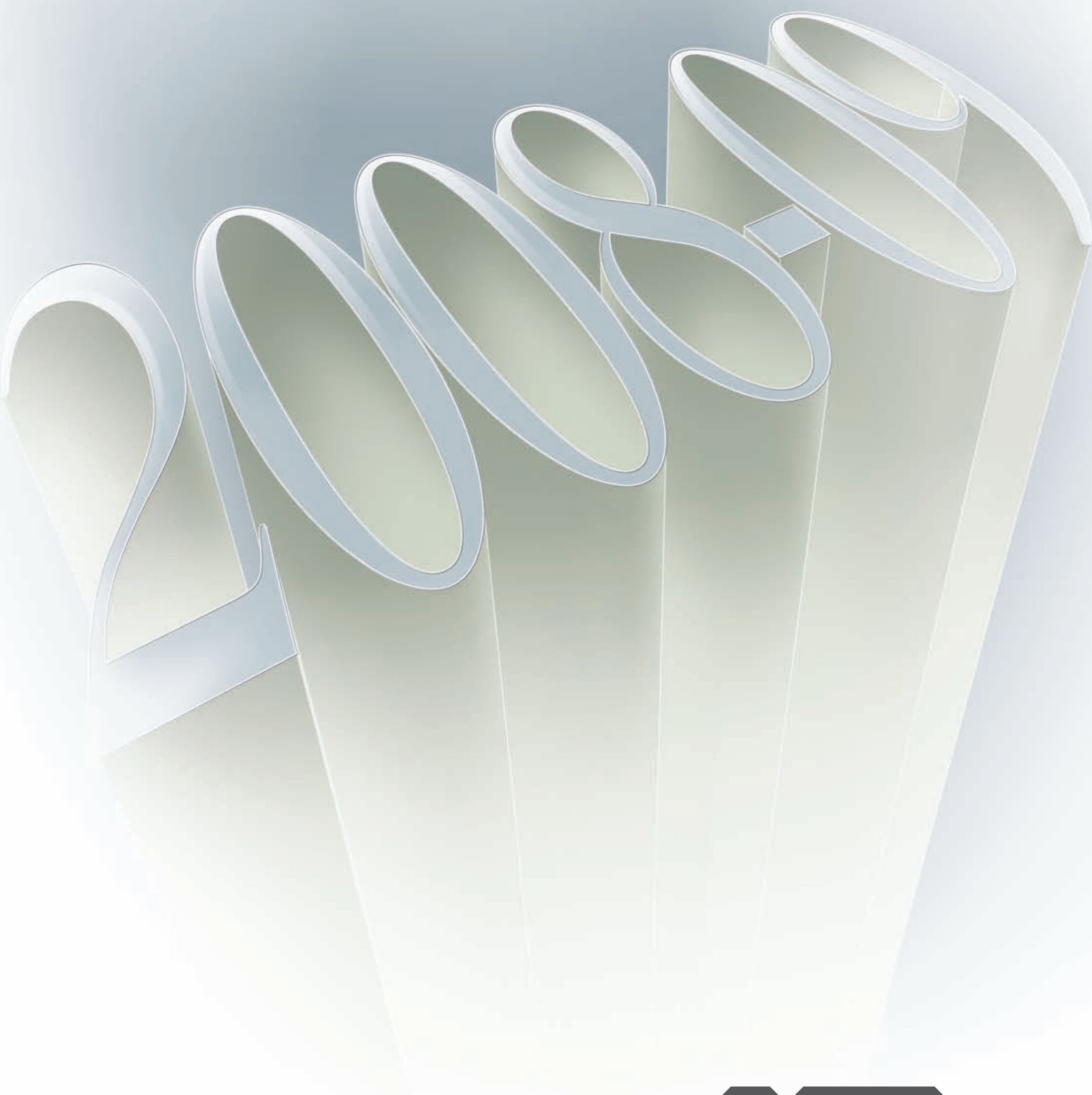
36TH ANNUAL REPORT



Torrent Pharmaceuticals Ltd.

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CORPORATE INFORMATION

DIRECTORS

Sudhir Mehta
Chairman

Markand Bhatt

S. H. Bhojani

Dr. Prasanna Chandra

Kiran Karnik

Sanjay Lalbhai

Dr. C. Dutt
Director (Research & Development)

Samir Mehta
Managing Director

AUDIT COMMITTEE

Dr. Prassana Chandra
Chairman

S. H. Bhojani

Kiran Karnik

SECURITIES TRANSFER & INVESTORS' GRIEVANCE COMMITTEE

Sudhir Mehta
Chairman

Markand Bhatt

Samir Mehta

VP (LEGAL) & COMPANY SECRETARY

Mahesh Agrawal

AUDITORS

C.C. Chokshi & Co.
Chartered Accountants

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)

R & D FACILITY

Village Bhat, Dist. Gandhinagar (Gujarat)

WEBSITE

www.torrentpharma.com

REGISTRARS & TRANSFER AGENTS

Karvy Computershare Private Ltd.,
Unit : Torrent Pharmaceuticals Ltd.

Plot No. 17 to 24,
Vittalrao Nagar, Madhapur,
Hyderabad 500 081
Telephone: 040-23420816 - 24
Fax: 040- 23420814
Email: einward.ris@karvy.com

INVESTOR SERVICES E-MAIL ID

investorservices@torrentpharma.com

DIRECTORS' REPORT

To
The Shareholders

The Directors have the pleasure of presenting the Thirty Sixth Annual Report of your Company together with the audited accounts for the year ended 31st March, 2009.

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 :

(Rs. in Crores except per share data)

	Consolidated		Standalone	
	2008-09	2007-08	2008-09	2007-08
Sales & Operating Income	**1631**	1355	**1185**	996
Operating Profits (PBDIT)	**262**	208	**257**	217
Less Depreciation	**42**	39	**37**	33
Less Net Interest Expense	**19**	20	**20**	18
Profit Before Exceptional Items & Tax	**201**	149	**200**	166
Less Exceptional Items	**9**	-	**9**	-
Less Tax Expense	**7**	14	**4**	10
Net Profit for the Year	**185**	135	**187**	156
Balance brought forward	**3**	2	**84**	62
Distributable Profits	**188**	137	**271**	218
Appropriated as under:				
Transfer to General Reserve	**145**	99	**145**	99
Proposed Equity Dividend	**34**	30	**34**	30
Tax on Distributed Profits	**6**	5	**6**	5
Balance Carried Forward	**3**	3	**86**	84
Earnings Per Share (Rs. per share)	**21.79**	15.92	**22.07**	18.38

Consolidated Operating Results

The consolidated sales and operating income increased to Rs. 1630.66 crores from Rs. 1354.85 crores in the previous year yielding a growth of 20.36%. The consolidated operating profit for the year increased to Rs. 262.24 crores as against Rs. 207.57 crores in the previous year registering a growth of 26.34%. The consolidated net profit increased to Rs. 184.37 crores from Rs. 134.68 crores in the previous year registering a growth of 36.89%.

Standalone Operating Results

The sales and operating income increased to Rs. 1184.89 crores from Rs. 995.90 crores in the previous year yielding a growth of 18.98%. The operating profit for the year under review increased to Rs. 256.75 crores as against Rs. 216.98 crores in the previous year registering a growth of 18.33%. The profits after tax for the year under review increased to Rs. 186.73 crores as against Rs. 155.52 crores in the previous year registering a growth of 20.07%.

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 has been included in the Management Discussion and Analysis Section which forms a part of the Annual Report.

APPROPRIATIONS

Dividend

The Board has recommended a dividend of Rs. 4.00 per equity share (previous year dividend Rs. 3.50 per equity share), of fully paid up face value of Rs. 5, amounting to Rs. 33.84 crores (previous year dividend Rs. 29.61 crores). The tax on distributed profits payable on this dividend is Rs. 5.75 crores (previous year Rs. 5.03 crores) making the aggregate distribution to Rs. 39.59 crores (previous year Rs. 34.64 crores). The distributed profits are 21% (previous year 22%) of the net profits for the year.

The proposed dividend would be tax free in the hands of the shareholders.

Transfer to Reserves

The Board has recommended a transfer of Rs. 145 crores to the general reserve and an amount of Rs. 86 crores is retained in the profit and loss account 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 2008-09, the Board of Directors state that :

i the applicable Accounting Standards have been followed in preparation of the financial statements and there are no material departures from the said standards;

ii reasonable and prudent accounting policies have been used in preparation of the financial statements and that they have been consistently applied and that reasonable and prudent judgments and estimates have been made in respect of items not concluded by the year end, so as to give a true and fair view of the state of affairs of the Company as at 31-Mar-09 and of the profit for the year ended 31-Mar-09;

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.

CAPITAL AND BORROWINGS

During the year, there was no change in the equity share capital of the Company.

The total outstanding long term loans from banks/ financial institution / others as on 31-Mar-09 is Rs. 407.06 crores (previous year Rs. 303.17 crores). The Net worth stands at Rs. 732.68 crores as at 31-Mar-09 representing an increase of Rs. 147.43 crores.

The Gross Fixed Assets increased by Rs. 35.61 crores representing capital expenditure on land acquisition for new projects, expansion of formulation manufacturing facility, expansion of Research & Development facility and other maintenance capital expenditure.

The Company had cash and cash equivalents aggregating to Rs. 303.75 crores as on 31-Mar-09, as against Rs. 133.17 crores as on 31-Mar-08. This increase is largely on account of significant increase in cash generated from operating activities. The Company has sufficient financial flexibility, in terms of available cash and cash equivalents and committed facilities from banks / financial institution to finance the future growth plans and capitalize on emerging opportunities.

SUBSIDIARIES

Brief review of the important subsidiaries is given below :

Heumann Pharma GmbH & Co Generica KG (Heumann), Germany

Heumann posted revenues of Euro 40.24 million (Rs. 261.68 crores) for the financial year 2008-09 as compared with Euro 38.15 million (Rs. 217.74 crores) for the previous year, registering a growth of 20.18% in terms of rupees. Net profit for the year was Euro 2.22 million (Rs. 18.84 crores) as against a net loss of Euro 3.48 million (Rs. 20.14 crores) for the previous year. The turn-around was enabled through a combination of various measures including proper market positioning, cost reduction through field force restructuring and lowering cost of goods by successful shift of product manufacturing to India.

Torrent do Brasil Ltda. (TdBL), Brazil

During the year, TdBL achieved revenue of Reais 108.60 million (Rs. 256.79 crores) as compared with Reais 81.39 million (Rs. 177.11 crores) in the previous year, registering a growth of 45% in terms of rupees.

TdBL earned a net profit after tax of Reais 2.48 million (Rs. 6.25 crores) as compared to a net profit after tax of Reais 3.69 million (Rs. 8.68 crores) in the previous year. The decrease in the profit is primarily due to higher research and development cost and bad debts.

ZAO Torrent Pharma (ZAO TP), Russia

During the year, ZAO TP achieved revenue of RRU 312.83 million (Rs. 52.69 crores) as compared with RRU 304.58 (Rs. 49.04 crores) in the previous year, registering a growth of 7.44% in terms of rupees. Net loss after tax for the year was at RRU 113.79 million (Rs. 19.52 crores) as against a net loss after tax of RRU 4.23 million (Rs. 0.97 crores) for the previous year. The increase in the losses is due to substantial mark to market losses on dues to parent company arising due to adverse exchange rate movement of Rouble.

Torrent Pharma Inc. (TPI), USA

During the year, TPI earned revenues of USD 7.13 million (Rs. 33.59 crores) as compared with USD 1.38 million (Rs. 5.56 crores) in previous year. Net profit for the year was at USD 0.22 million (Rs. 2.20 crores) as against a net loss of USD 0.39 million (Rs. 1.58 crores) for the previous year. The U.S operations was successful in laying a strong foundation during the year through an impressive sales ramp up.

Torrent Pharma GmbH (TPG), Germany

During the year, TPG earned revenues of Euro 2.94 million (Rs. 19.09 crores) as compared with Euro 2.83 million (Rs. 16.17 crores) for the previous year. Net profit for the year was at Euro 0.63 million (Rs. 4.09 crores) as against a profit of Euro 0.67 million (Rs. 3.84 crores) for the previous year.

Torrent Pharma Philippines Inc. (TPPI), Philippines

During the year, TPPI earned revenues of Pesos 172.23 million (Rs. 17.18 crores) as compared with Pesos 100.84 million (Rs. 9.18 crores) for the previous year. Net profit for the year was at Pesos 5.81 million (Rs. 0.88 crores) as against a profit of Pesos 4.85 million (Rs. 0.52 crores) for the previous year.

Torrent Australasia Pty. Ltd., Laboratorios Torrent S.A. de C.V and Torrent Pharma Japan Co. Ltd are at their formative stages and have not commenced any revenue generating activities.

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.

DIRECTORS

Mihir Thakore has resigned from the directorship of the Company with effect from 06-May-09. The Board places on record its appreciation for the contribution made by Mr. Thakore during his tenure as a Director.

Kiran Karnik and Sudhir Mehta are liable to retire by rotation at the ensuing Annual General Meeting and being eligible have been proposed for re-appointment. The details of their re-appointment together with nature of their expertise in specific functional areas and names of the companies in which they hold office of a Director and/or the Chairman/Membership of committees of the Board, are provided in the Notice of the ensuing Annual General Meeting.

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

The Auditors, C. C. Chokshi & Co., Chartered Accountants retire at the ensuing Annual General Meeting and are eligible for re-appointment as Auditors. The Audit Committee in their meeting held on 15th May, 2009 has recommended the re-appointment of C. C. Chokshi & Co.

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, forms part of this report as Annex 2. However, as permitted by 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, Gujarat Urja Vikas Nigam Ltd., Himachal Pradesh State Electricity Board, other Central and State Government Bodies, Financial Institutions and Banks. The Board also expresses its appreciation of the understanding and support extended by the shareholders and employees of the Company.

For and on behalf of the Board

Ahmedabad
15th May, 2009

Sudhir Mehta
Chairman

ANNEX I TO DIRECTORS' REPORT

Particulars required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988

A. CONSERVATION OF ENERGY

(a) Energy conservation measures taken during the year

1. Installation of a dual fuel burner in 6 ton Boiler with an investment of Rs. 45 lacs has resulted into approximate saving of Rs. 20 lacs during the year under review. Substantial saving is expected in future too, though it will depend upon the price differential between natural gas & furnace oil.
2. Two Thyristor based automatic power factor correction panels installed to maintain power factor near to unit. This is expected to yield annual rebate of Rs. 22 lacs from UGVCL.
3. Installation of 42 numbers of VFDs in AHUs with a cost of Rs. 28 lacs have resulted into approximate saving of Rs. 25 lacs and same is expected to continue on annual basis.
4. Heat Recovery Wheels were installed in various Air Handling Systems resulting into annual saving of approximately Rs. 4 lacs.

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

1. Installation of energy efficient Centrifugal Chiller Machine of 600 ton with an outlay of Rs. 70 lacs is proposed to meet existing and new refrigeration requirement of the plant and expected to yield annual saving of Rs. 13 lacs.
2. Three units of ED 2000 Antifouling Systems is being procured to be installed in Centrifugal Chiller & Screw Chiller with an investment of Rs. 10 lacs and expected to give annual saving of Rs. 4 lacs.
3. Feasibility study is proposed to be conducted during the year for implementation of renewable energy projects. Based on such study, further action plan will be decided.

(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 clauses (a) and (b) above.

(d) Particulars with respect to the conservation of energy are given below :

I. Power and Fuel Consumption*:

1	**Electricity**		**2008-2009**	2007-08
	a	Purchased Units (KWH in lacs)	**263.54**	219.73
		Total Amount (Rs. in lacs)	**1478.40**	1093.50
		Average Rate (Rs.)	**5.61**	4.98
	b	Own generation through DG sets (KWH in lac Units)	**26.81**	34.09
		Units generated per liter of diesel	**3.68**	3.65
		Cost of fuel per Unit	**8.91**	7.90
2	**Fuel Consumption**			
	a	Furnace Oil (in lac liters)	**22.54**	23.12
		Total Amount (Rs. in lacs)	**539.72**	509.17
		Average Rate (Rs. / liter)	**23.95**	22.02
	b	Natural Gas		
		Gas Purchased (in SCM)	**484044**	–
		Total Amount (Rs. in lacs)	**120.75**	–
		Average Rate (Rs. / SCM)	**24.95**	–

* For plants at Indrad, Gujarat and Baddi, H P

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 NDDS platforms.

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

   - As at March 09, 32 ANDAs and 15 DMFs filed in US and 28 new product Dossiers completed for the European Union.
   - Six processes for APIs were developed and transferred to plant during the year.
   - 733 patents filed for NDDS technology, drug discovery projects and innovative process of API & formulations for various markets and 204 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 preclinical development and clinical trials required for NCEs is being pursued aggressively.
   - Efforts would continue for development of new, value added and differentiated formulations and new innovative processes for APIs. Efforts would also continue to explore novel technologies for formulation development.

4. **Expenditure on R & D**

		2008-09 (Rs. in crores)
a.	Capital expenses	9.21
b.	Revenue expenses	105.82
	Total (a+b)	115.03
c.	Total R&D expenditure as a percentage of turnover	**10.02**

Technology absorption, adaptation and innovation

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

   The developed technologies and the processes were used to manufacture APIs and formulations for commercial purpose for domestic as well as international markets.

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

   New products broadened the product basket of the Company and further strengthened the Company's image as 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
Silicon Graphic Workstation Octane, Parallel Organic Synthesizer, Microwave Synthesize & Robotic Liquid Handling System for drug discovery programs	2003-04	Yes
Biotransformation & Metabolism Database, ACD-PK & LogD software, ADME capabilities, Multiplexing apparatus with Mass Spectrometer, low-density gene expression array technology	2005-06	Yes
Advanced modeling tools such as TOPKAT, HypoRefine software module Millar Pressure-Volume Systems (MPVS)	2006-07	Yes

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

The Company used foreign exchange amounting to Rs. 109.50 crores and earned foreign exchange amounting to Rs. 349.23 crores during the year 2008-09 as compared to last year's Rs. 98.14 crores and Rs. 232.74 crores respectively.

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, 2009, 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 Management, 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 C.C.Chokshi & Co.
Chartered Accountants

(Gaurav J. Shah)
Partner
Membership No.35701

Ahmedabad
15th May, 2009

REPORT ON CORPORATE GOVERNANCE

The Securities and Exchange Board of India (SEBI) ushered in a formal code of corporate governance (hereinafter "the Code") through Clause 49 in the Listing Agreement executed by the Company with stock exchanges. Clause 49 lays down several corporate governance practices which listed companies are required to adopt. The Code has been periodically upgraded to ensure the adoption of best corporate governance practices by the corporates. This report sets out the compliance status of the Company with the requirements of corporate governance, as set out in Clause 49, for the financial year 2008-09.

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 8 Directors of which 6 are Non-executive Directors (75% of the Board strength) and 4 are independent Directors (50% of the Board strength). The composition of the Board complies with the requirements of the Code.

The Board of Directors of the Company met four times during the year on 06-May-08, 29-Jul-08, 24-Oct-08 and 28-Jan-09.

Composition of Board and other related matters :

Name of the Director	Category	No. of other Directorships held (3)	No. of other Board Committees of which Member / Chairman (3)	Board meetings attended	Attendance at the last AGM
Sudhir Mehta, Chairman	NED	4	2 (as Member)	4	Yes
Markand Bhatt	NED	3	1 (as Member)	3	Yes
S. H. Bhojani	INED	1	Nil	4	Yes
Dr. Prasanna Chandra	INED	Nil	Nil	3	Yes
Kiran Karnik	INED	1	Nil	4	Yes
Sanjay Lalbhai	INED	2	1 (as Member)	2	No
Prof. S. Ramnarayan (1)	INED	1	Nil	1	N.A.
Mihir Thakore (2)	INED	Nil	Nil	3	Yes
Dr. C. Dutt, Director (Research & Development)	WTD	Nil	Nil	3	Yes
Samir Mehta, Managing Director	WTD	3	1 (as Member)	4	Yes

Notes:

1. Prof. S. Ramnarayan resigned and ceased to be a Director with effect from 07-May-08.
2. Mihir Thakore resigned and ceased to be a Director with effect from 06-May-09.
3. This number excludes the Directorships / Committee memberships held in private limited companies, foreign companies, companies registered under section 25 of the Companies Act, 1956 and that of the Company. Also it includes the Chairmanship/Membership only in the Audit Committee and Shareholders' Grievance Committee.

4. NED – Non-executive Director; INED – Independent Non-executive Director; WTD – Whole Time Director.

5. Sudhir Mehta & Samir Mehta are brothers; none of the other Directors have any inter se relationship.

   Kiran Karnik and Sudhir Mehta are liable to retire by rotation at the forthcoming Annual General Meeting and being eligible, have offered themselves for re-appointment. Relevant details pertaining to them are provided in the Notice of the Annual General Meeting.

2. AUDIT COMMITTEE

During the year under review, four meetings of the Committee were held on 06-May-08, 29-Jul-08, 24-Oct-08 and 28-Jan-09.

The Composition of the Committee as on 31-Mar-09 as well as the particulars of attendance at the Committee during the year are given in the table below :

Name	Category of Directorship	Qualification / Competence	No. of meetings attended
Dr. Prasanna Chandra, Chairman	Independent non-executive	MBA, Ph.D. in Finance	3
S. H. Bhojani	-- do --	B.Sc., LL.M.	4
Kiran Karnik	-- do --	B.Sc. (Hons.), PGDBM-IIM-A	4
Mihir Thakore*	-- do --	B.Com, LL.B., Senior Advocate	4

* ceased to be a member of the Committee with effect from 06-May-09 as resigned from the Board

The composition of the Committee complied with the requirements of Clause 49 of Listing Agreement and Section 292A of the Companies Act, 1956.

The Chairman of the Committee attended the 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 General Manager (Accounts), Vice President (Finance), Executive Director (Finance), Statutory Auditors and Internal Auditors. Cost Auditor and other executives of the Company also attended the meeting as and when required.

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 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 / role / powers as may be specified in the Companies Act, Listing Agreement with stock exchanges or any other applicable law.

3. SHAREHOLDERS COMMITTEE

The Securities Transfer & Investors' Grievance Committee, as a sub-committee of the Board, *inter alia,* reviews shareholder / investor grievances. The Committee met 4 times during the year. The constitution and functioning of the Committee is as given below :

Name of Director	Category	No. of meetings attended
Sudhir Mehta, Chairman	Non-Executive Director	4
Markand Bhatt	Non-Executive Director	4
Samir Mehta	Managing Director	4

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

99.13 % of the equity shares of the Company are held in dematerialised form & hence the handling of physical transfer of shares is minimal. The table below sets out details of pending transfers of equity shares as at 31-Mar-09 :

Duration	Transfers pending	Nature / Reason
0 – 15 days	Nil	---
16 – 30 days	Nil	---
> 30 days	Nil	---

During the year the Company received 8 complaints from the shareholders and the same were attended within a reasonable period of time. No complaint was pending as on 31-Mar-09.

4. MANAGERIAL REMUNERATION

Remuneration Committee

This is a non-mandatory requirement of Clause 49 of the Listing Agreement. The Board has not formed a Remuneration Committee and all decisions on appointment and remuneration of directors are taken by the Board of Directors and approved by the shareholders in General Meeting.

Managing Director / Whole Time Director

The appointment and remuneration of Samir Mehta, Managing Director was fixed by the Board and approved by the shareholders at the Annual General Meeting held on 21-Jul-06 for a period of 5 years with effect from 01-Apr-06. His remuneration was revised with effect from 01-Apr-08 and approved by the shareholders at the Annual General Meeting held on 29-Jul-08. Appointment and remuneration of Dr. C. Dutt, Whole Time Director (Research & Development) was approved by the shareholders at the Annual General Meeting held on 29-Jul-08 for a period up to 31-Dec-11, with effect from 01-Jul-08.

Independent Non Executive Directors (INEDs)

1. INEDs are compensated for their services to the Company by way of commission. With effect from 01-Oct-04, the shareholders have approved, at the Annual General Meeting held on 26-Jul-05, a ceiling of 0.50% of net profits as the ceiling of aggregate of such commission for a period of 5 years.
2. Within the ceiling, Chairman of the Board has power to decide the commission amount for each of the INEDs. The commission was determined on basis of duration of appointment during the year and participation at Board and Committee meetings.
3. In case of inadequacy of profits, commission upto Rs. 3 lacs was payable as minimum remuneration to each INED who is also member of any Committee of the Directors and upto Rs. 2 lacs to each INED 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 financial statements for that year.
5. It is proposed to seek the approval of shareholders for payment of commission to the INEDs for a further period of five years on the similar line except that in case of inadequacy of profits, commission upto Rs. 5 lacs is proposed to be paid as minimum remuneration to each INED who is also a member of any Committee of the Directors and upto Rs. 3 lacs to each INED who is not a member of any such Committee of the Directors subject to requisite approvals.

Details of remuneration of Directors for the year 2008-09 are as under :

(Rs. in lacs)

Names of Directors $	Sitting Fees	Salary & Perquisites #	Commission	Total
Sudhir Mehta, Chairman	Nil	Nil	Nil	Nil
Markand Bhatt	Nil	Nil	Nil	Nil
S. H. Bhojani	Nil	Nil	5.00	5.00
Dr. Prasanna Chandra	Nil	Nil	3.75	3.75
Kiran Karnik	Nil	Nil	5.00	5.00
Sanjay Lalbhai	Nil	Nil	Nil	Nil
Prof. S. Ramnarayan [1]	Nil	Nil	0.75	0.75
Mihir Thakore [2]	Nil	Nil	4.25	4.25
Dr. C. Dutt, Director (Research & Development)	Nil	158.30	Nil	158.30
Samir Mehta, Managing Director	Nil	234.23	200.00 ##	434.23
Total	**Nil**	**392.53**	**218.75**	**611.28**

Notes:

1. Prof. S. Ramnaryan has resigned and ceased to be a Director with effect from 07-May-08.
2. Mihir Thakore has resigned and ceased to be a Director with effect from 06-May-09.

$ 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 total remuneration does not exceed 5% of such profits amounting to Rs. 792.42 lacs.

Amarchand Mangaldas & Suresh A Shroff & Co., a law firm in which S. H. Bhojani, an Independent Non-executive Director, is a partner, were paid Rs. 24.81 lacs as professional fees for legal services provided during the year. Apart from above, there were no other pecuniary relationship / transactions with the Non-executive Directors.

Shareholding of Non-executive Directors

Details of the equity shares held by Non-executive Directors are as under :

Name of the Directors	Nos. of Equity shares
Markand Bhatt	400
Sanjay S. Lalbhai	800
Sudhir Mehta	38,01,428

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
33rd AGM	21-Jul-06	9:30 AM	H.T.Parekh Convention Center, Ahmedabad Management Association, Vastrapur, Ahmedabad – 380 015	1
34th AGM	31-Jul-07	9:30 AM	-- do --	-
35th AGM	29-Jul-08	9:30 AM	-- do --	-

All the special resolutions indicated above were passed by show of hands. The Company has not passed any shareholder resolution through postal ballot during the year under reference. During the current year, no resolution is proposed to be passed 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 web site 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 Managing Director to that effect forms part of this report as Annexeure 1.

c. Related Party Transactions

Transactions with related parties are disclosed in detail in Note 24 of Schedule 21 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. 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.

8. GENERAL SHAREHOLDER INFORMATION

a. 36th Annual General Meeting

Date & Time	Wednesday, 29-Jul-09 at 9:30AM
Venue	H. T. Parekh Convention Center, Torrent AMA Center, 1st Floor, Ahmedabad Management Association, Vastrapur, Ahmedabad - 380 015

b. Tentative Financial Calendar for the year 2009-10

Financial year	1-April to 31-March
First Quarter results	Fourth week of July 2009
Half Yearly results	Fourth week of October 2009
Third Quarter results	Fourth week of January 2010
Results for year-end	Second week of May 2010

c. Date of Book Closure

10th June, 2009 to 12th June, 2009 (both days inclusive).

d. Dividend payment date

The proposed dividend, if approved at the ensuing AGM will be distributed on or around 02-Aug-09.

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 2009-10 to both of the above stock exchanges.

f. Market Price Data

The closing market price of equity share on 31-Mar-09 (last trading day of the year) was Rs. 134.05 on BSE & Rs. 134.00 on NSE.

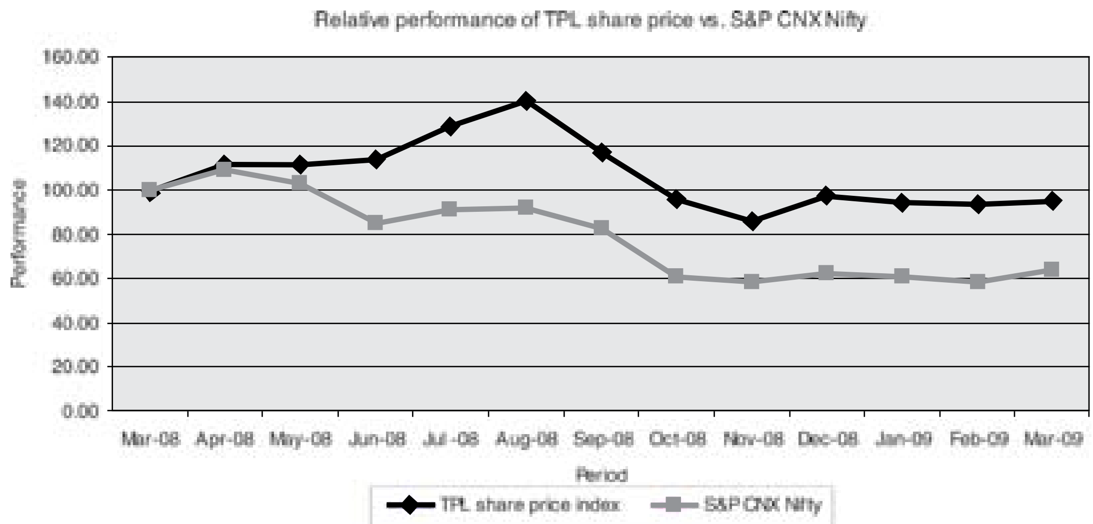
The monthly movement of equity share prices during the year at BSE & NSE are summarized as herein below:

Monthly Share Price movement during 2009-10 at BSE & NSE						
Month	BSE			NSE		
	High	Low	Volume	High	Low	Volume
Apr – 08	172.90	132.00	246,354	174.85	138.00	322,968
May – 08	178.00	155.00	574,298	178.80	155.25	744,918
Jun – 08	194.00	120.05	7,432,977	194.80	135.00	7,035,518
Jul – 08	185.00	149.50	975,732	184.00	140.00	1,217,521
Aug– 08	208.00	180.00	1,093,562	208.60	178.00	1,378,142
Sep – 08	209.70	151.00	403,117	208.00	141.40	308,009
Oct – 08	175.00	112.15	296,263	175.70	110.30	391,826
Nov – 08	145.00	118.00	64,324	148.00	117.10	87,193
Dec – 08	141.00	113.30	110,943	161.95	115.00	180,314
Jan – 09	157.00	127.05	200,514	158.00	121.00	220,575
Feb – 09	136.00	125.00	67,084	140.00	124.00	91,205
Mar – 09	153.55	123.10	158,508	141.00	124.00	197,903
Total			**11,623,676**			**12,176,092**
% of volume traded to outstanding shares			**13.74%**			**14.39%**

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-08	140.80	4,734.50	100.00	100.00
Apr-08	156.75	5,165.90	111.33	109.11
May-08	157.50	4,870.10	111.86	102.86
Jun-08	160.90	4,040.50	114.28	85.34
Jul -08	181.75	4,332.95	129.08	91.52
Aug-08	197.35	4,360.00	140.16	92.09
Sep-08	165.20	3,921.20	117.33	82.82
Oct-08	135.30	2,885.60	96.09	60.95
Nov-08	120.65	2,755.10	85.69	58.19
Dec-08	137.10	2,959.15	97.37	62.50
Jan-09	132.60	2,874.80	94.18	60.72
Feb-09	132.25	2,763.65	93.93	58.37
Mar-09	134.00	3,020.95	95.17	63.81

** closing data on the last day of the month



g. Distribution of Shareholding as at 31-Mar-09

By size of shareholding :

From – To	Mode of holding	Shares held		No. of Shareholders	
		Number	% Total	Number	% Total
1-5000	Electronic	3,789,543	4.48	23,730	88.49
	Physical	688,076	0.81	2,355	8.78
5001-10000	Electronic	608,343	0.72	405	1.51
	Physical	28,200	0.03	20	0.07
10001-50000	Electronic	833,580	0.99	217	0.81
	Physical	16,800	0.02	5	0.02
50001-100000	Electronic	300,636	0.36	22	0.08
	Physical	–	–	–	–
Above 100000	Electronic	78,346,182	92.60	63	0.23
	Physical	–	–	–	–
Total	**Electronic**	**83,878,284**	**99.13**	**24,437**	**91.13**
	Physical	**733,076**	**0.87**	**2,380**	**8.87**
	Total	**84,611,360**	**100.00**	**26,817**	**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	3,665,732	–	3,665,732	4.33
Banks, FIs & Insurance Companies	1,075,868	–	1,075,868	1.27
Foreign Institutional Investors / NRIs	9,942,746	–	9,942,746	11.75
Other Bodies Corporate	1,262,657	10,260	1,272,917	1.50
Indian Public	7,429,421	722,816	8,152,237	9.63
Total	**83,878,284**	**733,076**	**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 99.13% of the shares have been dematerialised. The demat security (ISIN) code for the equity share is INE685A01028.

i. Share transfer system

To expedite the transfer of shares held in physical mode, the powers to authorise transfers have been delegated to specified officials of the Company. The transfers which are complete in all respects are taken up for approval generally every ten days and the transferred securities dispatched to the transferor within 21 days. The details of transfers / transmission approved by the delegates are noted by the Securities Transfer & Investors' Grievance Committee meeting at its next meeting.

The Company has signed necessary agreements with two depositories currently functional in India viz. National Securities Depository Ltd. & Central Depository Services (India) Ltd. 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)

m. Research & Development Facility

Near Kanoria Hospital, Village Bhat, Dist. Gandhinagar, Pin 382 428 (Gujarat)

n. 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

o. Investor services

E-mail: investorservices@torrentpharma.com

p. Registrars & Transfer Agents

KARVY COMPUTERSHARE PRIVATE LIMITED
Unit: Torrent Pharmaceuticals Limited,
Plot No. 17 to 24, Vittalrao Nagar, Madhapur,
HYDERABAD – 500 081
Telephone: 040 - 23420816 - 24
Fax: 040 - 23420814
Contact person: K S Reddy
E-mail : einward.ris@karvy.com

For & on behalf of the Board

Ahmedabad
15th May, 2009

Sudhir Mehta
Chairman

ANNEX 1 TO CORPORATE GOVERNANCE REPORT

To
The Shareholders,

Affirmation of Compliance with Code of Business Conduct

I, Samir Mehta, Managing Director, 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, 2008 or the date of their joining the Company, whichever is later to 31st March, 2009 from all members of the Board and employees under Senior Management Cadre comprising CEO / Executive Directors (not a member of the Board), Vice Presidents and General Managers.

Ahmedabad
15th May, 2009

Samir Mehta
Managing Director

AUDITORS' REPORT

To the Shareholders of
Torrent Pharmaceuticals Limited

1. We have audited the attached Balance Sheet of Torrent Pharmaceuticals Limited as at 31st March, 2009 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date, 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 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 misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by 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 (the "Order") 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 & 5 of the said Order.
4. Further to our comments in the Annexure referred to in Paragraph 3 above, we report that :
   a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
   b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of the books;
   c. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
   d. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
   e. On the basis of written representations received from the Directors as on 31st March, 2009 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2009 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
   f. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with significant accounting policies and other notes thereon, 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 the affairs of the Company as at 31st March, 2009;
      (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
      (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For C. C. Chokshi & Co.
Chartered Accountants

(Gaurav J. Shah)
Partner
Membership No.35701

Ahmedabad
15th May, 2009

Annexure to the Auditors' Report

(Referred to in paragraph 3 of our report of even date)

1. The nature of the Company's business / activities during the year is such that the requirements of clause (xiii) and (xiv) of paragraph 4 of the Order are not applicable to the Company.

2. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

   (b) The Company has a programme of physical verification of its fixed assets over a period of three years, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this programme, certain fixed assets have been physically verified by the management during the year and 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 Company has not disposed off a substantial part of fixed assets during the year.

3. (a) As explained to us, 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 such physical verification.

4. The Company has neither granted nor taken any loans secured / unsecured to or from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.

5. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services and we have not observed any continuing failure to correct major weaknesses in such internal controls.

6. In respect of transactions that need to be entered in the register maintained in pursuance of section 301 of the Companies Act, 1956 :

   (a) The particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956, have been so entered;

   (b) The transactions have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

7. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under, where applicable. The Company has not accepted public deposits as defined under section 58A of the Companies Act, 1956 during the year under review. No order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.

8. In our opinion, the Company has an adequate internal audit system commensurate with the size and nature of its business.

9. We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 for the Company's products to which the said rules are made applicable and are of the opinion that prima facie the prescribed accounts and records have been maintained. We have not, however, made a detailed examination of the said records.

10. (a) According to the information and explanations given to us, the Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise-duty, cess and other material statutory dues applicable to it.

    (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax / value added tax (VAT), customs duty and excise duty were outstanding as at 31st March 2009 for a period of more than six months from the date they became payable.

    (c) According to the information and explanations given to us, details of amounts in respect of the income tax, excise duty, service tax, sales tax / VAT and employees' state insurance which have not been deposited as on 31st March, 2009 on account of any dispute are given below :

Name of Statute	Nature of Dues	Amount (Rs. in lacs)	Period to which the amount relates	Forum where the Dispute is Pending
West Bengal Commercial Tax Act & Central Sales Tax, 1956	Demand of Tax	16.09	2004-05	Additional Commissioner of Commercial Tax, West Bengal
Maharashtra Sales Tax	Demand of Tax	0.95	2003-04	Sr. Dy. Commissioner of Sales Tax (Assessment), Maharashtra
West Bengal VAT Act	Demand of Tax	5.21	2005-06	Additional Commissioner of Commercial Tax, West Bengal
Central Sales Tax	Demand of Tax	0.75	2005-06	Additional Commissioner of Commercial Tax, West Bengal
Central Excise Act, 1944	Service Tax	6.09	2001-02	Commissioner (Appeals)
	Input Service Credit	0.69	2006-07	CESTAT
	Demand of Duty	0.70	05-06 and 06-07	Assistant Commissioner (Ankleshwar)
	Cenvat Credit	11.47	2006-07	Commissioner of Central Excise, Ahmedabad - III
	Demand of Refund	12.33	2008-09	Commissioner (Appeals)
	Demand of Duty	1.55	2005-06	Dy. Commissioner of Central Excise, Kalol
	Demand of Interest	3.02	2001-02 and 2002-03	Dy. Commissioner of Central Excise, Kalol
	Demand of Interest	0.28	2006-07	Commissioner (Appeals)
E.S.I Act, 1948	E.S.I Contribution	248.71	1993-2007	Gujarat High Court

11. The Company has no accumulated losses at the end of the financial year and it has not incurred any cash losses in the financial year under report and the immediately preceding financial year.
12. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions or banks. The Company has not issued any debentures.
13. The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
14. In our opinion, the terms and conditions on which the Company has given guarantees for loans taken by others from banks or financial institutions are not prejudicial to the interest of the Company.
15. In our opinion, the term loans have been applied for the purpose for which they were raised except to the extent the funds deployed temporarily elsewhere pending application for the specified purpose.
16. According to the information and explanations given to us, and on an overall examination of the balance sheet of the Company, funds raised on short term basis have, *prima facie*, not been used during the year for long term investment.
17. 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.
18. The Company has not issued any debentures during the year.
19. The Company has not raised money by public issue during the year.
20. To the best of our knowledge and belief and according to the information and explanations given to us, no material fraud on or by the Company was noticed or reported during the year.

For C. C. Chokshi & Co.
Chartered Accountants

(Gaurav J. Shah)
Partner
Membership No.35701

Ahmedabad
15th May, 2009

BALANCE SHEET

(Rs. in lacs)

	SCHEDULE	As at 31-Mar-2009	As at 31-Mar-2008
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	1	**4,230.92**	4,230.92
Reserves and Surplus	2	**69,037.32**	54,294.41
		73,268.24	58,525.33
LOAN FUNDS			
Secured Loans	3	**31,827.30**	33,664.60
Unsecured Loans	4	**16,378.84**	496.00
		48,206.14	34,160.60
Net Deferred Tax Liabilities	21 [3]	**6,833.12**	6,946.92
		128,307.50	99,632.85
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	5	**68,078.07**	61,229.80
Less : Depreciation and Amortisation		**19,355.25**	16,478.38
Net Block		**48,722.82**	44,751.42
Capital Work in Progress		**4,180.74**	5,496.24
Advances for Capital Expenditure		**392.13**	2,363.46
		53,295.69	52,611.12
INVESTMENTS	6	**24,495.91**	15,804.74
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	7	**19,184.38**	16,653.02
Sundry Debtors	8	**24,081.19**	19,847.72
Cash and Bank Balances	9	**18,330.61**	9,767.14
Other Current Assets	10	**2,613.89**	1,898.86
Loans and Advances	11	**19,505.01**	7,013.77
		83,715.08	55,180.51
Less : CURRENT LIABILITIES AND PROVISIONS			
Liabilities	12	**27,445.47**	18,973.45
Provisions	13	**5,753.71**	4,990.07
		33,199.18	23,963.52
Net Current Assets		**50,515.90**	31,216.99
		128,307.50	99,632.85
Significant Accounting Policies	20		
Notes forming part of the Financial Statements	21		

As per our attached report of even date

Signatures to the Balance Sheet

For C.C. CHOKSHI & CO.
Chartered Accountants

Sudhir Mehta
Chairman

Gaurav J. Shah
Partner

Mahesh Agrawal
VP (Legal) & Company Secretary

Samir Mehta
Managing Director

Ahmedabad
15th May, 2009

Ahmedabad
15th May, 2009

PROFIT AND LOSS ACCOUNT

(Rs. in lacs)

	SCHEDULE	Year ended 31-Mar-2009	Year ended 31-Mar-2008
INCOME			
Sales		**114,827.26**	97,549.46
Less: Excise Duty	21 [4]	**382.30**	599.15
Net Sales		**114,444.96**	96,950.31
Operating Income		**4,044.22**	2,640.18
Sales and Operating Income	14	**118,489.18**	99,590.49
Other Income	15	**336.04**	464.69
TOTAL INCOME		**118,825.22**	100,055.18
EXPENDITURE			
Materials Cost	16	**41,975.24**	35,615.51
Employees Cost	17	**13,299.26**	11,482.32
Manufacturing and Other Expenses	18	**27,293.75**	22,118.80
Research and Development Expenses	21 [5]	**10,581.80**	9,140.51
Depreciation and Amortisation		**3,739.16**	3,274.49
TOTAL EXPENDITURE		**96,889.21**	81,631.63
PROFIT BEFORE BORROWING COST, EXCEPTIONAL ITEMS AND TAX		**21,936.01**	18,423.55
Net Borrowing Cost	19	**1,943.60**	1,840.07
PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX		**19,992.41**	16,583.48
Exceptional Items	21 [6]	**(875.95)**	–
PROFIT BEFORE TAX		**19,116.46**	16,583.48
PROVISION FOR TAXATION			
Current Tax		**2,137.60**	1,860.04
MAT Credit Entitlement		**(1,921.38)**	(1,698.51)
Deferred Tax (Credit) / Charge		**(113.80)**	616.33
Fringe Benefit Tax		**341.49**	253.76
		443.91	1,031.62
NET PROFIT FOR THE YEAR		**18,672.55**	15,551.86
Balance Brought Forward		**8,388.74**	6,201.57
PROFIT AVAILABLE FOR APPROPRIATION		**27,061.29**	21,753.43
APPROPRIATIONS			
General Reserve		**14,500.00**	9,900.00
Proposed Dividend		**3,384.45**	2,961.40
Tax on Distributed Profits		**575.19**	503.29
		18,459.64	13,364.69
Balance Carried Forward		**8,601.65**	8,388.74
Basic and Diluted EPS for the Year	21 [7]	**22.07**	18.38
Significant Accounting Policies	20		
Notes forming part of the Financial Statements	21		

As per our attached report of even date

For C.C. CHOKSHI & CO.
Chartered Accountants

Gaurav J. Shah
Partner

Ahmedabad
15th May, 2009

Mahesh Agrawal
VP (Legal) & Company Secretary

Signatures to the Profit & Loss Account

Sudhir Mehta
Chairman

Samir Mehta
Managing Director

Ahmedabad
15th May, 2009

CASH FLOW STATEMENT

(Rs. in lacs)

		Year ended 31-Mar-2009	Year ended 31-Mar-2008
A	**CASH FLOW FROM OPERATING ACTIVITIES:**		
	PROFIT BEFORE TAX	**19,116.46**	16,583.48
	Adjustments for :		
	Depreciation and Amortisation	**3,739.16**	3,274.49
	Provision for Doubtful Debts	**777.47**	157.50
	Bad Debts Written-off	**4.71**	12.03
	Foreign Exchange Loss on Borrowings	**724.37**	593.84
	Loss on Sale / Discard / Write-off of Fixed Assets	**204.91**	262.37
	Provision on Assets held for Sale	**25.57**	–
	(Profit) on Sale of Current Investments	**(313.77)**	(446.14)
	Net Borrowing Cost	**1,943.60**	1,840.07
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	**26,222.48**	22,277.64
	Adjustments for changes in working capital :		
	Debtors, Loans and Advances and Other Current Assets	**(8,410.59)**	(4,042.28)
	Inventories	**(2,531.36)**	1,935.53
	Current Liabilities and Provisions	**6,661.70**	4,568.66
	CASH GENERATED FROM OPERATIONS	**21,942.23**	24,739.55
	Direct Taxes Paid	**(1,792.32)**	(2,043.83)
	NET CASH FROM OPERATING ACTIVITIES	**20,149.91**	22,695.72
B	**CASH FLOW FROM INVESTING ACTIVITIES:**		
	Purchase of Fixed Assets	**(5,094.46)**	(12,115.01)
	Proceeds from Fixed Assets Sold	**84.72**	311.87
	Long Term Investments in Subsidiaries	**(205.57)**	(864.90)
	Long Term Trade Investment	–	(1,901.49)
	Proceeds from Long Term Non-Trade Investments Sold	**8.75**	10.50
	Profit on Sale of Current Investments	**313.77**	446.14
	Interest Received	**1,753.46**	205.24
	NET CASH USED IN INVESTING ACTIVITIES	**(3,139.33)**	(13,907.65)
C	**CASH FLOW FROM FINANCING ACTIVITIES:**		
	Net Long Term Debt taken / (repaid)	**2,400.67**	4,943.18
	Net Short Term Debt taken / (repaid)	**3,537.53**	506.49
	Capital Subsidy received during the year	**30.00**	–
	Dividend Paid	**(3,318.64)**	(10.83)
	Interest Paid	**(2,602.32)**	(1,934.69)
	NET CASH FROM FINANCING ACTIVITIES	**47.24**	3,504.15
	NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	**17,057.82**	12,292.22
	CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**13,316.85**	1,024.63
	CASH AND CASH EQUIVALENTS AT END OF YEAR	**30,374.67**	13,316.85
	Note: Cash and Cash Equivalents as at end of the year :		
	Cash and Bank balances [Schedule 21 (9)]	**18,330.61**	9,767.14
	Current Investments [Investments in Mutual Funds]	**12,044.06**	3,549.71
		30,374.67	13,316.85

As per our attached report of even date

For C.C. CHOKSHI & CO.
Chartered Accountants

Gaurav J. Shah
Partner

Ahmedabad
15th May, 2009

Mahesh Agrawal
VP (Legal) & Company Secretary

Signatures to the Cash Flow Statement

Sudhir Mehta
Chairman

Samir Mehta
Managing Director

Ahmedabad
15th May, 2009

SCHEDULES

annexed to and forming part of the financial statements

(Rs. in lacs)

	As at 31-Mar-2009	As at 31-Mar-2008
SCHEDULE - 1 : SHARE CAPITAL		
Authorised		
150,000,000 Equity Shares of Rs. 5 each	**7,500.00**	7,500.00
2,500,000 Preference Shares of Rs. 100 each	**2,500.00**	2,500.00
	10,000.00	10,000.00
Issued and Subscribed		
84,625,360 Equity Shares of Rs. 5 each	**4,231.27**	4,231.27
Paid-up		
84,611,360 Equity Shares of Rs. 5 each	**4,230.57**	4,230.57
Amount originally paid up on 14,000 Equity Shares forfeited	**0.35**	0.35
	4,230.92	4,230.92

Notes :

(1) 70,980,592 Equity Shares of Rs. 5 each were allotted as fully paid up bonus shares; out of which 42,305,680 shares were allotted by way of capitalisation from Capital Redemption Reserve and 28,674,912 Equity Shares were allotted by way of capitalisation from General Reserve.

(2) 1,244,768 Equity Shares of Rs. 5 each were allotted without payment being received in cash pursuant to the schemes of amalgamation.

(3) 43,057,736 Equity Shares of Rs. 5 each are held by holding company Torrent Private Limited.

(Rs. in lacs)

	As at 31-Mar-2009	As at 31-Mar-2008
SCHEDULE - 2 : RESERVES AND SURPLUS		
Capital Reserve		
Balance as per last Balance Sheet	**41.08**	41.08
Add : Capital Subsidy received during the year	**30.00**	–
	71.08	41.08
Capital Redemption Reserve		
Balance as per last Balance Sheet	**384.71**	384.71
Share Premium Account		
Balance as per last Balance Sheet	**4,279.88**	4,279.88
General Reserve		
Balance as per last Balance Sheet	**41,200.00**	31,300.00
Add : Transfer from Profit and Loss Account	**14,500.00**	9,900.00
	55,700.00	41,200.00
Balance in Profit and Loss Account	**8,601.65**	8,388.74
	69,037.32	54,294.41

	As at 31-Mar-2009	As at 31-Mar-2008
		(Rs. in lacs)
SCHEDULE - 3 : SECURED LOANS		
Long Term Loans [Note: 2]		
from Banks [Note: 1(a)]	**23,312.30**	21,471.31
from a Financial Institution [Note: 1(b)]	**6,015.00**	8,350.00
Short term Loans from Banks [Note: 1(c)]	**2,500.00**	3,843.29
	31,827.30	33,664.60

Notes:

(1) The Loans are secured by :

(a) First equitable mortgage of immovable fixed assets and hypothecation of moveable 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) First equitable mortgage of immovable fixed assets and hypothecation of moveable fixed assets, present and future, located at formulation manufacturing facilities in Baddi, Himachal Pradesh.

(c) Hypothecation of inventories and book debts.

(2) The future annual repayment obligations on principal amount, for the above long term loans are as under :

2009-10	Rs.	6,790 lacs
2010-11	Rs.	3,475 lacs
2011-12	Rs.	10,510 lacs
2012-13	Rs.	4,276 lacs
2013-14	Rs.	4,276 lacs
Total :	**Rs.**	**29,327 lacs**

	As at 31-Mar-2009	As at 31-Mar-2008
		(Rs. in lacs)
SCHEDULE - 4 : UNSECURED LOANS		
Long Term Loans [Note: 1]		
from Banks	**10,486.04**	–
from Department of Science and Technology	**892.80**	496.00
Short Term Loan from a Financial Institution	**5,000.00**	–
	16,378.84	496.00

Note:

(1) The future annual repayment obligations on principal amount, for the above long term loans are as under :

2009-10 to 2011-12	Rs.	99	lacs per year
2012-13 to 2014-15	Rs.	3,595	lacs per year
2015-16 to 2017-18	Rs.	99	lacs per year
Total :	**Rs.**	**11,379**	**lacs**

SCHEDULE - 5 : FIXED ASSETS

(Rs. in lacs)

Particulars	Gross Block (At Cost)				Depreciation & Amortisation				Net Block	
	As at 1-Apr-08	Additions during the year	Deductions during the year	As at 31-Mar-09	As at 1-Apr-08	For the year 2008-09	On deductions during the year	As at 31-Mar-09	As at 31-Mar-09	As at 31-Mar-08
Free Hold Land [Note: 3]	4,340.39	8.93	–	**4,349.32**	–	–	–	**–**	**4,349.32**	4,340.39
Lease Hold Land	515.53	1,727.30	–	**2,242.83**	0.28	0.19	–	**0.47**	**2,242.36**	515.25
Buildings	16,624.12	2,103.46	–	**18,727.58**	2,827.56	522.29	–	**3,349.85**	**15,377.73**	13,796.56
Plant and Machineries	26,332.21	2,847.57	520.08	**28,659.70**	7,864.73	2,121.51	390.88	**9,595.36**	**19,064.34**	18,467.48
Electric Installation and Air Conditioned Plant	5,867.31	381.81	354.17	**5,894.95**	2,035.52	364.00	312.52	**2,087.00**	**3,807.95**	3,831.79
Furniture and Fixtures	2,514.98	142.42	33.78	**2,623.62**	817.95	147.82	31.56	**934.21**	**1,689.41**	1,697.03
Office and Factory Appliances	2,837.64	245.32	34.35	**3,048.61**	1,979.11	271.41	23.64	**2,226.88**	**821.73**	858.53
Vehicles	1,449.64	270.84	209.55	**1,510.93**	427.51	138.30	103.69	**462.12**	**1,048.81**	1,022.13
Intangibles being Software	747.98	272.55	–	**1,020.53**	525.72	173.64	–	**699.36**	**321.17**	222.26
TOTAL	**61,229.80**	**8,000.20**	**1,151.93**	**68,078.07**	**16,478.38**	**3,739.16**	**862.29**	**19,355.25**	**48,722.82**	**44,751.42**
Previous Year	54,331.48	8,290.24	1,391.92	61,229.80	14,019.57	3,274.49	815.68	16,478.38	44,751.42	

Notes:

(1) Additions during the year include Research and Development assets as under :

(Rs. in lacs)

Particulars	2008-09	2007-08
Buildings	**211.22**	136.15
Plant and Machineries	**922.42**	1,376.74
Electric Installation and Air Conditioned Plant	**28.42**	39.91
Furniture and Fixtures	**45.76**	375.16
Office and Factory Appliances	**53.56**	84.62
Vehicles	**92.18**	30.46
Intangibles being Software	**85.57**	–
Total	**1,439.13**	2,043.04

(2) Capital work in progress and advances for capital expenditure on Research and Development assets are as under :

(Rs. in lacs)

Particulars	As at 31-Mar-09	As at 31-Mar-08
Capital Work in Progress	**655.03**	1,173.63
Advances for Capital Expenditure	**33.79**	145.73
Total	**688.82**	1,319.36

(3) Freehold land includes pro rata cost of land amounting to Rs. 2,379.06 lacs [Previous year Rs. 2,379.06 lacs] owned jointly in equal proportion with a company under same management, Torrent Power Limited.

(Rs. in lacs)

SCHEDULE - 6 : INVESTMENTS

	No. of Units	As at 31-Mar-2009	As at 31-Mar-2008
LONG TERM INVESTMENTS [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			
Torrent Do Brasil Ltda.	19144418	**3,111.04**	3,111.04
Fully paid up Equity Shares (Quotas) of Brazilian Real (R$) 1 each			
Torrent Pharma GmbH	–	**3,645.29**	3,645.29
Equity Capital			
Torrent Pharma Inc.	12000	**498.78**	498.78
Fully paid up Common Stock of USD 100 each			
Torrent Pharma Philippines Inc.	55852	**91.64**	91.64
Fully paid up Equity Shares of Philippines Pesos 200 each			
Laboratorios Torrent , S.A. De C.V.	21047	**823.78**	618.21
Fully paid up Equity Shares of Mexican Pesos (M$) 1000 each [previous year - no. of units : 15894]			
Torrent Pharma Japan Co. Ltd	200	**38.30**	38.30
Fully paid up Equity Shares of Japanese Yen (¥) 50000 each			
Torrent Australasia Pty Limited	675000	**29.94**	29.94
Partly paid up Common Stock of Australian Dollar (A$) 1 each, A$ 0.1282 paid each			
		10,547.26	10,341.69
Trade Investments			
Quoted			
York Pharma Plc.- Fully paid up Equity Shares of 5 Pence each [Note 1]	63056	**155.60**	155.60
Less: Provision for Diminution in Value		**155.60**	155.60
		–	–
Unquoted			
GPC Cayman Investors I Ltd. - Fully paid up Equity Shares of USD 10 each	442918	**1,901.49**	1,901.49
Shivalik Solid Waste Limited - Fully paid up Equity Shares of Rs. 10 each	20000	**2.00**	2.00
		1,903.49	1,903.49
Non-Trade Investments, Unquoted			
National Savings Certificates		**1.10**	1.10
Contribution to Gujarat Venture Capital Fund, 1995.		–	8.75
		1.10	9.85
Aggregate Long Term Investments		**12,451.85**	12,255.03

(Rs. in lacs)

	No. of Units	As at 31-Mar-2009	As at 31-Mar-2008
CURRENT INVESTMENTS [At lower of cost or market value]			
Non-Trade Investments, Unquoted			
Units of Mutual Fund Schemes - Debt and Gilt Funds			
Prudential ICICI Liquid Plan - Inst. Plus - Growth	16310678 [6435599]	**2,111.14**	759.77
HDFC Cash Management Fund Saving - Growth	10997100	**2,014.06**	–
TATA Gilt Securities Fund - Appreciation	6688607	**1,780.21**	–
Birla Sunlife Cash Plus - Institutional Premium - Growth	10418739 [5322894]	**1,460.38**	681.43
TATA Liquid Super High Investment Fund - Appreciation	77074	**1,250.86**	–
Birla Sunlife Income Plus - Growth	2496835	**988.98**	–
Birla Sunlife Gilt Plus - Regular Growth	3217361	**961.22**	–
IDFC Govt. Security Fund Investment Plan - Growth	7595538	**741.62**	–
DSP Black Rock Govt. Security Fund - Plan A - Growth	2409477	**735.59**	–
Birla Sunlife Liquid Plus - Growth	[5353002]	–	810.55
Principal Floating Rate Fund - SMP - Growth	[6032664]	–	761.24
Principal Floating Rate - FMP - Growth	[4277521]	–	536.72
Aggregate Current Investments [Note 2 & 3]		**12,044.06**	3,549.71
Aggregate Investments		**24,495.91**	15,804.74
Unquoted		**24,495.91**	15,804.74
Quoted		–	–
		24,495.91	15,804.74

Notes:

(1) Charterhouse Therapeutics Limited, renamed as Rosanto Pharmaceuticals Limited, was acquired by York Pharma Plc. in exchange of shares. Market value of investment in York Pharma Plc as on 30-Mar-09 [last available quote] is Rs. 1.37 lacs.

(2) Aggregate NAV of investment in Mutual Funds as on 31-Mar-09 is Rs. 12,067.66 lacs. [previous year Rs. 3,580.75 lacs]

(3) Details of current investments bought and sold during the year are as under :

(Rs. in lacs)

Name of Mutual Fund Scheme	Purchase		Sale	
	Nos.	Amount	Nos.	Amount
ICICI Prudential Liquid Plan Super Institutional Growth	157,421,688	19,675.00	147,546,609	18,520.00
Birla Sunlife Cash Plus - Institutional Premium - Growth	125,804,948	17,045.35	120,709,103	16,413.02
Principal Floating Rate Fund - SMP - Growth	85,131,978	11,005.00	91,164,642	11,835.51
Principal Floating Rate - FMP - Growth	17,061,501	2,210.00	21,339,022	2,803.17
Birla Sunlife Liquid Plus - Growth	19,834,914	3,127.40	25,187,916	4,002.71
Birla Sunlife Interval Income - Institutional Growth	9,576,159	1,000.00	9,576,159	1,007.40
Birla Sun life Cash Plus - Institutional Growth	1,117,633	250.00	1,117,633	250.29
HDFC Cash Management Fund Saving - Growth	52,946,648	9,595.00	41,949,549	7,620.00
TATA Liquid Super High Investment Fund - Appreciation	505,225	8,110.00	428,151	6,885.04
DSP Black Rock Govt. Security Fund - Plan A - Growth	2,409,477	800.00	–	–
Birla Sunlife Gilt Plus - Regular Growth	3,217,361	1,000.00	–	–
Tata Gilt Securities Fund - Appreciation	6,688,607	1,900.00	–	–
IDFC Govt. Security Fund Investment Plan - Growth	7,595,538	800.00	–	–
Birla Sunlife Income Plus - Growth	2,496,835	1,000.00	–	–
Total		**77,517.75**		**69,337.15**

(Rs. in lacs)

	SCHEDULE	As at 31-Mar-2009	As at 31-Mar-2008
SCHEDULE - 7 : INVENTORIES			
[At lower of cost or net realisable value]			
Raw Materials		**6,808.22**	5,636.06
Packing Materials		**1,340.38**	1,131.52
Goods in Process		**4,099.94**	3,524.34
Finished Goods		**5,616.07**	5,152.82
Traded Goods		**1,319.77**	1,208.28
		19,184.38	16,653.02
SCHEDULE - 8 : SUNDRY DEBTORS			
[Unsecured]			
Debts over six months			
Considered Good		**3,811.30**	4,789.66
Considered Doubtful		**949.80**	172.34
Less : Provision		**949.80**	172.34
		3,811.30	4,789.66
Other Debts - Considered Good	21 [8]	**20,269.89**	15,058.06
		24,081.19	19,847.72
SCHEDULE - 9 : CASH AND BANK BALANCES			
Cash on hand		**5.71**	11.63
With Scheduled Banks in:			
a) Current Accounts	21 [9]	**1,038.78**	997.61
b) Term Deposit Accounts	21 [9]	**17,105.05**	8,704.00
		18,143.83	9,701.61
With Non - Scheduled Banks in Current Accounts			
- Vneshtorg Bank [USD] - Moscow, Russia		**81.52**	–
- Vneshtorg Bank [Rouble] - Moscow, Russia		**49.76**	5.22
- Bank for Foreign of Vietnam [USD] - Ho Chi Minh, Vietnam		**41.68**	42.98
- OTP Bank [UAH] - Kiev, Ukraine		**2.58**	0.41
- HSBC [USD] - Singapore		**5.11**	5.24
- Taib Kazakh Bank [KZT] - Almaty, Kazakisthan		**0.42**	0.05
		181.07	53.90
		18,330.61	9,767.14

Note:

(1) Details of maximum amount outstanding in Non-Scheduled Banks in current accounts during the year are as under :

(Rs. in lacs)

	2008-09	2007-08
- Vneshtorg Bank [USD] - Moscow, Russia	**258.95**	167.70
- Vneshtorg Bank [Rouble] - Moscow, Russia	**66.45**	85.39
- Bank for Foreign of Vietnam [USD] - Ho Chi Minh, Vietnam	**87.45**	142.94
- OTP Bank [UAH] - Kiev, Ukraine	**6.04**	4.19
- OTP Bank [USD] - Kiev, Ukraine	**15.22**	12.81
- HSBC [USD] - Singapore	**5.24**	5.24
- Taib Kazakh Bank [KZT] - Almaty, Kazakisthan	**1.01**	5.05
- Taib Kazakh Bank [USD] - Almaty, Kazakisthan	**9.85**	12.48

	SCHEDULE	As at 31-Mar-2009	As at 31-Mar-2008
			(Rs. in lacs)
SCHEDULE - 10 : OTHER CURRENT ASSETS			
[Unsecured and considered good, unless otherwise stated]			
Export Benefits Receivable		**1,851.89**	1,427.41
Excise, Sales Tax / VAT and Insurance Claims Receivable			
Considered Good		**568.74**	415.56
Considered Doubtful		–	1.42
Less : Provision		–	1.42
		568.74	415.56
Interest accrued on loans and deposits		**182.05**	54.09
Fixed Assets held for Sale [At lower of cost or net realisable value]		**9.50**	–
Others		**1.71**	1.80
		2,613.89	1,898.86
SCHEDULE - 11 : LOANS AND ADVANCES			
[Unsecured and considered good]			
Loans and Advances to Subsidiary Companies	21 [10]	**4,879.48**	199.91
Advances recoverable in cash or in kind or for value to be received		**9,149.93**	2,572.87
Balances with Excise Department		**0.49**	0.49
Advance Tax Paid [Net of Provisions Rs. 17,131.71 lacs (previous year Rs. 14,654.47 lacs)]		**188.79**	875.56
MAT Credit Entitlement		**5,286.32**	3,364.94
		19,505.01	7,013.77
SCHEDULE - 12 : CURRENT LIABILITIES			
Sundry Creditors			
Due to Micro, Small and Medium Enterprises	21 [11]	**2.16**	–
Others		**21,804.46**	16,383.15
Due to Subsidiary Companies		**373.78**	272.91
Book Overdraft		**503.26**	463.82
Investor Education and Protection Fund [not due] :			
Unclaimed Dividend		**188.26**	42.21
Unclaimed Share Application Money		**0.45**	0.45
Unclaimed Matured Fixed Deposits		–	1.52
Unclaimed Matured Debentures		**7.51**	12.24
Unclaimed Debenture Interest		**0.46**	1.91
		196.68	58.33
Other Liabilities		**604.56**	515.97
Advances from Customers		**3,717.89**	1,211.28
Interest accrued but not due		**242.68**	67.99
		27,445.47	18,973.45

Note: The Investor Education and Protection Fund is credited by the amounts unclaimed and outstanding on the relevant due date.

	SCHEDULE	As at 31-Mar-2009	As at 31-Mar-2008
SCHEDULE - 13 : PROVISIONS			
Proposed Dividend		**3,384.45**	2,961.40
Add : Tax on Distributed Profits		**575.19**	503.29
		3,959.64	3,464.69
Provisions for Employee Benefits in respect of			
Gratuity	21 [12]	**366.43**	184.65
Leave benefits		**1,358.26**	1,243.07
Long term compensation		**69.38**	97.66
		5,753.71	4,990.07

	SCHEDULE	Year ended 31-Mar-2009	Year ended 31-Mar-2008
			(Rs. in lacs)
SCHEDULE - 14 : SALES AND OPERATING INCOME			
Sales			
Domestic		**79,357.38**	73,958.05
Less : Excise Duty collected	21 [4]	**382.30**	599.15
Net Domestic Sales		**78,975.08**	73,358.90
Exports		**35,469.88**	23,591.41
		114,444.96	96,950.31
Operating Income			
Export Benefits		**1,717.71**	1,165.89
Income from Product Registration Dossiers [Tax deducted at source Rs. 107.48 lacs, (previous year Rs. Nil)]		**1,720.71**	1,044.77
Other Operating Income		**605.80**	429.52
		4,044.22	2,640.18
		118,489.18	99,590.49
SCHEDULE - 15 : OTHER INCOME			
Profit on Sale of Investments [Net of Provision for diminution in value of Current Investment Rs. 292.37 lacs (previous year Rs. Nil)]		**313.77**	446.14
Miscellaneous Income		**22.27**	18.55
		336.04	464.69
SCHEDULE - 16 : MATERIALS COST			
Materials Consumed			
Raw Materials		**32,923.84**	24,721.50
Packing Materials		**4,772.64**	3,765.51
		37,696.48	28,487.01
Purchase of Traded Goods		**5,429.10**	5,083.71
(Increase) / Decrease in Stock			
Opening Stocks			
Finished Goods		**5,152.82**	5,728.84
Traded Goods		**1,208.28**	3,065.45
Work in Process		**3,524.34**	3,135.94
		9,885.44	11,930.23
Less: Closing Stocks			
Finished Goods		**5,616.07**	5,152.82
Traded Goods		**1,319.77**	1,208.28
Work in Process		**4,099.94**	3,524.34
		11,035.78	9,885.44
		(1,150.34)	2,044.79
		41,975.24	35,615.51
SCHEDULE - 17 : EMPLOYEES COST			
[Other than those included in Research and Development Expenses]			
Salaries, Wages and Bonus		**11,651.83**	10,347.15
Contribution to Provident and Other Funds [Defined Contribution Plan]		**824.75**	807.50
Gratuity Cost	21 [12]	**511.37**	72.05
Welfare Expenses		**311.31**	255.62
		13,299.26	11,482.32

	SCHEDULE	Year ended 31-Mar-2009	Year ended 31-Mar-2008
			(Rs. in lacs)
SCHEDULE - 18 : MANUFACTURING AND OTHER EXPENSES			
Power and Fuel		**2,496.70**	1,988.85
Stores and Spares Consumed		**1,169.84**	1,049.01
Labour Charges		**989.38**	747.93
Job Work Charges		**671.54**	512.69
Laboratory Goods and Testing Expenses		**544.28**	282.69
Excise Duty	21 [4]	**43.59**	(34.75)
Repairs and Maintenance :			
Machinery		**225.24**	216.13
Buildings		**150.46**	165.39
Others		**121.05**	84.65
		496.75	466.17
Selling, Publicity and Medical Literature Expenses		**9,101.78**	6,919.92
Commission on Sales		**1,022.08**	1,061.25
Sales and Turnover Taxes		**187.97**	60.39
Provision for Doubtful Debts		**777.47**	157.50
Bad Debts Written-off		**4.71**	12.03
Travelling, Conveyance and Vehicle Expenses		**3,413.93**	3,842.65
Net Foreign Exchange Loss	21 [14]	**1,084.37**	1,106.75
Communication Expenses		**526.08**	574.85
Printing and Stationery Expenses		**204.04**	199.80
Insurance		**207.92**	216.75
Rent		**369.12**	292.54
Rates and Taxes		**33.79**	21.44
Loss on Sale / Discard / Write-off of Fixed Assets		**204.91**	262.37
Provision on Assets held for Sale		**25.57**	–
Auditors Remuneration and Expenses			
Audit Fees		**6.73**	6.74
Other Services		**14.85**	11.80
Out of Pocket Expenses		**1.14**	1.60
		22.72	20.14
Cost Audit Fees		**2.40**	2.39
Commission to Non Executive Directors		**18.75**	11.90
Donation		**217.20**	120.41
General Charges		**3,456.86**	2,223.13
		27,293.75	22,118.80
SCHEDULE - 19 : NET BORROWING COST			
Expenses			
Interest on Fixed Period Loans		**2,654.85**	2,028.16
Other Borrowing Cost	21 [14]	**1,170.17**	58.78
		3,825.02	2,086.94
Interest Income [Tax deducted at source Rs. 373.46 lacs (previous year Rs. 42.15 lacs)]		**1,881.42**	246.87
		1,943.60	1,840.07

SCHEDULE - 20 :

SIGNIFICANT ACCOUNTING POLICIES

1. Basis for Preparation of Financial Statements

The financial statements are prepared and presented under the historical cost convention on accrual basis of accounting, in accordance with the accounting principles generally accepted in India and comply with the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956. Except where otherwise stated, the accounting principles are consistently applied.

2. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make assumptions 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 recognised in the period in which the results are known / materialise.

3. Fixed 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 and 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 are capitalised 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 capitalised. Such expenses are capitalised only if the project to which they relate involve substantial expansion of capacity or upgradation.

c) Certain software costs are capitalised and recognised as intangible assets in terms of Accounting Standard 26 on Intangible Assets based on materiality, accounting prudence and significant economic benefits expected to flow there from for a period longer than one year. Capitalised costs include direct costs of implementation and expenses directly attributable to the development of software where it is developed in-house.

d) 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 recognised 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.

e) 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.

4. Depreciation and Amortisation

a) Depreciation on fixed assets (except leasehold land and information technology assets) is provided on straight line method at the rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956.

b) (i) Cost of leasehold land (except for lease of long tenure) is amortised over the period of the lease.

(ii) Cost of lease hold land where lease period is of long tenure and substantial rights of ownership are with lessee, is not amortised.

c) Information technology assets other than software are depreciated on straight line method over estimated useful life of 3 years.

d) Software costs capitalised is amortised using the straight-line method over estimated useful life of 3 to 5 years, as estimated at the time of capitalisation.

5. Investments

a) Long Term Investments are stated at cost. Provision is made to recognise 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 profit and loss account.

6. Inventories

Inventories are valued at the lower of cost and net realisable value. Provision for impairment is made when there is high uncertainty in salability of an item. Cost of inventories is determined on the following basis :

a) Cost of raw material and packing material is determined on moving average basis.

b) Work in process is determined on weighted average basis.

c) Cost of finished goods produced is determined on weighted average basis.

d) Cost of finished goods (traded) is determined on moving average basis.

7. Revenue Recognition

a) Revenue from sale of goods is recognised when the significant risks and rewards of ownership of goods are transferred to the customer. Incomes from services are recognized when the services are rendered or when contracted milestones have been achieved. Sales are net of discounts, sales tax and returns; excise duty collected on sales is shown by way of deduction from sales.

b) Export entitlements are recognised 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.

c) Dividend income is recognised when the right to receive dividend is established.

d) Interest income is recognized using the time-proportion method, based on rates implicit in the transaction.

e) Revenue in respect of other income is recognised when a reasonable certainty as to its realisation exists.

8. Employees Retirement and Other Benefits

a) 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 expensed to the profit and loss account of the year as Employees Costs.

b) The Company's contribution in case of defined contribution plans (Provident Fund, Superannuation benefit, and other fund) is charged to profit and loss account as and when it is incurred as Employee Costs.

c) 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 year to which the costs relate at present value of the nominal benefits under the plan.

d) The liability for compensated absences and leave encashment is provided on the basis of actuary valuation, as at Balance Sheet date.

9. Government Grants

Government grants are recognised where there is reasonable assurance that the grant will be received. 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.

10. Borrowing Costs

Borrowing costs consist of interest and other costs that the company incurs in connection with the borrowing of funds. Borrowing costs also includes exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

11. Cenvat Credit

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

12. Stores and Spares

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

13. Software Costs

Expenditure incurred for procuring, developing, improving and maintaining software programs are charged to the profit and loss account as and when incurred, except when capitalised in accordance with note 3 (c) above.

14. Research and Development

Research and Development expenses are charged to revenue. Capital expenditure on research and development is reported as fixed assets under the relevant head. Depreciation on research and development fixed assets is included under depreciation expense.

15. Leases

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

16. Accounting for Tax

a) Current Tax is accounted on the basis of estimated taxable income for the current accounting year and in accordance with the provisions of 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 substantially enacted as at the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realized in future. Net deferred tax liability is arrived at after setting off deferred tax assets.

c) In terms of the Guidance Note on Accounting for credit available in respect of Minimum Alternative Tax under the Income Tax Act, 1961 issued by the Institute of Chartered Accountants of India, the excess of Minimum Alternate Tax (MAT) over normal current tax payable has been accounted as an asset by credit to the profit and loss account as MAT Credit Entitlement.

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 recognised as income or expense of the period in which they arise.

c) In case of forward contracts, to which AS 11, The Effects of Changes in Foreign Exchange Rate applies, the difference between the forward rate and the exchange rate on the date of the contract is recognised as income or expense over the life of the contract. Exchange differences on such a contract are recognised in the profit and loss account in the period in which the exchange rates change. Derivatives not covered under AS 11 are marked to market at balance sheet date and resulting loss, if any, is recognised in the profit and loss account in view of the principle of prudence as per Announcement on Accounting of Derivatives by Institute of Chartered Accountants of India dated 29-Mar-08.

d) Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are reported using the rate prevailing as on that date. The resultant exchange differences are recognised in the profit and loss account. The Company has not exercised the option for capitalisation or amortisation of exchange differences on long term foreign currency monetary items as provided by notification dated 31-Mar-09, issued by the Ministry of Corporate Affairs.

e) Investments in shares of foreign subsidiaries and other companies are expressed in reporting currency at the rates of exchange prevailing at the time when the original investments were made.

18. Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognised 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 accounts. Contingent assets are neither recognised nor disclosed in the financial statements.

	As at 31-Mar-2009	As at 31-Mar-2008
		(Rs. in lacs)

SCHEDULE - 21 :
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	As at 31-Mar-2009	As at 31-Mar-2008
1. Estimated amount of unexpected capital contracts [net of advances] not provided for	**2,381.81**	1,624.75
2. 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	**846.55**	712.20
Disputed Employee State Insurance Contribution Liability under E.S.I. Act, 1948	**248.71**	218.05
Disputed legal cases for supply of Goods and Services	**1.78**	1.78
Disputed Demand of Excise and Service Tax	**23.80**	8.44
Disputed Demand of Local Sales Tax and C.S.T.	**23.00**	18.31
	1,143.84	958.78
(b) The Company has issued guarantees aggregating USD 60.00 lacs (previous year USD 81.00 lacs) and EURO 65.00 lacs (previous year EURO 75.00 lacs) to secure lines of credit to its wholly owned subsidiaries. The outstanding amount of borrowing by the subsidiaries as on balance sheet date, converted at closing exchange rate, is	**54.12**	1,819.75
(c) Uncalled liability on partly paid shares of Torrent Australasia Pty Limited, a wholly owned subsidiary. [Australian Dollar (A$) 5.88 lacs (previous year (A$) 5.88 lacs)]	**206.08**	206.90
3. The components of the deferred tax adjustment balance are set out below :		
Deferred Tax Liabilities		
Excess of depreciation claimed under the income tax law over that debited to profit and loss accounts	**7,871.94**	7,618.37
Deferred Tax Assets		
Provision for Leave Salary	**(461.67)**	(422.52)
Bonus Payable	**(129.82)**	(127.58)
Provision for Gratuity	**(124.55)**	(62.76)
Provision for Doubtful Debts	**(322.77)**	(58.58)
	6,833.13	6,946.93

4. Excise Duty shown as deduction from Domestic Sales represents the amount of excise duty collected on sales. Excise duty expenses under Schedule - 18, "Manufacturing and Other Expenses", represents the difference between excise duty element in amounts of closing stocks and opening stocks, excise duty paid on samples and on inventory write-off, which is not recoverable from sales.

5. (a) Break-up of Research and Development expenses included in Profit and Loss Account :

(Rs. in lacs)

	2008-09	2007-08
Employees Costs :		
Salaries, Wages and Bonus	**3,317.01**	3,172.25
Contribution to Provident, and other funds [Defined Contribution Plan]	**275.47**	264.95
Gratuity Cost	**167.72**	71.65
Welfare expenses	**80.97**	75.29
	3,841.17	3,584.14
Power and Fuel	**516.73**	419.02
Stores and Spares Consumed	**824.32**	724.17
Labour Charges	**106.86**	110.68
Laboratory Goods and Testing Expenses	**2,860.64**	2,336.92
Clinical Research Expenses	**838.91**	791.12
Repairs and Maintenance	**156.78**	141.39
Travelling, Conveyance and Vehicle Expenses	**246.17**	214.32
Communication Expenses	**77.33**	53.04
Printing and Stationery Expenses	**47.22**	48.84
Insurance	**29.29**	25.95
Rent	**9.45**	7.33
Rates and Taxes	**15.63**	3.35
General Charges	**1,011.30**	680.24
	10,581.80	9,140.51

(b) Depreciation and Amortisation includes Rs. 1,142.90 lacs (previous year Rs. 830.56 lacs) pertaining to Research and Development assets.

6. Exceptional item represents amount provided for settlement of a contract claim and certain related expenses, in respect of a research contract pertaining to new chemical entities, agreed by the Company in an out-of-court settlement through a mediation process.

7. The Basic and Diluted Earnings Per Share [EPS] are :

			2008-09	2007-08
Net profit for the period	(a)	[Rs. in lacs]	**18,672.55**	15,551.86
Weighted average number of equity shares	(b)	[Nos. in lacs]	**846.11**	846.11
EPS (Basic and Diluted)	(a) / (b)	[Rs.]	**22.07**	18.38
Nominal value per equity share		[Rs.]	**5.00**	5.00

8. Sundry Debtors in Schedule - 8 include debts due from Torrent Power Limited, a company under the same management as per section 370(1B) of the Companies Act, 1956 amounting to Rs. Nil (previous year Rs. 3.49 lacs).

9. Cash and Cash Equivalents includes :

(Rs. in lacs)

		As at 31-Mar-09	As at 31-Mar-08
(a)	Term Deposit lodged with Banks as securities for LC and other facilities	**2.05**	3.00
(b)	Balances with scheduled banks in current accounts for unclaimed dividend, debenture and debenture interest.	**196.31**	56.43

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

(Rs. in lacs)

Name of subsidiary	Loan Given		Maximum amount outstanding during the year	Balance as at	
	2008-09	2007-08		**31-Mar-09**	31-Mar-08
Torrent Pharma Philippines Inc.	–	–	254.75	**254.75**	199.85
Torrent Do Brasil Ltda.	**1,239.69**	–	1,254.26	–	–
Zao Torrent Pharma	**6,758.31**	–	7,258.55	**4,600.74**	–
Total	**7998.00**	**–**		**4,855.49**	**199.85**

(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, is 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.

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

(Rs. in lacs)

	2008-09	2007-08
(a) (i) The principal amount remaining unpaid at the end of the year	**2.16**	–
(ii) Interest due on principal remaining unpaid at the end of the year	–	–
	2.16	–
(b) (i) The delayed payments of principal amount paid beyond the appointed date during the year	–	–
(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	–	–
(d) Total Interest accrued during the year and remaining unpaid	–	–

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

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

General Description of the Plan :

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

Status of gratuity plan as required under AS 15 [Revised] :

(Rs. in lacs)

Particulars	**2008-09**	2007-08
(a) Reconciliation of opening and closing balances of the present value of the defined benefit obligation :		
Obligations at the beginning of the year	**1,366.67**	1,219.00
Current service cost	**233.28**	129.64
Interest cost	**123.66**	94.48
Actuarial (gain) / loss	**392.42**	(0.47)
Benefits paid	**(108.28)**	(75.98)
Obligations at the end of the year	**2,007.75**	1,366.67

(Rs. in lacs)

Particulars			2008-09	2007-08
(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		**1,182.02**	779.48
	Expected return on plan assets		**130.23**	69.50
	Actuarial gain / (loss)		**(62.65)**	9.09
	Contributions		**500.00**	399.93
	Benefits paid		**(108.28)**	(75.98)
	Plan assets at the end of the year, at fair value		**1,641.32**	1,182.02
	Actual return on plan assets		**67.58**	78.60
(c)	Gratuity cost for the year :			
	Current service cost		**233.28**	129.64
	Interest cost		**123.66**	94.48
	Expected return on plan assets		**(130.23)**	(69.50)
	Net Actuarial (gain) / loss		**455.07**	(9.56)
	Net gratuity cost		**681.78**	145.06
(d)	(i)	Reconciliation of the present value of the defined benefit obligation & fair value of plan assets :		
		Obligations at the end of the year	**2,007.75**	1,366.67
		Plan assets at the end of the year, at fair value	**1,641.32**	1,182.02
		Liability recognised in Balance Sheet	**366.43**	184.65
	(ii)	Experience adjustments		
		Plan liabilities	**(104.25)**	–
		Plan assets	**(62.65)**	9.09
(e)	Expected contribution for the next year		**600.00**	–

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

	2004-05	2005-06	2006-07	2007-08
Present value of defined benefit obligations at the end of the year [independent actuary]	385.02	875.19	1,219.00	1,366.67
Fair value of plan assets at the end of the year	447.49	608.76	779.48	1,182.02
Net assets / (liability) at the end of year	62.47	(266.43)	(439.52)	(184.65)

(g) Assumptions

	2008-09	2007-08
Interest rate	**7.00%**	8.00%
Expected rate of return on plan assets for the next year	**9.46%**	8.00%

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 third party Insurance Company [Life Insurance Corporation of India and ICICI Prudential Life Insurance Company Limited] who has invested the funds substantially as under :

Fixed interest bearing Government and Corporate Securities : 86%
Equity Instruments : 14%

13. (a) The Profit & Loss Account includes remuneration paid to Managerial Personnel :

(Rs. in lacs)

	2008-09	2007-08
Salary and allowances	**328.28**	208.70
Commission to Managerial Personnel	**218.75**	211.90
Perquisites	**15.90**	6.66
Gratuity [Proportionate amount of total gratuity cost]	**21.73**	3.24
Contribution to Provident & Other funds	**26.62**	17.65
	611.28	448.15

(Rs. in lacs)

		2008-09	2007-08
(b)	Computation of Net Profit in accordance with Section 349 of the Companies Act, 1956 and commission payable :		
	Net profit for the Year	**18,672.55**	15,551.86
	Add : Provision for taxation as per the Profit and Loss Account	**443.91**	1,031.62
	Depreciation as per Profit and Loss Account	**3,739.16**	3,274.49
	Directors' remuneration (including commission)	**611.28**	448.15
	Provision for Doubtful Debts	**777.47**	157.50
	Provision for diminution in value of Current Investment	**292.37**	–
	Provision on Assets held for Sale	**25.57**	–
	Loss on Sale / Discard / Write-off of Fixed Assets	**204.91**	262.37
		24,767.22	20,725.99
	Less : Profit on sale of Investment (Net)	**606.14**	446.14
	Capital gains on sale of Asset	**0.45**	133.84
	Depreciation under Section 350 of the Companies Act, 1956	**3,627.72**	3,404.46
	Net Profit (b)	**20,532.91**	16,741.55
	Commission entitlement of managerial personnel as per terms of appointment	**1,660.76**	502.25
	Commission to Managerial Personnel	**200.00**	200.00
	% to Net Profit as per (b) above	**0.97%**	1.19%
	Commission entitlement of Non-Executive Directors	**102.66**	83.71
	Commission paid to Non-Executive Directors	**18.75**	11.90
	% to Net Profit as per (b) above	**0.09%**	0.07%

14. Foreign Exchange Loss included in the net profit for the year :

(Rs. in lacs)

		2008-09	2007-08
(a)	Net Foreign Exchange Loss, included in Manufacturing and Other Expenses, as per Schedule 18.	**1,084.37**	1,106.75
(b)	Net Foreign Exchange Loss on foreign currency borrowings to the extent regarded as an adjustment to interest cost, included as Other Borrowing Cost in Schedule 19.	**962.18**	-
	Total Foreign Exchange Loss as per Accounting Standard 11	**2,046.55**	1,106.75

15. Net foreign currency positions outstanding as at 31-Mar-09 under derivatives contracts for hedging are summarised below :

(Amount in lacs)

Hedged Item / Nature of Derivatives Contract	Net Position under Derivatives Contracts				Unhedged foreign currency exposures	
	Long Position		Short Position			
	Currency	Amount	Currency	Amount	Currency	Amount
Foreign Currency Loans-Payable						
Forward Exchange Contracts	JPY	15,693.75	USD	65.85	USD JPY	65.85 10,108.00
Currency cum Interest Rate Swap	JPY	34,838.00	–	–		
Foreign Currency Interest-Payable						
Forward Exchange Contracts [Refer Note (b)]	JPY	753.49	USD	7.89		
Trade Payables	–	–	–	–	USD EUR GBP JPY AUD SEK	7.05 1.97 0.32 67.98 0.50 0.02
Foreign Currency Receivables						
Forward Exchange Contracts	–	–	USD EUR	378.82 50.25	USD EUR AUD	22.13 9.20 1.03

Notes :

(a) USD = United States Dollar

EUR = Euro

GBP = British Pound

JPY = Japanese Yen

AUD = Australian Dollar

SEK = Swedish Krona

(b) Foreign currency loan - payable, outstanding as on 31-Mar-09 JPY 25,801.75 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.

16. **Quantitative Information**

		2008-09	2007-08
(a)	**Licensed Capacity**	**Not Applicable**	Not Applicable
(b)	**Installed Capacity**		
	I : Formulation		
	1. Tablets	**9,400 Million**	9,400 Million
	2. Capsules	**480 Million**	480 Million
	3. Injection/Vials	**26 Million**	26 Million
	4. Suspension / Liquid [Ltr.]	**1 Million**	1 Million
	II : Bulk Drugs	**18,000 Kg.**	18,000 Kg.

(c) **Production and Stocks**

Item	**Unit**	**Production***	**Opening Stock**		**Closing Stock**	
			Quantity	**Rs. In lacs**	**Quantity**	**Rs. In lacs**
1. Formulation Tablets	' 000 Nos.	**3,850,533** (2,871,922)	**530,772** (639,843)	**3,739.93** (4,070.13)	**636,998** (530,772)	**4,219.15** (3,739.93)
Capsules	' 000 Nos.	**257,994** (207,877)	**36,668** (39,029)	**488.32** (566.19)	**50,598** (36,668)	**654.28** (488.32)
Suspension / Liquid	Ltr.	**457,733** (488,632)	**114,804** (125,545)	**239.93** (314.39)	**81,905** (114,804)	**179.48** (239.93)
Injections	Ltr.	**50,606** (36,623)	**10,907** (13,007)	**137.68** (211.67)	**10,798** (10,907)	**111.72** (137.68)
Vials / Cartridges	Nos.	**19,453,027** (17,725,163)	**574,304** (946,516)	**371.46** (383.73)	**677,905** (574,304)	**356.96** (371.46)
Ointment	Kg.	**7,045** (8,172)	**1,473** (1,852)	**13.14** (15.05)	**1,523** (1,473)	**10.62** (13.14)
Others				**10.48** (15.55)		**12.63** (10.48)
2. Bulk Drugs	Kg.	**15,158** (9,638)	**515** (557)	**151.87** (152.13)	**233** (515)	**71.23** (151.87)
Total				**5,152.82** (5,728.84)		**5,616.07** (5,152.82)

*** 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	Rs. In lacs	Quantity	Rs. In lacs
1. Formulation						
Tablets	' 000 Nos.	**120,484** (92,131)	**36,381** (65,095)	**676.25** (1,565.84)	**32,737** (36,381)	**813.82** (676.25)
Capsules	' 000 Nos.	**42,902** (60,397)	**12,756** (25,474)	**311.94** (1,055.76)	**5,494** (12,756)	**184.84** (311.94)
Suspension / Liquid	Ltr.	**6,064** (11,254)	**29,647** (16,028)	**77.47** (96.70)	**3,378** (29,647)	**33.29** (77.47)
Injections	Ltr.	**13,109** (85)	**150** (577)	**41.38** (123.92)	**5,279** (150)	**123.26** (41.38)
Vials / Cartridges	Nos.	**366,519** (75,086)	**27,804** (67,771)	**39.93** (113.26)	**120,982** (27,804)	**86.85** (39.93)
Ointment	Kg.	**24,333** (11,261)	**4,272** (11,534)	**40.11** (70.29)	**7,012** (4,272)	**62.82** (40.11)
Others				**17.30** (35.77)		**14.89** (17.30)
2. Bulk Drugs	Kg.	**20,033** (36,741)	**75** (75)	**3.91** (3.91)	**–** (75)	**–** (3.91)
Total				**1,208.28** (3,065.45)		**1,319.77** (1,208.28)

(e) **Sales by class of goods**

	Unit	Quantity	Rs. In lacs
1. Formulation			
Tablets	' 000 Nos.	**3,868,435** (3,101,838)	**79,965.40** (64,723.84)
Capsules	' 000 Nos.	**294,228** (283,353)	**10,450.73** (10,062.20)
Suspension / Liquid	Ltr.	**522,965** (497,008)	**2,456.87** (2,260.50)
Injections	Ltr.	**58,695** (39,235)	**713.09** (456.43)
Vials / Cartridges	Nos.	**19,622,767** (18,212,428)	**18,816.44** (17,378.37)
Ointment	Kg.	**28,588** (27,074)	**621.67** (548.92)
Others			**367.52** (486.08)
2. Bulk Drugs	Kg.	**35,548** (46,421)	**1,053.24** (1,033.95)
Total			**114,444.96** (96,950.31)

17. **Consumption of Raw Materials**

	2008-09		2007-08	
	Quantity	**Rs. In lacs**	Quantity	Rs. in lacs
Dry Insulin MU	**7,336**	**12,862.70**	6,852	11,940.73
Others		**20,061.14**		12,780.77
		32,923.84		24,721.50

18. **Break-up of Imported & Indigenous Materials**

	2008-09		2007-08	
	Rs. In lacs	**% to Total Consumption**	Rs. In lacs	% to Total Consumption
(a) Raw Materials				
Imported	**14,536.76**	**44.15**	12,505.33	50.58
Indigenous	**18,387.08**	**55.85**	12,216.17	49.42
	32,923.84	**100.00**	24,721.50	100.00
(b) Components and spares parts				
Imported	**55.55**	**4.75**	31.11	2.97
Indigenous	**1,114.29**	**95.25**	1,017.9	97.03
	1,169.84	**100.00**	1,049.01	100.00

(Rs. in lacs)

		2008-09	2007-08
19.	**Value of Imports on CIF basis in respect of**		
(a)	Raw Materials and Packing Material	**14,527.64**	13,836.85
(b)	Components and Spares Parts	**579.04**	485.01
(c)	Capital Goods	**912.08**	1,515.51
20.	**Expenditure in Foreign Currency**		
(a)	Books and Periodicals	**35.68**	25.62
(b)	Traveling	**711.03**	594.92
(c)	Professional Fees	**258.89**	82.95
(d)	Interest Expenses	**262.56**	126.44
(e)	Others	**6,525.52**	5,087.14
21.	**Earnings in Foreign Exchange**		
(a)	F.O.B. value of exports	**33,016.91**	22,217.53
(b)	Interest	**24.21**	12.42
(c)	Other income [Product registration dossiers & others]	**1,881.61**	1,044.77

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

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

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

(Rs. in lacs)

Particulars	Subsidiaries		Enterprises Controlled by Key Management Personnel/Relatives of Key Management Personnel		Holding Company / Enterprises Controlled by the Holding Company		Enterprises controlled by the Company		Key Management Personnel		**TOTAL**	
(A) Nature of Transactions	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08	**2008-09**	2007-08
Sale of Finished Goods	16,800.10	9,961.74	–	–	35.54	34.96	–	–	–	–	**16,835.63**	9,996.70
Sale of Dossiers	1,712.06	1,021.66	–	–	–	–	–	–	–	–	**1,712.06**	1,021.66
Purchase of Material, Consumables etc	151.15	97.30	1.00	6.02	29.37	69.58	–	–	–	–	**181.53**	172.90
Remuneration to Key Management Personnel	–	–	–	–	–	–	–	–	592.53	436.25	**592.53**	436.25
Contribution to Gratuity and Superannuation Funds	–	–	–	–	–	–	513.17	389.70	–	–	**513.17**	389.70
Lease Rent Paid	–	–	–	–	2.00	2.00	–	–	–	–	**2.00**	2.00
Services received	617.23	494.83	754.34	689.36	508.90	434.60	–	–	–	–	**1,880.47**	1,618.79
Commission paid to carrying and forwarding agents	–	–	83.61	79.86	–	–	–	–	–	–	**83.61**	79.86
Donation	–	–	200.00	105.00	–	–	–	–	–	–	**200.00**	105.00
Interest on loan	9.78	12.21	–	–	–	–	–	–	–	–	**9.78**	12.21
Expenses Reimbursement	120.13	0.38	11.67	13.47	–	–	–	–	–	–	**131.80**	13.85
Purchase of Fixed Assets	–	–	–	–	16.56	107.40	–	–	–	–	**16.56**	107.40
Equity Contribution	205.57	865.17	–	–	–	–	–	–	–	–	**205.57**	865.17
Loans given	7,998.00	–	–	–	–	–	–	–	–	–	**7,998.00**	–
Repayment of Loan	4,880.58	–	–	–	–	–	–	–	–	–	**4,880.58**	–
Recovery of Expenses	–	24.89	–	–	–	–	–	–	–	–	–	24.89
Recovery of Advances written off	–	–	–	–	4.03	–	–	–	–	–	**4.03**	–
(B) Balances at the end of the year	31-Mar-09	31-Mar-08	31-Mar-09	31-Mar-08	31-Mar-09	31-Mar-08	31-Mar-09	31-Mar-08	31-Mar-09	31-Mar-08	**31-Mar-09**	31-Mar-08
Sundry Debtors	13,506.52	10,923.13	–	–	–	3.49	–	–	–	–	**13,506.52**	10,926.62
Loan to Subsidiary	4,855.49	199.85	–	–	–	–	–	–	–	–	**4,855.49**	199.85
Advances Recoverable in Cash or Kind	23.99	51.84	–	–	1.32	0.75	18.59	19.77	–	–	**43.90**	72.36
Investments in Equities	10,547.25	10,341.68	–	–	–	–	–	–	–	–	**10,547.25**	10,341.68
Sundry Creditors	371.09	271.57	16.86	10.41	0.39	1.94	–	–	–	–	**388.34**	283.92
Guarantees given	7,443.20	7,969.32	–	–	–	–	–	–	–	–	**7,443.20**	7,969.32
Zao Torrent Pharma (USD 10.00 lacs)	509.50	1,199.10	–	–	–	–	–	–	–	–	**509.50**	1,199.10
Torrent Pharma GmbH (Euro 65.00 lacs)	4,386.20	4,731.75	–	–	–	–	–	–	–	–	**4,386.20**	4,731.75
Torrent Do Brasil Ltda. (USD 50.00 lacs)	2,547.50	1,998.50	–	–	–	–	–	–	–	–	**2,547.50**	1,998.50
Torrent Pharma Inc.	–	39.97	–	–	–	–	–	–	–	–	–	39.97

Names of related parties and description of relationship :

1	Subsidiaries and Step Down Subsidiaries	Heumann Pharma Gmbh & Co. Generica KG, Torrent Do Brasil Ltda, Zao Torrent Pharma, Torrent Pharma GmbH, Torrent Pharma Inc. , Torrent Pharma Philippines Inc., Torrent Australasia Pty Ltd, Laboratorios Torrent SA de CV, Torrent Pharma Japan Co. Ltd.		
2	Enterprises controlled by the Company	TPL Employee Group Gratuity Trust ,TPL Employee Superannuation Trust		
3	Holding Company / Enterprises Controlled by the Holding Company	Torrent Private Ltd., Torrent Power Ltd., Torrent Cables Ltd., Gujarat Lease Financing Ltd., Ahmedabad Royal Garden Hotels Pvt. Ltd., Gujarat Chlor Alkalies Industries Pvt. Ltd., Torrent Power Services Pvt. Ltd., Torrent Pipavav Generation Limited, Torrent Energy Ltd., Torrent Power Grid Ltd., Torrent Power Bhiwandi Ltd., AEC Cements and Constructions Ltd.		
4	Key Management Personnel	Sudhir Mehta Chairman	Samir Mehta Managing Director	Dr. C. Dutt Whole Time Director
5	Relatives of Key Management Personnel	Anita Mehta, wife Shardaben Mehta, mother Varun Mehta, son Jinal Mehta, son Meena Modi, sister Nayna Shah, sister	Sapna Mehta, wife Shardaben Mehta, mother Aman Mehta, son Shaan Mehta, son Meena Modi, sister Nayna Shah, sister	Shobha Dutt, wife Umang Dutt, son Uttang Dutt, son
6	Enterprises Controlled by Key Management Personnel / Relatives of Key Management Personnel	U N Mehta Charitable Trust, D N Modi Charitable Trust, Shardaben Mehta Charitable Trust, Tsunami Tours & Travels Pvt. Ltd., Torrel Cosmetics Pvt. Ltd., Zeal Pharmachem India Pvt Ltd., Diamond Infrastructure Pvt. Ltd., U N Mehta Institute of Cardiology & Research Centre, Dushyant Shah Charitable Trust.		

As per our attached report of even date

Signatures to Schedule 1 to 21

For C.C. CHOKSHI & CO.
Chartered Accountants

Gaurav J. Shah
Partner

Ahmedabad
15th May, 2009

Mahesh Agrawal
VP (Legal) & Company Secretary

Sudhir Mehta
Chairman

Samir Mehta
Managing Director

Ahmedabad
15th May, 2009

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I

Registration No.	2126	State Code	04
Balance Sheet Date	31032009		

II Capital raised during the year (Rs. in thousands)

Public Issue	NIL	Right Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

III Position of Mobilisation and Deployment of Funds (Rs. in thousands)

Total Liabilities	16150668	Total Assets	16150668

Sources of Funds

Paid-up Capital	423092	Reserves & Surplus	6903732
Secured Loans	3182730	Unsecured Loans	1637884
Net Deferred Tax Liability	683312		

Application of Funds

Net Fixed Assets	5329569	Investments	2449591
Net Current Assets	5051590	Misc. Expenditure	NIL
Accumulated Losses	NIL		

IV Performance of Company (Rs. in thousands)

Turnover	11444496	Total Expenditure	9970876
Profit Before Tax	1911646	Profit After Tax	1867255
Earning per Share (in Rs.) (Annualised)	22.07	Dividend rate %	80.00%

V Generic Names of Three Principal Products / Services of Company (as per monetary terms)

Item Code No. (ITC Code)	300431.01
Product Description	Insulin
Item Code No. (ITC Code)	300490.81
Product Description	Lamotrigine
Item Code No. (ITC Code)	300490.79
Product Description	Nebivolol

Sudhir Mehta
Chairman

Samir Mehta
Managing Director

Mahesh Agrawal
VP (Legal) & Company Secretary

Ahmedabad
15th May, 2009

MANAGEMENT DISCUSSION AND ANALYSIS

TO THE SHAREHOLDERS

CAVEAT

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

NOTE

Except stated otherwise, all figures, percentages, analysis views and opinions are on consolidated financial statement of Torrent Pharmaceuticals Ltd. and its wholly owned subsidiaries and their businesses *(jointly referred as Torrent or Company, hereinafter).*

OVERVIEW

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 pharmaceutical sales can be done as Domestic formulations (comprising branded pharmaceutical formulations sold in the domestic market), Contract manufacturing (mainly comprising of sourcing, manufacturing and supplying insulin formulations under the third-party brand name) and International operations (comprising sales outside India of branded and unbranded-generic pharmaceutical formulations).

The operating costs primarily comprise raw and packing materials, purchase of finished goods, staff cost, selling and marketing expenses, manufacturing overheads, research & development expenses and general overheads. The Company undertakes new drug discovery research, the expenses of which are included as part of research & development expenses.

PERFORMANCE SNAPSHOT

Total operating revenues for the year reported a growth of 20%. The year saw the company strengthen the International base with International sales accounting for 50% (previous year 44%) of the total. International Operations recorded a healthy sales growth of 38% backed by an impressive all-round performance in all the key territories *viz* Brazil, Europe, Germany (Heumann), a successful ramp-up of the US operations, and supported by favourable currency influence. Selling and manufacturing efficiencies led to a healthy profit growth of 37%.

Domestic Branded Formulation

The Domestic Branded Formulations turnover for the year was Rs. 624.4 crores, registering a growth of 7% over the previous year. The revenue growth was mainly driven by Cardio Vascular, Anti Diabetic and Neuro-Psychiatry portfolios. Top 10 brands contributed to 43% of the total domestic formulation sales as against 41% during previous year.

As per ORG IMS data set for the financial year 2008-09, the Company registered a growth of 7.1% (previous year 22.60%) against a market growth of 10.1% (previous year 14.80%). The table below sets forth the growth rates in therapeutic segments in which the Company has presence:

Therapeutic Segment	Company's Growth	Segment Growth
Cardiovascular	7.1%	13.2%
Gastrointestinal	2.0%	8.2%
CNS	9.5%	10.4%
Anti-infective	4.2%	9.8%
Pain management	1.2%	9.0%
Anti-diabetics	20.1%	16.2%

Source: ORG-IMS March 2009 MAT

The Company had undertaken a series of initiatives in several areas including doctor coverage, new product introductions and focus on key brands which impacted sales growth positively. During the second half of the year company recorded sales growth of 14%, indicating significant acceleration in growth trends.

The Company is ranked 17th by turnover in the domestic market, has 6 brands in top 300 brands and has 39 brands in leadership positions in their respective molecule segments. The company continued to maintain its leadership position in cardiovascular segment during the year.

International Operations

International generic opportunity is the future growth engine. Blockbuster drugs going off patent continue to offer significant opportunity over the next few years. Semi regulated markets also offer an attractive opportunity, with higher margins and attractive growth rates. Over the last few years, the Company has, therefore, developed a strategy and built manufacturing and R&D infrastructure and capabilities focused on tapping these lucrative opportunities.

Guided by the above-mentioned overall strategy, the current international operations are focused on five thrust areas: Brazil & Latin America, Europe, Russia & CIS countries, North America, and Rest of the World comprising of less regulated countries of Africa and Asia.

Brazilian operations achieved a significant milestone with sales crossing the Reai 100 mio mark during the year. Sales of Rs. 256.57 crores represented a record growth of 45% on the back of increase in volume of key products, launch of new products and a favourable currency movement.

Europe registered a growth of 59%, with sales at Rs. 101.07 crores and continues to provide growth momentum to the international business. The company has a strong pipeline of 45 molecules for launch in the coming years.

Heumann Pharma GmbH & Co Generica KG (Heumann), the wholly owned subsidiary operating in Germany posted consolidated sales of Rs. 257.26 crores representing a growth of 23%. Operations turned around and became profitable for the first time since acquisition. The turn-around was enabled through a combination of various measures including proper market positioning, cost reduction through field force restructuring and lowering cost of goods by successful shift of product manufacture to India. Sales in Russia & CIS market reached Rs. 65.79 crores, registering a growth of 11%.

The U.S operation was successful in laying a strong foundation during the year through an impressive sales ramp up with sales of Rs. 27.75 crores. As at March 09, the product portfolio comprises of 11 approved ANDAs, 21 ANDAs under approval and 31 ANDAs under development. Considerable investments have been made in product development for US market and the healthy product pipeline is expected to yield significant revenue growth in the coming years.

MANUFACTURING

To cater to the growing demand of domestic market, Company has initiated construction of a new formulation manufacturing facility at Sikkim. This facility will also provide fiscal incentives under new industrial policy announced for the region by Central Government in 2007.

In order to meet growing demand in International Operations, Company has undertaken expansion in formulation and API manufacturing capacity at Indrad Plant in a phased manner.

Formulation unit at Baddi received regulatory approval for European market and is gearing up for obtaining approvals for other regulated market. The manufacturing capacity at Baddi unit has been increased by approximately 30% in order to support growing demand from exports currently being catered from Indrad plant.

The project execution for the new vial-filled injectible formulation manufacturing facility with a capacity of 26 million vials per annum at Indrad is progressing as per schedule and is expected to commence commercial production during second half of financial year 2009-10.

RESEARCH AND DEVELOPMENT

Discovery Research

Your Company is currently working on several in-house New Chemical Entities (NCE) projects within the areas of Diabetes and its related complications, obesity and cardiovascular disorders, Ischaemic diseases and neuropathic pain. The Company has cumulatively filed 336 patents for NCEs from these and earlier projects in all major markets of which 144 patents have been granted /accepted so far.

The Advanced Glycosylation End-Products (AGE) program has successfully completed Phase-I clinical trial in UK and India. Your Company believes that its AGE Program has attractive development potential in the poorly served diabetic heart failure segment and certain long-term complications arising out of AGE formation, accordingly the clinical developments have been initiated in FY 2009-10. The company has plans to initiate Phase-I clinical trial for another NCE in the segment of obesity associated with comorbidities over the next year.

Developmental Research

The Company is having a healthy product pipeline for development for offering in European, U.S and Brazil markets on their patent expiry. During the year, the Company completed development for 11 products for the EU market, 14 products for US market and 13 products for Brazil market.

Substantial new product development is being conducted for other regulated and semi-regulated international generic markets and also for the Indian market.

Your Company continues to invest significant resources in R&D, the R&D expenditure during the year was up by 15.2% to Rs. 111.90 crores from Rs. 97.16 crores in the previous year.

INDUSTRY STRUCTURE AND DEVELOPMENTS

Indian Pharmaceutical Market

Overview

The domestic formulations market has been witnessing double digit growth in recent years with Indian companies continuing to dominate the market. Population growth, increased healthcare access, medical progress, increasing affordability and other epidemiology factors are some of the key factors which point to continuing record growth levels. Manufacturing operations are largely concentrated in excise free zones and compete with low cost of manufacture.

During the financial year, the domestic pharmaceutical market experienced a growth rate of 10.1% (previous year 14.80 %), largely driven by volume and new product introductions. As per ORG-IMS data base, the estimated size of the domestic market for FY 2008-09 was Rs. 35,368 crores.

Despite the implementation of patent regime new drugs essentially patented prior to 1995 continue to be launched at the same pace as the preceding years. New products continue to be the key revenue driver. Over the coming years, patented products are expected to constitute about 10% of the overall pharmaceutical market.

Anti-diabetic, anti-infectives, Neuro / CNS, gastrointestinal and cardiology are some of the therapeutic categories which grew faster than the rest. Over the next few years, the therapy mix will gradually move in favour of specialty and super specialty therapies, however, mass therapies such as anti infective and gastro intestinal drugs will continue with their share of the market.

Given the above developments, the critical success factors for the pharma companies would be differentiated product introductions, expanding the geographical reach by expanded sales, marketing network and aggressive sales promotion.

Regulatory Scenario

DPCO: Currently, the prices of 74 drugs are controlled as per the mandate issued by the Drug Price Control Order, 1995. The draft of the National Pharmaceutical Policy is under discussion between the Industry and the government.

Patent Law: India recognized product patents from 1^{st} January 2005. The new patent law does not permit introduction of new molecules patented after 1^{st} January 1995 by adopting a re-engineered process. The law has provided for a reasonable transition to generic companies in respect of products already in the domestic market before 1st January 2005. Generic companies may continue manufacture and marketing of such products by paying reasonable royalty to the patent-holder after patent is granted. In the longer term, generic companies will not be able to introduce new molecules before expiry of the patent. This is expected to prolong the life of existing brands and slow down the pace of new drugs introductions.

International market

Introduction of generics has been a significant factor in helping Governments in developed markets, to control the healthcare costs. This trend is also picking up in new geographies throwing up increasing opportunities for generics. Key global generic markets approximately grew by 3-4%. U.S is the largest generic market which put together with Europe account for 78% of the total global pharma market. Generic business is growing in these markets owing to the Governments encouraging genericisation. Generic substitution is actively encouraged in many countries in European markets as it helps bring down the prices of medicines. Generic penetration in European markets is still low indicating significant opportunities for generic players in the future. Over the horizon of 3-5 years a sizeable amount of molecules in the above regulated markets are going off patent. They offer a substantial opportunity for generic players, especially those with low cost development and manufacturing capabilities.

Emerging markets like Latin America, Russia, CIS, Eastern European countries are growing at double digit rates. These markets offer attractive pricing whereas competition is less intensive. Indian companies have been increasingly focusing on Global markets with a view to expand their geographical reach and their exports have been growing in excess of 20% in the past few years.

OPPORTUNITIES AND OUTLOOK

The business environment will continue to remain challenging characterized by intense competition, margin pressures and regulatory interventions. The Indian pharmaceutical industry is going through major structural changes. These changes pose many challenges and opportunities to companies operating in this environment. In this context, the Company has identified the following growth initiatives:

Domestic

- Accelerate growth through increasing doctor coverage, product exposure to new medical specialties, increased product focus, territorial expansion, new product introductions, new therapeutic areas and building strong sales operations systems.
- Growth through coverage of extra urban markets.
- Growth from emerging market segments like organized buyer groups, pharmacy chains and corporate hospitals.
- Leverage on the strong franchise, specialised sales force and distribution built in the domestic market by in-licensing of molecules.
- Product and assets acquisition opportunities.
- Use of information technology for efficient customer servicing and improved sales productivity.

International Operations

- Expiry of patents on a large number of products in developed countries coupled with government support for generics opens up a large market opportunity suitable to Company's current competence. The Company continues to make significant investments in developed markets to tap the huge business potential in these markets.
- Aggressive expansion in doctor and territorial coverage coupled with new products launch in Brazil to build on the current base. Anticipated increase in per-capita spends on healthcare is expected to drive the growth in these markets.
- Successful scale up of North American business driven by the regular stream of new product approvals.
- Entry in select EU markets through direct marketing presence.
- Aggressively tap unexploited opportunities in the rest of the world markets by extending the domestic market product portfolio in semi regulated markets and by extending the EU, US and Brazil market product portfolio in regulated markets of Asia & Africa.
- Select new markets, new therapeutic areas and acquisitions for future growth.

Research & Development

- Development of New Drug Delivery Systems (NDDS) to create differentiated products and market exclusivity in commodity generics market.
- Selective New Chemical Entity (NCE) research, primarily with respect to metabolic complications.

THREATS, RISKS AND CONCERNS

Discovery research

The key risks are high rate of failure and long duration of a discovery project coupled with significant upfront costs to be incurred before results are known. The Company today may not have resources to carry through a discovery project to final commercial stage. These risks are sought to be mitigated by seeking suitable alliances with partners at appropriate stage to share the risks and rewards of the project.

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

The expanded bio-equivalence facility is used for safety & efficacy studies for the generic products meant for the regulated markets. The facility has received approval from Brazilian authorities but is yet to undergo the regulatory approvals of other regulated markets. There may be a risk associated with studies conducted if the regulatory approvals are delayed.

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 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, Russia & CIS, European Union and North America. 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. The company has been successful in contracting with insurance companies with significant portion of sales coming through insurance contracts. 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 rate

The Company faces high attrition levels, 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 launch of the generic product.

New capital investments

The Company plans to build a new manufacturing facility at Sikkim for manufacture of oral solid dosage formulations. The Company faces risks arising out of delay in implementation, cost overrun and inappropriate implementation. 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 operation and financing activities. Exchange rate fluctuations could significantly impact earning and net equity because of to invoicing in foreign currencies expenditures in foreign currencies, foreign currencies borrowing and translation of financial statement of overseas subsidiaries into Indian rupees. The Company has a defined foreign expenditures risk management framework to manage these risks excluding the translation risk.

HUMAN RESOURCES

The total employee strength of the Company at the end of FY 2008-09 was 5636 against 5,519 as at the end of FY 2007-08, a increase of 117 employees. The field force increased by 51 from 2,761 at the end of FY 2007-08 to 2812 at the end of FY 2008-09. The R&D centre had 725 employees (of which 627 were scientists) at the end of FY 2008-09 compared with 787 (of which 676 were scientists) as at the end of FY 2007-08, a decrease of 50 employees. The worker strength at plant was 527 at the end of FY 2008-09 compared with 454 at the end of FY 2007-08. The remaining employee strength comprising mainly of head office personnel, non-worker employees at Chhatral and Baddi Plant, branch & overseas offices employees increased to 1572 at the end of FY 2008-09 from 1,513 at the end of FY 2007-08.

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 OF FY 2008-09 COMPARED WITH FY 2007-08

Net Sales and other operating income

Consolidated net sales for the year were Rs. 1586.52 crores compared with previous year's net sales of Rs. 1312.3 crores showing a growth of 20.9%. The break down of sales is given below :

(Rs. in crores)

Segment	2008-09		2007-08		Growth
	Amount	Share	Amount	Share	%
Domestic formulations (net of excise duty)	**624.36**	**40%**	581.33	45%	7%
Sales outside India	**796.77**	**50%**	578.71	44%	38%
Contract manufacturing	**163.85**	**10%**	149.02	11%	10%
Others	**1.54**	**0%**	3.24	0%	-52%
Consolidated net sales	**1,586.52**	**100%**	1,312.30	100%	21%

The Company's domestic formulation sales (sales in India) showed a growth of 7% during the year (previous year 7%) compared with the domestic pharmaceutical market growth rate of approximately 10.1% (previous year 14.8%). The growth in domestic formulations sales based on age of the portfolio is given below :

Portfolio	Growth	
	2008-09	2007-08
Existing Products (other than those mentioned below)	**5%**	-1%
New Products introduced in the previous year	**1%**	3%
New Products introduced in the current year	**1%**	5%
Total	**7%**	7%

The therapeutic area weightage in the domestic formulations sales is set out in the following table :

Therapeutic Area wise Sales	2008-09	2007-08
Cardio Vascular	**35%**	35%
CNS	**21%**	21%
Gastro Intestinal	**19%**	19%
Anti Infectives	**10%**	10%
Pain Management	**4%**	4%
Oral Anti Diabetics	**7%**	6%
Others	**4%**	5%
Total	**100%**	100%

Approximately 10% (previous year 10%) of the domestic formulations sales of the Company were subject to price control under the Drug Price Control Order, 1995. The Company introduced 15 new products (including line extensions) during FY 2008-09 as compared to 52 in FY 2007-08. International sales (sales outside India) comprised branded-generic and unbranded generic formulations. For the year international sales constituted 50% (previous year 44%) of consolidated sales and registered a growth of 38% (previous year degrowth 3%). Region-wise international sales are given below :

(Rs. in crores)

Regions	2008-09		2007-08		Growth
	Sales	%	Sales	%	%
Brazil	**256.57**	**32%**	177.11	31%	45%
Russia/ CIS	**65.79**	**8%**	59.36	10%	11%
Europe/CEE	**101.07**	**13%**	63.51	11%	59%
Heumann (Germany)	**257.26**	**32%**	209.53	36%	23%
Rest of World	**88.54**	**11%**	66.96	12%	32%
US	**27.75**	**3%**	1.84	0%	0%
Total	**796.78**	**100%**	579.09	100%	38%

Other operating income in FY 2008-09 was Rs. 44.14 crores compared with Rs. 42.55 crores in FY 2007-08 indicating 3.7% increase. Product licensing income was Rs. 16.05 crores compared with Rs. 15.13 crores in the previous year.

Operation costs (excluding depreciation, interest and exceptional items) and operating profit before exceptional items (PBDIT)

The total operation costs were Rs. 1,371.93 crores for FY 2008-09 compared with Rs. 1,152.02 crores for FY 2007-08. The ratio of operation costs to total sales and operating income was 84.1% for FY 2008-09 compared with 85.0% for FY 2007-08, indicating a margin gain of 0.9%

Cost of Goods sold was Rs. 614.7 crores for FY 2008-09 compared with Rs. 539.8 crores for FY 2007-08, an increase of 13.9%. Selling, general & administration expenses (excluding Net Foreign Exchange Losses) were Rs. 603.91 crores for FY 2008-09 compared with Rs. 509.07 crores for FY 2007-08, an increase of 18.6%. Total Costs of Goods sold, and selling, general & administration (excluding Net Foreign Exchange Losses) expenses to total sales and operating income ratio was 74.5% for FY 2008-09 compared with 77.3% for FY 2007-08, indicating margin gain of 2.8%.

Net Foreign Exchange loss was Rs. 41.20 crores for FY 2008-09 compared with Rs. 6.23 crores for FY 2007-08. The Net Foreign Exchange Loss to total sales and operating income ratio was 2.6% for FY 2008-09 compared with 0.5% for FY 2007-08, indicating a margin loss of 2.2%.

The R&D cost was Rs. 111.9 crores for FY 2008-09 compared with Rs. 97.2 crores for FY 2007-08, an increase of 15.2%. Product development costs accounted for 64.2% (previous year 67.5%) and discovery research costs accounted for 35.8% (previous year 32.5%) of the total R&D cost. The increase in R&D cost is largely attributable to increase in Discovery research costs. The increase in product development costs is attributable to continuing build up of product pipeline for regulated markets of US & EU. The R&D cost to total sales and operating income ratio was 6.9% for FY 2008-09 compared with 7.2% for FY 2007-08, indicating a margin gain of 0.3%.

Other Income

Other income for FY 2008-09 was Rs. 3.51 crores compared with Rs. 4.74 crores for FY 2007-08, decrease of 25.9%. The other income to total sales and operating income ratio was 0.2% for FY 2008-09 compared with 0.3% for FY 2007-08, indicating a PAT margin loss of 0.1%.

Depreciation and amortization

Depreciation was Rs. 42.28 crores for FY 2008-09 compared with Rs. 38.83 crores for FY 2007-08, an increase of 8.9%. The depreciation to total sales and operating income ratio was 2.6% for FY 2008-09 compared with 2.9% for FY 2007-08, causing a PAT margin gain of 0.3%.

Net interest expense

Net interest expense was Rs. 19.01 crores for FY 2008-09 compared with net interest expense of Rs. 19.64 crores for FY 2007-08. The ratio of net interest expense to total sales and operating income was 1.2% for FY 2008-09 compared with 1.4% for FY 2007-08, resulting in PAT margin gain of 0.2 %.

Provision for Taxation

The current tax charge (including Fringe benefit Tax) for FY 2008-09 was Rs. 11.96 crores (0.7% of sales and operating income), compared with Rs. 7.89 crores (0.6% of sales and operating income) for FY 2007-08. Average current tax rate as a percentage of profit before tax & exceptional items was 5.8% for FY 2008-09 compared with 5.3% for FY 2007-08.

The total tax expense (adjusted for deferred tax) to total sales and operating income ratio for FY 2008-09 was 0.5% compared with 1.1% for FY 2007-08, indicating a PAT margin gain of 0.6%.

Exceptional item

Exceptional item of Rs. 8.76 crores represents amount provided for settlement of a contract claim and certain related expenses, in respect of a research contract pertaining to new chemical entities, agreed by the Company in an out-of-court settlement through a mediation process.

Net profit after taxes

The net profit after taxes & exceptional items (PAT) for the FY 2008-09 was Rs. 184.4 crores compared with Rs. 134.7 crores for FY 2007-08, an increase of 36.9%. The summary of movement in PAT margin for the year is as under:

PAT margin for FY 2007-08	**9.9%**
Operating profit	0.9%
Other income	-0.1%
Depreciation	0.3%
Net interest expense	0.2%
Exceptional Item	-0.5%
Provision for taxation	0.6%
PAT margin for FY 2008-09	**11.3%**

CAPITAL & DEBT

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

Out of the divisible profits of Rs. 187.64 crores (previous year Rs. 136.92 crores), a sum of Rs. 145 crores (previous year Rs. 99 crores) was transferred to General Reserve Account. Dividend of Rs. 33.84 crores (Rs. 4 per share) is proposed during the year, Previous year Rs. 29.61 crores (Rs. 3.5 per share) was distributed. This represents an increase of Rs. 0.5 in dividend per share. This distribution (including tax thereon) is approximately 21% of profit after tax for the year (previous year 26%).

The net long-term borrowing increased by Rs. 103.89 crores during the year (previous year Rs. 80.8 crores) to Rs. 407.06 crores at the end of FY 2008-09 from Rs. 303.17 crores at the end of FY 2007-08. Outstanding working capital loans as on 31-March-09 was Rs. 75.54 crores (previous year Rs. 56.62 crores). The total debt to net worth (including deferred tax liability) ratio as at the end of FY 2008-09 was 0.64 (previous year 0.62).

FIXED ASSETS

The net investment in fixed assets during the year was Rs. 12.67 crores, comprising net addition in assets Rs. 45.85 crores reduced by increase in accumulated depreciation of Rs. 33.18 crores. Addition to fixed assets mainly include capital expenditure incurred for manufacturing facilities at Indrad and Baddi

WORKING CAPITAL AND LIQUIDITY

The working capital investment (net current assets excluding cash and bank balances) increased by Rs. 90.66 crores from Rs. 206.67 crores at the end of FY 2007-08 to Rs. 297.33 crores at the end of FY 2008-09, increase of 44%. As a percent of sales and operating income, the working capital investment was 18.24% at the end of FY 2008-09 and 15.25% at the end of FY 2007-08. The increase in working capital was a result of gross current assets (excluding cash and bank balances) increasing by Rs. 181.50 crores, from Rs. 541.88 crores at the end of FY 2007-08 to Rs. 723.38 crores at the end of FY 2008-09, and increase in gross current liabilities (including provisions) by Rs. 90.83 crores, from Rs. 335.22 crores at the end of FY 2007-08 to Rs. 426.05 crores at the end of FY 2008-09.

The liquidity of the Company as reflected by cash and bank balances and current investments increased by Rs. 196.59 crores, from Rs. 153.84 crores at the end of FY 2007-08 to Rs. 350.43 crores at the end of FY 2008-09.

The Company generated net cash of Rs. 257.90 crores from operations (after working capital changes) during FY 2008-09 while it spent a net amount of Rs. 61.97 crores on new fixed assets, received income from investments and interest of Rs. 22.40 crores. Net cash flow used in financing activities comprising of dividend and interest paid and net debts taken, was Rs. 18.23 crores during FY 2008-09.

For and on behalf of the Board

Ahmedabad
15th May, 2009

Samir Mehta
Managing Director

Consolidated Financial Statements 2008-09

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Auditors' Report
To the Board of Directors
Torrent Pharmaceuticals Limited

We have audited the attached Consolidated Balance Sheet of Torrent Pharmaceuticals Limited ("the Company") and its Subsidiaries (collectively referred to as "the Group"), as at 31st March 2009 and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Torrent Pharmaceuticals Limited's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.

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 misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statements of nine subsidiary companies, namely, Zao Torrent Pharma, Torrent Pharma Gmbh, Heumann Pharma Gmbh & Co. Generica KG, Torrent Do Brasil Ltda, Torrent Pharma Philippines Inc., Torrent Pharma Inc., Torrent Pharma Japan Co. Ltd., Laboratories Torrent S.A. de C.V and Torrent Australasia Pty Ltd., whose financial statements reflect total assets of Rs. 39,676.97 lacs as at 31st March 2009 and total revenues of Rs. 64,141.98 lacs and net cash in flows amounting to Rs. 2,951.42 lacs for the year then ended as considered in the Consolidated Financial Statements. These financial statements and other financial information have been audited by other auditors whose report has been furnished to us, and our opinion is based solely on the reports of the other auditors.

We report that the Consolidated Financial Statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard (AS) 21 Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India.

Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components, and to the best of the information and according to the explanations given to us, we are of the opinion that the attached Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:

a) in the case of Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2009;

b) in the case of Consolidated Profit and Loss account, of the profit of the Group for the year ended on that date; and

c) in the case of Consolidated Cash Flow statement, of the cash flows of the Group for the year ended on that date.

For C.C. Chokshi & Co.
Chartered Accountants

(Gaurav J. Shah)
Partner
Membership No. 35701

Ahmedabad
15th May, 2009

CONSOLIDATED BALANCE SHEET

Torrent Pharmaceuticals Limited and its Subsidiary Companies

(Rs. in lacs)

	SCHEDULE	As at 31-Mar-2009	As at 31-Mar-2008
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	1	**4,230.92**	4,230.92
Reserves and Surplus	2	**60,858.25**	46,725.18
		65,089.17	50,956.10
LOAN FUNDS			
Secured Loans	3	**31,827.30**	33,664.60
Unsecured Loans	4	**16,432.96**	2,314.26
		48,260.26	35,978.86
Deferred Tax Liabilities	21 [4]	**6,833.12**	6,955.34
		120,182.55	93,890.30
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block		**72,062.41**	64,610.77
Less : Depreciation and Amortisation		**20,937.02**	17,619.33
Net Block	5	**51,125.39**	46,991.44
Capital Work in Progress		**4,180.74**	5,496.24
Advances for Capital Expenditure		**1,161.62**	2,713.25
		56,467.75	55,200.93
INVESTMENTS	6	**13,948.65**	5,463.05
Deferred Tax Assets	21 [4]	**993.44**	725.03
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	7	**26,453.81**	23,097.05
Sundry Debtors	8	**26,657.86**	21,114.12
Cash and Bank Balances	9	**22,999.23**	11,834.34
Other Current Assets	10	**3,441.86**	2,265.70
Loans and Advances	11	**15,784.19**	7,711.62
		95,336.95	66,022.83
Less: CURRENT LIABILITIES AND PROVISIONS			
Liabilities	12	**37,431.50**	25,510.39
Provisions	13	**9,132.74**	8,011.15
		46,564.24	33,521.54
Net Current Assets		**48,772.71**	32,501.29
		120,182.55	93,890.30
Significant Accounting Policies	20		
Notes forming part of the Consolidated Financial Statements	21		

As per our attached report of even date

Signatures to the Consolidated Balance Sheet

For C.C. CHOKSHI & CO.
Chartered Accountants

Sudhir Mehta
Chairman

Gaurav J. Shah
Partner

Mahesh Agrawal
VP (Legal) & Company Secretary

Samir Mehta
Managing Director

Ahmedabad
15th May, 2009

Ahmedabad
15th May, 2009

CONSOLIDATED PROFIT AND LOSS ACCOUNT

Torrent Pharmaceuticals Limited and its Subsidiary Companies

(Rs. in lacs)

	SCHEDULE	Year ended 31-Mar-2009	Year ended 31-Mar-2008
INCOME			
Sales		**161,689.97**	133,630.69
Less : Excise Duty / ICMS collected	21 [5]	**3,037.96**	2,400.90
Net Sales		**158,652.01**	131,229.79
Operating Income		**4,413.75**	4,255.04
Sales and Operating Income	14	**163,065.76**	135,484.83
Other Income	15	**351.10**	474.01
TOTAL INCOME		**163,416.86**	135,958.84
EXPENDITURE			
Materials Cost	16	**53,524.63**	47,412.60
Employees Cost	17	**25,649.78**	23,250.17
Manufacturing and Other Expenses	18	**46,828.33**	34,823.12
Research and Development Expenses	21 [6]	**11,190.39**	9,715.71
Depreciation and Amortisation		**4,227.97**	3,883.12
TOTAL EXPENDITURE		**141,421.10**	119,084.72
PROFIT BEFORE BORROWING COST, EXCEPTIONAL ITEMS AND TAX		**21,995.76**	16,874.12
Net Borrowing Costs	19	**1,901.25**	1,964.25
PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX		**20,094.51**	14,909.87
Exceptional Items	21 [7]	**(875.95)**	–
PROFIT BEFORE TAX		**19,218.56**	14,909.87
PROVISION FOR TAXATION			
Current Tax		**2,776.37**	2,234.21
MAT Credit Entitlement		**(1,921.38)**	(1,698.51)
Deferred Tax (Credit) / Charge		**(414.88)**	652.74
Fringe Benefit Tax		**341.49**	253.76
		781.60	1,442.20
NET PROFIT FOR THE YEAR		**18,436.96**	13,467.67
Balance Brought Forward		**327.11**	224.13
PROFIT AVAILABLE FOR APPROPRIATION		**18,764.07**	13,691.80
APPROPRIATIONS			
General Reserve		**14,500.00**	9,900.00
Proposed Dividend		**3,384.45**	2,961.40
Tax on Distributed Profits		**575.19**	503.29
		18,459.64	13,364.69
Balance Carried Forward		**304.43**	327.11
Basic and Diluted EPS for the Year	21 [8]	**21.79**	15.92
Significant Accounting Policies	20		
Notes forming part of the Consolidated Financial Statements	21		

As per our attached report of even date

For C.C. CHOKSHI & CO.
Chartered Accountants

Gaurav J. Shah
Partner

Ahmedabad
15th May, 2009

Signatures to the Consolidated Profit & Loss Account

Sudhir Mehta
Chairman

Mahesh Agrawal
VP (Legal) & Company Secretary

Samir Mehta
Managing Director

Ahmedabad
15th May, 2009

CONSOLIDATED CASH FLOW STATEMENT

Torrent Pharmaceuticals Limited and its Subsidiary Companies

(Rs. in lacs)

		Year ended 31-Mar-2009	Year ended 31-Mar-2008
A	**CASH FLOW FROM OPERATING ACTIVITIES:**		
	PROFIT BEFORE TAX	**19,218.56**	14,909.87
	Adjustments for :		
	Depreciation and Amortisation	**4,227.97**	3,883.12
	Provision for Doubtful Debts	**1,289.12**	448.32
	Bad Debts Written-off	**28.01**	47.95
	Foreign Exchange Loss on Borrowings	**724.37**	593.84
	Loss on Sale / Discard / Write-off of Fixed Assets	**321.11**	141.15
	Provision on Asset held for Sale	**25.57**	–
	(Profit) on Sale of Current Investments	**(313.77)**	(446.14)
	Net Borrowing Cost	**1,901.25**	1,964.25
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	**27,422.19**	21,542.36
	Adjustments for :		
	Debtors, Loans and Advances and Other Current Assets	**(6,185.45)**	336.92
	Inventories	**(3,356.76)**	2,715.10
	Current Liabilities and Provisions	**10,554.27**	1,672.44
	CASH GENERATED FROM OPERATIONS	**28,434.25**	26,266.82
	Direct Taxes Paid	**(2,644.04)**	(2,522.69)
	NET CASH FROM OPERATING ACTIVITIES	**25,790.21**	23,744.13
B	**CASH FLOW FROM INVESTING ACTIVITIES:**		
	Purchase of Fixed Assets	**(6,273.09)**	(12,841.05)
	Proceeds from Fixed Assets sold	**76.07**	537.38
	Long Term Trade Investments	–	(1,901.49)
	Proceeds from Long Term Non-Trade Investments sold	**8.75**	10.50
	Profit on Sale of Current Investments	**313.77**	446.14
	Interest Received	**1,916.52**	291.35
	NET CASH USED IN INVESTING ACTIVITIES	**(3,957.98)**	(13,457.17)
C	**CASH FLOW FROM FINANCING ACTIVITIES:**		
	Net Long Term Debt taken / (repaid)	**2,400.66**	4,943.18
	Net Short Term Debt taken / (repaid)	**1,773.39**	329.83
	Capital Subsidy received during the year	**30.00**	–
	Dividend Paid	**(3,318.64)**	(10.83)
	Interest Paid	**(2,708.40)**	(2,131.87)
	NET CASH FROM / (USED IN) FINANCING ACTIVITIES	**(1,822.99)**	3,130.31
	NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	**20,009.24**	13,417.27
	Effect of Exchange Rate Changes on Foreign Currency Cash and Cash Equivalents	**(350.00)**	(110.13)
	CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**15,384.05**	2,076.91
	CASH AND CASH EQUIVALENTS AT END OF YEAR	**35,043.29**	15,384.05
	Note : Cash and Cash Equivalents as at end of the year		
	Cash and Bank balances [Schedule 21 (9)]	**22,999.23**	11,834.34
	Current Investments (Investments in Mutual Funds)	**12,044.06**	3,549.71
		35,043.29	15,384.05

As per our attached report of even date

For C.C. CHOKSHI & CO.
Chartered Accountants

Gaurav J. Shah
Partner

Ahmedabad
15th May, 2009

Mahesh Agrawal
VP (Legal) & Company Secretary

Signatures to the Consolidated Cash Flow Statement

Sudhir Mehta
Chairman

Samir Mehta
Managing Director

Ahmedabad
15th May, 2009

SCHEDULES

annexed to and forming part of the consolidated financial statements

(Rs. in lacs)

	As at 31-Mar-2009	As at 31-Mar-2008
SCHEDULE - 1 : SHARE CAPITAL		
Authorised		
150,000,000 Equity Shares of Rs. 5 each	**7,500.00**	7,500.00
2,500,000 Preference Shares of Rs. 100 each	**2,500.00**	2,500.00
	10,000.00	10,000.00
Issued and Subscribed		
84,625,360 Equity Shares of Rs. 5 each	**4,231.27**	4,231.27
Paid-up		
84,611,360 Equity Shares of Rs. 5 each	**4,230.57**	4,230.57
Amount originally paid up on 14,000 Equity Shares forfeited	**0.35**	0.35
	4,230.92	4,230.92

Notes:

(1) 70,980,592 Equity Shares of Rs. 5 each were allotted as fully paid up bonus shares; out of which 42,305,680 shares were allotted by way of capitalisation from Capital Redemption Reserve and 28,674,912 Equity shares were allotted by way of capitalisation from General Reserve.

(2) 1,244,768 Equity Shares of Rs. 5 each were allotted without payment being received in cash pursuant to the schemes of amalgamation.

(3) 43,057,736 Equity Shares of Rs. 5 each are held by holding company Torrent Private Limited.

(Rs. in lacs)

	As at 31-Mar-2009	As at 31-Mar-2008
SCHEDULE - 2 : RESERVES AND SURPLUS		
Capital Reserve		
Balance as per last Balance Sheet	**596.54**	596.54
Add : Capital Subsidy received during the year	**30.00**	–
	626.54	596.54
Capital Redemption Reserve		
Balance as per last Balance Sheet	**384.71**	384.71
Share Premium Account		
Balance as per last Balance Sheet	**4,279.88**	4,279.88
General Reserve		
Balance as per last Balance Sheet	**41,208.99**	31,308.99
Add : Transfer from Profit and Loss Account	**14,500.00**	9,900.00
	55,708.99	41,208.99
Foreign Currency Translation Reserve		
Balance as per last Balance Sheet	**(72.05)**	–
Add : Foreign Currency Translation Reserve for the year	**(374.25)**	(72.05)
	(446.30)	(72.05)
Balance in Profit and Loss Account	**304.43**	327.11
	60,858.25	46,725.18

	As at 31-Mar-2009	As at 31-Mar-2008
		(Rs. in lacs)
SCHEDULE - 3 : SECURED LOANS		
Long Term Loans [Note: 2]		
from Banks [Note: 1(a)]	**23,312.30**	21,471.31
from a Financial Institution [Note: 1(b)]	**6,015.00**	8,350.00
Short term Loans from Banks [Note: 1(c)]	**2,500.00**	3,843.29
	31,827.30	33,664.60

Notes:

(1) The Loans are secured by :

(a) First equitable mortgage of immovable fixed assets and hypothecation of moveable 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) First equitable mortgage of immovable fixed assets and hypothecation of moveable fixed assets, present and future, located at formulation manufacturing facilities in Baddi, Himachal Pradesh.

(c) Hypothecation of inventories and book debts.

(2) The future annual repayment obligations on principal amount, for the above long term loans are as under :

2009-10	Rs.	6,790 lacs
2010-11	Rs.	3,475 lacs
2011-12	Rs.	10,510 lacs
2012-13	Rs.	4,276 lacs
2013-14	Rs.	4,276 lacs
Total :	**Rs.**	**29,327 lacs**

	As at 31-Mar-2009	As at 31-Mar-2008
		(Rs. in lacs)
SCHEDULE - 4 : UNSECURED LOANS		
Long Term Loans [Note: 1]		
from Banks	**10,486.04**	–
from Department of Science and Technology	**892.80**	496.00
Short Term Loans		
from Banks	**54.12**	1,818.26
from Financial Institution	**5,000.00**	–
	16,432.96	2,314.26

Note:

(1) The future annual repayment obligations on principal amount, for the above long term loans are as under :

2009-10 to 2011-12	Rs.	99	lacs per year
2012-13 to 2014-15	Rs.	3,595	lacs per year
2015-16 to 2017-18	Rs.	99	lacs per year
Total :	**Rs.**	**11,379**	**lacs**

SCHEDULE - 5 : FIXED ASSETS

(Rs. in lacs)

Particulars	Gross Block (At Cost)						Depreciation & Amortization						Net Block	
	As at 1-Apr-08	Additions during the year	Deductions during the year	As at 31-Mar-09	Foreign Exchange Translation	As at 31-Mar-09	As at 1-Apr-08	For the 2008-09	On deduction during the year	As at 31-Mar-09	Foreign Exchange Translation	As at 31-Mar-09	As at 31-Mar-09	As at 31-Mar-08
I. TANGIBLES :														
Free hold Land [Note 2]	4,340.39	8.93	–	4,349.32	–	**4,349.32**	–	–	–	–	–	–	**4,349.32**	4,340.39
Lease hold Land	515.53	1,727.30	–	2,242.83	–	**2,242.83**	0.28	0.19	–	0.47	–	**0.47**	**2,242.36**	515.25
Buildings	16,672.90	2,103.46	–	18,776.36	3.39	**18,779.75**	2,872.28	522.84	–	3,395.12	3.13	**3,398.25**	**15,381.50**	13,800.62
Plant and Machineries	26,526.00	2,876.16	523.38	28,878.78	(5.27)	**28,873.51**	7,921.30	2,143.54	391.98	9,672.86	(1.16)	**9,671.70**	**19,201.81**	18,604.70
Electric Installation and Air conditioned Plant	5,867.31	381.81	354.17	5,894.95	–	**5,894.95**	2,035.52	364.00	312.52	2,087.00	–	**2,087.00**	**3,807.95**	3,831.79
Furniture and Fixtures, Office and Factory Appliances	5,911.30	509.45	112.27	6,308.48	3.57	**6,312.05**	3,069.05	514.82	86.44	3,497.43	4.11	**3,501.54**	**2,810.51**	2,842.25
Vehicles	1,503.30	327.23	253.23	1,577.30	(2.83)	**1,574.47**	469.81	153.80	147.38	476.23	0.54	**476.77**	**1,097.70**	1,033.49
II. INTANGIBLES :														
Software	913.16	336.00	–	1,249.16	13.81	**1,262.97**	599.02	212.01	–	811.03	6.52	**817.55**	**445.42**	314.14
Product Licenses	2,360.88	371.77	133.14	2,599.51	173.05	**2,772.56**	652.07	316.77	40.69	928.15	55.57	**983.72**	**1,788.84**	1,708.81
TOTAL	**64,610.77**	**8,642.11**	**1,376.19**	**71,876.69**	**185.72**	**72,062.41**	**17,619.33**	**4,227.97**	**979.01**	**20,868.31**	**68.71**	**20,937.02**	**51,125.39**	**46,991.44**
Previous Year	57,183.43	8,726.88	1,562.07	64,348.24	262.53	64,610.77	14,522.86	3,883.12	881.54	17,524.44	94.89	17,619.33	46,991.44	

Notes:

(1) Foreign Exchange Translation represents foreign exchange difference arising due to translation of all foreign subsidiaries' fixed assets at closing exchange rate.

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

(Rs. in lacs)

	No. of Unit	As at 31-Mar-2009	As at 31-Mar-2008
SCHEDULE - 6 : INVESTMENTS			
LONG TERM INVESTMENTS [At Cost]			
Trade Investments			
Quoted			
York Pharma Plc.- Fully paid up Equity Shares of 5 Pence each [Note 1]	63056	**155.60**	155.60
Less: Provision for Diminution in Value		**155.60**	155.60
		–	–
Unquoted			
GPC Cayman Investors I Ltd. - Fully paid up Equity Shares of USD 10 each	442918	**1,901.49**	1,901.49
Shivalik Solid Waste Limited - Fully paid up Equity Shares of Rs. 10 each	20000	**2.00**	2.00
Non-Trade Investments, Unquoted			
National Savings Certificates		**1.10**	1.10
Contribution to Gujarat Venture Capital Fund 1995		–	8.75
		1.10	9.85
Aggregate Long Term Investments		**1,904.59**	1,913.34
CURRENT INVESTMENTS [At lower of cost or market value]			
Non-Trade Investments, Unquoted			
Mutual Funds [Note 2]		**12,044.06**	3,549.71
Aggregate Investments		**13,948.65**	5,463.05
Unquoted		**13,948.65**	5,463.05
Quoted		–	–
		13,948.65	5,463.05

Notes :

(1) Charterhouse Therapeutics Limited, renamed as Rosanto Pharmaceuticals Limited, was acquired by York Pharma Plc. in exchange of shares. Market value of investment in York Pharma Plc as on 30-Mar-09 [last available quote] is Rs. 1.37 lacs.

(2) Aggregate NAV of investment in Mutual Funds as on 31-Mar-09 is Rs. 12,067.66 lacs. [previous year Rs. 3,580.75 lacs]

(Rs. in lacs)

	As at 31-Mar-2009	As at 31-Mar-2008
SCHEDULE - 7 : INVENTORIES		
[At lower of cost or net realisable value]		
Raw Materials	**6,913.09**	5,775.19
Packing Materials	**1,340.38**	1,131.52
Goods in Process	**4,099.94**	3,524.34
Finished Goods	**9,193.09**	7,649.94
Traded Goods	**4,907.31**	5,016.06
	26,453.81	23,097.05
SCHEDULE - 8 : SUNDRY DEBTORS		
[Unsecured]		
Debts over six months		
Considered Good	**3,086.05**	3,288.23
Considered Doubtful	**1,824.01**	605.42
Less :- Provision	**1,824.01**	605.42
	3,086.05	3,288.23
Other Debts - Considered Good	**23,571.81**	17,825.89
	26,657.86	21,114.12

(Rs. in lacs)

	SCHEDULE	As at 31-Mar-2009	As at 31-Mar-2008
SCHEDULE - 9 : CASH AND BANK BALANCES			
Cash on hand		**10.26**	36.30
With Scheduled Banks in:			
a) Current Accounts	21 [9]	**1,038.78**	997.61
b) Term Deposit Accounts	21 [9]	**17,105.05**	8,704.00
		18,143.83	9,701.61
With Non-Scheduled Banks in:			
a) Current Accounts		**4,833.70**	2,068.99
b) Fixed Deposit Accounts		**11.44**	27.44
		4,845.14	2,096.43
		22,999.23	11,834.34
SCHEDULE - 10 : OTHER CURRENT ASSETS			
[Unsecured and considered good, unless otherwise stated]			
Export Benefits Receivable		**1,851.89**	1,427.41
Excise, Sales Tax / VAT and Insurance Claims Receivable			
Considered Good		**572.96**	419.78
Considered Doubtful		**–**	1.42
Less :- Provision		**–**	1.42
		572.96	419.78
Interest accrued on Loans and Deposits		**144.72**	32.86
Assets held for Sale [At lower of cost or net realisable value]		**569.20**	15.47
Others		**303.09**	370.18
		3,441.86	2,265.70
SCHEDULE - 11: LOANS AND ADVANCES			
[Unsecured and considered good]			
Advances recoverable in cash or in kind or for value to be received		**9,788.39**	3,141.58
Balance with Excise and Customs Department / VAT		**248.49**	186.24
Advance Tax paid, net of Provisions		**460.99**	1,018.86
MAT Credit Entitlement		**5,286.32**	3,364.94
		15,784.19	7,711.62
SCHEDULE - 12 : CURRENT LIABILITIES			
Sundry Creditors		**31,341.22**	22,614.98
Book Overdraft		**503.26**	463.82
Investor Education and Protection Fund [not due] :			
Unclaimed Dividend		**188.26**	42.21
Unclaimed Share Application Money		**0.45**	0.45
Unclaimed Matured Fixed Deposits		**–**	1.52
Unclaimed Matured Debentures		**7.51**	12.24
Unclaimed Debenture Interest		**0.46**	1.91
		196.68	58.33
Other Liabilities		**1,285.53**	1,083.21
Advances from Customers		**3,862.13**	1,220.58
Interest accrued but not due		**242.68**	69.47
		37,431.50	25,510.39

Note : The Investor Education and Protection Fund is credited by the amounts unclaimed and outstanding on the relevant due date.

	SCHEDULE	As at 31-Mar-2009	As at 31-Mar-2008
SCHEDULE - 13: PROVISIONS			
Proposed Dividend		**3,384.45**	2,961.40
Add :Tax on Distributed Profits		**575.19**	503.29
		3,959.64	3,464.69
Provision for Taxation, net of Advance Tax		**17.71**	101.76
Provision for Employee Benefits (Gratuity, Long term Compensation, Leave Benefits)		**5,155.39**	4,444.70
		9,132.74	8,011.15

	SCHEDULE	Year ended 31-Mar-2009	Year ended 31-Mar-2008
			(Rs. in lacs)
SCHEDULE - 14 : SALES AND OPERATING INCOME			
Sales			
Sales in India		**79,357.38**	73,958.05
Sales outside India		**82,332.59**	59,672.64
		161,689.97	133,630.69
Less : Excise Duty / ICMS collected	21 [5]	**3,037.96**	2,400.90
		158,652.01	131,229.79
Operating Income			
Export Benefits		**1,717.71**	1,165.89
Income from Product Registration Dossiers		**1,604.53**	1,512.95
Other Operating Income		**1,091.51**	1,576.20
		4,413.75	4,255.04
		163,065.76	135,484.83
SCHEDULE - 15 : OTHER INCOME			
Profit on Sale of Investments [Net of Provision for diminution in value of Current Investments Rs. 292.37 lacs (previous year Rs. Nil)]		**313.77**	446.14
Miscellaneous Income		**37.33**	27.87
		351.10	474.01
SCHEDULE - 16 : MATERIALS COST			
Materials Consumed			
Raw Materials		**33,568.94**	25,319.75
Packing Materials		**4,772.64**	3,765.51
		38,341.58	29,085.26
Purchase of Traded Goods		**17,193.05**	15,379.69
(Increase) / Decrease in Stock			
Opening Stocks			
Finished Goods		**7,649.94**	7,489.51
Traded Goods		**5,016.06**	8,512.54
Work in Process		**3,524.34**	3,135.94
		16,190.34	19,137.99
Less : Closing Stocks			
Finished Goods		**9,193.09**	7,649.94
Traded Goods		**4,907.31**	5,016.06
Work in Process		**4,099.94**	3,524.34
		18,200.34	16,190.34
		(2,010.00)	2,947.65
		53,524.63	47,412.60
SCHEDULE - 17 : EMPLOYEES COST			
[Other than those included in Research and Development Expenses]			
Salaries, Wages and Bonus		**21,106.93**	19,422.70
Contribution to Provident and other Funds		**3,026.99**	3,031.07
Gratuity Cost		**511.37**	72.05
Welfare Expenses		**1,004.49**	724.35
		25,649.78	23,250.17

(Rs. in lacs)

	SCHEDULE	Year ended 31-Mar-2009	Year ended 31-Mar-2008
SCHEDULE - 18 : MANUFACTURING AND OTHER EXPENSES			
Power and Fuel		**2,528.90**	2,113.44
Stores and Spares Consumed		**1,169.84**	1,049.01
Labour Charges		**989.38**	747.93
Job Work Charges		**811.51**	643.62
Laboratory Goods and Testing Expenses		**547.74**	281.21
Excise Duty	21 [5]	**43.59**	(34.75)
Repairs and Maintenance :			
Machinery		**225.24**	216.13
Buildings		**150.46**	165.39
Others		**185.00**	242.45
		560.70	623.97
Selling, Publicity and Medical Literature Expenses		**18,409.59**	13,652.21
Commission on Sales		**1,025.61**	1,076.30
Sales and Turnover Taxes		**187.97**	60.39
Provision for Doubtful Debts		**1,289.12**	448.32
Bad Debts Written-off		**28.01**	47.95
Travelling, Conveyance and Vehicle Expenses		**5,246.14**	5,878.41
Net Foreign Exchange Loss	21 [10]	**4,119.82**	622.75
Communication Expenses		**845.57**	891.02
Printing and Stationery Expenses		**265.66**	251.33
Rent		**1,592.89**	1,370.78
Rates and Taxes		**353.32**	23.81
Insurance		**411.20**	460.18
Loss on Sale / Discard / Write-off of Fixed Assets		**321.11**	141.15
Provision on Asset held for Sale		**25.57**	–
Auditors Remuneration and Expenses		**68.55**	74.32
Cost Audit Fees		**2.40**	2.39
Commission to Non Executive Directors		**18.75**	11.90
Donation		**217.09**	120.42
General Charges		**5,747.55**	4,265.06
		46,828.33	34,823.12
SCHEDULE - 19 : NET BORROWING COST			
Expenses			
Interest on Fixed Period Loans		**2,654.85**	2,028.16
Other Borrowing Cost	21 [10]	**1,274.78**	257.44
		3,929.63	2,285.60
Interest Income		**2,028.38**	321.35
		1,901.25	1,964.25

SCHEDULE - 20 :
SIGNIFICANT ACCOUNTING POLICIES OF THE GROUP

1. Basis for Preparation of Financial Statements

The consolidated financial statements are prepared by consolidating the accounts of Torrent Pharmaceuticals Limited with those of its subsidiaries in accordance with generally accepted accounting principles and in consonance with Accounting Standard 21 - "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India. The financial statements have been prepared under the historical cost convention on accrual basis. These statements are prepared to meet the requirement of Clause 32 of the listing agreement with the stock exchange.

2. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make assumptions 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 recognised in the period in which the results are known / materialise.

3. Principles of Consolidation

The consolidated financial statements comprise the financial statements of Torrent Pharmaceuticals Ltd. and its wholly owned subsidiaries.

The consolidated financial statements have been combined on a line-by-line basis by adding the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances / transactions and resulting unrealized profits / losses in full. 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.

These consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. 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.

4. Fixed 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 are capitalised 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 capitalised. Such expenses are capitalised only if the project to which they relate, involve substantial expansion of capacity or upgradation.

c) Acquired Product Licenses costs are capitalised. Cost includes direct costs of purchase and expenses directly attributable to the purchase of Product Licenses.

d) Certain Software costs are capitalised and recognised as intangible assets based on materiality, accounting prudence and significant economic benefits expected to flow there from for a period longer than one year. Capitalised costs include direct costs of purchase / implementation and expenses directly attributable to the development of software where it is developed in-house.

e) 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 recognised 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.

f) 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.

5. Depreciation and Amortisation

a) Depreciation on fixed assets (except leasehold land, information technology assets and product licenses) is provided on straight line method on the basis of the depreciation rates prescribed under the respective domestic laws or on the basis of useful life estimated by the management.

b) (i) Cost of leasehold land (except for lease of long tenure) is amortised over the period of the lease.

(ii) Cost of lease hold land where lease period is of long tenure and substantial rights of ownership are with lessee, is not amortised.

c) Information technology assets other than software are depreciated on straight line method over estimated useful life of 3 years.

d) The Capitalised Software costs are amortised using the straight-line method over estimated useful life of 3 to 5 years, as estimated at the time of capitalisation.

e) Product Licenses costs are amortised using the straight-line method over estimated useful life of 10 years, as estimated at the time of capitalisation.

6. Investments

a) Long Term Investments are stated at cost. Provision is made to recognise 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 profit and loss account.

7. Inventories

Inventories are valued at the lower of cost and net realisable value. Provision for impairment is made when there is high uncertainty in salability of an item. Costs of inventories are determined on the following basis :

a) Cost of raw material and packing material is determined on moving average basis.

b) Work in process is determined on weighted average basis.

c) Cost of finished goods produced is determined on weighted average basis.

d) Cost of finished goods (traded) is determined on moving average basis.

8. Revenue Recognition

a) Revenue from sale of goods is recognised when the significant risks and rewards of ownership of goods are transferred to the customer. Income from services is recognized when the services are rendered or when contracted milestones have been achieved. Sales are net of discounts, sales tax, value added tax and returns; excise duty and ICMS collected on sales is shown by way of deduction from sales.

b) Export entitlements are recognised 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.

c) Dividend income is recognised when the right to receive dividend is established.

d) Interest income is recognized using the time-proportion method, based on rates implicit in the transaction.

e) Revenue in respect of other income is recognised when a reasonable certainty as to its realisation exists.

9. Employees Retirement and Other Benefits

a) 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 expensed to the profit and loss account of the year as Employees Costs.

b) Contribution in case of defined contribution plans (Provident Fund, Superannuation benefit, Social Security schemes and other fund / schemes) of the company and certain overseas subsidiaries is charged to profit and loss account as and when it is incurred as Employee Costs.

c) 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 year to which the costs relate at present value of the nominal benefits under the plan.

d) The liability for compensated absences and leave encashment is provided on the basis of actuary valuation, as at Balance Sheet date.

10. Government Grants

Government grants are recognised where there is reasonable assurance that the grant will be received. 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.

11. Borrowing Costs

Borrowing costs consist of interest and other costs that the company incurs in connection with the borrowing of funds. Borrowing costs also includes exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

12. Research and Development

Research and Development expenses are charged to revenue. Capital expenditure on research and development is reported as fixed assets under the relevant head. Depreciation on research and development fixed assets are not classified as research and development expenses and instead included under depreciation expenses.

13. Leases

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

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 substantially enacted as at the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realized in future. Deferred tax assets and liabilities are arrived at after setting off deferred tax assets and liabilities where the group has a legally enforceable right to set-off assets against liabilities, and where such assets and liabilities relate to taxes on income levied by the same governing taxation laws.

c) In terms of the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income Tax Act, 1961 issued by the Institute of Chartered Accountants of India, the excess of Minimum Alternate Tax (MAT) over normal current tax payable has been accounted as an asset by credit to the profit and loss account as MAT Credit Entitlement.

15. 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 recognised as income or expense of the period in which they arise.

c) In case of forward contracts, to which AS11, The Effects of Changes in Foreign Exchange Rate applies, the difference between the forward rate and the exchange rate on the date of the contract is recognised as income or expense over the life of the contract. Exchange differences on such a contract are recognised in the profit and loss account in the period in which the exchange rates change. Derivatives not covered under AS11 are marked to market at balance sheet date and resulting loss, if any, is recognised in the profit and loss account in view of the principle of prudence as per Announcement on Accounting of Derivatives by Institute of Chartered Accountants of India dated 29-Mar-08.

d) Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are reported using the rate prevailing as on that date. The resultant exchange differences are recognised in the profit and loss account. The Company has not exercised the option for capitalisation or amortisation of exchange differences on long term foreign currency monetary items as provided by notification dated 31-Mar-09, issued by the Ministry of Corporate Affairs.

e) Investments in shares of foreign entities are expressed in reporting currency at the rates of exchange prevailing at the time when the original investments were made.

16. Translation of Financial Statements of Foreign Subsidiaries

Classification of all foreign subsidiaries is treated as non-integral foreign operations considering the way in which they are financed and operate in relation to the Company. Consequently, translation of their respective financial statements is effected as under :

a) Revenues and expenses are translated at the average annual exchange rates based on the daily closing rates for the year. Inventories are translated at the average exchange rates based on the daily closing rates for the period of six months to the date of balance sheet.

b) All assets and liabilities, both monetary and non-monetary, are translated at the exchange rate prevalent at the date of the balance sheet.

c) The resulting net exchange differences are recognized as foreign currency translation reserve as part of Shareholders' Funds.

17. Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognised 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 accounts. Contingent assets are neither recognised nor disclosed in the financial statements.

18. Acquisition and Goodwill

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 recognised in the financial statements as goodwill/capital reserve.

SCHEDULE - 21 :

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

1. The consolidated financial statements comprise the financial statements of the parent company, Torrent Pharmaceuticals Ltd. (TPL) and the following wholly owned subsidiaries / step-down subsidiaries (together referred to as Group) :

Name of Subsidiary	Country of Incorporation
Zao Torrent Pharma	Russia
Torrent Do Brasil Ltda	Brazil
Torrent Pharma GmbH (TPG)	Germany
Torrent Pharma Inc.	USA
Torrent Pharma Philippines Inc.	Philippines
Heumann Pharma GmbH & Co. Generica KG (Wholly owned subsidiary of TPG)	Germany
Laboratorios Torrent, S.A. de C.V.	Mexico
Torrent Pharma Japan Co. Ltd	Japan
Torrent Australasia Pty Ltd.	Australia

(Rs. in lacs)

	As at 31-Mar-2009	As at 31-Mar-2008
2. Estimated amount of unexecuted capital contracts (net of advances) not provided for	**2,381.81**	1,624.75
3. Contingent Liabilities not provided for in respect of claims against the Company not acknowledged as debts :		
Disputed Demand of Income Tax for which appeals have been preferred	**846.55**	712.20
Disputed Employee State Insurance Contribution Liability under E.S.I. Act, 1948	**248.71**	218.05
Disputed Legal Cases for Supply of Goods and Services	**1.78**	1.78
Disputed Demand of Excise and Service Tax	**23.80**	8.44
Disputed Demand of Local Sales Tax and C.S.T	**23.00**	18.31
	1,143.84	958.78
4. The components of the deferred tax balance are set out below :		
Deferred Tax Liabilities		
Excess of depreciation claimed under the income tax law over that debited to profit and loss account in the earlier years	**7,871.94**	7,618.37
Unrealized foreign exchange gain	**77.11**	–
Deferred Tax Assets		
Provision for Leave Salary	**(461.67)**	(422.52)
Provision for Gratuity	**(124.55)**	(62.76)
Provision for Doubtful Debts	**(473.48)**	(58.58)
Bonus Payable	**(194.18)**	(127.58)
Sundry Debtors	**(67.34)**	–
Provisions for Selling Expenses	**(33.59)**	–
Provision for Inventories	**(48.07)**	–
Unrealized foreign exchange loss	**(77.16)**	–
Accumulated losses of Subsidiaries	**(629.33)**	(716.62)
Deferred tax liability, net	**5,839.68**	6,230.31
The net deferred tax liability of Rs. 5,839.68 lacs (Previous year: Rs. 6,230.31 lacs) has been presented in the balance sheet as follows :		
Deferred tax assets	**993.44**	725.03
Deferred tax liabilities	**(6,833.12)**	(6,955.34)
	(5,839.68)	(6,230.31)

5. Excise Duty / ICMS shown as deduction from Sales represents the amount of excise duty collected on sales. Excise duty expensed under Schedule-18, "Manufacturing and Other Expenses", represents the difference between excise duty element in the amounts of closing stocks and opening stocks, excise duty paid on samples and on inventory write-off which is not recoverable from sales.

6. (a) Break-up of Research and Development Expenses included in Profit and Loss Account:

(Rs. in lacs)

	2008-09	2007-08
Employees Cost :		
Salaries, Wages and Bonus	**3,317.01**	3,172.25
Contribution to Provident and other Funds	**275.48**	264.95
Gratuity Cost	**167.72**	71.65
Welfare Expenses	**80.97**	75.29
	3,841.17	3,584.14
Power and Fuel	**516.73**	419.02
Stores and Spares Consumed	**824.32**	724.17
Labour Charges	**106.86**	110.68
Laboratory Goods and Testing Expenses	**3,021.75**	2,421.95
Clinical Research Expenses	**838.91**	791.12
Repairs and Maintenance	**157.88**	147.64
Travelling, Conveyance and Vehicle Expenses	**246.17**	214.32
Communication Expenses	**77.33**	53.04
Printing and Stationery Expenses	**47.22**	49.38
Rent	**9.45**	7.33
Rates and Taxes	**66.32**	3.35
Insurance	**29.29**	25.95
General charges	**1,406.96**	1,163.61
	11,190.39	9,715.71

(b) Depreciation and Amortisation includes Rs. 1,142.90 lacs (previous year Rs. 830.56 lacs) pertaining to Research and Development assets.

7. Exceptional item represents amount provided for settlement of a contract claim and certain related expenses, in respect of a research contract pertaining to new chemical entities, agreed by the Company in an out-of-court settlement through a mediation process.

8. The Basic and Diluted Earnings Per Share [EPS] are :

			2008-09	2007-08
Net profit for the period	(a)	[Rs. in lacs]	**18,436.96**	13,467.67
Weighted average number of equity shares	(b)	[Nos. in lacs]	**846.11**	846.11
EPS (Basic and Diluted)	(a) / (b)	[Rs.]	**21.79**	15.92
Nominal value per equity share		[Rs.]	**5.00**	5.00

9. Cash and Cash Equivalents includes :

(Rs. in lacs)

	As at 31-Mar-09	As at 31-Mar-08
(a) Term Deposit lodged with Banks as securities for LC and other facilities	**2.05**	3.00
(b) Balances with scheduled banks in current accounts for unclaimed dividend, debenture and debenture interest.	**196.31**	56.43

10. Foreign Exchange Loss included in the net profit for the year is as follows :

(Rs. in lacs)

	2008-09	2007-08
(a) Net Foreign Exchange Loss, included in Manufacturing and Other Expenses, as per Schedule 18.	**4,119.82**	622.75
(b) Net Foreign Exchange Loss on foreign currency borrowings to the extent regarded as an adjustment to interest cost, included as Other Borrowing Cost in Schedule 19.	**962.18**	–
Total Foreign Exchange Loss as per Accounting Standard 11	**5,082.00**	622.75

11. **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 :

(Rs. in lacs)

		2008-09	2007-08
a)	India	**78,975.00**	73,359.00
b)	Europe	**35,826.36**	27,304.40
c)	Brazil	**25,656.81**	17,711.18
d)	Rest of the world	**18,193.84**	12,855.21
	Total	**158,652.01**	131,229.79

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 Company, 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.

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

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

(Rs. 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	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08	**2008-09**	2007-08
Sale of Finished Goods	–	–	35.54	34.96	–	–	–	–	**35.54**	34.96
Purchase of Material, Consumables etc.	–	–	29.37	69.58	–	–	1.00	6.02	**30.38**	75.60
Remuneration to Key Management Personnel	–	–	–	–	592.53	436.25	–	–	**592.53**	436.25
Contribution to Gratuity / Superannuation Funds	513.17	389.70	–	–	–	–	–	–	**513.17**	389.70
Lease Rent Paid	–	–	2.00	2.00	–	–	–	–	**2.00**	2.00
Services received	–	–	508.90	434.60	–	–	754.34	689.36	**1,263.24**	1,123.96
Commission & Interest paid to carrying & forwarding agents	–	–	–	–	–	–	83.61	79.86	**83.61**	79.86
Donation	–	–	–	–	–	–	200.00	105.00	**200.00**	105.00
Expenses Reimbursement	–	–	8.42	–	–	–	11.67	13.47	**20.09**	13.47
Purchase of Fixed Assets	–	–	16.56	107.40	–	–	–	–	**16.56**	107.40
Recovery of Advances written off	–	–	4.03	–	–	–	–	–	**4.03**	–
(B) Balances at the end of the year	31-Mar-09	31-Mar-08	31-Mar-09	31-Mar-08	31-Mar-09	31-Mar-08	31-Mar-09	31-Mar-08	**31-Mar-09**	31-Mar-08
Sundry Debtors	–	–	–	3.49	–	–	–	–	**–**	3.49
Advances Recoverable in Cash or Kind	18.59	19.77	10.12	0.75	–	–	–	–	**28.71**	20.52
Sundry Creditors	–	–	0.39	1.94	–	–	16.86	10.41	**17.25**	12.35

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 Ltd., Torrent Power Ltd., Torrent Cables Ltd., Gujarat Lease Financing Ltd., Ahmedabad Royal Garden Hotels Pvt. Ltd., Gujarat Chlor Alkalies Industries Pvt. Ltd., Torrent Power Services Pvt. Ltd., Torrent Pipavav Generation Limited, Torrent Energy Ltd, Torrent Power Grid Ltd, Torrent Power Bhiwandi Ltd, AEC Cements and Construction Ltd.		
3	Key Management Personnel	Sudhir Mehta Chairman	Samir Mehta Managing Director	Dr. C. Dutt Whole Time Director
4	Relatives of Key Management Personnel	Anita Mehta, wife Shardaben Mehta, mother Varun Mehta, son Jinal Mehta, son Meena Modi, sister Nayna Shah, sister	Sapna Mehta, wife Shardaben Mehta, mother Aman Mehta, son Shaan Mehta, son Meena Modi, sister Nayna Shah, sister	Shobha Dutt, wife Umang Dutt, son Uttang Dutt, son
5	Enterprises Controlled by Key Management Personnel / Relatives of Key Management Personnel	U N Mehta Charitable Trust, D N Modi Charitable Trust, Shardaben Mehta Charitable Trust, Tsunami Tours & Travels Pvt. Ltd., Torrel Cosmetics Pvt. Ltd., Zeal Pharmachem India Pvt Ltd., Diamond Infrastructure Pvt. Ltd., U. N. Mehta Institute of Cardiology & Research Centre, Dushyant Shah Charitable Trust.		

As per our attached report of even date

Signatures to Schedule 1 to 21

For C.C. CHOKSHI & CO.
Chartered Accountants

Sudhir Mehta
Chairman

Gaurav J. Shah
Partner

Mahesh Agrawal
VP (Legal) & Company Secretary

Samir Mehta
Managing Director

Ahmedabad
15th May, 2009

Ahmedabad
15th May, 2009

Note:

The Department of Company Affairs has, for the financial year 2008-09, exempted the Company from the applicability of the provisions contained in sub-section (1) of Section 212 of the Companies Act, 1956, relating to the statements to be attached in respect of subsidiary companies, with the financial statements of the Company. The Department of Company Affairs has informed whilst granting exemption to provide summarised details of each subsidiary. The details required are provided herewith.

Shareholders interested in obtaining the statement of Company's interest in the subsidiaries or stand-alone financial statements of the subsidiaries may obtain it by writing to the Company Secretary.

The annual accounts of subsidiary companies are available for inspection by any investor at the registered office of the Company.

Statement Pursuant to requirement of Department of Company Affairs for granting approval under Section 212(8) of the Companies Act, 1956 Related to Subsidiary Companies

	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. Generica KG		Torrent Australasia Pty Ltd		Laboratorios Torrent S.A. de C.V.		Torrent Pharma Japan Co. Ltd	
	Financial Year Ended on	31st March 2009		31st March 2009		31st March 2009		31st March 2009		31st March 2009		31st March 2009		31st March 2009		31st March 2009		31st March 2009	
		Rouble Million	Rupees Lac	Euro Million	Rupees Lac	Reais Million	Rupees Lac	USD Million	Rupees Lac	Peso Million	Rupees Lac	Euro Million	Rupees Lac	Au$ Million	Rupees Lac	Mxn$ Million	Rupees Lac	Yen Million	Rupees Lac
1	Capital	0.54	8.10	6.97	4703.36	19.14	4213.69	1.20	611.40	11.17	117.29	2.51	1694.42	0.09	30.31	21.05	755.59	10.00	52.00
2	Reserves	(45.67)	(685.12)	0.62	416.92	(0.39)	(85.13)	(0.08)	(42.80)	5.45	57.23	(1.45)	(980.19)	(0.06)	(20.58)	(18.13)	(650.81)	0.26	1.37
3	Total assets	489.24	7338.67	7.96	5373.98	44.91	9883.88	5.43	2768.78	103.21	1083.75	20.16	13604.72	0.08	28.30	3.20	114.73	10.26	53.37
4	Total liabilities	534.38	8015.69	0.38	255.91	26.15	5755.32	4.32	2200.18	86.59	909.23	19.10	12890.49	0.05	18.58	0.28	9.96	0.00	0.00
5	Details of investment (except in case of investment in subsidiaries)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6	Turnover	312.83	4692.38	0.33	220.46	108.49	23879.62	5.86	2986.12	172.23	1808.41	39.02	26334.00	0.00	0.00	0.00	0.00	0.00	0.00
7	Profit before taxation	(120.27)	(1804.08)	0.83	559.83	3.69	812.67	0.16	81.56	9.17	96.28	2.22	1495.61	0.01	1.85	(5.11)	(183.61)	(1.17)	(6.08)
8	Provision for taxation / Deferred Tax	(6.48)	(97.24)	0.20	135.16	1.21	266.34	(0.06)	(30.84)	3.36	35.30	0.00	0.00	0.00	0.00	0.00	0.00	0.08	0.42
9	Profit after taxation	(113.79)	(1706.85)	0.63	424.67	2.48	546.33	0.22	112.40	5.81	60.98	2.22	1495.61	0.01	1.85	(5.11)	(183.61)	(1.25)	(6.50)
10	Proposed dividend	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Exchange Rate as on 31.3.2009	1 Rouble = 1.50 INR		1 Euro = 67.48 INR		1 Reais = 22.01 INR		1 USD = 50.95 INR		1 Peso = 1.05 INR		1 Euro = 67.48 INR		1 Au$ = 35.02 INR		1 Mxn$ = 3.59 INR		1 Yen = 0.52 INR	

Sudhir Mehta
Chairman

Samir Mehta
Managing Director

Mahesh Agrawal
VP (Legal) & Company Secretary

Ahmedabad
15th May, 2009

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