NOTE - 4 : SHARE CAPITAL			
Authorised			
150,000,000 (previous year 150,000,000) equity shares of ₹ 5 each		**7,500.00**	7,500.00
2,500,000 (previous year 2,500,000) preference shares of ₹ 100 each		**2,500.00**	2,500.00
		10,000.00	10,000.00
Issued and subscribed			
84,625,360 (previous year 84,625,360) equity shares of ₹ 5 each		**4,231.27**	4,231.27
Paid-up			
84,611,360 (previous year 84,611,360) equity shares of ₹ 5 each		**4,230.57**	4,230.57
		4,230.57	4,230.57
Forfeited shares			
Amount originally paid up on 14,000 (previous year 14,000) equity shares of ₹ 5 each forfeited		**0.35**	0.35
		4,230.92	4,230.92

Note: 43,057,736 (previous year 43,057,736) equity shares of ₹ 5 each are held by the holding Company, Torrent Private Limited.

	Notes	As at 31-Mar-2012	As at 31-Mar-2011
NOTE - 5 : RESERVES AND SURPLUS			
Capital reserve		**626.54**	626.54
Capital redemption reserve		**384.71**	384.71
Securities premium account		**4,279.88**	4,279.88
Cash flow hedge reserve			
Balance as per last balance sheet		**-**	-
Add : Adjustment during the year		**(1,750.40)**	-
		(1,750.40)	-
General reserve			
Balance as per last balance sheet		**76,608.99**	61,308.99
Add : Transitional provision on adoption of AS 30	3	**128.73**	-
Add : Transfer from statement of profit and loss		**19,100.00**	15,300.00
		95,837.72	76,608.99
Foreign currency translation reserve			
Balance as per last balance sheet		**355.38**	362.70
Add : Foreign currency translation reserve for the year		**(1,282.02)**	(7.32)
		(926.64)	355.38
Balance in statement of profit and loss			
Balance as per last balance sheet		**15,754.06**	11,904.11
Add : Net profit for the current year		**28,403.55**	27,016.95
Less: Appropriations			
Interim dividend [₹ 6.00 per share (previous year ₹ Nil)]		**5,076.68**	-
Proposed dividend [₹ 2.50 per share (previous year ₹ 8.00)]		**2,115.28**	6,768.91
Tax on distributed profits		**1,166.72**	1,098.09
Transfer to general reserve		**19,100.00**	15,300.00
Balance in statement of profit and loss		**16,698.93**	15,754.06
		115,150.74	98,009.56

(₹ in lacs)

	Notes	As at 31-Mar-2012	As at 31-Mar-2011
NOTE - 6 : BORROWINGS			
Long-term borrowings, non-current portion			
Secured term loans			
from banks [Note: (i)(a)]		**22,383.47**	17,059.16
Unsecured term loans			
from banks		**8,413.90**	10,920.68
from others		**1,408.17**	1,324.21
		9,822.07	12,244.89
		32,205.54	29,304.05
Long-term borrowings, current portion			
Secured term loans			
from banks [Note: (i)(a)]		**7,481.60**	14,530.46
from others		**-**	3,220.00
		7,481.60	17,750.46
Unsecured term loans			
from banks		**4,206.95**	-
from others		**167.51**	194.00
		4,374.46	194.00
		11,856.06	17,944.46
Short-term borrowings			
Secured loans from banks [Note: (i)(b)]		**7,417.69**	8,037.00
Unsecured loans from banks		**6,394.56**	1,919.95
		13,812.25	9,956.95
		57,873.85	57,205.46

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, on pari passu basis.

(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 term loans are as under:

(₹ in lacs)

Financial year	Secured	Unsecured
2012-13	7,481.60	4,374.46
2013-14	7,481.60	4,473.81
2014-15	8,080.66	4,473.81
2015-16	3,410.09	266.86
2016-17	3,411.12	266.86
2017-18	-	198.54
2018-19 to 2020-21	-	47.40
Total	**29,865.07**	**14,196.53**

	Notes	As at 31-Mar-2012	As at 31-Mar-2011
			(₹ in lacs)
NOTE - 7 : DEFERRED TAX			
Deferred tax liabilities			
Excess of depreciation claimed under the income tax law over that debited to statement of profit and loss in the earlier years		**7,739.48**	7,566.45
Unrealized foreign exchange gain		**52.49**	53.39
		7,791.97	7,619.84
Deferred tax assets			
Provision for expenses		**(317.75)**	(70.59)
Provision for employee benefits		**(1,321.38)**	(1,175.84)
Provision for doubtful debts		**(309.09)**	(546.71)
Provision for doubtful claim receivables		**(0.50)**	(0.50)
Provision for goods dispatched but not delivered		**-**	(635.42)
Provision for impairment of inventories		**(680.37)**	(237.38)
Unrealized foreign exchange loss		**(12.99)**	(61.27)
Tax losses of subsidiaries		**(6.63)**	(93.56)
		(2,648.71)	(2,821.27)
Deferred tax liabilities (net)		**5,143.26**	4,798.57
The net deferred tax liabilities has been presented in balance sheet as follows:			
Deferred tax liabilities		**7,708.71**	6,170.53
Deferred tax assets		**(2,565.45)**	(1,371.96)
		5,143.26	4,798.57
NOTE - 8 : OTHER LIABILITIES			
Long-term liabilities			
Trade advances and deposits		**8.90**	4.40
Derivative financial instruments		**35.70**	27.24
Other payables		**334.90**	11.95
		379.50	43.59
Current liabilities			
Current maturities of long-term debt	6	**11,856.06**	17,944.46
Interest accrued but not due on borrowings		**212.23**	188.93
Book overdraft		**1,155.55**	1,769.45
Unclaimed dividend (not due)		**88.98**	54.62
Trade advances and deposits		**2,193.59**	1,104.89
Payables to statutory and other authorities		**2,412.01**	1,756.68
Derivative financial instruments		**4,411.69**	1,375.87
Other payables		**6,769.75**	7,090.29
		29,099.86	31,285.19
		29,479.36	31,328.78

(₹ in lacs)

	Notes	As at 31-Mar-2012	As at 31-Mar-2011
NOTE - 9 : PROVISIONS			
Long-term provisions			
Provision for employee benefits			
Gratuity	30	**338.11**	25.95
Pension	30	**4,281.32**	3,389.29
Leave benefits		**2,689.76**	2,101.34
		7,309.19	5,516.58
Provision for sales returns	31	**3,160.67**	-
Provision for expenses	31	**575.19**	97.29
		11,045.05	5,613.87
Short-term provisions			
Provision for employee benefits			
Gratuity	30	**1.58**	5.97
Pension	30	**105.24**	80.60
Leave benefits		**498.04**	557.50
Employee compensation plan		**2.58**	27.12
		607.44	671.19
Provision for sales returns	31	**3,790.06**	-
Proposed dividend		**2,115.28**	6,768.91
Tax on distributed profits		**343.15**	1,098.09
Provision for taxation, net of advance tax		**169.31**	128.16
		7,025.24	8,666.35
		18,070.29	14,280.22

NOTE - 10 : FIXED ASSETS

(₹ in lacs)

Particulars	Gross block (at cost)						Depreciation, amortization and impairment						Net block	
	As at 1-Apr-2011	Additions during the year	Deductions/ Adjustments during the year	As at 31-Mar-2012	Foreign Exchange Translation	As at 31-Mar-2012	As at 1-Apr-2011	Additions during the year	Deductions/ Adjustments during the year	As at 31-Mar-2012	Foreign Exchange Translation	As at 31 Mar-2012	As at 31-Mar-2012	As at 31-Mar-2011
TANGIBLES														
Land	12,039.66	468.65	-	12,508.31	-	**12,508.31**	7.05	74.62	-	81.67	-	**81.67**	**12,426.64**	12,032.61
Freehold	7,567.71	468.65	-	8,036.36	-	**8,036.36**	-	-	-	-	-	**-**	**8,036.36**	7,567.71
Leasehold	4,471.95	-	-	4,471.95	-	**4,471.95**	7.05	74.62	-	81.67	-	**81.67**	**4,390.28**	4,464.90
Building	22,357.16	6,050.24	-	28,407.40	9.10	**28,416.50**	4,557.74	798.88	-	5,356.62	3.75	**5,360.37**	**23,056.13**	17,799.42
Plant & equipment	40,459.54	14,170.89	802.88	53,827.55	26.61	**53,854.16**	16,353.73	5,006.67	667.55	20,692.85	9.02	**20,701.87**	**33,152.29**	24,105.81
Furniture & fixtures	3,389.11	258.79	109.67	3,538.23	19.50	**3,557.73**	1,780.75	298.46	100.49	1,978.72	12.05	**1,990.77**	**1,566.96**	1,608.36
Vehicles	1,784.83	228.13	231.58	1,781.38	3.51	**1,784.89**	584.29	178.49	131.58	631.20	1.73	**632.93**	**1,151.96**	1,200.54
Office equipment	4,265.34	797.50	172.81	4,890.03	24.49	**4,914.52**	3,167.51	524.60	153.56	3,538.55	16.07	**3,554.62**	**1,359.90**	1,097.83
Electrical equipment	6,597.93	1,468.85	27.82	8,038.96	0.13	**8,039.09**	2,923.20	551.21	21.32	3,453.09	0.03	**3,453.12**	**4,585.97**	3,674.73
(A)	90,893.57	23,443.05	1,344.76	112,991.86	83.34	**113,075.20**	29,374.27	7,432.93	1,074.50	35,732.70	42.65	**35,775.35**	**77,299.85**	61,519.30
Previous year	76,929.63	14,876.14	986.82	90,818.95	74.62	90,893.57	24,320.63	5,735.89	723.24	29,333.28	40.99	29,374.27	61,519.30	
INTANGIBLES														
Computer software	2,125.00	564.26	-	2,689.26	26.41	**2,715.67**	1,380.90	385.23	-	1,766.13	20.06	**1,786.19**	**929.48**	744.10
Product licenses	3,409.64	420.47	-	3,830.11	288.94	**4,119.05**	2,118.26	360.08	-	2,478.34	182.79	**2,661.13**	**1,457.92**	1,291.38
(B)	5,534.64	984.73	-	6,519.37	315.35	**6,834.72**	3,499.16	745.31	-	4,244.47	202.85	**4,447.32**	**2,387.40**	2,035.48
Previous year	4,364.39	1,008.51	-	5,372.90	161.74	5,534.64	2,858.46	538.43	-	3,396.89	102.27	3,499.16	2,035.48	
Current year (A+B)	**96,428.21**	**24,427.78**	**1,344.76**	**119,511.23**	**398.69**	**119,909.92**	**32,873.43**	**8,178.24**	**1,074.50**	**39,977.17**	**245.50**	**40,222.67**	**79,687.25**	**63,554.78**
Previous year	81,294.02	15,884.65	986.82	96,191.85	236.36	96,428.21	27,179.09	6,274.32	723.24	32,730.17	143.26	32,873.43	63,554.78	

Notes:

(i) Foreign exchange translation represents foreign exchange diffrence arising due to translation of all foreign subsidiaries fixed assets at closing exchange rate.

(ii) Freehold land includes pro-rata cost of land amounting to ₹ 2,379.06 lacs (previous year ₹ 2,379.06 lacs) owned jointly in equal proportion with Torrent Power Limited, a Company under same management

(iii) Depreciation, amortization and impairment includes ₹ 4.42 lacs (previous year ₹ 18.48 lacs) transferred to capital work-in-progress as pre-operative expenses

	Notes	As at 31-Mar-2012	(₹ in lacs) As at 31-Mar-2011
NOTE - 11 : INVESTMENTS	No. of Units		
Non-current investments [valued at cost]			
Trade investments, unquoted			
York Pharma Plc. - fully paid up equity shares of United Kingdom's Sterling 0.05 each	63056	**155.60**	155.60
Less: Provision for diminution in value		**155.60**	155.60
		-	-
GPC Cayman Investors I Ltd. - fully paid up equity shares of USD 10 each	820601 [463301]	**3,749.28**	1,996.82
Shivalik Solid Waste Limited - fully paid up equity shares of ₹ 10 each	20000	**2.00**	2.00
		3,751.28	1,998.82
Non-trade investments, unquoted			
National savings certificates		**1.10**	1.10
		1.10	1.10
		3,752.38	1,999.92
Current investments [valued at lower of cost and fair value]			
Mutual funds [Note ii]		**3,951.59**	12,598.78
Corporate deposit with HDFC Limited		**4,700.00**	-
		8,651.59	12,598.78
Aggregate unquoted investments		**12,403.97**	14,598.70
Notes :			
(i) Aggregate provision for diminution in value of investments		**155.60**	155.60
(ii) Aggregate NAV of investment in mutual funds		**3,961.52**	12,664.12
NOTE - 12 : LOANS AND ADVANCES			
[Unsecured and considered good, unless otherwise stated]			
Non-current loans and advances			
Capital advances		**2,297.48**	3,868.82
Security deposits		**1,099.03**	864.75
Advances recoverable in cash or kind		**105.91**	65.65
Advance tax paid, net of provisions		**2,634.58**	1,151.66
		6,137.00	5,950.88
Current loans and advances			
Security deposits		**27.00**	104.05
Balance with excise and customs department / VAT		**32.93**	0.05
Advance tax paid, net of provisions		**0.06**	-
Advances recoverable in cash or kind		**5,586.07**	4,823.50
		5,646.06	4,927.60
		11,783.06	10,878.48

	Notes	As at 31-Mar-2012	As at 31-Mar-2011
			(₹ in lacs)
NOTE - 13 : OTHER ASSETS			
[Unsecured and considered good, unless otherwise stated]			
Non-current assets			
Derivative financial instruments		**4,624.79**	4,633.83
		4,624.79	4,633.83
Current assets			
Export benefits receivable		**2,716.11**	3,797.56
Claims receivable: indirect tax / insurance			
Considered good		**3,961.18**	2,341.67
Considered doubtful		**1.54**	1.54
Less : Allowance for doubtful claims receivable		**1.54**	1.54
		3,961.18	2,341.67
Interest accrued on loans and deposits		**907.71**	559.83
Derivative financial instruments		**3,759.53**	2,731.74
Others		**205.10**	81.72
		11,549.63	9,512.52
		16,174.42	14,146.35
NOTE - 14 : INVENTORIES			
[At lower of cost or net realisable value]			
Raw materials		**16,956.82**	15,516.47
Packing materials		**2,894.92**	2,002.87
Work-in-progress		**8,762.11**	6,373.36
Finished goods		**13,974.67**	18,319.85
Stock-in-trade		**10,566.68**	8,270.51
		53,155.20	50,483.06
NOTE - 15 : TRADE RECEIVABLES			
Debts over six months from due date			
Considered good		**1,868.85**	1,111.35
Considered doubtful		**1,546.83**	2,405.88
Less : Allowance for doubtful trade receivables		**1,546.83**	2,405.88
		1,868.85	1,111.35
Debts less than six months from due date			
Considered good [see note]		**50,411.17**	32,928.28
Considered doubtful		**18.30**	-
Less : Allowance for doubtful trade receivables		**18.30**	-
		50,411.17	32,928.28
		52,280.02	34,039.63
Note: Receivables from Torrent Power Limited, a company under the same management, as per section 370 (1B) of The Companies Act, 1956		**1.67**	2.55

(₹ in lacs)

	Notes	As at 31-Mar-2012	As at 31-Mar-2011
NOTE - 16 : CASH AND CASH EQUIVALENTS			
Cash on hand		**29.34**	11.53
Balances with banks		**19,025.86**	9,616.18
Fixed deposit		**48,271.42**	38,194.81
Balances with banks for unclaimed dividend		**89.06**	54.71
Balances with banks held as margin money		**10.33**	-
Term deposits lodged with banks as securities		**2.05**	3.05
		67,428.06	47,880.28

Note: Cash and cash equivalents stated above excludes investment in mutual funds and corporate deposits disclosed under Note-11 current investments as per requirements of AS 13 - "Accounting for Investments."

(₹ in lacs)

	Notes	Year ended 31-Mar-2012	Year ended 31-Mar-2011
NOTE - 17 : REVENUE FROM OPERATIONS			
Sales			
Sales in India		**116,598.31**	105,904.90
Sales outside India		**143,322.58**	105,895.62
		259,920.89	211,800.52
Less : Excise duties	29	**479.83**	326.41
		259,441.06	211,474.11
Operating Income			
Export benefits		**3,015.01**	3,405.12
Income from product registration dossiers		**6,055.37**	3,766.54
Other operating income		**1,080.44**	1,133.49
		10,150.82	8,305.15
		269,591.88	219,779.26
NOTE - 18 : OTHER INCOME			
Interest income		**3,283.00**	2,659.38
Net gain on sale of investments		**1,135.87**	786.74
Net foreign exchange gain	32	**-**	2,155.07
Other non-operating income		**32.66**	22.20
		4,451.53	5,623.39
NOTE - 19 : COST OF MATERIALS CONSUMED			
Raw materials		**56,086.99**	50,259.91
Packing materials		**9,031.13**	8,209.51
		65,118.12	58,469.42

(₹ in lacs)

	Notes	Year ended 31-Mar-2012	Year ended 31-Mar-2011
NOTE - 20 : CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE			
Opening stocks			
Finished goods		**18,319.85**	9,718.97
Stock-in-trade		**8,270.51**	6,989.54
Work-in-progress		**6,373.36**	3,628.12
		32,963.72	20,336.63
Less : Closing stocks			
Finished goods		**13,974.67**	18,319.85
Stock-in-trade		**10,566.68**	8,270.51
Work-in-progress		**8,762.11**	6,373.36
		33,303.46	32,963.72
Net (increase) / decrease in stock		**(339.74)**	(12,627.09)
NOTE - 21 : EMPLOYEE BENEFITS EXPENSE			
[other than those included in pre-operative expenses]			
Salaries, wages and bonus		**44,484.95**	37,130.56
Contribution to provident and other funds		**5,806.97**	4,773.66
Gratuity and pension cost	30	**1,401.65**	740.25
Staff welfare expenses		**1,678.63**	1,399.48
		53,372.20	44,043.95
NOTE - 22 : FINANCE COSTS			
[other than those included in pre-operative expenses]			
Interest expense		**3,009.06**	2,949.75
Other borrowing cost		**10.28**	52.02
Net foreign exchange loss (to the extent considered as finance costs)		**926.09**	910.87
		3,945.43	3,912.64

	Notes	Year ended 31-Mar-2012	Year ended 31-Mar-2011
			(₹ in lacs)
NOTE - 23 : OTHER EXPENSES			
[other than those included in pre-operative expenses]			
Power and fuel		**5,694.84**	4,253.41
Stores and spares consumed		**3,576.60**	3,332.59
Labour charges		**1,700.39**	1,560.89
Job work charges		**848.77**	963.65
Laboratory goods and testing expense		**3,097.43**	3,258.26
Clinical research expense		**2,566.81**	2,495.14
Excise duties	29	**156.52**	219.78
Repairs and maintenance :			
Machinery		**686.01**	352.79
Buildings		**415.70**	324.57
Others		**405.60**	591.39
		1,507.31	1,268.75
Selling, publicity and medical literature expense		**30,333.66**	25,970.11
Commission on sales		**1,395.29**	1,251.08
Sales and turnover taxes		**500.42**	239.41
Allowance for doubtful debts [net of reversal of allowance ₹ 145.11 lacs (previous year ₹ 87.32 lacs)]		**(18.31)**	513.09
Bad debts written-off (net of allowance)		**2.95**	46.28
Travelling, conveyance and vehicle expenses		**6,832.03**	6,076.14
Communication expenses		**1,440.28**	1,225.92
Printing and stationery expenses		**376.77**	333.27
Rent		**2,462.06**	1,949.69
Rates and taxes		**257.83**	168.92
Registration expenses		**4,119.34**	2,418.23
Insurance		**696.39**	596.75
Net foreign exchange loss	32	**2,093.38**	-
Loss on sale / discard / write-off of fixed assets		**156.52**	99.73
(Reversal) / provision on asset held for sale		**(3.41)**	3.44
Auditors remuneration and expenses		**151.30**	167.47
Cost audit fees		**3.87**	3.36
Directors sitting fees		**1.13**	0.94
Commission to non-executive directors		**337.37**	279.26
Donation		**635.84**	1,140.21
General charges		**8,919.61**	7,467.95
		79,842.99	67,303.72

NOTE - 24 : EXCEPTIONAL ITEMS

Hitherto, the Company has been accounting for sales returns as and when the returns are physically received at the Company's premises. During the year, the Company has effected a change in method of estimating sales returns. A detailed exercise was done to estimate future sales returns on all sales effected till 31st March, 2012. This has resulted into a one-time charge of ₹ 6,536.38 lacs which has been shown under Exceptional items during the current quarter and the year ended 31st March, 2012.

			Year ended 31-Mar-2012	Year ended 31-Mar-2011
NOTE - 25 : EARNINGS PER SHARE				
The basic and diluted Earnings Per Share [EPS] are :				
Net profit for the year	(a)	[₹ in lacs]	**28,403.55**	27,016.95
Weighted average number of equity shares	(b)	[Nos. in lacs]	**846.11**	846.11
EPS (basic and diluted)	(a) / (b)	[₹]	**33.57**	31.93
Nominal value per equity share		[₹]	**5.00**	5.00

(₹ in lacs)

	As at 31-Mar-2012	As at 31-Mar-2011
NOTE - 26 : CAPITAL COMMITMENTS		
Estimated amount of contracts remaining unexecuted on capital account & not provided for :	**18,264.49**	18,262.24
NOTE - 27 : 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	**340.32**	153.17
Disputed employee state insurance contribution liability under E.S.I. Act, 1948	**497.79**	390.98
Disputed legal cases for supply of goods and services	**1.78**	1.78
Disputed demand of excise and service tax	**146.64**	72.16
Disputed demand of local sales tax and C.S.T	**17.44**	65.32
Disputed cases at labour court / industrial court	**115.66**	92.67
	1,119.63	776.08
(b) The Company has issued guarantee aggregating ₹ 200.00 lacs (previous year ₹ 200.00 lacs) 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	**162.50**	162.50
	1,282.13	938.58

(₹ in lacs)

	Year ended 31-Mar-2012	Year ended 31-Mar-2011
NOTE - 28 : PRE-OPERATIVE EXPENSES		
Pre-operative expenses allocated to projects during the year are as under:		
Employee benefit expense :		
Salaries, wages and bonus	**262.40**	967.88
Contribution to provident and other funds	**27.78**	106.37
Gratuity cost	**15.69**	30.70
Staff welfare expenses	**15.48**	-
	321.35	1,104.95
Power and fuel	**15.94**	116.94
Stores and spares consumed	**-**	147.05
Labour charges	**-**	43.87
Travelling, conveyance and vehicle expenses	**38.80**	120.00
Communication expenses	**1.29**	2.35
Printing and stationery expenses	**1.69**	24.57
Insurance	**12.29**	9.70
Rent	**1.63**	21.54
Rates and taxes	**-**	32.00
Depreciation	**4.42**	18.49
Finance costs	**38.15**	-
General charges	**86.51**	469.80
	522.07	2,111.26

NOTE - 29 : EXCISE DUTIES

Excise duties shown as deduction from sales represents the amount of excise duty collected on sales. Excise duty expensed under the head “Other expenses”, represents the difference between excise duty element in closing stocks and opening stocks, excise duty paid on samples and on inventory write-off which is not recoverable from sales.

NOTE - 30 : GRATUITY AND PENSION BENEFIT PLANS

The accruing liability on account of gratuity & pension plan (retirement benefit 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.

(₹ in lacs)

	Gratuity Plan		Pension Plan	
	Year ended 31-Mar-2012	Year ended 31-Mar-2011	**Year ended 31-Mar-2012**	Year ended 31-Mar-2011
(a) Reconciliation of opening and closing balances of the present value of the defined benefit obligation :				
Obligations at the beginning of the year	**3,226.88**	2,642.20	**3,469.89**	3,277.19
Current service cost	**501.63**	562.99	**39.44**	47.87
Interest cost	**258.15**	198.17	**198.10**	165.18
Actuarial loss / (gain)	**119.97**	169.59	**465.34**	(114.86)
Benefits paid / payable	**(345.43)**	(346.07)	**(84.81)**	(58.04)
Translation forex	**-**	-	**298.59**	152.54
Obligations at the end of the year	**3,761.20**	3,226.88	**4,386.55**	3,469.89
(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	**3,216.08**	2,510.36	-	-
Expected return on plan assets	**307.78**	240.24	-	-
Actuarial gain / (loss)	**(99.83)**	41.93	-	-
Contributions	**400.00**	600.00	-	-
Benefits paid	**(345.43)**	(176.45)	-	-
Plan assets at the end of the year	**3,478.60**	3,216.08	-	-
Actual return on plan assets	**207.95**	282.17	-	-
(c) Gratuity cost / pension cost for the year :				
Current service cost	**501.63**	562.99	**39.44**	47.87
Interest cost	**258.15**	198.17	**198.10**	165.18
Expected return on plan assets	**(307.78)**	(240.24)	**-**	-
Net Actuarial (gain) / loss	**219.80**	127.66	**465.34**	(114.86)
Net gratuity cost	**671.80**	648.58	**702.88**	98.19

(₹ in lacs)

	Gratuity plan		Pension plan	
	Year ended 31-Mar-2012	Year ended 31-Mar-2011	**Year ended 31-Mar-2012**	Year ended 31-Mar-2011
(d) (i) Reconciliation of the present value of the defined benefit obligation & fair value of plan assets :				
Obligations at the end of the year	**3,761.20**	3,226.88	**4,386.55**	3,469.89
Plan assets at the end of the year, at fair value	**3,478.60**	3,216.08	**-**	-
(Asset) / liability recognised in balance sheet	**282.60**	10.80	**4,386.55**	3,469.89
(ii) Experience adjustments gain / (loss)				
Plan liabilities	**(16.65)**	233.55	**8.89**	16.09
Plan assets	**(99.83)**	41.93	**-**	-
(e) Expected contribution for the next year	**600.00**	600.00	**-**	-

(f) Past four years data for defined benefit obligation and fair value of plan assets are as under:

(₹ in lacs)

(i) Gratuity Plan	2007-08	2008-09	2009-10	2010-11
Present value of defined benefit obligations at the end of the year	1,366.67	2,007.75	2,642.21	3,226.88
Fair value of plan assets at the end of the year	1,182.02	1,641.32	2,510.36	3,216.08
Net (assets) / liability at the end of year	184.65	366.43	131.85	10.80

(₹ in lacs)

(ii) Pension Plan	2007-08	2008-09	2009-10	2010-11
Present value of defined benefit obligations at the end of the year	2,286.35	2,645.32	3,277.19	3,469.89
Fair value of plan assets at the end of the year	-	-	-	-
Net (assets) / liability at the end of year	2,286.35	2,645.32	3,277.19	3,469.89

	Gratuity plan		Pension plan	
	Year ended 31-Mar-2012	Year ended 31-Mar-2011	**Year ended 31-Mar-2012**	Year ended 31-Mar-2011
(g) Assumptions:				
Discount rate	**8.50%**	8.00%	**4.75%**	5.50%
Expected rate of return on plan assets	**10.65%**	9.57%	**-**	-
Salary escalation rate	**10.00%**	10.00%	**3.00%**	3.00%

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

Future mortality rates, with respect to gratuity plan, are obtained from relevant data of Life Insurance Corporation of India.

(h) Investment details of plan assets:

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 :

	Gratuity plan	
	Year ended 31-Mar-2012	Year ended 31-Mar-2011
Equity instruments	**24.63%**	20.97%
Corporate bonds	**50.93%**	46.67%
Government securities	**7.24%**	16.98%
Fixed deposits with banks	**17.20%**	15.38%

NOTE - 31 : PROVISIONS

(a) 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, if any and are provided for. Details of the provision is as under :

(₹ in lacs)

	As at 31-Mar-2012	As at 31-Mar-2011
Opening provision	**-**	-
Add: Additional provision	**6,950.73**	-
Closing provision	**6,950.73**	-

(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 is as under :

(₹ in lacs)

	As at 31-Mar-2012	As at 31-Mar-2011
Opening provision	**97.29**	56.54
Add: Change in estimates	**148.40**	4.99
Add: Additional provision	**327.13**	31.17
Add: Translation forex	**2.37**	4.59
Closing provision	**575.19**	97.29

NOTE - 32 : FOREIGN EXCHANGE GAIN / LOSS

(₹ in lacs)

	Year ended 31-Mar-2012	Year ended 31-Mar-2011
Net Foreign exchange (loss) / gain, included in other expenses (Note - 23) / other income (Note - 18):	**(2,093.38)**	2,155.07
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 - 22):	**(926.09)**	(910.87)
(b) MTM on forward exchange contracts to hedge the foreign currency risk of highly probable forecast transactions accounted as per AS 30 / principles of prudence:	**1,740.11**	508.99
Total foreign exchange (loss) / gain as per AS 11	**(1,279.36)**	1,753.19

NOTE - 33 : SEGMENT REPORTING

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. Accordingly, no further financial information for business segments is given.

Reportable geographical segments have been identified based on location of customers sales are made in various geographical areas with production based in India. The reportable geographical segments and segment revenue (external net sales) for the year is as under:

(₹ in lacs)

	Year ended 31-Mar-2012	Year ended 31-Mar-2011
(a) India	**116,118.48**	105,578.49
(b) Europe	**51,902.89**	42,277.62
(c) Brazil	**46,779.92**	34,594.32
(d) Others	**44,639.77**	29,023.68
Total	**259,441.06**	211,474.11

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 and results is possible.

NOTE - 34 : REGROUPING

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

NOTE - 35 : RELATED PARTIES AND TRANSACTIONS

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

(₹ in lacs)

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 Transactions	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	**2011-12**	2010-11
Sale of finished goods	-	-	34.60	33.38	-	-	-	-	**34.60**	33.38
Torrent Power Limited	-	-	34.60	33.38	-	-	-	-	34.60	33.38
Purchase of material, consumables etc.	-	-	-	5.00	-	-	-	-	-	5.00
Torrent Cables Limited	-	-	-	5.00	-	-	-	-	-	5.00
Remuneration to key management personnel	-	-	-	-	1037.04	966.34	-	-	**1037.04**	966.34
Shri Sudhir Mehta, Chairman	-	-	-	-	300.00	250.00	-	-	300.00	250.00
Shri Samir Mehta, Executive Vice Chairman	-	-	-	-	502.63	512.70	-	-	502.63	512.70
Dr. Chaitanya Dutt, Director (Research & Development)	-	-	-	-	234.42	203.64	-	-	234.42	203.64
Contribution to gratuity/superannuation funds	849.39	934.90	-	-	-	-	-	-	**849.39**	934.90
TPL Employee Group Gratuity Trust	400.00	600.00	-	-	-	-	-	-	400.00	600.00
TPL Employee Superannuation Trust	449.39	334.90	-	-	-	-	-	-	449.39	334.90
Lease rent paid	-	-	2.00	2.00	-	-	-	-	**2.00**	2.00
Torrent Private Limited	-	-	2.00	2.00	-	-	-	-	2.00	2.00
Services received	-	-	459.67	516.64	-	-	752.39	809.82	**1,212.06**	1,326.46
Tsunami Tours & Travels Private Limited	-	-	-	-	-	-	752.39	809.82	752.39	809.82
Torrent Power Limited	-	-	459.67	502.15	-	-	-	-	459.67	502.15
Torrent Energy Limited	-	-	-	14.49	-	-	-	-	-	14.49
Commission & interest paid to carrying & forwarding agents	-	-	-	-	-	-	111.58	102.88	**111.58**	102.88
Zeal Pharmachem India Private Limited	-	-	-	-	-	-	111.58	102.88	111.58	102.88
Donation	-	-	-	-	-	-	473.00	690.00	**473.00**	690.00
U. N. Mehta Charitable Trust	-	-	-	-	-	-	440.00	415.00	440.00	415.00
U. N. Mehta Institute of Cardiology & Research Centre	-	-	-	-	-	-	-	275.00	-	275.00
Shri Vadgam Mahal Kelavani Mandal	-	-	-	-	-	-	33.00	-	33.00	-
Interest income	-	-	3.53	-	-	-	-	-	**3.53**	-
Torrent Power Limited	-	-	3.53	-	-	-	-	-	3.53	-
Expenses reimbursement	-	-	-	15.88	-	-	20.02	17.39	**20.02**	33.27
Zeal Pharmachem India Private Limited	-	-	-	-	-	-	20.02	17.39	20.02	17.39
Torrent Power Limited	-	-	-	15.88	-	-	-	-	-	15.88
Purchase of fixed assets	-	-	-	61.62	-	-	-	-	-	61.62
Torrent Cables Limited	-	-	-	61.62	-	-	-	-	-	61.62
Sale of fixed assets	-	-	5.50	7.64	-	-	2.60	-	**8.10**	7.64
Torrent Power Limited	-	-	5.50	7.64	-	-	-	-	5.50	7.64
Tsunami Tours & Travels Private Limited	-	-	-	-	-	-	2.60	-	2.60	-

(₹ in lacs)

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 Transactions	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	**2011-12**	2010-11
Deposit given	-	-	1.42	6.25	-	-	-	-	**1.42**	6.25
Torrent Energy Limited	-	-	-	6.25	-	-	-	-	-	6.25
Torrent Power Limited	-	-	1.42	-	-	-	-	-	1.42	-
Recovery of expenses	-	-	0.32	-	-	-	1.36	-	**1.68**	-
Torrent Energy Limited	-	-	0.32	-	-	-	-	-	0.32	-
Zeal Pharmachem India Private Limited	-	-	-	-	-	-	1.36	-	1.36	-
(B) Balances at the end of the year	31-Mar-12	31-Mar-11	31-Mar-12	31-Mar-11	31-Mar-12	31-Mar-11	31-Mar-12	31-Mar-11	**31-Mar-12**	31-Mar-11
Trade receivables	-	-	1.67	2.55	-	-	-	-	**1.67**	2.55
Torrent Power Limited	-	-	1.67	2.55	-	-	-	-	1.67	2.55
Advances recoverable in cash or Kind	29.59	19.59	1.42	9.05	-	-	122.70	157.53	**153.71**	186.17
TPL Employees Group Gratuity Trust	29.58	19.58	-	-	-	-	-	-	29.58	19.58
TPL Employees Superannuation Trust	-	0.01	-	-	-	-	-	-	-	0.01
Tsunami Tours & Travels Private Limited	-	-	-	-	-	-	122.64	157.53	122.64	157.53
Torrent Power Limited	-	-	1.42	-	-	-	-	-	1.42	-
Others	0.01	-	-	9.05	-	-	0.06	-	0.07	9.05
Trade advances and deposits	-	-	-	5.50	-	-	-	2.60	-	8.10
Torrent Power Limited	-	-	-	5.50	-	-	-	-	-	5.50
Tsunami Tours & Travels Private Limited	-	-	-	-	-	-	-	2.60	-	2.60
Trade and other payables	-	-	2.08	7.61	969.62	819.62	18.24	21.91	**989.94**	849.14
Zeal Pharmachem India Private Limited	-	-	-	-	-	-	7.83	6.70	7.83	6.70
Torrent Power Limited.	-	-	0.28	-	-	-	-	-	0.28	-
Tsunami Tours & Travels Private Limited	-	-	-	-	-	-	10.40	15.21	10.40	15.21
Torrent Private Limited	-	-	1.80	1.80	-	-	-	-	1.80	1.80
Torrent Energy Limited	-	-	-	1.23	-	-	-	-	-	1.23
Torrent Cables Limited	-	-	-	4.58	-	-	-	-	-	4.58
Shri Sudhir Mehta, Chairman	-	-	-	-	300.00	250.00	-	-	300.00	250.00
Shri Samir Mehta, Executive Vice Chairman	-	-	-	-	669.62	569.62	-	-	669.62	569.62

(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, Gujarat Lease Financing 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 Smt. Meena Modi, sister Smt. Nayna Shah, sister	Smt. Sapna Mehta, wife Smt. Shardaben Mehta, mother Shri Aman Mehta, son Shri Shaan Mehta, son Smt. Meena Modi, sister Smt. Nayna Shah, sister	Smt. Shobha Dutt, wife Shri Umang Dutt, son Shri Uttang Dutt, son
5.	Enterprises controlled by key management personnel / relatives of key management personnel	U. N. Mehta Charitable Trust, D N Modi Charitable Trust, Shardaben Mehta Charitable Trust, Tsunami Tours & Travels Private Limited, Torrel Cosmetics Private Limited, Zeal Pharmachem India Private Limited, Diamond Infrastructure Limited, U. N. Mehta Institute of Cardiology & Research Centre, Dushyant Shah Charitable Trust, Shri Vadgam Mahal 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 summarised details for each subsidiary as required under the said circular are appended herewith.

The above subsidiaries annual accounts shall be made available to the shareholders of the holding and subsidiary companies seeking such information at any point of time. These documents shall also be available for inspection by the shareholders at the registered office of the Company and the respective subsidiaries and are also being posted on the Company's Website: http://www.torrentpharma.com.

(b) Summarised details regarding subsidiary companies 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:

Name of the Subsidiary Company	Zao Torrent Pharma		Torrent Pharma GmbH		Torrent Do Brasil Ltda.		Torrent Pharma Inc.		Torrent Pharma Philippines, Inc.		Heumann Pharma GmbH & Co.		Torrent Australasia Pty Ltd		Torrent Pharma S.R.L.	
Financial year ended on	31-Mar-2012		31-Mar-2012		31-Mar-2012		31-Mar-2012		31-Mar-2012		31-Mar-2012		31-Mar-2012		31-Mar-2012	
	Rouble Million	Rupees lacs	Euro Million	Rupees lacs	Reais Million	Rupees lacs	USD Million	Rupees lacs	Peso Million	Rupees lacs	Euro Million	Rupees lacs	Au$ Million	Rupees lacs	RON Million	Rupees lacs
(a) Capital	92.52	1,613.83	6.97	4,763.32	19.14	5,373.67	1.20	613.88	11.17	132.89	2.51	1,715.34	0.09	47.89	4.15	647.65
(b) Reserves	(69.45)	(1,211.42)	(2.99)	(2,043.37)	14.04	3,941.81	0.96	491.10	(4.08)	(48.54)	2.12	1,448.81	(0.06)	(31.93)	(2.36)	(368.30)
(c) Total assets	314.42	5,484.43	9.05	6,184.80	62.16	17,451.79	28.62	14,640.99	245.58	2,921.67	75.28	51,446.58	0.03	15.96	15.02	2,344.02
(d) Total liabilities	291.35	5,082.02	5.07	3,464.85	28.98	8,136.31	26.46	13,536.01	238.49	2,837.32	70.65	48,282.43	-	-	13.23	2,064.67
(e) Details of investment (except in case of investment in subsidiaries)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(f) Turnover	293.37	5,117.25	0.66	451.05	165.88	46,571.81	43.84	22,425.47	312.31	3,715.55	47.04	32,147.28	-	-	3.23	504.07
(g) Profit before taxation	(29.39)	(512.65)	(1.08)	(738.08)	11.62	3,262.38	1.36	697.26	10.90	129.68	0.57	389.54	-	-	(2.21)	(344.89)
(h) Provision for taxation	(1.54)	(26.86)	-	-	3.17	890.00	0.47	240.44	(0.63)	(7.50)	0.27	184.52	-	-	-	-
(i) Profit after taxation	(27.85)	(485.79)	(1.08)	(738.08)	8.45	2,372.39	0.89	457.34	11.54	137.29	0.30	205.02	-	-	(2.21)	(344.89)
(j) Proposed dividend	-	-	-	-	1.78	499.75	-	-	-	-	-	-	-	-	-	-
Exchange Rate as on 31-Mar-2012	1 Rouble = 1.7443 INR		1 Euro = 68.3403 INR		1 Reais = 28.0756 INR		1 USD = 51.1565 INR		1 Peso = 1.1897 INR		1 Euro = 68.3403 INR		1 Au$ = 53.213 INR		1 RON = 15.606 INR	

Name of the Subsidiary Company	Laboratorios Torrent, S.A. de C.V.		Heunet Pharma GmbH		Norispharm GmbH		Torrent Pharma Canada Inc.		Torrent Pharma (Thailand) Co., Ltd.		Torrent Pharma (UK) Ltd.		Laboratories Torrent (Malaysia) SDN. BHD.	
Financial year ended on	31-Mar-2012		31-Mar-2012		31-Mar-2012		31-Mar-2012		31-Mar-2012		31-Mar-2012		31-Mar-2012	
	Mxn$ Million	Rupees lacs	Euro Million	Rupees lacs	Euro Million	Rupees lacs	CAD Million	Rupees Lacs	THB Million	Rupees lacs	GBP Million	Rupees lacs	MYR Million	Rupees lacs
(a) Capital	74.74	2,975.70	0.03	20.50	0.03	20.50	0.33	169.24	5.00	82.91	0.23	188.14	0.50	83.43
(b) Reserves	(38.69)	(1,540.40)	(0.73)	(498.88)	(0.21)	(143.51)	(0.26)	(133.34)	(0.20)	(3.32)	0.05	40.90	(0.19)	(31.70)
(c) Total assets	51.00	2,030.51	10.19	6,963.88	1.89	1,291.63	0.14	71.80	7.31	121.21	1.42	1,161.55	0.37	61.73
(d) Total liabilities	14.95	595.21	10.89	7,442.26	2.07	1,414.64	0.07	35.90	2.51	41.62	1.14	932.51	0.06	10.00
(e) Details of investment (except in case of investment in subsidiaries)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(f) Turnover	41.03	1,633.57	4.56	3,116.32	1.13	772.25	-	-	-	-	0.70	572.59	-	-
(g) Profit before taxation	(1.33)	(52.95)	(0.43)	(293.86)	-	-	0.01	5.13	0.03	0.50	0.07	57.26	(0.19)	(31.70)
(h) Provision for taxation	-	-	-	-	-	-	-	-	-	-	0.02	16.36	-	-
(i) Profit after taxation	(1.33)	(52.95)	(0.43)	(293.86)	-	-	0.01	5.13	0.03	0.50	0.05	40.90	(0.19)	(31.70)
(j) Proposed dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Exchange Rate as on 31-Mar-2012	1 Mxn$ = 3.9814 INR		1 Euro = 68.3403 INR		1 Euro = 68.3403 INR		1 CAD = 51.2847 INR		1 THB = 1.6582 INR		1 GBP = 81.7992 INR		1 MYR = 16.6851 INR	

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

Sudhir Mehta
Chairman

Samir Mehta
Executive Vice Chairman

Gaurav J. Shah
Partner

R. Srinivasan
VP (Finance) & Chief Financial Officer

Mahesh Agrawal
VP (Legal) & Company Secretary

Gangtok, Sikkim
18th May, 2012

Gangtok, Sikkim
18th May, 2012

TORRENT PHARMACEUTICALS LIMITED

Regd. Office : Torrent House, Off Ashram Road, Ahmedabad – 380 009

PROXY FORM

DPID**	
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 me/us and on my/our behalf at the 39th Annual General Meeting of the Company to be held on 23rd July, 2012 at 9:30 a.m. and at any adjournment thereof.

Signed this __________________________day of ________________________2012

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 21st July, 2012.

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.

DPID**	
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 39th ANNUAL GENERAL MEETING being held at J. B. Auditorium, Torrent AMA Centre, Ground Floor, Ahmedabad Management Association, Vastrapur, Ahmedabad – 380 015 on Monday, the 23rd July, 2012 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 :

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