2010-11

38th ANNUAL REPORT

TORRENT PHARMACEUTICALS LIMITED

CONTENTS

CORPORATE INFORMATION

DIRECTORS

(1) Sudhir Mehta
Chairman

(2) Markand Bhatt

(3) S. H. Bhojani

(4) Dr. Prasanna Chandra

(5) Shailesh Haribhakti

(6) Renu Sud Karnad

(7) Sanjay Lalbhai

(8) Dr. C. Dutt
Director (Research & Development)

(9) Samir Mehta
Executive Vice Chairman

AUDIT COMMITTEE

(1) S. H. Bhojani
Chairman

(2) Dr. Prasanna Chandra

(3) Shailesh Haribhakti

SECURITIES TRANSFER & INVESTORS' GRIEVANCE COMMITTEE

(1) Sudhir Mehta
Chairman

(2) Markand Bhatt

(3) Samir Mehta

NOMINATION & REMUNERATION COMMITTEE

(1) S. H. Bhojani
Chairman

(2) Markand Bhatt

(3) Shailesh Haribhakti

VP (LEGAL) & COMPANY SECRETARY

Mahesh Agrawal

AUDITORS

Deloitte Haskins & Sells, Ahmedabad
Chartered Accountants
(Firm Registration No. 117365W)

REGISTERED OFFICE

Torrent House,
Off Ashram Road,
Ahmedabad - 380 009
Telephone: 079 - 26585090
Fax: 079 - 26582100

MANUFACTURING FACILITIES

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

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

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

DAHEJ PROJECT SITE

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

RESEARCH & DEVELOPMENT FACILITY

Village Bhat, Dist. Gandhinagar (Gujarat)

WEBSITE

www.torrentpharma.com

REGISTRARS & TRANSFER AGENTS

Karvy Computershare Private Limited
Unit: Torrent Pharmaceuticals Limited
Plot No. 17 to 24,
Vittalrao Nagar, Madhapur,
Hyderabad - 500 081
Telephone: 040 - 44655000
Fax: 040 - 23420814
Email: einward.ris@karvy.com

INVESTOR SERVICES E - MAIL ID

investorservices@torrentpharma.com

NOTICE

NOTICE IS HEREBY GIVEN THAT THE THIRTY EIGHTH ANNUAL GENERAL MEETING OF THE MEMBERS OF TORRENT PHARMACEUTICALS LIMITED will be held on Saturday, 30th July, 2011 at 09:30 AM at J. B. Auditorium, Torrent AMA Centre, Ground Floor, Ahmedabad Management Association, Vastrapur, Ahmedabad – 380 015, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2011, the Profit & Loss Account for the year ended on that date and reports of the Directors' and Auditors' thereon.

2. To declare dividend

   The Board of Directors at its meeting dated 28th May, 2011 recommended a normal annual dividend of ₹ 6.00 per equity share and a special dividend of ₹ 2.00 per equity share of fully paid up face value of ₹ 5 each for the financial year 2010-11.

3. To appoint a Director in place of Markand Bhatt, director, who retires by rotation, and being eligible, offers himself for re-appointment.

4. To appoint a Director in place of Sanjay Lalbhai, director, who retires by rotation, and being eligible, offers himself for re-appointment.

5. To appoint Deloitte Haskins & Sells, Ahmedabad (Firm Registration No. 117365W), as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorize the Audit Committee to fix their remuneration.

SPECIAL BUSINESS

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

   REMUNERATION TO NON-EXECUTIVE DIRECTORS (NEDs)

   "**RESOLVED THAT** in supercession of all the earlier resolutions passed in the matter, if any, and pursuant to the provisions of Section 309 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof), the approval of the Company be and is hereby accorded, subject to such other permissions and approvals, if any, as may be required, to pay commission to the Director(s) of the Company who is/are neither in the whole time employment nor managing director(s) (hereinafter referred as 'eligible Directors'), in accordance with and up to the limit laid down under the provisions of Section 309(4) of the Companies Act, 1956 (including any statutory modification or re-enactment thereof), computed in the manner specified in the Companies Act, 1956 or such other limit as may be approved by the Central Government or the relevant authority for a period of 5 years from the financial year commencing 1st April, 2010, in such manner and up to such extent as the Board of Directors or the Commitee of Board specifically authorised for this purpose may, from time to time, determine such commission being divisible amongst the eligible Directors in such proportion and in such manner as may be decided by the Board or the Committee of Board specifically authorised for this purpose."

   "**FURTHER RESOLVED THAT** subject to provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof) and such other approvals and premissions, if any, as may be required from the Central Government or from any other authorities, in case of inadequacy of profits of the Company for any financial year, commission of ₹ 5 lacs per annum be payable as minimum remuneration to each of eligible Directors if he/she is also member of any Committee of Directors and ₹ 3 lacs per annum to each of eligible Directors if he/she is not a member of any such Committee of Directors."

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

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

TO APPOINT SAMIR MEHTA AS EXECUTIVE VICE CHAIRMAN

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof) and further subject to any other approval as may be required, the approval of the Company be and is hereby accorded, for the appointment of Samir Mehta as Executive Vice Chairman of the Company for period of 5 years effective from 1st August, 2010 on the following terms and conditions:

1. COMMISSSION: At a rate such that the total remuneration does not exceed percentage limit of net profits of the Company as specified in the Companies Act, 1956, calculated in accordance with Section 349 and 350 read with Section 198, subject to the overall ceiling prescribed under Section 309 read with Section I of Part II of Schedule XIII of the Companies Act, 1956 (including any statutory modification or re-enactment thereof).

2. PERQUISITES: Shall be allowed in addition as under:

A. (i) The Company shall reimburse annual fees for two clubs.

(ii) The Company shall pay the premium on personal accident insurance policy as per the Company rules.

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

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

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

3. OTHER TERMS: (i) His entitlement for leave, its accumulation and encashment shall be as per the prevailing rules of the Company.

(ii) Such appointment shall not be considered as a break in his service as managerial personnel of the Company.

(iii) The total remuneration for any year shall not exceed percentage limit of net profits of the Company as specified in the Companies Act, 1956, calculated in accordance with Section 349 and 350 read with Section 198, subject to the overall ceiling prescribed under Section 309 read with Section I of Part II of Schedule XIII of the Companies Act, 1956 as existing or modified or re-enacted.

(iv) He shall not be entitled to receive sitting fees for attending meetings of the Board of Directors or a Committee thereof."

"RESOLVED FURTHER THAT Samir Mehta shall exercise substantial powers of management subject to superintendence, control and direction of the Chairman and Board of Directors of the Company."

"RESOLVED FURTHER THAT in the event of loss or inadequacy of profit in any financial year, the Company shall pay Samir Mehta, in respect of such financial year, remuneration by way of salary, allowances, perquisites and other benefits as the Board of Directors may deem fit, subject to the limits prescribed in Section II of Part II of Schedule XIII to the Companies Act, 1956 (including any statutory modification or re-enactment thereof)."

"RESOLVED FURTHER THAT the actual amount of commission to be paid to Samir Mehta each year and periodicity of payment shall be decided by the Board of Directors or any Committee thereof specifically authorized for this purpose from time to time."

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

APPOINTMENT OF SHAILESH HARIBHAKTI AS DIRECTOR

"RESOLVED THAT Shailesh Haribhakti, who was appointed as Additional Director under Section 260 of the Companies Act, 1956, by the Board of Directors on 23rd October, 2010 and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of director, be and is hereby appointed with effect from the commencement of this meeting as director of the Company liable to retire by rotation."

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

APPOINTMENT OF RENU SUD KARNAD AS DIRECTOR

"RESOLVED THAT Renu Sud Karnad, who was appointed as Additional Director under Section 260 of the Companies Act, 1956, vide Circular Resolution of the Board of Directors on 18th April, 2011 and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing her candidature for the office of director, be and is hereby appointed with effect from the commencement of this meeting as director of the Company liable to retire by rotation."

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

By Order of the Board of Directors
For TORRENT PHARMACEUTICALS LIMITED

Ahmedabad
28th May, 2011

MAHESH AGRAWAL
VP (Legal) & Company Secretary

NOTES

1. The Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 in respect of Special Business i.e. Item Nos. 6, 7, 8 & 9 is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.
3. Proxies, in order to be effective, must be received by the Company not later than 48 hours before the commencement of the meeting.
4. The members are requested to bring their copy of Annual Report to the Meeting.
5. Corporate Members intending to send their authorised representatives are requested to send a duly certified copy of the board resolution authorizing their representatives to attend and vote at the Annual General Meeting.
6. The members are requested to intimate to the Company, queries, if any, at least 10 days before the date of the meeting to enable the management to keep the required information available at the meeting.
7. The members, holding shares in physical form, are requested to intimate any change in their address or bank details to the Company or its Registrars & Transfer Agent, Karvy Computershare Private Limited. Those holding shares in dematerialized form may intimate any change in their address or bank details/mandate to their Depository Participants immediately. Members holding shares in dematerialized form may note that bank details registered against their respective depository acccounts will be used by the Company for payment of dividend. The Company or its Registrars & Transfer Agent can not act on any request directly received from any member holding shares in dematerialized form for any change in such details. Such changes are to be advised only to the Depository Participant of the members.
8. The Company has already notified closure of the Register of Members and the Share Transfer Register for a period of 3 days from 8th June, 2011 to 10th June, 2011 (both days inclusive) for determining the name of members eligible for dividend on equity share, if declared at this Meeting.
9. **Trading in the shares of the Company is compulsory in dematerialized form for all investors. There are number of advantages in keeping shares in dematerialized mode like no stamp duty, no/ lesser risks of delays/ loss in transit/ theft/ mutilation/ bad deliveries, no courier/ postal charges and immediate transfer. Hence, we request all those shareholders who have still not dematerialized their shares to get their shares dematerialized at the earliest.**
10. In compliance with Section 205A & 205C of the Companies Act, 1956 unclaimed dividend for the financial year 2002-03 has been transferred to the “Investor Education Protection Fund” established by the Central Government.
11. As required in terms of Clause 49 of the Listing Agreement with the Stock Exchanges, the information pertaining to the Directors seeking re-appointment in the Annual General Meeting is given below (Refer Item Nos. 3 & 4 of the Notice):

    a) Markand Bhatt was last re-appointed as Director on 29th July, 2008 and his term of office ends at the ensuing Annual General Meeting under Section 256 of the Companies Act, 1956. He shall retire by rotation in normal course and being eligible, is proposed for re-appointment under Section 256 of the Companies Act, 1956.

       Markand Bhatt, 64, a Post Graduate of IIM, Ahmedabad, is the Group Chief Executive Officer of Torrent Group. He has more than 42 years of professional managerial experience in multi disciplinary areas dominated by more than two decades of principal involvement in power sector projects. He has been a member of Board of the Company since 2000. Over the past several years he has been providing valuable guidance in formulation of strategy and implementation thereof.

       As part of Torrent Power, Markand Bhatt has played a pivotal role in the entire journey of the SUGEN Mega Power Project – from concept to commissioning of that project, which is unique in many respects. The project was completed within the budgeted cost resulting in the lowest per MW cost due to his sustained efforts. Markand Bhatt is also responsible for implementation of 382.5 MW UNOSUGEN Project and 1200 MW DGEN Project which have made considerable progress on site. He also oversees other generation project initiatives which are in the pipeline such as Torrent Pipavav etc.

       He was also the Managing Director of erstwhile Gujarat Torrent Energy Corporation Limited (GTEC) which set up 655 MW Gas based fuel Combined Cycle Power Project within budgeted cost and timelines. He spearheaded divestment of

GTEC by Torrent Group, which was the biggest ever deal in the country at that point of time. Earlier, he practiced as a Management Consultant and was associated with various premier government organizations and private groups such as Torrent, Nirma, Cama, Raymonds etc.

His other directorship includes that of Torrent Power Limited, Torrent Pipavav Generation Limited & Torrent Energy Limited. He is a member of Securities Transfer and Investor Grievance Committee of the Company and member of Shareholder / Investor Grievance Committee of Torrent Power Limited. He does not hold any shares of the Company.

b) Sanjay Lalbhai was last re-appointed as Director on 29th July, 2008 and his term of office ends at the ensuing Annual General Meeting under Section 256 of the Companies Act, 1956. He shall retire by rotation in normal course and being eligible, is proposed for re-appointment under Section 256 of the Companies Act, 1956.

Sanjay Lalbhai, 57, obtained a Bachelor's Degree in Science from Gujarat University and Master's Degree in Management Studies from Jamnalal Bajaj Institute of Management Studies, Mumbai. He is associated with the Company since 2003. He is one of those renowned entrepreneurs who have managed to put Ahmedabad on the global map in the context of its successful textile industry, as Chairman & Managing Director of Arvind Limited, presiding over the business of textiles & clothing.

In addition to the above, he holds directorships, inter alia, in Arvind Retail Limited, Arvind Lifestyle Brands Limited, Amol Dicalite Limited, Arvind Brands and Retail Limited, Arvind Worldwide Inc., USA, Arvind Worldwide (Mauritius) Inc., Arvind Overseas Mauritius Limited, Arvind Textile Mills Limited – Bangladesh, Arvind Spinning Limited, Mauritius. He is a member of Investor Grievance Committee of Arvind Limited. He holds 800 shares of the Company jointly with his father. He is on the Board of Governors of the Indian Institute of Management, Ahmedabad, President of Ahmedabad Education Society, Chairman of Ahmedabad Textile Industry's Research Association (ATIRA) Council of Administration, President of Ahmedabad University and Member on the Governing Council of Adani Institute of Infrastructure Management, Ahmedabad. His sagacious counsel, laudable knowledge and valuable experience will enrich the Board.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 6

Present arrangement of remuneration does not permit payment of the commission to certain category of Non Executive Directors. Also the ceiling for such payment is 0.5% of the net profits of the Company calculated in accordance with the provisions of Section 349 read with Section 198 of the Companies Act, 1956 (Net Profit). Further the Chairman is authorised to decide the amount, subject to said limit, of commission to be paid to the eligible Directors and distribution of the same amongst such eligible Directors. It is proposed, through this special resolution to remove all such restriction, to increase the limit of remuneration to such maximum percentage of Net Profit of the Company as specified in the Companies Act, 1956 (currently 1%) and to authorize the Board to decide the amount of the commission and the manner in which it is to be paid to the Non Executive Directors and distribution of the same amongst such directors.

Such arrangement is proposed for a period of 5 years from the financial year commencing 1st April, 2010. Further, existing provisions with respect to minimum remuneration in case of inadequacy of profits i.e. remuneration of ₹ 5 lacs per annum to each such Directors in case the director is also a member of any Committee of Director and ₹ 3 lacs per annum to each such Directors in case the director is not a member of any such Committee of Directors, have been continued.

The Board commends this resolution for your approval.

All Non Executive Directors are to be considered interested in the resolution to the extent of commission receivable by them.

Item No. 7

The appointment and remuneration of Samir Mehta as Managing Director was fixed by the Board and approved by the shareholders at the Annual General Meeting of the Company held on 21st July, 2006 for a period of 5 years with effect from 1st April, 2006. The Board of Directors of the Company at its meeting held on 30th July, 2010, pre-closed the existing term of appointment of Samir Mehta as Managing Director and appointed him afresh as Executive Vice Chairman of the Company for a period of five years effective from 1st August, 2010, subject to member's approval at the ensuing Annual General Meeting on such terms and condition as stated in the resolutions.

This ordinary resolution seeks member's approval for appointment of Samir Mehta as Executive Vice Chairman of the Company for a period of five years effective from 1st August, 2010 on such remuneration and other terms and conditions as mentioned in the resolution.

Samir Mehta, 47, holds a Masters Degree in Business Management from the B. K. School of Business Management, Ahmedabad. He has been associated with the Company as a Director since 1986 and as the Managing Director since 1989. Under his leadership, the Company has grown into becoming one of the most respected pharmaceutical companies in India.

Under his able guidance, the Company consolidated its position in the domestic market, built leadership positions in several brands and has established a strong & growing profitable operation. The Company has also successfully established itself in the international markets such as Brazil, Germany and of late U.S.A. and today, the international business accounts for 51% of the total revenue of the Company. He has been instrumental in identifying emerging opportunities - be it forays into new therapies or geographies or striking alliances with global leaders in the industry or creating resources to match the exacting demands of the markets. Apart from setting up an orderly and a system oriented organisation, development of prudent financial management policies has been a hallmark of his leadership.

Samir Mehta is currently also the Executive Vice Chairman of Torrent Power Limited and is on the Board of Directors of Torrent Pipavav Generation Limited and Torrent Energy Limited.

The Board commends this resolution for your approval.

Samir Mehta is deemed to be concerned or interested in this resolution. Sudhir Mehta, being relative of Samir Mehta, is also to be considered interested in the resolution. None of the other Directors of the Company is in anyway concerned or interested in the resolution.

Item No. 8

Shailesh Haribhakti was appointed as Additional Director by the Board on 23rd October, 2010 pursuant to the provisions of Section 260 of the Companies Act, 1956. He holds office up to the date of this Annual General Meeting. The Company has received a notice in writing from a member pursuant to the provisions of Section 257 of the Companies Act, 1956 proposing Shailesh Haribhakti for the office of Director.

Shailesh Haribhakti, 55, Fellow Chartered Accountant is the Managing Partner of Haribhakti & Co., Chartered Accountants and Chairman of BDO Consulting Private Limited. He served a three year term on the Standards Advisory Council of the International Accounting Standards Board. He is a Committee Member of Futures & Options segment of National Stock Exchange of India and a Member of the SEBI Committee on Disclosures and Accounting Standards. He serves as Member of Managing Committees of ASSOCHAM and IMC and Corporate Governance Committees of ASSOCHAM and CII and is Chairman of the Global Warming Committee of IMC. He is on the Board of Directors of Pantaloon Retail (India) Limited, Future Capital Holdings Limited, Hexaware Technologies Limited, ACC Limited, Ambuja Cements Limited, Mahindra Lifespace Developers Limited, Blue Star Limited, The Dhanalakshmi Bank Limited, J K Paper Limited, Everest Kanto Cylinder Limited, Raymond Limited, Future Value Retail Limited and L&T Finance Holdings Limited.

Mr. Haribhakti is the Chairman of Audit Committee of L & T Finance Holdings Limited, Hexaware Technologies Limited, Ambuja Cement Limited, ACC Limited, Raymond Limited and member of Audit Committee of Blue Star Limited, The Dhanalakshmi Bank Limited, Mahindra Lifespace Developers Limited and Pantaloon Retail (India) Limited.

The Board commends this resolution for your approval.

Shailesh Haribhakti is deemed to be concerned or interested in the resolution. None of the other Directors of the Company is in anyway concerned or interested in the resolution.

Item No. 9

Renu Sud Karnad was appointed as Additional Director with effect from 18th April, 2011 vide Circular Resolution of the Board of directors pursuant to the provisions of Section 260 of the Companies Act, 1956. She holds office up to the date of this Annual General Meeting. The Company has received a notice in writing from a member pursuant to the provisions of Section 257 of the Companies Act, 1956 proposing Renu Sud Karnad for the office of Director.

Renu Sud Karnad, 58, Managing Director of HDFC Limited (HDFC), is a graduate in law from the University of Mumbai and holds a Masters Degree in Economics from the University of Delhi. She is a Parvin Fellow – Woodrow Wilson School of International Affairs, Princeton University, U.S.A. Ms. Renu Sud Karnad has been employed with the HDFC since 1978 and was appointed as its Executive Director in 2000 and was re-designated as the Joint Managing Director in October 2007. She has been appointed as the Managing Director of the HDFC for a period of 5 years, with effect from 1st January, 2010.

Ms. Karnad is the Chairperson of HDFC Property Ventures Limited and HDFC Venture Capital Limited and the Director of Akzo Nobel India Limited, Bosch Limited, Credit Information Bureau (India) Limited, GRUH Finance Limited, HDFC Asset Management Company Limited, HDFC Bank Limited, HDFC ERGO General Insurance Company Limited, HDFC Standard Life Insurance Company Limited, Indraprastha Medical Corporation Limited and Sparsh BPO Services Limited.

Ms. Karnad is the Chairperson of Audit Committee of Akzo Nobel India Limited, Bosch Limited and Credit Information Bureau (India) Limited, a member of Audit Committee of HDFC ERGO General Insurance Company Limited and a member of Investors' Grievance Committee of Bosch Limited.

The Board commends this resolution for your approval.

Renu Sud Karnad is deemed to be concerned or interested in the resolution. None of the other Directors of the Company is in anyway concerned or interested in the resolution.

Registered Office:	By Order of the Board of Directors
Torrent House,	**For TORRENT PHARMACEUTICALS LIMITED**
Off Ashram Road,	
Ahmedabad - 380 009	
Ahmedabad	**MAHESH AGRAWAL**
28th May, 2011	VP (Legal) & Company Secretary

To
The Shareholders

The Directors have the pleasure of presenting the Thirty Eighth Annual Report of your Company together with the audited accounts for the year ended 31st March, 2011.

FINANCIAL RESULTS

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

(₹ in Crores except per share data)

	Consolidated		Standalone	
	2010-11	2009-10	**2010-11**	2009-10
Sales & Operating Income	**2226**	1916	**1778**	1449
Profit Before Depreciation, Interest and Tax (PBDIT)	**417**	430	**430**	422
Less Depreciation	**62**	66	**58**	54
Less Net Interest Expense	**12**	17	**14**	17
Profit Before Exceptional Items & Tax	**343**	347	**358**	351
Less Exceptional Items	**0**	0	**0**	37
Less Tax Expense	**73**	116	**67**	107
Net Profit for the Year	**270***	231	**291**	207
Balance brought forward	**119**	3	**178**	86
Distributable Profits	**389**	234	**469**	293
Appropriated as under:				
Transfer to General Reserve	**153**	56	**153**	56
Proposed Equity Dividend	**68**	51	**68**	51
Tax on Distributed Profits	**11**	8	**11**	8
Balance Carried Forward	**157**	119	**237**	178
Earnings Per Share (₹ per share)	**31.93**	27.32	**34.38**	24.51

*Consolidated Net Profit for the year is net of minority interest amounting to ₹ (0 .41) Lacs

Consolidated Operating Results

The consolidated sales and operating income increased to ₹ 2226.48 crores from ₹ 1916.04 crores in the previous year yielding a growth of 16.20%. The consolidated operating profit for the year was ₹ 417.29 crores as against ₹ 429.81 crores in the previous year registering a decrease of 2.91%. The consolidated net profit increased to ₹ 270.17 crores from ₹ 231.20 crores in the previous year registering a growth of 16.86%. During the previous year, MAT credit entitlement of ₹ 52.86 crores was written off. Adjusting for the same, consolidated net profit has de-grown by 4.89%.

Standalone Operating Results

The sales and operating income increased to ₹ 1778.19 crores from ₹ 1448.96 crores in the previous year yielding a growth of 22.72%. The operating profit for the year under review increased to ₹ 430.52 crores as against ₹ 422.03 crores in the previous year registering a growth of 2.01%. The profits after tax for the year under review increased to ₹ 290.86 crores as against ₹ 207.37 crores in the previous year registering a growth of 40.26%. Growth in the net profit adjusted for the MAT write off as stated above is 11.77%.

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 of Directors has decided that the Company as a policy will endeavour to distribute 30% of its annual consolidated net profit after tax as dividend. The said distribution is expected to be in one or more tranches.

In line with the said policy, the Board has recommended a normal annual dividend of ₹ 6.00 per equity share and a special dividend of ₹ 2.00 per equity share (previous year dividend ₹ 6.00 per equity share) of fully paid up face value of ₹ 5, amounting to ₹ 67.69 crores (previous year ₹ 50.77 crores). The tax on distributed profits payable on this dividend shall be ₹ 10.98 crores (previous year ₹ 8.43 crores) making the aggregate distribution to ₹ 78.67 crores (previous year ₹ 59.20 crores). The distributed profits are 29% (previous year 26%) of the consolidated 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 ₹ 153 crores to the general reserve and an amount of ₹ 237 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 2010-11, the Board of Directors state that:

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

ii reasonable and prudent accounting policies have been used in preparation of the financial statements and that they have been consistently applied and that reasonable and prudent judgments and estimates have been made in respect of items not concluded by the year end, so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2011 and of the profit for the year ended 31st March, 2011;

iii proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and

iv the financial statements have been prepared on a going concern basis.

SUBSIDIARIES

During the year under review, the Company incorporated three wholly owned subsidiaries, one each at United Kingdom, Romania and Malaysia under the names of Torrent Pharma (UK) Ltd, Torrent Pharma S.R.L. and Laboratories Torrent (Malaysia) Sdn. Bhd. respectively. Torrent Pharma Japan Co., Ltd, a wholly owned subsidiary at Japan, was wound up during the year.

Brief review of the important subsidiaries is given below:

Heumann Pharma GmbH & Co Generica KG (Heumann), Heunet Pharma GmbH and Norispharm GmbH at Germany

Heumann along with Heunet Pharma GmbH and Norispharm GmbH at Germany posted revenues of Euro 48.15 million (₹ 290.65 crores) for the financial year 2010-11 as compared with Euro 40.07 million (₹ 267.87 crores) for the previous year, registering a growth of 8.51% in Rupees. Net profit for the year was Euro 2.07 million (₹ 8.40 crores) as against a net profit of Euro 0.48 million (₹ 4.63 crores) for the previous year. During the year, Heumann was successful in obtaining several tenders announced by the various health insurance funds.

Torrent do Brasil Ltda. (TdBL), Brazil

During the year, TdBL achieved revenues of Reai 131.27 million (₹ 346.28 crores), as compared with Reai 118.04 million (₹ 300.97 crores) in the previous year, registering a growth of 15.06% in Rupees.

TdBL earned a net profit after tax of Reai 2.90 million (₹ 7.83 crores), as compared to a net profit after tax of Reai 4.84 million (₹ 18.38 crores) in the previous year.

ZAO Torrent Pharma (ZAO TP), Russia

During the year, ZAO TP achieved revenue of RRU 238.88 million (₹ 36.02 crores) as compared with RRU 195.27 million (₹ 30.06 crores) in the previous year, registering a growth of 19.83% in Rupees. Net profit after tax for the year was at RRU 92.08 million (₹ 13.05 crores) as against a net loss after tax of RRU 56.88 million (₹ 9.09 crores) for the previous year.

Torrent Pharma Inc. (TPI), USA

During the year, TPI earned revenues of USD 24.47 million (₹ 111.36 crores), as compared with USD 19.66 million (₹ 93.10 crores) in previous year registering a growth of 19.61% in Rupees. Net profit for the year was at USD 0.30 million (₹ 0.12 crores) as against a net profit of USD 0.21 million (₹ 0.14 crores) for the previous year. The Company has 25 ANDA's approvals, 30 pending approvals and 30 filings under development. Steady flow of product approvals from this pipeline is expected to sustain growth momentum.

Laboratorios Torrent S.A. de C.V. (LTSA)

During the year, LTSA earned revenues of Mexican Peso 69.50 million (₹ 25.54 crores) as compared with Mexican Peso 1.68 million (₹ 0.60 crores) for the previous year. Net loss for the year was at Mexican Peso 2 million (₹ 0.66 crores) as against a loss of Mexican Peso 17.23 million (₹ 6.20 crores) for the previous year.

CORPORATE SOCIAL RESPONSIBILITY

The Company is conscious about its social obligations and has been taking various social and community initiative with special focus on health and education. The Company has actively supported the Torrent Group's initiatives to expand the U N Mehta Institute of Cardiology and Research Centre and to take patient care effectively. The Company has contributed ₹ 275 lacs during the year and cumulatively ₹ 675 lacs toward this project.

In education field, your Company has taken up a project to re-build & expand primary & middle school infrastructure & improve the quality of education imparted by the school at village Indrad, Gujarat with an outlay of ₹ 400 lacs. It has also adopted a primary school at village Bhud, Baddi, Himachal Pradesh.

INSURANCE

The Company's plant, property, equipments and stocks are adequately insured against major risks. After taking into account all the relevant factors, including the risk benefit trade-off, the Company has consciously decided not to take insurance cover for loss of profit under the Consequential Loss (Fire) Policy. The Company also has appropriate liability insurance covers particularly for product liability and clinical trials. The Company has also taken Director's and Officers Liability Policy to provide coverage against the liabilities arising on them.

DIRECTORS

During the year under review, Samir Mehta was appointed as Executive Vice Chairman of the Company with effect from 1st August, 2010 for a period of five years by pre closing his earlier terms of appointment as Managing Director of the Company.

Kiran Karnik has resigned from the directorship of the Company with effect from 23rd October, 2010. The Board places on records its appreciation for the contribution made by Mr. Karnik during his tenure as a Director.

Shailesh Haribhakti and Renu Sud Karnad were appointed as Additional Directors of the Company with effect from 23rd October, 2010 and 18th April, 2011 respectively. It is proposed to appoint them as directors of the Company, liable to retire by rotation, at the ensuing Annual General Meeting.

Markand Bhatt and Sanjay Lalbhai are liable to retire by rotation at the ensuing Annual General Meeting and being eligible have been proposed for re-appointment.

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

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 term of appointment of Deloitte Haskins & Sells, Ahmedabad (Firm Registration No. 117365W), statutory auditors of the Company will expire at the ensuing Annual General Meeting. The Company has received a certificate from them about their eligibility for appointment as statutory auditors as per Section 224(1B) of the Companies Act, 1956. The Audit Committee in their meeting held on 28th May, 2011 has recommended the appointment of Deloitte Haskins & Sells, Ahmedabad (Firm Registration No. 117365W) as statutory auditors of the Company for the year 2011-12.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, ETC.

A statement containing the necessary information required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is annexed to this report as Annex 1.

PARTICULARS OF EMPLOYEES

The information required under Section 217(2A) of the Companies Act, 1956, read with Companies (Particular of Employees) Rules, 1975 as amended, forms part of this report as Annex 2. Having regards to the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, this Annual Report is being sent to all shareholders excluding the said Annexure. Any shareholder interested in obtaining the particulars may obtain it by writing to the Company Secretary at the registered office of the Company.

APPRECIATION AND ACKNOWLEDGEMENTS

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

For and on behalf of the Board

Ahmedabad
28th May, 2011

Sudhir Mehta
Chairman

Particulars Required Under The Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988

A. CONSERVATION OF ENERGY

(a) Major energy conservation measures taken during the year:

1. Installed Dual fired burner (Gas / FO) in 10 MT FO-operated Boiler at Indrad Plant resulting into saving in fuel cost of ₹ 34 lacs during the year with cleaner fuel.
2. Installed heat recovery system for 6 and 10 Ton Boiler at Indrad Plant by installing condensing economizer with an investment of ₹ 30 lacs. Payback period for the investment is less than 2 years.
3. Refurbishment of 4 Nos. 600 TR Cooling Towers was carried out at Indrad Plant to reduce cooling water inlet temperature of chillers & power consumption per TR in chillers with expected saving of ₹ 27 lacs per annum.

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

Instead of using pretreated Narmada water in combination with RO treated water for feeding the Cooling Towers, it is proposed to use 100% pretreated Narmada water in Cooling Towers at Indrad Plant, which will help in saving of nearly ₹ 10 lacs per annum.

(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 with cleaner fuel. 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	2010-11	2009-10
	a	Purchased Units (KWH in lacs)	**393.99**	327.09
		Total Amount (₹ in lacs)	**2235.32**	1857.09
		Average Rate (₹)	**5.67**	5.68
	b	Own generation through DG sets (KWH in lac Units)	**21.21**	20.64
		Units generated per litre of diesel	**3.69**	3.69
		Cost of fuel per Unit (₹ / KWH)	**9.59**	8.19
	c	Own generation through CPP (KWH in lac Units)	**39.27**	-
		Natural Gas consumed (in Lac SCM)	**10.38**	-
		Units generated per SCM of Gas	**3.78**	-
		Cost of gas per Unit (₹ / KWH)	**5.34**	-
2		**Fuel Consumption**		
	a	Furnace Oil (in lac litres)	**16.08**	13.75
		Total Amount (₹ in lacs)	**521.25**	363.41
		Average Rate (₹ / litre)	**32.41**	26.43
	b	Natural Gas Steam Generation		
		Purchased Gas in SCM	**2417684**	1738613
		Total Amount (₹ in lacs)	**428.24**	266.34
		Average Rate (₹ / SCM)	**17.71**	15.32

* For plants at Indrad, Gujarat and Baddi, Himachal Pradesh

II. **Consumption per unit of production:**

The Company manufactures several drug formulations in different pack sizes and bulk drugs. It is, therefore, impractical to apportion the consumption and cost of utilities to each formulation and bulk drug.

B. TECHNOLOGY ABSORPTION

Particulars with respect to technology absorption are given below:

Research and Development (R & D)

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

The Company's R&D Centre is engaged in the discovery of New Chemical Entities (NCEs) and is also developing new processes and suitable formulations for known Active Pharmaceutical Ingredients (APIs) and value-added & differentiated formulations on NDDS platforms. Lately, Company also forayed into development of injectable formulations.

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

- At the end of the year under review, 58 ANDAs and 22 DMFs filed in US and 41 new product Dossiers & 21 DMF submitted in the EU.
- Five processes for APIs were developed and transferred to plant during the year.
- 729 patents filed for NDDS technology, drug discovery projects and innovative process of API & formulations for various markets and 278 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 cost effective, eco friendly & safe processes for APIs. Efforts would also continue to explore novel technologies for formulation development.

4. **Expenditure on R & D**

Particulars	**2010-11** (₹ in crores)
a. Capital expenses	11.88
b. Revenue expenses	121.77
Total (a+b)	133.65
c. Total R&D expenditure as a percentage of turnover	**7.95%**

Technology absorption, adaptation and innovation

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

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

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

Development of single API and formulation processes helped in unifying and broadening the product basket of the Company and further strengthened the Company's 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
Advanced modeling tools such as TOPKAT, Hypo Refine software module Millar Pressure-Volume Systems (MPVS)	2006-07	Yes

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

The Company used foreign exchange amounting to ₹ 166.97 crores and earned foreign exchange amounting to ₹ 608.06 crores during the year 2010-11 as compared to last year's ₹ 122.22 crores and ₹ 464.25 crores respectively.

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, 2011, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the Management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of an opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and based on the representations made by the Directors and the Managements, we certify that the Company has complied with the conditions of the corporate governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

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

For Deloitte Haskins & Sells
Chartered Accountants
(Registration No. 117365W)

Gaurav J. Shah
Partner
Membership No. 35701

Ahmedabad
28th May, 2011

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 2010-11.

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 9 directors of which 7 are Non-Executive Directors (78% of the Board strength) and 5 are Independent Directors (56% 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 06th May, 2010, 30th July, 2010, 23rd October, 2010 and 19th January, 2011.

Composition of Board and other related matters:

Name & Designation of the Director	Category	No. of other Directorships held [4]	No. of other Board Committees of which Member / Chairman / Chairperson [4]	Board meetings attended	Attendance at the last AGM
Sudhir Mehta, Chairman	NED	4	1 (Chairman); 1 (Member)	4	Yes
Markand Bhatt	NED	3	1 (Member)	4	Yes
S. H. Bhojani	INED	1	Nil	4	Yes
Dr. Prasanna Chandra	INED	Nil	Nil	4	Yes
Shailesh Haribhakti [1]	INED	13	5 (Chairman); 4 (Member)	2	N.A.
Renu Sud Karnad [2]	INED	13	3 (Chairperson); 2 (Member)	N.A.	N.A.
Kiran Karnik [3]	INED	3	Nil	2	Yes
Sanjay Lalbhai	INED	5	1 (Member)	1	No
Dr. C. Dutt, Director (Research & Development)	WTD	Nil	Nil	4	Yes
Samir Mehta, Executive Vice Chairman	WTD	3	2 (as Member)	4	Yes

Notes:

1. Shailesh Haribhakti has been appointed as Additional Director with effect from 23rd October, 2010.
2. Renu Sud Karnad has been appointed as Additional Director vide Board Circular Resolution dated 18th April, 2011.
3. Kiran Karnik resigned and ceased to be a Director with effect from 23rd October, 2010.
4. 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. The details in respect of directors, who ceased to be as such, are as on the date of cessation.

5. NED – Non-Executive Director; INED – Independent Non-Executive Director; WTD – Whole Time Director.

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

Markand Bhatt and Sanjay Lalbhai are liable to retire by rotation at the forthcoming Annual General Meeting and being eligible, have offered themselves for reappointment. 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 06th May, 2010, 30th July, 2010, 23rd October, 2010 and 19th January, 2011.

The composition of the Committee as on 31st March, 2011 as well as the particulars of attendance at the Committee during the year are given in the table below:

Name & Designation	Category of Directorship	Qualification / Competence	No. of meetings attended
S. H. Bhojani Chairman	Independent Non-Executive	B. Sc., LL.M.	4
Dr. Prasanna Chandra	-- do --	MBA, Ph. D. in Finance	4
Shailesh Haribhakti*	-- do --	F.C.A.	1
Kiran Karnik**	-- do --	B. Sc. (Hons.), PGDBM – IIMA	2

* appointed as Additional Director and member of Committee with effect from 23rd October, 2010 in the Board meeting held after the meeting of the Committee

**ceased to be a member of the Committee with effect from 23rd October, 2010 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.

During the year, Dr. Prasanna Chandra resigned from the Chairmanship of the Audit Committee and S. H. Bhojani was appointed as new Chairman of the Committee. Dr. Prasanna Chandra continued as member of the Committee. The Committee was reconstituted during the year and Shailesh Haribhakti was appointed as member of the Committee. Kiran Karnik ceased to be a member of the Committee as he resigned from the Board.

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 Chief Financial Officer, Vice President (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 on 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 laws.

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 five times during the year. The constitution and functioning of the Committee is as given below:

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

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

99.23% of the equity shares of the Company are held in dematerialised form & the handling of physical transfer of shares is minimal. No transfer of equity shares is pending as at 31st March, 2011.

During the year the Company received 5 complaints from the shareholders and the same were attended within a reasonable period of time. No complaint was pending as on 31st March, 2011.

4. MANAGERIAL REMUNERATION

Remuneration Committee

This is a non-mandatory requirement of Clause 49 of the Listing Agreement. The Board in its meeting held on 19th January, 2011 has constituted a 'Nomination and Remuneration Committee' of Directors for the purpose of recommending nomination of

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

The terms of reference of the Committee are as follows:

i To evaluate and recommend the composition of the Board of Directors and sub committees thereof.

ii Consider and recommend appointment of Independent Non-Executive Directors (INEDs) and other NEDs.

iii Determining processes for evaluating the effectiveness of individual directors and the Board as a whole.

iv Consider and recommend the appointment of Whole-time Directors and Managing Director(s) by whatever name called.

v Evolve the principles, criteria and basis of applicable remuneration policy and recommend the remuneration for all Whole-time Directors and Managing Directors by whatever name called.

vi Recommend and monitor the level and structure of pay for senior management i.e. managers immediately below the Board of Directors.

The Composition of the Committee is as follow:

Sr. No.	Name of the Member	Category
1	S. H. Bhojani Chairman	INED
2	Markand Bhatt	NED
3	Shailesh Haribhakti	INED

No meeting of the Nomination and Remuneration Committee was held during the year. One Circular resolution was passed by the members of the Committee on 11th March, 2011.

Executive Vice Chairman / Whole Time Director

The appointment and remuneration of Samir Mehta was fixed by the Board and approved by the shareholders at the Annual General Meeting held on 21st July, 2006 for a period of 5 years with effect from 1st April, 2006. His remuneration was revised with effect from 1st April, 2008 and approved by Shareholders at the Annual General Meeting held on 29th July, 2008. The Board at its meeting held on 30th July, 2010, subject to approval of the shareholders, pre-closed the terms of appointment of Samir Mehta as Managing Director and appointed him as Executive Vice Chairman of the Company with effect from 1st August, 2010 for a period of five years on payment of commission at a rate such that the total remuneration does not exceed percentage limit of net profits of the Company as specified in the Companies Act, 1956, calculated in accordance with Section 349 and 350 read with Section 198, subject to the overall ceiling prescribed under Section 309 read with Section I of Part II of Schedule XIII of the Companies Act, 1956 (including any statutory modification or re-enactment thereof). Appointment and remuneration of Dr. C. Dutt, Director (Research & Development) was approved by the shareholders at the Annual General Meeting held on 29th July, 2008 for a period up to 31st December, 2011, with effect from 1st July, 2008.

Non Executive Directors

1. The Board at its meeting held on 30th July, 2010, subject to approval of the shareholders by a Special Resolution, accorded its consent for payment of commission to the Directors of the Company who are neither in the whole time employment nor managing director(s) (hereinafter referred as ‘eligible directors’), in accordance with and upto the limit laid down under the provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof), or such other limit as may be approved by the Central Government or the relevant authority, for a period of 5 years from the financial year commencing 1st April, 2010.

2. The Board or its committee specifically authorised for this purpose shall determine the manner and extent upto which the commission shall be paid to the eligible directors. The commission shall be determined based on the participation of the Directors in the meetings of Board and / or Committees thereof and other affairs of the Company and the tenure during the year for which they were the Directors.

3. In case of inadequacy of profits, remuneration upto ₹ 5 lacs per annum shall be payable as minimum remuneration to each eligible director who is also member of any Committee of the Directors and upto ₹ 3 lacs per annum to each eligible directors who is not a member of any such Committee of the Directors subject to requisite approvals.

4. It is proposed to seek the approval of the shareholders for the above proposal in the ensuing AGM of the Company through Special Resolution.

5. The commission for any financial year shall become due on approval by the Board of the amount of such commission and financial statements for that year.

Details of remuneration of Directors for the year 2010-11 are as under:

(₹ in lacs)

Name & Designation of Directors$	Salary & Perquisites#	Commission##	Total
Sudhir Mehta, Chairman	Nil	250.00	250.00
Markand Bhatt	Nil	Nil	Nil
S. H. Bhojani	Nil	10.00	10.00
Dr. Prasanna Chandra	Nil	10.00	10.00
Shailesh Haribhakti (1)	Nil	4.07	4.07
Kiran Karnik (2)	Nil	5.19	5.19
Sanjay Lalbhai	Nil	Nil	Nil
Dr. C. Dutt, Director (Research & Development)	203.64	Nil	203.64
Samir Mehta, Executive Vice Chairman	113.36###	300.00	413.36
Total	**317.00**	**579.26**	**896.26**

Notes:

1. Shailesh Haribhakti has been appointed as Additional Director with effect from 23rd October, 2010.
2. Kiran Karnik has resigned and ceased to be a Director with effect from 23rd October, 2010.
3. No sitting fees was paid to any of the directors during the year.

$ 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 approval of the general meeting and maximum of such a rate of the eligible net profits so that the remuneration does not exceed the limit as specified in the Companies Act, 1956.

For the period from 1st April, 2010 to 31st July, 2010.

Amarchand Mangaldas & Suresh A Shroff & Co., a law firm in which S. H. Bhojani, an Independent Non-Executive Director, is a partner, were paid ₹ 17.29 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 as on 31st March, 2011 are as under:

Name of the Director	No. of Equity shares
Sanjay Lalbhai	800
Sudhir Mehta	3,801,428

5. GENERAL BODY MEETINGS

Details of the Annual General Meetings (AGM) held during last three years are as under:

AGM	Date	Time	Venue	No. of special resolutions passed
35th AGM	29-Jul-08	09:30 AM	H. T. Parekh Convention Centre, Ahmedabad Management Association, Vastrapur, Ahmedabad	-
36th AGM	29-Jul-09	09:30 AM	-- do --	1
37th AGM	30-Jul-10	09:30 AM	J. B. Auditorium, Torrent AMA Centre, Ground Floor, Ahmedabad Management Association, Vastrapur, Ahmedabad	1

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

6. DISCLOSURES

a. Legal Compliances

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

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

b. Code of Business Conduct

The Code of Business Conduct adopted by the Company has been posted on the 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 Executive Vice Chairman to that effect forms part of this report as Annex 1.

c. Related Party Transactions

Transactions with related parties are disclosed in detail in Note 25 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. The Company plans to send the soft copies of Annual Report 2010-11 to those members whose email ids are registered with the Depository Participants (DPs) after informing them suitably to support the "Green Initiative in the Corporate Governance", an initiative taken by the Ministry of Corporate Affairs (MCA).

8. GENERAL SHAREHOLDER INFORMATION

a. 38th Annual General Meeting

Date & Time	Saturday, 30th July, 2011 at 09:30 AM
Venue	J. B. Auditorium, Torrent AMA Centre, Ground Floor, Ahmedabad Management Association, Vastrapur, Ahmedabad

b. Tentative Financial Calendar for the year 2011-12

Financial year	1-April to 31-March
First Quarter results	Fourth week of July 2011
Half Yearly results	Third week of October 2011
Third Quarter results	Fourth week of January 2012
Results for year-end	Second week of May 2012

c. Date of Book Closure

08th June, 2011 to 10th June, 2011 (both days inclusive)

d. Dividend payment date

The proposed dividend, if approved at the ensuing AGM will be distributed on or around 03rd August, 2011.

e. Unclaimed Suspense Account

In light of SEBI's notification No. CIR/CFD/DIL/10/2010 dated 16th December, 2010, the Company is in process of taking the requisite actions and shall transfer the unclaimed shares to "Unclaimed Suspense Account" in due course. All corporate benefits in terms of securities accruing on such shares shall be credited to such suspense account and voting rights on such shares shall remain frozen till the rightful owner claims such shares.

f. 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 2011-12 to both of the above stock exchanges.

g. Market Price Data

The closing market price of equity share on 31st March, 2011 (last trading day of the year) was ₹ 578.35 on BSE & ₹ 580.45 on NSE.

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

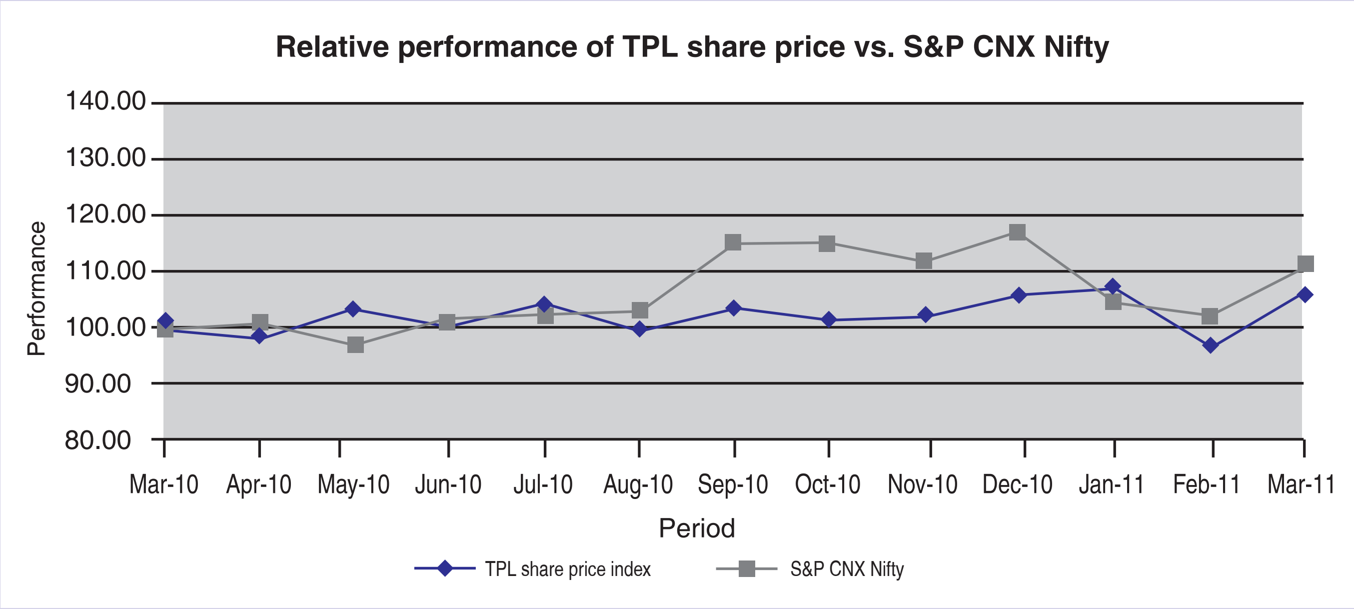
Monthly Share Price movement during 2010-11 at BSE & NSE						
Month	BSE			NSE		
	High	Low	Volume	High	Low	Volume
Apr – 10	553.90	500.00	164,928	555.00	500.55	478,368
May – 10	569.00	490.00	187,178	568.00	487.60	516,781
Jun – 10	594.00	539.00	4,372,907	594.70	538.20	1,211,429
Jul – 10	600.00	540.00	175,730	599.70	544.00	424,611
Aug– 10	586.90	513.15	347,508	589.95	514.05	1,084,743
Sep – 10	604.25	529.00	506,953	604.70	525.00	3,676,290
Oct – 10	606.00	536.00	260,099	605.90	538.90	2,101,885
Nov – 10	575.00	539.00	276,970	581.00	542.00	593,667
Dec – 10	593.05	574.30	193,514	654.00	536.60	396,285

Monthly Share Price movement during 2010-11 at BSE & NSE						
Month	BSE			NSE		
	High	Low	Volume	High	Low	Volume
Jan – 11	624.00	571.00	163,515	624.95	564.00	734,582
Feb – 11	605.00	527.00	58,861	608.95	525.10	567,233
Mar – 11	640.00	502.55	301,857	627.00	502.00	772,508
Total			**7,010,020**			**12,558,382**
% of volume traded to outstanding shares			**8.28%**			**14.84%**

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 - 10	545.45	5249.10	100.00	100.00
Apr – 10	536.95	5278.00	98.44	100.55
May – 10	562.55	5086.30	103.14	96.90
Jun – 10	549.10	5312.50	100.67	101.21
Jul – 10	567.25	5367.60	104.00	102.26
Aug– 10	545.10	5402.40	99.94	102.92
Sep – 10	566.40	6029.95	103.84	114.88
Oct – 10	552.95	6017.70	101.38	114.64
Nov – 10	557.40	5862.70	102.19	111.69
Dec – 10	578.25	6134.50	106.01	116.87
Jan – 11	583.90	5505.90	107.05	104.89
Feb – 11	529.05	5333.25	96.99	101.60
Mar – 11	580.45	5833.75	106.42	111.14

** closing data on the last day of the month



h. Distribution of Shareholding as at 31st March, 2011

By size of shareholding:

From - To	Mode of Holding	Shares held		No. of shareholders	
		Number	% Total	Number	% Total
1 - 5,000	Physical	648,866	0.77	2,147	9.09
	Electronic	3,672,784	4.34	21,289	90.09
5,001 - 10,000	Physical	-	-	-	-
	Electronic	332,430	0.39	45	0.19
10,001 - 50,000	Physical	-	-	-	-
	Electronic	1,678,841	1.98	61	0.26
50,001 - 1,00,000	Physical	-	-	-	-
	Electronic	2,073,001	2.45	28	0.12
Above 1,00,000	Physical	-	-	-	-
	Electronic	76,205,438	90.07	60	0.25
Total	**Physical**	**648,866**	**0.77**	**2,147**	**9.09**
	Electronic	**83,962,494**	**99.23**	**21,483**	**90.91**
	Total	**84,611,360**	**100.00**	**23,630**	**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	10,307,761	-	10,307,761	12.18
Banks, FIs & Insurance Companies	485,359	-	485,359	0.57
Foreign Institutional Investors / NRIs	3,142,491	-	3,142,491	3.71
Other Bodies Corporate	3,466,480	9,020	3,475,500	4.11
Indian Public	6,058,543	639,846	66,98,389	7.92
Total	**83,962,494**	**648,866**	**84,611,360**	**100.00**

i. 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 99.23% of the shares have been dematerialised. The demat security (ISIN) code for the equity share is INE685A01028.

j. 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 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.

k. Outstanding GDRs / ADRs / Warrants / any other convertible instruments

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

l. **Registered Office**

Torrent House, Off Ashram Road, Ahmedabad – 380 009
Telephone: 079 - 26585090
Fax: 079 - 26582100

m. **Plant Locations**

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

n. **Dahej Project Site**

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

o. **Research & Development Facility**

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

p. **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

q. **Investor services**

E-mail: investorservices@torrentpharma.com

r. **Registrars & Transfer Agents**

KARVY COMPUTERSHARE PRIVATE LIMITED
Unit: Torrent Pharmaceuticals Limited
Plot No. 17 to 24, Vittalrao Nagar, Madhapur,
Hyderabad – 500 081
Telephone : 040 - 44655000
Fax : 040 - 23420814
Contact person: K. S. Reddy
E-mail: einward.ris@karvy.com

For & on behalf of the Board

Ahmedabad
28th May, 2011

Sudhir Mehta
Chairman

ANNEX 1 TO CORPORATE GOVERNANCE REPORT

To
The Shareholders,

Affirmation of Compliance with Code of Business Conduct

I, Samir Mehta, Executive Vice Chairman, declare that the Board of Directors of the Company has received affirmation on compliance with the Code of Business Conduct for the period from 1st April, 2010 or the date of their joining the Company, whichever is later to 31st March, 2011 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
28th May, 2011

Samir Mehta
Executive Vice Chairman

TO THE MEMBERS OF TORRENT PHARMACEUTICALS LIMITED

1. We have audited the attached Balance Sheet of TORRENT PHARMACEUTICALS LIMITED ("the Company") as at 31st March, 2011, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

3. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments in the Annexure referred to in paragraph 3 above, we report as follows:

   (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   (c) the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;

   (d) in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;

   (e) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

      (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011;

      (ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date and

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

5. On the basis of the written representations received from the Directors as on 31st March, 2011 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

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

Gaurav J. Shah
Partner
Membership No. 35701

Ahmedabad
28th May, 2011

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

(i) Having regard to the nature of the Company's business/activities, clauses (x), (xiii) and (xiv) of CARO are not applicable.

(ii) In respect of its fixed assets:

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

(b) The fixed assets were physically verified over a period of three years by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, discrepancies noticed on such verification have been properly dealt with in the books of account.

(c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.

(iii) In respect of its inventory:

(a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.

(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.

(iv) The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.

(v) In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weaknesses in such internal control system.

(vi) In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:

(a) The particulars of contracts or arrangements referred to in Section 301 that needed to be entered in the Register maintained under the said Section have been so entered.

(b) Transactions during the year exceeding the value of Rupees Five lacs in respect of any party have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

(vii) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 58A and 58AA and other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. According to the information and explanations given to us, no order has been passed by the Company Law Board or the National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunal.

(viii) In our opinion, the internal audit functions carried out during the year by firm of Chartered Accountants appointed by the management have been commensurate with the size of the Company and the nature of its business.

(ix) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the 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 made and maintained. We have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete.

(x) According to the information and explanations given to us in respect of statutory dues:

(a) The Company has been generally regular in depositing undisputed dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Income-tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31st March, 2011 for a period of more than six months from the date they became payable.

(c) Details of dues of Income-tax, Sales Tax/VAT, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and Employees' State Insurance which have not been deposited as on 31st March, 2011 on account of disputes are given below:

Statute	Nature of Dues	Forum where Dispute is pending	Period to which the amount relates	Amount involved (₹ in lacs)
The West Bengal Sales Tax Act,1994	Demand of Tax	Taxation Tribunal, West Bengal	2004-05	9.98
West Bengal Value Added Tax Act, 2003	Demand of Tax	Additional Commissioner of Sales Tax, West Bengal	2005-06	5.21
Central Sales Tax Act,1956	Demand of Tax	Additional Commissioner of Sales Tax, West Bengal	2005-06	0.72
Uttar Pradesh Trade Tax Act, 1948	Demand of Tax	Joint Commissioner Commercial Tax, Uttar Pradesh	2005-06	2.03
Gujarat Value Added Tax, 2003	Demand of Tax	Joint Commissioner of Commercial Tax (Appeal), Ahmedabad	2006-07	43.91
Central Excise Act,1944	Input Service Credit	CESTAT	2006-07	0.69
	Demand of Duty	Commissioner (Appeals-Ankleshwar)	2005-06 and 2006-07	0.70
	Cenvat Credit	Commissioner of Central excise, Ahmedabad-III	2006-07	11.47
	Demand of Duty and penalty	CESTAT	2005-06	2.71
	Demand of Interest	Dy. Commissioner of Central Excise-Kalol	2001-02 and 2002-03	3.02
	Demand of penalty	CESTAT	2005-06 and 2006-07	0.50
	Demand of Duty	Assistant Commissioner of Central Excise-Kalol	2008-09 and 2009-10	8.28
	Demand of Duty and penalty	CESTAT	2009-10	12.92
Finance Act, 1994	Service Tax	Commissioner (Appeals)	2001-02	6.09
	Demand of Duty and penalty	Commissioner (Appeals)	2004-05 and 2005-06	6.21
	Demand of Penalty	Joint Commissioner of Central Excise	2008-09	18.01
E.S.I Act, 1948	E.S.I Contribution	Gujarat High Court	1993-94 to 2010-11	390.98

Statute	Nature of Dues	Forum where Dispute is pending	Period to which the amount relates	Amount involved (₹ in lacs)
Income Tax Act, 1961	Demand of Tax and interest	Assessment Offlcer-TDS Range, Ahmedabad	2007-08	15.92
	Demand of Tax	Commissioner of Income Tax (Appeals)	2004-05	0.15
	Demand of Penalty	Commissioner of Income Tax (Appeals)	2005-06	39.59

(xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks and financial institutions. The Company has not issued any debentures.

(xii) In our opinion, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company for loans taken by others from banks and financial institutions are not prima facie prejudicial to the interests of the Company.

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

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

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

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

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

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

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

Gaurav J. Shah
Partner
Membership No. 35701

Ahmedabad
28th May, 2011

BALANCE SHEET

(₹ in lacs)

	SCHEDULE	As at 31-Mar-2011	As at 31-Mar-2010
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	1	**4,230.92**	4,230.92
Reserves and Surplus	2	**105,073.60**	83,854.24
		109,304.52	88,085.16
LOAN FUNDS			
Secured Loans	3	**42,846.62**	36,464.16
Unsecured Loans	4	**14,358.84**	15,775.41
		57,205.46	52,239.57
NET DEFERRED TAX LIABILITIES	21 [3]	**6,170.53**	6,207.09
		172,680.51	146,531.82
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block		**88,492.71**	77,179.20
Less : Depreciation and Amortisation		**29,731.80**	24,616.43
Net Block	5	**58,760.91**	52,562.77
Capital Work in Progress		**4,437.28**	7,460.55
Advances for Capital Expenditure		**2,346.11**	3,077.21
		65,544.30	63,100.53
INVESTMENTS	6	**43,052.21**	23,147.59
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	7	**34,282.50**	22,788.34
Sundry Debtors	8	**34,001.37**	25,978.45
Cash and Bank Balances	9	**26,532.57**	34,678.91
Other Current Assets	10	**6,148.52**	3,707.49
Loans and Advances	11	**12,513.87**	11,378.18
		113,478.83	98,531.37
Less : CURRENT LIABILITIES AND PROVISIONS			
Liabilities	12	**38,882.71**	29,992.41
Provisions	13	**10,512.12**	8,255.26
		49,394.83	38,247.67
NET CURRENT ASSETS		**64,084.00**	60,283.70
		172,680.51	146,531.82
Significant Accounting Policies	20		
Notes forming part of the Financial Statements	21		

In terms of our report attached

For DELOITTE HASKINS & SELLS
Chartered Accountants

Gaurav J. Shah
Partner

Ahmedabad
28th May, 2011

Mahesh Agrawal
VP (Legal) & Company Secretary

Signatures to the Balance Sheet

Sudhir Mehta
Chairman

Samir Mehta
Executive Vice Chairman

Ahmedabad
28th May, 2011

PROFIT AND LOSS ACCOUNT

(₹ in lacs)

	SCHEDULE	Year ended 31-Mar-2011	Year ended 31-Mar-2010
INCOME			
Sales		**168,361.67**	138,878.01
Less: Excise Duty	21 [4]	**326.41**	267.63
Net Sales		**168,035.26**	138,610.38
Operating Income		**9,784.28**	6,285.20
Sales and Operating Income	14	**177,819.54**	144,895.58
Other Income	15	**803.76**	900.23
TOTAL INCOME		**178,623.30**	145,795.81
EXPENDITURE			
Materials Cost	16	**60,077.95**	46,897.07
Employees Cost	17	**22,104.15**	16,386.68
Manufacturing and Other Expenses	18	**41,211.22**	29,402.33
Research and Development Expenses	21 [6]	**12,177.43**	10,906.88
Depreciation and Amortisation		**5,812.62**	5,442.32
TOTAL EXPENDITURE		**141,383.37**	109,035.28
PROFIT BEFORE BORROWING COST, EXCEPTIONAL ITEMS AND TAX		**37,239.93**	36,760.53
Net Borrowing Cost	19	**1,417.09**	1,679.32
PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX		**35,822.84**	35,081.21
Exceptional Items		**-**	(3,708.89)
PROFIT BEFORE TAX		**35,822.84**	31,372.32
PROVISION FOR TAXATION			
Current Tax		**6,880.08**	6,042.39
MAT entitlement Written-off		**-**	5,286.32
Deferred Tax (Credit)		**(36.56)**	(626.04)
(Excess) Provision for Tax of earlier years		**(107.04)**	(67.12)
		6,736.48	10,635.55
NET PROFIT FOR THE YEAR		**29,086.36**	20,736.77
Balance Brought Forward		**17,818.57**	8,601.65
PROFIT AVAILABLE FOR APPROPRIATION		**46,904.93**	29,338.42
APPROPRIATIONS			
General Reserve		**15,300.00**	5,600.00
Proposed Dividend		**6,768.91**	5,076.68
Tax on Distributed Profits		**1,098.09**	843.17
		23,167.00	11,519.85
Balance Carried Forward		**23,737.93**	17,818.57
Basic and Diluted EPS for the year	21 [7]	**34.38**	24.51
[Nominal value per equity share of ₹ 5]			
Significant Accounting Policies	20		
Notes forming part of the Financial Statements	21		

In terms of our report attached

For DELOITTE HASKINS & SELLS
Chartered Accountants

Gaurav J. Shah
Partner

Ahmedabad
28th May, 2011

Mahesh Agrawal
VP (Legal) & Company Secretary

Signatures to the Profit and Loss Account

Sudhir Mehta
Chairman

Samir Mehta
Executive Vice Chairman

Ahmedabad
28th May, 2011

CASH FLOW STATEMENT

(₹ in lacs)

		Year ended 31-Mar-2011	Year ended 31-Mar-2010
A	**CASH FLOW FROM OPERATING ACTIVITIES :**		
	PROFIT BEFORE TAX	**35,822.84**	31,372.32
	Adjustments for :		
	Depreciation and Amortisation	**5,812.62**	5,442.32
	Provision for Doubtful Debts	**66.45**	175.82
	Bad Debts Written-off	**4.83**	5.05
	Provision / (Reversal) for Doubtful Claim Receivables	**(142.43)**	143.97
	Loss on Sale / Discard / Write-off of Fixed Assets	**98.20**	87.27
	Provision on Asset held for Sale	**3.44**	(1.96)
	Foreign Exchange Loss / (Gain) on Borrowings	**245.96**	(346.69)
	(Profit) on Sale of Non Trade Investments	**(786.74)**	(889.25)
	Loss on Disposal of Investment in Subsidiary	**4.24**	-
	Net Borrowing Costs	**1,417.09**	1,679.32
	Provision for Impairment of Loan to Zao Torrent Pharma	**-**	1,400.40
	Provision for dimunition in value of Investment in Zao Torrent Pharma	**-**	2,308.49
	Government Grant	**(8.93)**	(78.52)
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	**42,537.57**	41,298.54
	Adjustments for changes in working capital :		
	Debtors, Loans and Advances and Other Current Assets	**(9,325.84)**	(5,487.68)
	Inventories	**(12,048.81)**	(3,603.96)
	Current Liabilities and Provisions	**9,038.46**	4,681.49
	CASH GENERATED FROM OPERATIONS	**30,201.38**	36,888.39
	Direct Taxes Paid	**(6,871.17)**	(6,201.29)
	NET CASH FROM OPERATING ACTIVITIES	**23,330.21**	30,687.10
B	**CASH FLOW FROM INVESTING ACTIVITIES:**		
	Purchase of Fixed Assets	**(24,117.21)**	(15,020.93)
	Proceeds from Fixed Assets sold	**189.53**	105.57
	Long Term Investments in Subsidiaries	**(1,420.23)**	(791.27)
	Proceeds from Disposal of Investment in Subsidiary	**34.06**	-
	Investment in Captial of Partnership firms	**(1,729.01)**	-
	Long Term Investments in Trade Investments	**(95.33)**	-
	Profit on Sale of Current Non Trade nvestments	**780.96**	889.25
	Profit on Long Term Non Trade Investments	**5.78**	-
	Interest Received	**2,125.09**	1,096.32
	NET CASH USED IN INVESTING ACTIVITIES	**(24,226.36)**	(13,721.06)
C	**CASH FLOW FROM FINANCING ACTIVITIES:**		
	Long term debt borrowed	**9,009.75**	7,814.06
	Long term debt repaid	**(4,383.42)**	(6,698.75)
	Net Short Term debt taken / (repaid)	**(2,770.99)**	5,056.00
	Government Grant	**8.93**	78.52
	Dividend Paid	**(5,911.65)**	(4,101.48)
	Interest Paid	**(2,816.53)**	(2,597.19)
	NET CASH USED IN FINANCING ACTIVITIES	**(6,863.91)**	(448.84)
	NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	**(7,760.06)**	16,517.20
	CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**46,891.42**	30,374.67
	CASH AND CASH EQUIVALENTS AT END OF YEAR	**39,131.36**	46,891.87
Note:	Cash and Cash Equivalents as at end of the year :		
	Cash and Bank balances [Refer schedule 21 (8)]	**26,532.58**	34,678.91
	Current Investments (Investments in Mutual Funds)	**12,598.78**	12,212.96
		39,131.36	46,891.87

In terms of our report attached

For DELOITTE HASKINS & SELLS
Chartered Accountants

Gaurav J. Shah
Partner

Ahmedabad
28th May, 2011

Mahesh Agrawal
VP (Legal) & Company Secretary

Signatures to the Cash Flow Statement

Sudhir Mehta
Chairman

Samir Mehta
Executive Vice Chairman

Ahmedabad
28th May, 2011

annexed to and forming part of the Financial Statements

(₹ in lacs)

	As at 31-Mar-2011	As at 31-Mar-2010
SCHEDULE - 1 : SHARE CAPITAL		
Authorised		
150,000,000 Equity Shares of ₹ 5 each	**7,500.00**	7,500.00
2,500,000 Preference Shares of ₹ 100 each	**2,500.00**	2,500.00
	10,000.00	10,000.00
Issued and Subscribed		
84,625,360 Equity Shares of ₹ 5 each	**4,231.27**	4,231.27
Paid-up		
84,611,360 Equity Shares of ₹ 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 ₹ 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 ₹ 5 each were allotted without payment being received in cash pursuant to the schemes of amalgamation.

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

(₹ in lacs)

	As at 31-Mar-2011	As at 31-Mar-2010
SCHEDULE - 2 : RESERVES AND SURPLUS		
Capital Reserve		
Balance as per last Balance Sheet	**71.08**	71.08
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	**61,300.00**	55,700.00
Add : Transfer from Profit and Loss Account	**15,300.00**	5,600.00
	76,600.00	61,300.00
Balance in Profit and Loss Account	**23,737.93**	17,818.57
	105,073.60	83,854.24

	As at 31-Mar-2011	As at 31-Mar-2010
		(₹ in lacs)
SCHEDULE - 3 : SECURED LOANS		
Long Term Loans [Note: 2]		
from Banks [Note: 1(a)]	**31,589.62**	25,110.36
from a Financial Institution [Note: 1(b)]	**3,220.00**	3,680.00
Short Term Loans from Banks [Note: 1(c)]	**8,037.00**	7,673.80
	42,846.62	36,464.16

Notes:

(1) 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 :

Financial year	₹ in lacs
2011-12	11,563
2012-13	7,241
2013-14	7,804
2014-15	5,577
2015-16	2,063
2016-17	562
Total :	**34,810**

	As at 31-Mar-2011	As at 31-Mar-2010
		(₹ in lacs)
SCHEDULE - 4 : UNSECURED LOANS		
Long Term Loans [Note :1]		
from Banks	**10,920.68**	9,792.63
from Department of Science and Technology	**1,168.40**	793.60
from Department of Bio-Technology	**349.81**	314.06
Short Term Loans from Banks	**1,919.95**	4,875.12
	14,358.84	15,775.41

Note:

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

Financial year	₹ in lacs
2011-12	147
2012-13	3,825
2013-14 to 2014-15	3,857
2015-16 to 2016-17	217
2017-18	178
2018-19 to 2020-21	47
Total :	**12,439**

SCHEDULE - 5 : FIXED ASSETS

(₹ in lacs)

Particulars	Gross Block (At Cost)				Depreciation and Amortisation				Net Block	
	As at 1-Apr-10	Additions upto 31-Mar-11	Deductions / Transfers upto 31-Mar-11	As at 31-Mar-11	As at 1-Apr-10	For the period upto 31-Mar-11	On deduction upto 31-Mar-11	As at 31-Mar-11	As at 31-Mar-11	As at 31-Mar-10
Free Hold Land [Note 4]	4,496.12	3,071.59	-	**7,567.71**	-	-	-	**-**	**7,567.71**	4,496.12
Lease Hold Land	3,640.23	942.21	2,837.58	**1,744.86**	35.59	75.76	110.51	**0.84**	**1,744.02**	3,604.64
Buildings	19,664.21	2,653.88	9.82	**22,308.27**	3,911.38	603.93	3.16	**4,512.15**	**17,796.12**	15,752.83
Plant and Machineries [including Laboratory Equipments]	34,037.76	6,387.61	510.71	**39,914.66**	12,844.28	3,632.65	384.25	**16,092.68**	**23,821.98**	21,193.48
Electrical Equipments	6,299.44	442.92	145.14	**6,597.22**	2,514.97	482.31	74.18	**2,923.10**	**3,674.12**	3,784.47
Furniture and Fixtures	2,803.12	313.57	22.42	**3,094.27**	1,319.25	301.15	13.46	**1,606.94**	**1,487.33**	1,483.87
Office Equipments	3,447.44	500.66	47.59	**3,900.51**	2,609.19	355.32	23.45	**2,941.06**	**959.45**	838.25
Vehicles	1,491.87	386.35	288.37	**1,589.85**	494.18	142.29	105.04	**531.43**	**1,058.42**	997.69
Intangibles being Softwares	1,299.01	476.35	-	**1,775.36**	887.59	236.01	-	**1,123.60**	**651.76**	411.42
TOTAL	**77,179.20**	**15,175.14**	**3,861.63**	**88,492.71**	**24,616.43**	**5,829.42**	**714.05**	**29,731.80**	**58,760.91**	**52,562.77**
Previous Year	68,078.07	9,481.42	380.29	77,179.20	19,355.25	5,448.63	187.45	24,616.43	52,562.77	

Notes :

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

(₹ in lacs)

Particulars	2010-11	2009-10
Free hold Land	**4.18**	146.80
Buildings	**72.51**	243.29
Plant and Machineries [including Laboratory Equipments]	**866.95**	853.66
Electrical Equipments	**29.36**	100.79
Furniture and Fixtures	**46.45**	29.93
Office Equipments	**56.45**	83.62
Vehicles	**28.42**	25.30
Intangibles being Softwares	**49.69**	89.94
Total	**1,154.01**	1,573.33

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

(₹ in lacs)

Particulars	As at 31-Mar-11	As at 31-Mar-10
Capital work in progress	**131.54**	81.92
Advances for Capital expenditure	**65.86**	81.22
Total	**197.40**	163.14

(3) Depreciation and Amortization for the year includes ₹ 16.80 lacs (previous year ₹ 6.31 lacs) transferred to capital work in progress.

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

(5) Deductions / Transfers includes ₹ 643.46 lacs and ₹ 2,242.49 lacs of the assets transferred by way of capital contribution to Torrent Pharmaceuticals (Sikkim) and Torrent Pharmaceuticals (Dahej) respectively.

(₹ in lacs)

SCHEDULE - 6 : INVESTMENTS	No. of Units	As at 31-Mar-2011	As at 31-Mar-2010
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			
Less : Provision for diminuation in value		**2,308.49**	2,308.49
		-	-
Torrent Do Brasil Ltda	191444418	**3,111.04**	3,111.04
Fully paid up Equity Shares (Quotas) of Brazilian Real 1 each			
Torrent Pharma Gmbh : Equity Capital	-	**3,645.29**	3,645.29
Torrent Pharma Inc.	12000	**498.78**	498.78
Fully paid up Common Stock of USD 100 each			
Torrent Pharma Philippines Inc	55852	**91.64**	91.64
Fully paid up Equity Shares of Philippines Pesos 200 each			
Laboratorios Torrent , S.A. De C.V.	68892	**2,577.08**	1,587.73
Fully paid up Equity Shares of Mexican Pesos 1000 each [previous year number of units: 42035]			
Torrent Pharma Japan Co. Ltd	-	**-**	38.30
[previous year : fully paid up (number of units - 200) Equity Shares of Japanese Yen 50000 each]			
Torrent Australasia Pty Limited	675000	**29.94**	29.94
Partly paid up Common Stock of Australian Dollar (AUD) 1 each, AUD 0.1282 paid each			
Torrent Pharma Canada Inc.	334279	**149.12**	27.32
Fully paid up Equity Shares of Canadian Dollar 1 each [previous year number of units: 60750]			
Torrent Pharma SRL	27000	**161.28**	-
Fully paid up Equity Shares of Euro 10 each			
Torrent Pharma (UK) Ltd.	100000	**73.49**	-
Fully paid up Equity Shares of United Kingdom's Sterling 1 each			
Torrent Pharma (Thailand) Co.Ltd.	1000000	**74.32**	-
Fully paid up Equity Shares of 1 Thaibhat each			
		10,411.98	9,030.04
Investment in Capital of Partnership Firms [Note 1]			
Torrent Pharmaceuticals (Sikkim)		**12,113.06**	-
Torrent Pharmaceuticals (Dahej)		**5,928.47**	-
		18,041.53	-
Trade Investments, Unquoted			
York Pharma Plc. - Fully paid up Equity Shares of United Kingdom's Sterling 0.05 each	63056	**155.60**	155.60
Less: Provision for diminution in value		**155.60**	155.60
		-	-
GPC Cayman Investors I Ltd. - Fully paid up Equity Shares of USD 10 each [previous year number of units: 442918]	463301	**1,996.82**	1,901.49
Shivalik Solid Waste Limited - Fully paid up Equity Shares of ₹ 10 each	20000	**2.00**	2.00
		1,998.82	1,903.49
Non-Trade Investments, Unquoted			
National Savings Certificates		**1.10**	1.10
Aggregate Long Term Investments		**30,453.43**	10,934.63

(₹ in lacs)

	No. of Units	As at 31-Mar-2011	As at 31-Mar-2010
CURRENT INVESTMENTS	**No. of Units**		
Non-Trade Investments, Unquoted			
Units of Mutual Fund Schemes - Debt and Gilt Funds			
Prudential ICICI Liquid Plan - Institutional Growth	2372981	**3,398.91**	-
Birla Sunlife Cash Plus - Institutional Premium - Growth	24690690 [7468767]	**3,857.16**	1,099.88
IDFC Cash Fund - Plan C	32685023	**3,895.00**	-
Tata Liquid Super High Investment Fund - Appreciation	19255	**347.71**	-
Birla Sunlife Savings Fund - Institutional Growth	[15935644]	**-**	2,777.04
ICICI Prudential Flexible Income Plan Premium - Growth	[1327134]	**-**	2,259.84
Tata Floater Fund - Growth	[16522513]	**-**	2,251.90
HDFC Floating Rate Income Fund - Short Term Plan	[10504398]	**-**	1,616.23
IDFC Money Manager - Treasury Plan - Growth	[11321194]	**-**	1,227.54
Kotak Floater Long Term - Growth	[6806938]	**-**	980.53
HDFC Cash Management Fund Saving - Growth	5370806	**1,100.00**	-
Aggregate Current Investments - Unquoted [Note 2 & 3]		**12,598.78**	12,212.96
Aggregate Investments - Unquoted		**43,052.21**	23,147.59

Notes :

(1) Disclosures in respect of investments in partnership firms :

(₹ in lacs)

Name of the Firm	Name of Partner	Share in Partnership	Capital
Torrent Pharmaceuticals (Sikkim)	Torrent Pharmaceuticals Limited	97%	12,113.06
	Torrent Employee's Welfare Trust	3%	40.50
Torrent Pharmaceuticals (Dahej)	Torrent Pharmaceuticals Limited	97%	5,928.47
	Torrent Employee's Welfare Trust	3%	120.00

(2) Aggregate NAV of investment in Mutual Funds as on 31-Mar-2011 is ₹ 12,664.12 lacs. [previous year ₹ 12,306.01 lacs]

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

(₹ in lacs)

Name of Mutual Fund Scheme	Purchase		Sale	
	Nos.	Amount	Nos.	Amount
Birla Sunlife Savings Fund – Institutional Growth	45,283,279	7,985.93	61,218,923	10,823.42
Birla QIP Series 4	8,406,964	1,000.00	8,406,964	1,015.78
ICICI Prudential Flexible Income Plan Premium – Growth	7,971,011	13,786.91	9,298,144	16,113.08
Tata Floater Fund – Growth	32,975,044	4,575.97	49,497,557	6,872.57
HDFC Floating Rate Income Fund – Short Term Plan	22,966,720	3,650.54	33,471,119	5,321.25
IDFC Money Manager – Treasury Plan – Growth	14,975,256	1,645.22	26,296,451	2,889.91
Birla Sunlife Cash Plus – Institutional Premium – Growth	263,402,824	39,964.20	246,180,901	37,294.77
Kolak Floater Long Term – Growth	53,659,307	7,901.07	60,466,245	8,943.27
Prudential ICICI Liquid Plan – Institutional Plus – Growth	32,202,598	44,898.08	29,829,617	41,571.26
HDFC Cash Management Fund Saving – Growth	105,505,824	21,009.08	100,135,018	19,927.81
TATA Liquid Super High Investment Fund – Appreciation	2,025,434	35,498.30	2,006,179	35,244.68
IDFC Cash Fund – Growth Fund	185,906,378	21,580.00	153,221,355	17,754.54
Fidelity FMP Series II – Plan E	10,000,000	1,000.00	10,000,000	1,016.89
Kotak Liquid Growth Fund – Institutional Premium	142,808,691	27,180.90	142,808,691	27,253.82
Kotak QIP Series 1	8,199,208	1,000.00	8,199,208	1,015.90
Kotak Floater Short Term – Growth	25,538,842	4,000.00	25,538,842	4,012.37
Total		**236,676.17**		**237,071.32**

	SCHEDULE	As at 31-Mar-2011	(₹ in lacs) As at 31-Mar-2010
SCHEDULE - 7 : INVENTORIES			
[At lower of cost or net realisable value]			
Raw Materials		**14,878.01**	10,395.66
Packing Materials		**1,962.44**	1,504.68
Goods in Process		**6,373.24**	3,628.12
Finished Goods		**8,666.19**	5,386.97
Traded Goods		**2,402.62**	1,872.91
		34,282.50	22,788.34
SCHEDULE - 8 : SUNDRY DEBTORS			
[Unsecured]			
Debts over six months			
Considered Good		**8,955.47**	4,394.34
Considered Doubtful		**1,170.98**	1,104.53
Less : Provision		**1,170.98**	1,104.53
		8,955.47	4,394.34
Other Debts - Considered Good	21 [9]	**25,045.90**	21,584.11
		34,001.37	25,978.45
SCHEDULE - 9 : CASH AND BANK BALANCES			
Cash on hand		**0.70**	4.52
With Scheduled Banks in:			
(a) Current Accounts	21 [8]	**2,140.82**	977.43
(b) Term Deposit Accounts	21 [8]	**24,253.10**	33,517.05
		26,393.92	34,494.48
With Non - Scheduled Banks in Current Accounts			
- Vneshtorg Bank [USD] - Moscow, Russia		**0.01**	67.72
- Vneshtorg Bank [Rouble] - Moscow, Russia		**53.36**	16.13
- Bank for Foreign trade of Vietnam [USD] - Ho Chi Minh, Vietnam		**26.71**	76.20
- OTP Bank [UAH] - Kiev, Ukraine		**33.76**	10.55
- HSBC [USD] - Singapore		**4.47**	4.52
- Taib Kazakh Bank [USD] - Almaty, Kazakisthan		**16.04**	4.54
- Asaka Bank [UZS] - Tashkent, Uzbekistan		**0.03**	0.07
- Asaka Bank [USD] - Tashkent, Uzbekistan		**3.57**	0.18
		137.95	179.91
		26,532.57	34,678.91

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

	2010-11	(₹ in lacs) 2009-10
- Vneshtorg Bank [USD] - Moscow, Russia	**155.55**	196.49
- Vneshtorg Bank [Rouble] - Moscow, Russia	**88.44**	75.57
- Bank for Foreign Trade of Vietnam [USD] - Ho Chi Minh, Vietnam	**86.53**	100.82
- OTP Bank [UAH] - Kiev, Ukraine	**33.76**	10.55
- OTP Bank [USD] - Kiev, Ukraine	**35.85**	23.36
- HSBC [USD] - Singapore	**4.72**	5.11
- Taib Kazakh Bank [KZT] - Almaty, Kazakisthan	**16.04**	10.41
- Taib Kazakh Bank [USD] - Almaty, Kazakisthan	**31.59**	30.97
- Asaka Bank [UZS] - Tashkent, Uzbekistan	**0.16**	0.06
- Asaka Bank [USD] - Tashkent, Uzbekistan	**26.19**	3.73

(₹ in lacs)

	SCHEDULE	As at 31-Mar-2011	As at 31-Mar-2010
SCHEDULE - 10 : OTHER CURRENT ASSETS			
[Unsecured and considered good, unless otherwise stated]			
Export Benefits Receivable		**3,797.56**	2,479.46
Claims Receivable : Indirect tax / Insurance			
Considered Good		**1,743.46**	933.17
Considered Doubtful		**1.54**	143.97
Less : Provision		**1.54**	143.97
		1,743.46	933.17
Interest accrued on loans and deposits		**607.50**	294.86
		6,148.52	3,707.49
SCHEDULE - 11: LOANS AND ADVANCES			
[Unsecured and considered good, unless otherwise stated]			
Loans and Advances to Subsidiary Companies	21 [10]		
Considered Good		**763.47**	1,132.97
Considered Doubtful		**-**	1,400.40
Less : Provision		**-**	1,400.40
		763.47	1,132.97
Advances recoverable in cash or in kind or for value to be received		**11,218.93**	9,830.04
Advances to gratuity trust fund	21 [12]	**18.48**	-
Balances with Excise Department		**0.05**	0.36
Advance Tax Paid Net of Provisions [Provisions ₹ 27,962.22 lacs (previous year ₹ 23,109.34 lacs)]		**512.94**	414.81
		12,513.87	11,378.18
SCHEDULE - 12 : CURRENT LIABILITIES			
Sundry Creditors			
Due to Micro, Small and Medium Enterprises	21 [11]	**5.32**	4.64
Others		**32,805.15**	26,161.90
Due to Subsidiary Companies		**1,757.52**	357.11
Book Overdraft		**1,737.93**	1,487.46
Investor Education and Protection Fund - Unclaimed Dividend [not due]		**54.62**	46.42
Other Liabilities		**1,043.95**	637.40
Advances from customers		**903.49**	1,128.74
Advances Received from Subsidiary Companies		**385.80**	-
Interest accrued but not due		**188.93**	168.74
		38,882.71	29,992.41

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-2011	As at 31-Mar-2010
SCHEDULE - 13 : PROVISIONS			
Proposed Dividend		**6,768.91**	5,076.68
Add: Tax on Distributed Profits		**1,098.09**	843.17
		7,867.00	5,919.85
Provisions for Employee Benefits in respect of			
Gratuity	21 [12]	**-**	131.85
Leave benefits		**2,619.46**	2,155.74
Long term compensation		**25.66**	47.82
		10,512.12	8,255.26

	SCHEDULE	Year ended 31-Mar-2011	Year ended 31-Mar-2010
			(₹ in lacs)
SCHEDULE - 14 : SALES AND OPERATING INCOME			
Sales			
Domestic		**105,904.90**	92,060.89
Less : Excise Duty collected	21 [4]	**326.41**	267.63
Net Domestic Sales		**105,578.49**	91,793.26
Exports		**62,456.77**	46,817.12
		168,035.26	138,610.38
Operating Income			
Export Benefits		**3,405.12**	2,635.37
Income from Product Registration Dossiers [Tax deducted at source ₹ 41.91 lacs, (previous year ₹ 376.15 lacs)]		**2,811.59**	2,092.09
Net Foreign Exchange Gain	21 [13]	**2,655.55**	1,045.02
Other Operating Income		**912.02**	512.72
		9,784.28	6,285.20
		177,819.54	144,895.58
SCHEDULE - 15 : OTHER INCOME			
Profit on Sale of Non-Trade Investments		**786.74**	889.25
Miscellaneous Income		**17.02**	10.98
		803.76	900.23
SCHEDULE - 16 : MATERIALS COST			
Materials Consumed			
Raw Materials		**49,368.31**	35,006.68
Packing Materials		**8,209.51**	5,574.51
		57,577.82	40,581.19
Purchase of Traded Goods		**9,054.18**	6,168.10
(Increase) / Decrease in Stock			
Opening Stocks			
Finished Goods		**5,386.97**	5,616.07
Traded Goods		**1,872.91**	1,319.77
Goods in Process		**3,628.12**	4,099.94
		10,888.00	11,035.78
Less: Closing Stocks			
Finished Goods		**8,666.19**	5,386.97
Traded Goods		**2,402.62**	1,872.91
Goods in Process		**6,373.24**	3,628.12
		17,442.05	10,888.00
Net (Increase) / Decrease in Stock		**(6,554.05)**	147.78
		60,077.95	46,897.07
SCHEDULE - 17 : EMPLOYEES COST			
[Other than those included in Research and Development Expenses and Pre-operative Expenses]			
Salaries, Wages and Bonus		**19,636.02**	14,692.69
Contribution to Provident and Other Funds [Defined Contribution Plan]		**1,343.20**	950.77
Gratuity Cost	21 [12]	**525.38**	279.87
Welfare Expenses		**599.55**	463.35
		22,104.15	16,386.68

	SCHEDULE	Year ended 31-Mar-2011	Year ended 31-Mar-2010
			(₹ in lacs)
SCHEDULE - 18 : MANUFACTURING AND OTHER EXPENSES			
[Other than those included in Research and Development Expenses and Pre-operative Expenses]			
Power and Fuel		**3,774.43**	2,694.55
Stores and Spares Consumed		**2,369.78**	1,489.64
Labour Charges		**1,427.31**	1,236.81
Job Work Charges		**903.11**	651.55
Laboratory Goods and Testing Expenses		**725.16**	482.32
Excise Duty	21 [4]	**191.25**	148.57
Repairs and Maintenance :			
Machinery		**352.79**	394.45
Buildings		**324.57**	199.85
Others		**184.59**	159.71
		861.95	754.01
Selling, Publicity and Medical Literature Expenses		**16,293.13**	11,728.91
Commission on Sales		**1,251.08**	1,142.03
Sales and Turnover Taxes		**160.75**	346.69
Provision for Doubtful Debts		**66.45**	175.82
Bad Debts Written-off		**4.83**	5.05
Travelling, Conveyance and Vehicle Expenses		**3,829.57**	3,423.03
Liaison Support Services		**2,533.28**	215.05
Communication Expenses		**633.70**	565.47
Printing and Stationery Expenses		**245.31**	207.82
Insurance		**316.00**	210.17
Rent		**565.21**	441.87
Rates and Taxes		**37.53**	27.42
Loss on Sale / Discard / Write-off of Fixed Assets		**98.20**	87.27
Loss on Disposal of Investment in Subsidiary Company		**4.24**	-
Provision on Assets held for Sale		**3.44**	(1.96)
Auditors Remuneration and Expenses			
Audit Fees		**10.81**	6.67
Other Services		**17.02**	10.32
Out of Pocket Expenses		**1.28**	0.97
		29.11	17.96
Cost Audit Fees		**3.36**	3.28
Commission to Non Executive Directors		**279.26**	26.79
Donation		**1,118.40**	705.75
General Charges		**3,485.38**	2,616.46
		41,211.22	29,402.33
SCHEDULE - 19 : NET BORROWING COST			
[Other than those included in Research and Development Expenses]			
Expenses			
Interest on Fixed Period Loans		**2,860.31**	2,444.40
Other Borrowing Cost	21 [13]	**994.51**	444.05
		3,854.82	2,888.45
Interest Income [Tax Deducted at source ₹ 241.41 lacs (previous year ₹ 60.61 lacs)]		**2,437.73**	1,209.13
		1,417.09	1,679.32

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 and in accordance with the Generally Accepted Accounting Principles (GAAP) in India. GAAP includes provisions of the Companies Act, 1956, Accounting Standards (AS) notified by the Government of India under Section 211 (3C) of the Companies Act, 1956, pronouncements of Institute of Chartered Accountants of India and guidelines issued by Securities and Exchange Board of India. 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 or 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.

(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 is provided on straight line method on the basis of the depreciation rates prescribed in Schedule XIV of the Companies Act, 1956 or based on useful life of the asset as estimated by the management, whichever is higher.

The management estimates of the useful life of various categories of fixed assets are given below:

Office Buildings	58 years
Factory Buildings	28 years
Plant and Machinery	10 to 20 years
Laboratory Equipments	5 to 20 years
Electrical Equipments	10 to 20 years
Furniture and Fixtures	10 years
Office Equipments	10 years
Computer Equipments	3 years
Vehicles	10 years

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

(c) 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 capitalization.

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. Cash Flow Statement

The Cash Flow Statement is prepared under the “Indirect Method” as set out in AS - 3 Cash Flow Statements issued by the Institute of Chartered Accountants of India.

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. 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.

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. Sales are net of discounts, VAT/sales tax and returns; excise duties collected on sales are shown by way of deduction from sales.

(b) Income from services is recognised when the services are rendered or when contracted milestones have been achieved.

(c) Revenue from arrangements which includes performance of obligations is recognised in the period in which related performance obligations are completed.

(d) 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.

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

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

(g) 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) The Company’s contribution in case of defined contribution plans (Provident Fund, Superannuation benefit and other funds) 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 period to which the costs relate at present value of the 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

(a) Government grants are recognised when there is reasonable assurance that the grant will be received and all relevant conditions are complied with.

(b) Grants received by way of investment subsidy scheme in relation to total investment are credited to capital reserve and are treated as part of owners’ fund.

(c) Grants that compensate expenses are recognized on receipt basis and are shown as deduction from the related expenses for which they are intended to compensate.

11. **Borrowing Costs**

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

12. **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.

13. **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.

14. **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.

15. **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.

16. **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.

17. **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.

18. **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-2008.

(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-2009, issued by the Ministry of Corporate Affairs.

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

19. **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.

SCHEDULE - 21 : NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ in lacs)

	As at 31-Mar-2011	As at 31-Mar-2010
1. Estimated amount of unexecuted capital contracts [net of advances] not provided for	**3,509.19**	6,340.02
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	**153.17**	227.66
Disputed Employee State Insurance Contribution Liability under E.S.I. Act, 1948	**390.98**	287.54
Disputed Legal cases for supply of Goods and Services	**1.78**	122.90
Disputed Demand of Excise and Service Tax	**72.16**	30.31
Disputed Demand of Local Sales Tax and C.S.T.	**65.32**	70.56
Disputed cases at Labour Court / Industrial Court	**92.67**	62.36
	776.08	801.33
(b) The Company has issued guarantees aggregating USD 20.00 lacs (previous year USD 20.00 lacs) and EURO 45.00 lacs (previous year EURO 45.00 lacs) to secure lines of credit to its wholly owned subsidiaries. The outstanding amount of liabilities by the subsidiaries as on balance sheet date, converted at closing exchange rate, is	**527.81**	149.22
(c) The Company has issued guarantee aggregating ₹ 200.00 lacs (previous year ₹ Nil) for borrowing a demand loan at "Torrent Pharma Employee Welfare Trust". The outstanding amount of liabilities by the said trust as on balance sheet date, is	**162.50**	-
(d) Uncalled liability on partly paid shares of Torrent Australasia Pty Limited, a wholly owned subsidiary. [Australian Dollar (AUD) 5.88 lacs (previous year AUD 5.88 lacs)]	**271.52**	243.29
3. 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 accounts	**7,555.20**	7,526.00
Advances for Gratuity	**6.00**	-
Deferred Tax Assets		
Provision for Leave Salary	**(849.89)**	(716.08)
Bonus Payable	**(160.36)**	(144.50)
Provision for Gratuity	**-**	(43.60)
Provision for Doubtful Debts	**(379.92)**	(366.90)
Provision for Doubtful Claim Receivables	**(0.50)**	(47.83)
	6,170.53	6,207.09

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 closing stocks and opening stocks, excise duty paid on samples and on inventory write-off, which is not recoverable from sales.

5. Pre-operative expenses allocated to projects during the year are as under :

(₹ in lacs)

	2010-11	2009-10
Employees Cost		
Salaries, Wages and Bonus	**808.88**	174.52
Contribution to Provident, and Other Funds [Defined Contribution Plan]	**85.34**	17.24
Gratuity Cost	**29.95**	5.61
	924.17	197.37
Power and Fuel	**108.25**	112.01
Stores and Spared consumed	**147.05**	-
Labour Charges	**37.99**	1.73
Travelling, Conveyance and Vehicle Expenses	**103.58**	29.44
Communication Expenses	**2.27**	0.07
Printing and Stationery Expenses	**23.36**	2.01
Insurance	**5.05**	17.11
Rent	**20.62**	-
Rates and Taxes	**32.00**	-
Depreciation	**16.80**	6.31
General Charges	**405.95**	63.97
	1,827.09	430.02

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

(₹ in lacs)

	2010-11	2009-10
Employees Costs		
Salaries, Wages and Bonus	**4,500.97**	3,611.92
Contribution to Provident, and Other Funds [Defined Contribution Plan]	**373.32**	293.77
Gratuity Cost	**92.48**	79.93
Welfare Expenses	**125.50**	108.19
	5,092.27	4,093.81
Power and Fuel	**432.71**	471.41
Stores and Spares Consumed	**962.80**	919.99
Labour Charges	**133.81**	117.86
Laboratory Goods and Testing Expenses	**1,647.47**	1,715.91
Clinical Research Expenses	**1,745.41**	1,840.83
Repairs and Maintenance	**263.57**	246.65
Travelling, Conveyance and Vehicle Expenses	**233.59**	231.28
Communication Expenses	**129.04**	90.21
Printing and Stationery Expenses	**64.02**	52.44
Insurance	**72.57**	54.87
Rent	**-**	0.22
Rates and Taxes	**11.82**	4.40
Interest on Fixed Period Loans	**47.62**	28.83
Government Grant Income	**(8.93)**	(78.52)
General Charges	**1,349.66**	1,116.69
	12,177.43	10,906.88

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

(c) Depreciation and Amortisation includes ₹ 1,670.31 lacs (previous year ₹ 1,919.90 lacs) pertaining to Research and Development assets.

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

			2010-11	2009-10
Net profit for the period	(a)	[₹ in lacs]	**29,086.36**	20,736.77
Weighted average number of equity shares	(b)	[Nos. in lacs]	**846.11**	846.11
EPS (basic and diluted)	(a) / (b)	[₹]	**34.38**	24.51
Nominal value per equity share		[₹]	**5.00**	5.00

8. Cash and cash equivalents includes :

(₹ in lacs)

	As at 31-Mar-2011	As at 31-Mar-2010
(a) Term Deposit lodged with Banks as securities	**3.05**	3.05
(b) Balances with scheduled banks in current accounts for unclaimed dividend	**54.71**	46.50

9. 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 ₹ 2.39 lacs (previous year ₹ Nil).

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

(₹ in lacs)

Name of subsidiary	Loan Given		Maximum amount Outstanding during the year	Balance as at	
	2010-11	2009-10		31-Mar-2011	31-Mar-2010
Torrent Pharma Philippines Inc.	-	-	235.40	**223.25**	225.70
Zao Torrent Pharma	-	-	907.27	**540.22**	907.27
Total	-	-		**763.47**	1,132.97

(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 :

(₹ in lacs)

	2010-11	2009-10
(a) (i) The principal amount remaining unpaid at the end of the year	**5.32**	4.64
(ii) Interest due on principal remaining unpaid at the end of the year	-	0.01
	5.32	4.65
(b) (i) The delayed payments of principal amount paid beyond the appointed date during the year	**74.55**	8.46
(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	**1.82**	0.07
(d) Total Interest accrued during the year and remaining unpaid	**1.83**	0.14

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.

(₹ in lacs)

	2010-11	2009-10
(a) Reconciliation of opening and closing balances of the present value of the defined benefit obligation :		
Obligations at the beginning of the year	**2,642.20**	2,007.75
Current service cost	**562.24**	290.97
Interest cost	**198.17**	156.93
Liabilities transferred out	**(28.53)**	-
Actuarial loss	**169.59**	300.14
Benefits paid / payable	**(346.07)**	(113.58)
Obligations at the end of the year	**3,197.60**	2,642.21
(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	**2,510.36**	1,641.32
Expected return on plan assets	**240.24**	206.66
Actuarial gain / (loss)	**41.93**	175.96
Contributions	**600.00**	600.00
Benefits paid	**(176.45)**	(113.58)
Plan assets at the end of the year	**3,216.08**	2,510.36
Actual return on plan assets	**282.17**	382.62
(c) Gratuity cost for the year :		
Current service cost	**562.24**	290.97
Interest cost	**198.17**	156.93
Expected return on plan assets	**(240.24)**	(206.66)
Net Actuarial (gain) / loss	**127.66**	124.18
Net gratuity cost	**647.83**	365.42
(d) (i) Reconciliation of the present value of the defined benefit obligation & fair value of plan assets :		
Obligations at the end of the year	**3,197.60**	2,642.21
Plan assets at the end of the year, at fair value	**3,216.08**	2,510.36
(Asset) / Liability recognised in Balance sheet	**(18.48)**	131.85
(ii) Experience adjustments gain / (loss)		
Plan liabilities	**233.55**	(72.10)
Plan assets	**41.93**	175.96
(e) Expected contribution for the next year	**600.00**	600.00

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

Particulars	2006-07	2007-08	2008-09	2009-10
Present value of defined benefit obligations at the end of the year [independent actuary]	1,219.00	1,366.67	2,007.75	2,642.21
Fair value of plan assets at the end of the year	779.48	1,182.02	1,641.32	2,510.36
(Net assets)/ liability at the end of year	439.52	184.65	366.43	131.85

(g) Assumptions	**2010-11**	2009-10
Discount rate	**8.00%**	7.50%
Expected rate of return on plan assets	**9.57%**	9.46%
Salary escalation rate	**10.00%**	10.00%

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

Future mortality rates are obtained from relevant data of Life Insurance Corporation of India.

(h) Investment details of plan assets :

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

	2010-11	2009-10
Equity Instruments	**20.97%**	25.71%
Corporate Bonds	**46.67%**	45.27%
Government Securities	**16.98%**	26.78%
Fixed Deposits with Banks	**15.38%**	2.24%

13. Foreign Exchange Gain / (Loss) included in the net profit for the year :

(₹ in lacs)

	2010-11	2009-10
Net Foreign Exchange Gain, included in Sales and Operating Income, as per Schedule 14	**2,655.55**	1,045.02
Add / (Less) :		
(a) 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.	**(910.87)**	(401.78)
(b) MTM Loss on forward exchange contracts to hedge the foreign currency risk of highly probable forecast transactions accounted in view of the principle of prudence.	**508.99**	13.24
Total Foreign Exchange Gain as per Accounting Standard 11	**2,253.67**	656.48

(₹ in lacs)

		2010-11	2009-10
14. (a)	The Profit & Loss Account includes remuneration paid to Managerial Personnel :		
	Salary and allowances	**270.27**	388.42
	Commission to Managerial Personnel	**679.26**	326.79
	Perquisites	**14.33**	25.08
	Gratuity [Proportionate amount of total gratuity cost]	**10.14**	11.73
	Contribution to Provident and Other funds	**21.60**	31.13
		995.60	783.15
(b)	Computation of Net Profit in accordance with Section 349 of the Companies Act, 1956 and commission payable :		
	Net profit for the year	**29,086.36**	20,736.77
	Add: Provision for taxation as per the Profit and Loss account	**6,736.48**	10,635.55
	Depreciation as per Profit and Loss Account	**5,812.62**	5,442.32
	Directors' remuneration (including commission)	**995.60**	783.15
	Provision for doubtful debts	**66.45**	175.82
	Provision for impairment of Loan to Zao Torrent Pharma	**-**	1,400.40
	Provision for dimunition in value of investment in Zao Torrent Pharma	**-**	2,308.49
	Provision for doubtful claim receivables	**-**	143.97
	Provision on Assets held for Sale	**3.44**	(1.96)
	Loss on Sale / Discard / Write-off of Fixed Assets	**98.20**	87.27
		42,799.15	41,711.78
	Less: Profit on sale of Investment (Net)	**786.74**	889.25
	Capital gains on sale of Asset	**3.22**	1.93
	Depreciation under Section 350 of the Companies Act, 1956	**5,127.87**	4,841.26
	Net Profit (b)	**36,881.32**	35,979.34
	Commission entitlement of Managerial Personnel as per terms of appointment	**3,371.79**	3,141.57
	Commission to Managerial Personnel	**400.00**	300.00
	% to Net Profit as per (b) above	**1.08%**	0.83%
	Commission entitlement of Non-Executive Directors	**368.81**	179.90
	Commission to Non-Executive Directors	**279.26**	26.79
	% to Net Profit as per (b) above	**0.76%**	0.07%

15. Net foreign currency positions outstanding as at 31-Mar-2011 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	5,812.50	-	-	JPY	10,108.00
	USD	223.00				
Currency cum Interest Rate Swap	JPY	34,838.00	-	-	-	-
	USD	182.60				
Foreign Currency Interest - Payable						
Forward Exchange Contracts [Refer Note (b)]	JPY	91.00	USD	0.98	USD	-
Foreign Currency Trade Payables	-	-	-	-	USD	29.50
					GBP	0.46
					JPY	3.06
					RUB	2.48
					AUD	0.08
					THB	28.51
					SEK	0.02
Foreign Currency Receivables						
Forward Exchange Contracts	-	-	USD	592.75	-	-
[Refer Note (c)]			EUR	330.03		

Notes :

(a) USD = United States Dollar — SEK = Swedish krona

EUR = Euro — GBP = Great Britain Pound

JPY = Japanese Yen — THB = Thai Baht

AUD = Australian Dollar — RUB = Russian Rubble

(b) Foreign currency loan - payable, outstanding as on 31-Mar-2011 JPY 15,920.50 lacs bears a floating rate of interest linked to JPY Libor and interest is payable in JPY thereon. The floating interest rate basis and interest are partially unhedged for the outstanding term of the loan.

(c) As at the year end, the Company has outstanding forward exchange contracts to hedge the foreign currency risk of highly probable forecast transactions. These derivatives are considered as off balance sheet items and the mark to market gain of ₹ 123.11 lacs on such derivatives is not accounted in view of the principle of prudence as per Announcement on “Accounting of Derivatives” by Institute of Chartered Accountants of India dated 29-Mar-2008.

16. Quantitative Information

	2010-11		2009-10	
(a) Licensed Capacity	**Not Applicable**		Not Applicable	
(b) Installed Capacity				
I : Formulation				
1. Tablets	**10,000**	**Million**	9,400	Million
2. Capsules	**1,000**	**Million**	480	Million
3. Injection/Vials	**26**	**Million**	26	Million
4. Suspension / Liquid [Ltr.]	**1**	**Million**	1	Million
II : Bulk Drugs	**30,000**	**Kg.**	18,000	Kg.

(c) Production and Stocks

Item	Unit	Production*	Opening Stock		Closing Stock	
			Quantity	₹ in lacs	Quantity	₹ in lacs
1. Formulation						
Tablets	‘ 000 Nos.	**6,379,946**	**606,314**	**3,805.47**	**986,195**	**6,700.73**
		(4,517,149)	(636,998)	(4,219.15)	(606,314)	(3,805.47)
Capsules	‘ 000 Nos.	**321,900**	**39,224**	**469.95**	**56,776**	**715.33**
		(271,231)	(50,598)	(654.28)	(39,224)	(469.95)
Suspension / Liquid	Ltr.	**480,000**	**44,918**	**129.02**	**97,416**	**285.27**
		(415,239)	(81,905)	(179.48)	(44,918)	(129.02)
Injections	Ltr.	**50,198**	**9,766**	**88.96**	**16,983**	**144.86**
		(55,712)	(10,798)	(111.72)	(9,766)	(88.96)
Vials / Cartridges	Nos.	**23,680,374**	**702,409**	**411.12**	**841,079**	**420.93**
		(22,178,368)	(677,905)	(356.96)	(702,409)	(411.12)
Ointment	Kg.	**4,041**	**1,546**	**11.61**	**1,779**	**14.26**
		(7,261)	(1,523)	(10.62)	(1,546)	(11.61)
Others				**22.06**		**20.44**
				(12.63)		(22.06)
2. Bulk Drugs	Kg.	**26,170**	**1,583**	**448.78**	**729**	**364.41**
		(21,543)	(233)	(71.23)	(1,583)	(448.78)
Total				**5,386.97**		**8,666.24**
				(5,616.07)		(5,386.97)

*** 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	₹ in lacs	Quantity	₹ in lacs
1. Formulation						
Tablets	‘ 000 Nos.	**188,439**	**49,742**	**1,234.15**	**54,311**	**1,415.96**
		(155,126)	(32,737)	(813.82)	(49,742)	(1,234.15)
Capsules	‘ 000 Nos.	**65,604**	**7,133**	**241.98**	**10,082**	**253.36**
		(32,167)	(5,494)	(184.84)	(7,133)	(241.98)
Suspension / Liquid	Ltr.	**111,843**	**11,056**	**45.91**	**43,087**	**156.18**
		(30,552)	(3,378)	(33.29)	(11,056)	(45.91)
Injections	Ltr.	**36,224**	**5,133**	**136.66**	**26,253**	**191.82**
		(11,457)	(5,279)	(123.26)	(5,133)	(136.66)
Vials / Cartridges	Nos.	**1,717,438**	**440,345**	**138.85**	**732,912**	**240.29**
		(1,088,506)	(120,982)	(86.85)	(440,345)	(138.85)
Ointment	Kg.	**35,720**	**8,690**	**66.98**	**9,979**	**92.25**
		(28,521)	(7,012)	(62.82)	(8,690)	(66.98)
Others				**8.38**		**18.52**
				(14.89)		(8.38)
2. Bulk Drugs	Kg.	**29,225**	**-**	**-**	**5,000**	**34.25**
		(27,016)	-	-	-	-
Total				**1,872.91**		**2,402.62**
				(1,319.77)		(1,872.91)

(e) Sales by class of goods

	Unit	Quantity	₹ in lacs
1. Formulation			
Tablets	' 000 Nos.	**6,183,935**	**121,203.45**
		(4,685,954)	(99,026.73)
Capsules	' 000 Nos.	**367,003**	**14,972.79**
		(313,134)	(13,314.49)
Suspension / Liquid	Ltr.	**507,314**	**3,121.58**
		(475,100)	(2,388.54)
Injections	Ltr.	**58,084**	**1,054.37**
		(68,347)	(1,028.86)
Vials / Cartridges	Nos.	**24,966,575**	**23,631.02**
		(22,923,007)	(21,021.45)
Ointment	Kg.	**38,239**	**876.20**
		(34,081)	(707.35)
Others			**548.61**
			(366.47)
2. Bulk Drugs	Kg.	**51,249**	**2,627.24**
		(47,209)	(756.49)
Total			**168,035.26**
			(138,610.38)

17. Break-up of Imported & Indigenous Consumption

	2010-11		2009-10	
	₹ in lacs	**% to Total Consumption**	₹ in lacs	% to Total Consumption
(a) Raw Materials				
Imported	**17,553.00**	**35.56**	16,152.01	46.14
Indigenous	**31,815.31**	**64.44**	18,854.67	53.86
	49,368.31	**100.00**	35,006.68	100.00
(b) Components and spares parts				
Imported	**169.98**	**7.17**	66.47	4.46
Indigenous	**2,199.80**	**92.83**	1,423.17	95.54
	2,369.78	**100.00**	1,489.64	100.00

18. Consumption of Raw Materials

	2010-11		2009-10	
	Quantity	**₹ in lacs**	Quantity	₹ in lacs
Dry Insulin MU	**8841**	**15,472.24**	8361	14,626.08
Others		**33,896.07**		20,380.60
		49,368.31		35,006.68

		2010-11	2009-10
			(₹ in lacs)
19.	Value of Imports on CIF basis in respect of		
	(a) Raw Materials and Packing Material	**19,239.47**	16,748.86
	(b) Components and Spares Parts	**636.37**	588.89
	(c) Capital Goods	**2,976.16**	2,252.73
20.	Expenditure in Foreign Currency		
	(a) Books and Periodicals	**29.07**	37.00
	(b) Traveling	**410.01**	554.71
	(c) Professional Fees	**194.92**	241.09
	(d) Interest Expenses	**405.91**	291.15
	(e) Others	**8,277.37**	6,133.56
21.	Remittance in foreign currency on account of dividend :		
	(a) Dividend remittance for the year ended 31-Mar-2010	**9.86**	-
	(b) Dividend remittance for the year ended 31-Mar-2009	**-**	163.42
	(c) Dividend remittance for the year ended 31-Mar-2008	**-**	142.99
	(d) Number of share-holders	**1**	1
	(e) Number of shares held	**164,383**	4,085,376
22.	Earnings in Foreign Exchange		
	(a) F.O.B. value of exports	**57,817.67**	44,200.27
	(b) Interest	**3.60**	4.99
	(c) Other income [Product registration dossiers and others]	**2,984.83**	2,219.29

23. 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.

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

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

(₹ in lacs)

Particulars	Subsidiaries		Enterprises controlled by the Company		Holding Company/ Enterprises Controlled by the Holding Company		Key Management Personnel		Enterprises Controlled by Key Management Personnel / Relatives of Key Management Personnel		TOTAL	
(A) Nature of Transactions	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	**2010-11**	2009-10
Sale of Finished Goods	35,847.13	24,532.50	-	-	33.38	33.72	-	-	-	-	**35,880.51**	24,566.22
Torrent Do Brasil Ltda.	12,401.00	9,385.21	-	-	-	-	-	-	-	-	**12,401.00**	9,385.21
Torrent Pharma Inc.	11,461.07	7,701.59	-	-	-	-	-	-	-	-	**11,461.07**	7,701.59
Heumann Pharma Gmbh & Co	4,598.66	3,699.87	-	-	-	-	-	-	-	-	**4,598.66**	3,699.87
Zao Torrent Pharma	4,023.36	2,106.13	-	-	-	-	-	-	-	-	**4,023.36**	2,106.13
Others	3,363.04	1,639.70	-	-	33.38	33.72	-	-	-	-	**3,396.42**	1,673.42
Sale of Dossiers	310.38	501.07	-	-	-	-	-	-	-	-	**310.38**	501.07
Torrent Pharma GmbH	310.38	370.82	-	-	-	-	-	-	-	-	**310.38**	370.82
Torrent Pharma Philippines Inc.	-	130.25	-	-	-	-	-	-	-	-	**-**	130.25
Purchase of Material, Consumables etc	55.43	151.15	-	-	5.00	-	-	-	-	1.31	**60.43**	118.26
Torrent Pharma Inc.	34.73	88.95	-	-	-	-	-	-	-	-	**34.73**	88.95
Torrent Pharma GmbH	20.70	28.00	-	-	-	-	-	-	-	-	**20.70**	28.00
Others	-	-	-	-	5.00	-	-	-	-	1.31	**5.00**	1.31
Remuneration to Key Management Personnel	-	-	-	-	-	-	966.34	756.35	-	-	**966.34**	756.35
Samir Mehta, Executive Vice Chairman	-	-	-	-	-	-	512.70	579.20	-	-	**512.70**	579.20
Sudhir Mehta, Chairman	-	-	-	-	-	-	250.00	-	-	-	**250.00**	-
Dr. C. Dutt, Whole Time Director	-	-	-	-	-	-	203.64	177.15	-	-	**203.64**	177.15
Contribution to Gratuity / Superannuation Funds	-	-	934.90	892.38	-	-	-	-	-	-	**934.90**	892.38
TPL Emp.Group Gratuity Trust	-	-	600.00	602.00	-	-	-	-	-	-	**600.00**	602.00
TPL Emp.Superannuation Trust	-	-	334.90	290.38	-	-	-	-	-	-	**334.90**	290.38
Lease Rent Paid	-	-	-	-	2.00	2.00	-	-	-	-	**2.00**	2.00
Torrent Private Limited	-	-	-	-	2.00	2.00	-	-	-	-	**2.00**	2.00
Services received	2,528.89	215.05	-	-	512.89	526.86	-	-	809.82	758.56	**3,851.60**	1,500.47
Laboratorios Torrent S.A. de C.V	2,009.65	-	-	-	-	-	-	-	-	-	**2,009.65**	-
Tsunami Tours & Travels Limited.	-	-	-	-	-	-	-	-	809.82	758.56	**809.82**	758.56
Torrent Power Limited.	-	-	-	-	502.15	526.86	-	-	-	-	**502.15**	526.86
Torrent Pharma Inc.	202.89	200.15	-	-	-	-	-	-	-	-	**202.89**	200.15
Others	316.35	14.90	-	-	10.74	-	-	-	-	-	**529.98**	14.90
Commission & Interest paid to carrying & forwarding agents	-	-	-	-	-	-	-	-	102.88	92.31	**102.88**	92.31
Zeal Pharmachem India Pvt. Ltd.	-	-	-	-	-	-	-	-	102.88	92.31	**102.88**	92.31
Donation	-	-	-	-	-	-	-	-	690.00	400.00	**690.00**	400.00
U. N. Mehta Charitable Trust	-	-	-	-	-	-	-	-	415.00	200.00	**415.00**	200.00
U. N. Mehta Institute of Cardiology & Research Centre	-	-	-	-	-	-	-	-	275.00	200.00	**275.00**	200.00
Interest Income	3.46	4.81	7.61	-	-	0.68	-	-	-	-	**11.07**	5.49
Torrent Pharma Philippines Inc	3.46	4.81	-	-	-	-	-	-	-	-	**3.46**	4.81
Torrent Pharmaceuticals (Sikkim)	-	-	7.10	-	-	0.68	-	-	-	-	**7.10**	0.68
Others	-	-	0.51	-	-	-	-	-	-	-	**0.51**	-

(₹ in lacs)

Particulars	Subsidiaries		Enterprises controlled by the Company		Holding Company/ Enterprises Controlled by the Holding Company		Key Management Personnel		Enterprises Controlled by Key Management Personnel / Relatives of Key Management Personnel		TOTAL	
(A) Nature of Transactions	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	**2010-11**	2009-10
Interest Expense	14.34	-	-	-	-	-	-	-	-	-	**14.34**	-
Heumann Pharma Gmbh & Co	14.34	-	-	-	-	-	-	-	-	-	**14.34**	-
Expenses Reimbursement	124.75	467.74	-	-	-	-	-	-	17.39	12.93	**142.14**	480.67
Torrent Australasia Pty Limited	48.35	8.63	-	-	-	-	-	-	-	-	**48.35**	8.63
Torrent Pharma GmbH	36.73	464.27	-	-	-	-	-	-	-	-	**36.73**	464.27
Zao Torrent Pharma	35.63	-	-	-	-	-	-	-	-	-	**35.63**	-
Zeal Pharmachem India Pvt. Ltd.	-	-	-	-	-	-	-	-	17.39	12.93	**17.39**	12.93
Heumann Pharma Gmbh & Co	4.04	2.52	-	-	-	-	-	-	-	-	**4.04**	2.52
Others	-	(7.68)	-	-	-	-	-	-	-	-		(7.68)
Purchase of Fixed Assets	-	-	-	-	61.18	85.91	-	-	-	-	**61.18**	85.91
Torrent Cables Ltd.	-	-	-	-	61.18	85.91	-	-	-	-	**61.18**	85.91
Sale of Fixed Assets	-	-	-	-	7.64	-	-	-	-	-	**7.64**	-
Torrent Power Limited	-	-	-	-	7.64	-	-	-	-	-	**7.64**	-
Equity Contribution	1,420.24	791.28	-	-	-	-	-	-	-	-	**1,420.24**	791.28
Laboratorios Torrent SA de CV	989.35	763.96	-	-	-	-	-	-	-	-	**989.35**	763.96
Torrent Pharma SRL	161.28	-	-	-	-	-	-	-	-	-	**161.28**	-
Others	269.61	27.32	-	-	-	-	-	-	-	-	**269.61**	27.32
Investment in Partnership Firm	-	-	18,041.53	-	-	-	-	-	-	-	**18,041.53**	-
Torrent Pharmaceuticals (Sikkim)	-	-	12,113.06	-	-	-	-	-	-	-	**12,113.06**	-
Torrent Pharmaceuticals (Dahej)	-	-	5,928.47	-	-	-	-	-	-	-	**5,928.47**	-
Repayment of Loan	365.21	1,949.46	-	-	-	-	-	-	-	-	**365.21**	1,949.46
Zao Torrent Pharma	365.21	1,949.46	-	-	-	-	-	-	-	-	**365.21**	1,949.46
Provision for Loan write off	-	1,400.40	-	-	-	-	-	-	-	-	**-**	1,400.40
Zao Torrent Pharma	-	1,400.40	-	-	-	-	-	-	-	-	**-**	1,400.40
Provision Diminition In Value Investment	-	2,308.49	-	-	-	-	-	-	-	-	**-**	2,308.49
Zao Torrent Pharma	-	2,308.49	-	-	-	-	-	-	-	-	**-**	2,308.49
Deposits given	-	-	-	-	6.25	45.61	-	-	-	-	**6.25**	45.61
Torrent Energy Limited.	-	-	-	-	6.25	-	-	-	-	-	**6.25**	-
Torrent Power Limited.	-	-	-	-	-	45.61	-	-	-	-	**-**	45.61
Recovery of Expenses	79.92	-	-	-	-	-	-	-	-	-	**79.92**	-
Heumann Pharma Gmbh & Co	63.31	-	-	-	-	-	-	-	-	-	**63.31**	-
Torrent Do Brasil Ltda.	16.61	-	-	-	-	-	-	-	-	-	**16.61**	-
Disposal of Investment	34.06	-	-	-	-	-	-	-	-	-	**34.06**	-
Torrent Pharma Japan Co. Ltd	34.06	-	-	-	-	-	-	-	-	-	**34.06**	-
(B) Balances at the end of the year	31-Mar-11	31-Mar-10	31-Mar-11	31-Mar-10	31-Mar-11	31-Mar-10	31-Mar-11	31-Mar-10	31-Mar-11	31-Mar-10	**31-Mar-11**	31-Mar-10
Sundry Debtors	20,461.65	14,848.96	-	-	2.39	-	-	-	-	-	**20,464.04**	14,848.96
Torrent Pharma Inc.	5,829.79	3,182.14	-	-	-	-	-	-	-	-	**5,829.79**	3,182.14
Zao Torrent Pharma	5,719.70	4,427.10	-	-	-	-	-	-	-	-	**5,719.70**	4,427.10
Torrent Do Brasil Ltda.	5,113.50	5,189.53	-	-	-	-	-	-	-	-	**5,113.50**	5,189.53
Others	3,798.65	2,050.19	-	-	2.39	-	-	-	-	-	**3,801.05**	2,050.19

(₹ in lacs)

Particulars	Subsidiaries		Enterprises controlled by the Company		Holding Company/ Enterprises Controlled by the Holding Company		Key Management Personnel		Enterprises Controlled by Key Management Personnel / Relatives of Key Management Personnel		TOTAL	
(B) Balances at the end of the year	31-Mar-11	31-Mar-10	31-Mar-11	31-Mar-10	31-Mar-11	31-Mar-10	31-Mar-11	31-Mar-10	31-Mar-11	31-Mar-10	**31-Mar-11**	31-Mar-10
Loan to Subsidiary	763.47	1,132.97	-	-	-	-	-	-	-	-	**763.47**	1,132.97
Zao Torrent Pharma	540.22	907.27	-	-	-	-	-	-	-	-	**540.22**	907.27
Torrent Pharma Philippines Inc.	223.25	225.70	-	-	-	-	-	-	-	-	**223.25**	225.70
Interest Receivable On Loan To Subsidiary	40.82	37.84	6.85	-	-	-	-	-	-	-	**47.67**	37.84
Torrent Pharma Philippines Inc	40.82	37.84	-	-	-	-	-	-	-	-	**40.82**	37.84
Torrent Pharmaceuticals (Sikkim)	-	-	6.39	-	-	-	-	-	-	-	**6.39**	-
Torrent Pharmaceuticals (Dahej)	-	-	0.46	-	-	-	-	-	-	-	**0.46**	-
Advances Recoverable in Cash or Kind	34.67	-	19.59	19.60	-	1.25	-	-	157.53	15.58	**211.79**	36.43
Tsunami Tours & Travels Pvt. Ltd.	-	-	-	-	-	-	-	-	157.53	15.58	**157.53**	15.58
Torrent Pharma (UK) Ltd.	34.67	-	-	-	-	-	-	-	-	-	**34.67**	-
TPL Employees group gratuity Trust	-	-	19.58	19.59	-	-	-	-	-	-	**19.58**	19.59
Others	-	-	0.01	0.01	-	1.25	-	-	-	-	**0.01**	1.26
Advances Received from Customer	385.80	-	-	-	5.50	-	-	-	2.60	-	**393.90**	-
Heumann Pharma Gmbh & Co	385.80	-	-	-	-	-	-	-	-	-	**385.80**	-
Others	-	-	-	-	5.50	-	-	-	2.60	-	**8.10**	-
Investments in Equities	10,411.97	11,338.53	-	-	-	-	-	-	-	-	**10,411.97**	11,338.53
Torrent Pharma GmbH	3,645.29	3,645.29	-	-	-	-	-	-	-	-	**3,645.29**	3,645.29
Torrent Do Brasil Ltda.	3,111.04	3,111.04	-	-	-	-	-	-	-	-	**3,111.04**	3,111.04
Laboratorios Torrent SA de CV	2,577.08	1,587.73	-	-	-	-	-	-	-	-	**2,577.08**	1,587.73
Zao Torrent Pharma	-	2,308.49	-	-	-	-	-	-	-	-	**-**	2,308.49
Others	1,078.56	685.98	-	-	-	-	-	-	-	-	**1,078.56**	685.98
Investments In Partnership Firm	-	-	18,041.52	-	-	-	-	-	-	-	**18,041.52**	-
Torrent Pharmaceuticals (Sikkim)	-	-	12,113.06	-	-	-	-	-	-	-	**12,113.06**	-
Torrent Pharmaceuticals (Dahej)	-	-	5,928.47	-	-	-	-	-	-	-	**5,928.47**	-
Provision Diminition In Value Investment	-	2,308.49	-	-	-	-	-	-	-	-	**-**	2,308.49
Zao Torrent Pharma	-	2,308.49	-	-	-	-	-	-	-	-	**-**	2,308.49
Sundry Creditors	1,792.21	357.11	-	-	6.38	-	819.62	300.00	21.91	37.16	**2,640.10**	694.66
Laboratorios Torrent SA de CV	1,131.98	-	-	-	-	-	-	-	-	-	**1,131.98**	-
Samir Mehta, Executive Vice Chairman	-	-	-	-	-	-	569.62	300.00	-	-	**569.62**	300.00
Torrent Pharma Inc.	206.34	157.30	-	-	-	-	-	-	-	-	**206.34**	157.30
Torrent Pharma GmbH	179.68	160.60	-	-	-	-	-	-	-	-	**179.68**	160.60
Others	274.21	39.21	-	-	6.38	-	250.00	-	21.91	37.16	**552.48**	76.76
Guarantees given	3,738.80	3,628.00	-	-	-	-	-	-	-	-	**3,738.80**	3,628.00
Torrent Pharma GmbH (4.5 Million Euro) P.Y.(4.5 Million Euro)	2,845.80	2,725.20	-	-	-	-	-	-	-	-	**2,845.80**	2,725.20
Zao Torrent Pharma (2 Million USD) P.Y (2 Million USD)	893.00	902.80	-	-	-	-	-	-	-	-	**893.00**	902.80

Names of related parties and description of relationship :

<table>
<tr><td>1.</td><td>Subsidiaries and Step Down Subsidiaries</td><td colspan="3">Heumann Pharma Gmbh & Co., Generica KG ,Torrent Do Brasil Ltda., Zao Torrent Pharma, Torrent Pharma GmbH., Torrent Pharma Inc., Torrent Pharma Philippines Inc., Torrent Australasia Pty Ltd., Laborotrios Torrent SA de CV, Torrent Pharma Japan Co. Ltd., Heunet Pharma Gmbh, Norispharma Gmbh,Torrent Pharma Canada Inc., Torrent Pharma Thailand Co. Ltd., Torrent Pharma UK Ltd.,Torrent Pharma SrL., Laboratories Torrent (Malaysia) Sdn. Bhd.</td></tr>
<tr><td>2.</td><td>Enterprises controlled by the Company</td><td colspan="3">TPL Employee Group Gratuity Trust, TPL Employee Superannuation Trust, Torrent Pharamceuticals (Sikkim), Torrent Pharmaceutials (Dahej)</td></tr>
<tr><td>3.</td><td>Holding Company / Enterprises Controlled by the Holding Company</td><td colspan="3">Torrent Private Ltd., Torrent Financiers, Torrent Power Ltd., Torrent Cables Ltd., Torrent Power Services Pvt. Ltd., Torrent Pipavav Generation Ltd., Torrent Energy Ltd., Torrent Power Grid Ltd., Torrent Power Bhiwandi Ltd., AEC Cements and Constructions Ltd.</td></tr>
<tr><td>4.</td><td>Key Management Personnel</td><td>Sudhir Mehta
Chairman</td><td>Samir Mehta
Executive Vice Chairman</td><td>Dr. C. Dutt
Whole Time Director</td></tr>
<tr><td>5.</td><td>Relatives of Key Management Personnel</td><td>Anita Mehta, wife
Shardaben Mehta, mother
Varun Mehta, son
Jinal Mehta, son
Samir Mehta, brother
Meena Modi, sister
Nayna Shah, sister</td><td>Sapna Mehta, wife
Shardaben Mehta, mother
Aman Mehta, son
Shaan Mehta, son
Sudhir Mehta, brother
Meena Modi, sister
Nayna Shah, sister</td><td>Shobha Dutt, wife
Umang Dutt, son
Uttang Dutt, son</td></tr>
<tr><td>6.</td><td>Enterprises Controlled by Key Management Personnel / Relatives of Key Management Personnel</td><td colspan="3">U N Mehta Charitable Trust, D N Modi Charitable Trust, Shardaben Mehta Charitable Trust, Tsunami Tours & Travels Pvt. Ltd., Torrel Cosmetics Pvt. Ltd., Zeal Pharmachem India Pvt. Ltd., Diamond Infrastructure Pvt. Ltd., U. N. Mehta Institute of Cardiology & Research Centre, Dushyant Shah Charitable Trust.</td></tr>
</table>

As per our attached report of even date

Signatures to Schedule 1 to 21

For DELOITTE HASKINS & SELLS
Chartered Accountants

Gaurav J. Shah
Partner

Ahmedabad
28th May, 2011

Mahesh Agrawal
VP (Legal) & Company Secretary

Sudhir Mehta
Chairman

Samir Mehta
Executive Vice Chairman

Ahmedabad
28th May, 2011

I Registration No. : 2126 State Code : 04

Balance Sheet Date : 31032011

II Capital raised during the year (₹ in thousands)

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

III Position of Mobilisation and Deployment of Funds (₹ in thousands)

Total Liabilities	: 22207534	Total Assets	: 22207534
Sources of Funds			
Paid-up Capital	: 423092	Reserves & Surplus	: 10507360
Secured Loans	: 4284662	Unsecured Loans	: 1435884
Net Deferred Tax Liability	: 610753		
Application of Funds			
Net Fixed Assets	: 6554430	Investments	: 4305221
Net Current Assets	: 7195100	Misc. Expenditure	: NIL
Accumulated Losses	: NIL		

IV Performance of Company (₹ in thousands)

Turnover	: 16803526	Total Expenditure	: 14280046
Profit Before Tax	: 3582284	Profit After Tax	: 2908636
Earning per Share (in ₹) (Annualised)	: 34.38	Dividend rate %	: 160.00%

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) : 300490.88
Product Description : Citalopram

Sudhir Mehta
Chairman

Samir Mehta
Executive Vice Chairman

Mahesh Agrawal
VP (Legal) & Company Secretary

Ahmedabad
28th May, 2011

TO THE SHAREHOLDERS

CAVEAT

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

NOTE

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

PERFORMANCE SNAPSHOT

Torrent is one of the leading pharmaceutical companies having presence in Indian and global markets. The Company's revenues are mainly from manufacture and sale of branded as well as unbranded generic pharmaceutical products. A further break down of the revenues can be done as India formulations (comprising branded pharmaceutical formulations sold in the Indian market), International formulations (comprising sales outside India of branded and unbranded-generic pharmaceutical formulations) and Contract manufacturing. Company's current international operations are focused on five thrust areas: Brazil & Latin America, Europe, Russia & CIS countries, North America and Rest of the World comprising, inter alia, of less regulated markets of Africa and Asia.

During the financial year 2010-11, the Company reported revenues of ₹ 2205 crores (excluding foreign exchange gains of ₹ 22 crores), a growth of 16% compared with ₹ 1904 crores in the previous financial year.

The break up of Revenues under key segments is under:

(₹ in crores)

Segment	2010-11		2009-10		Growth
	Amount	Share	Amount	Share	%
India formulations (net of excise duty)	838	38%	726	38%	15%
International Operations	1,125	51%	970	51%	16%
Contract Manufacturing	238	11%	205	11%	16%
Others	4	0%	2	0%	101%
Total	**2,205**	**100%**	**1,904**	**100%**	**16%**

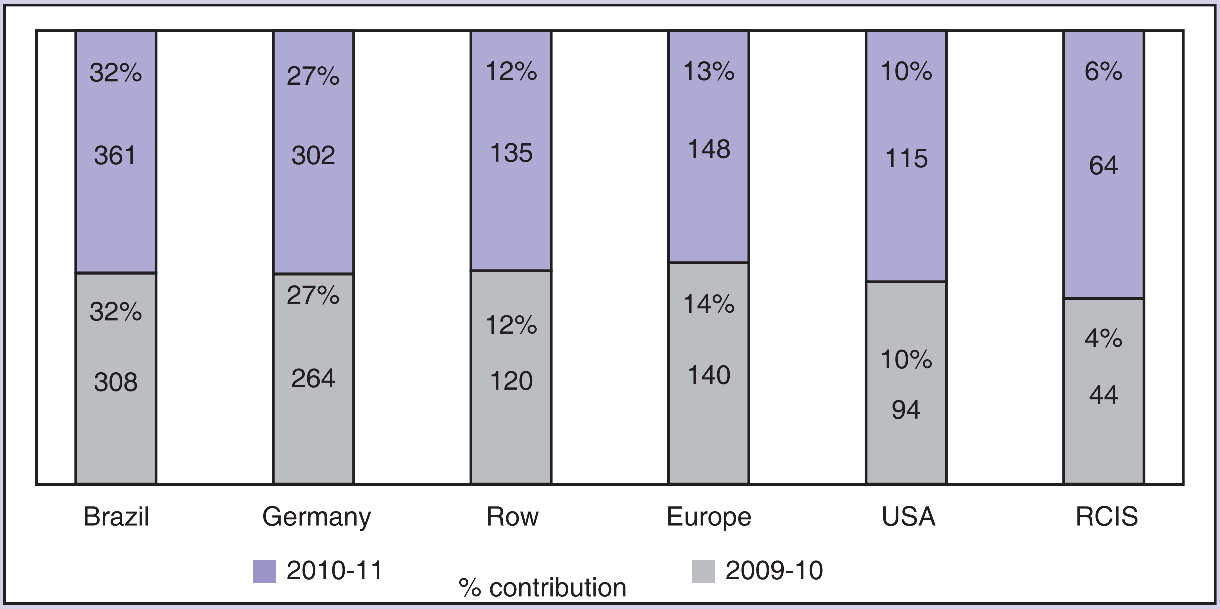
The India formulations segment registered growth of 15% over the previous year on the back of improved performance in Anti Infective and Gastro portfolios.

Revenues from International Operations grew 16% (21% in constant currency terms) on the back of growth in Brazil growing at 15% (11% in constant currency terms) and U.S sales growing at 21% (27% in constant currency terms). Generic business in Germany registered a strong growth of 14% (28% in constant currency terms) on account of increased volumes from tenders won during the year inspite of difficult market environment. Revenues from Rest of the World registered a growth of 12% (17% in constant currency terms) on the back of healthy growth from the markets of Srilanka, Africa and Philippines. European operations registered revenue growth of 5% (19% in constant currency terms). Stabilisation of operations in Russia and CIS countries helped this segment to register strong growth of 50% (in constant currency terms it grew by 51%), partly due to lower base in the previous year.

Contract manufacturing income includes one time license fee and dossier upgradation income of ₹ 24 crores from multi-product, multi-market out licensing contracts signed during financial years 2009-10 and 2010-11.

Region-wise revenue contribution to total revenues from International Operations was as under:

(₹ in Crores)



(Source: Internal Data)

A. INDIA FORMULATIONS

1. Indian Pharmaceutical Market

The India formulations market valued at ₹ 482 billion has grown at CAGR of 15% (Source: ORG - IMS) over last 4 years. New product introductions contributed to 10% of the sales growth while volume growth contributed to 82% of the sales growth. Growing population, improving medical infrastructure, rising income levels and increasing government spend on healthcare are driving the market growth.

Indian market is witnessing gradual transition from acute diseases to lifestyle diseases and chronic therapies like Cardiology, Neurology, Psychiatry, and Diabetes. With current demographic profile and growth prospects of the economy, Indian Pharmaceutical market could see continuing trend of transition towards chronic and super specialty therapies, with acute therapies like Anti – Infectives retaining their market size.

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

However outlook for generics products looks positive due to several factors. The current pipeline of the generics products that are either undergoing new process development or have been recently launched is strong. In addition, domestic players have the opportunity to develop new combinations and formulations of the products that are already in the market. Generics players continue to have a wide range of options for new generics launches from the basket of pre 1995 products.

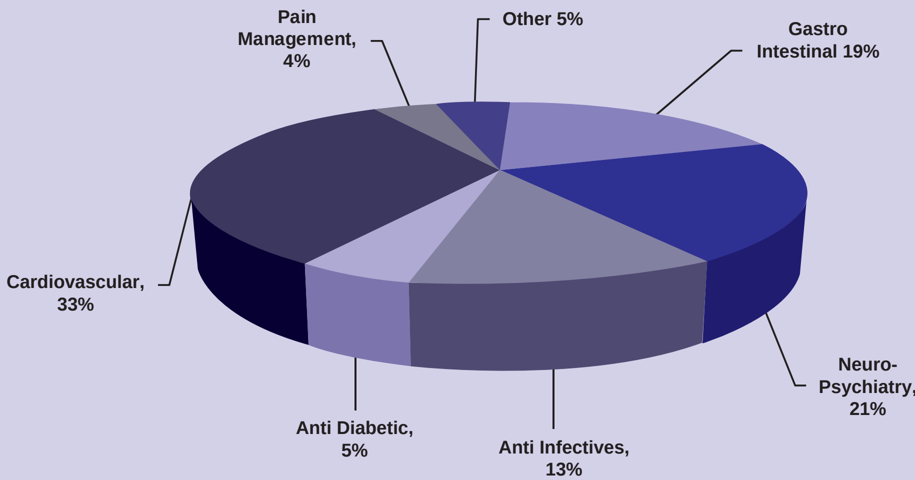
Currently, the prices of 75 drugs are controlled as per the mandate issued by the Drug Price Control Order, 1995 (DPCO). Currently 9% of company's revenues are from products covered by DPCO.

Given the above developments, companies need to focus on brand building and customize marketing approach to suit different customer segments. Medium term growth would be driven by therapy expansion, expanding geographical reach and new product introductions.

2. Operating Highlights

India formulations segment registered a growth of 15% over the previous year. The revenue growth was mainly driven by Anti Infective and Gastro portfolios. Top 10 brands contributed to 41% of the total India formulation sales as against 42% during previous year. Cardiology continues to remain the main therapeutic segment for the company with a contribution of about 33% of the total sales. Neuro-psychiatry and gastroenterology are other key segments. The three therapeutic segments put together contribute to over 73% of the total sales.

Break up of the Net Sales under key therapeutic segments is as under:



The Company introduced 38 new products during financial year 2010-11 as compared to 55 in financial year 2009-10.The growth in India Formulations revenues based on age of the portfolio is given below:

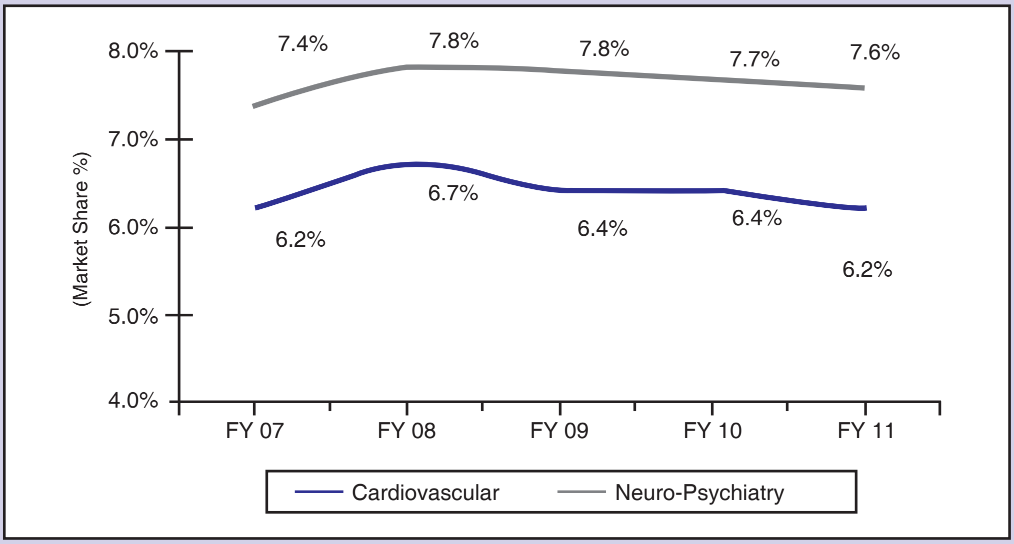
	Growth	
Portfolio	**2010-11**	**2009-10**
Existing Products (other than those mentioned below)	9%	11%
New Products introduced in the previous year	3%	1%
New Products introduced in the current year	3%	4%
Total	**15%**	**16%**

During the year, the company has expanded its reach in Tier II to VI cities & rural markets and now it has pan-India presence. In 2011-12, company would consolidate its operations in these markets.

The company has further expanded its therapeutic reach into Gynecology segment having a market size of ₹ 2740 crore growing at 14% (Source: ORG - IMS Mat Mar 11). The company has already launched 19 products and is planning to expand the portfolio by another 6 products in 2011-12. With total 25 products in basket, the company would cater to 46% of the regular obstetrics and gynecology market. Future plans include entry into infertility market.

3. Positioning of Torrent in Indian Pharmaceutical market

Torrent is one of the significant players in Indian Pharmaceuticals industry maintaining leadership position in some of the key chronic therapies of Cardiovascular and Neuro - Psychiatry. The Company is ranked No. 2 in Cardiovascular segment and No. 3 in Neuro – Psychiatry therapies. The graph below sets forth the market share movement of the Company in the key therapeutic segments of Cardiovascular and Neuro-Psychiatry over a period of 5 years.



(Source: ORG IMS)

As per ORG IMS data set for the financial year 2010-11, the Company registered a growth of 16.8% (previous year 17.2 %) against a market growth of 15.3% (previous year 17.7%). The Company is ranked 18th by turnover in the domestic market, has 6 brands in top 300 brands and has 36 brands in leadership positions in their respective molecule segments.

4. Opportunities and Outlook

The Indian pharmaceutical industry is going through structural change with lesser number of products available for introduction due to patent regime effective from 2005 and increased focus of MNCs in Indian Pharmaceutical Market on account of block buster products going off patent in developed markets. The business environment will continue to remain challenging characterized by intense competition, margin pressures and regulatory interventions. These changes pose many challenges and opportunities to companies operating in this environment. In this context, the Company has identified several growth initiatives, part of which has since been rolled out as detailed below:

Following are the areas where action has been initiated, the results of which are expected to flow in the foreseeable future:

- Geographical expansion to cover Tier II to VI cities
- Increasing sales force to expand doctor coverage in Metros
- Consolidating recent entry in Gynecology.
- 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.

Further growth areas are:

- Emerging market segments like organized buyer groups, pharmacy chains and corporate hospitals.
- Leverage on the strong franchise, specialized 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.

B. INTERNATIONAL FORMULATIONS

Global Pharmaceutical market grew 4-5% in 2010 to US$ 880 billion and is expected to grow at 5% to 7% in 2011. Global Generic pharmaceutical market is valued at approximately US$ 108 billion in 2009 and is expected to reach US$ 130 billion by 2014 with a CAGR of 9%. At present, U.S is the largest generic market with market share of 28% followed by EU 15% and Japan 12%. Growth in these markets is driven by patent expiries, increase in generic penetration and government support to genericisation.

Global generics market continues to present a positive outlook and growth opportunities based on i) increasing health cost burden in developed economies compelling governments to encourage genericisation ii) approximately US$ 156 billion drugs to lose patent protections between 2010 to 2019 iii) rising income levels and improving healthcare coverage in the emerging economies to provide significant growth opportunities. Much of the rise in global pharmaceutical market will come from pharmerging markets, where sales are forecasted to grow at 13%-16% over the period of next 5 years. Growth in emerging markets is driven by increasing domestic consumptions on the back of high economic growth, strengthening of healthcare infrastructure and greater healthcare awareness. Emerging markets like Latin America, Eastern European countries, China, India and Russia are growing at double digit rates. These markets, predominantly in the nature of Branded Generic Formulations, 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.

International generic opportunity continues to be a growth engine for the company. The Company is well positioned to capitalize on these growth opportunities with strong development pipeline, low R&D and manufacturing costs and sound marketing reach and capabilities built over a period of time. Blockbuster drugs going off patent continue to offer significant opportunity.

1. Brazilian Branded Formulation

Brazilian Pharmaceutical market is the largest market in Latin America and one of the biggest markets in emerging economies with a market size of US$ 15 billion with total healthcare spending of US$ 74.6 billion. The market is growing at a 5 year CAGR of 15% wherein half of the market is being controlled by Innovators. (Source: IMS).

Torrent is one of the leading Indian branded generic players in Brazilian market covering a market of US$ 1.50 billion (Source: IMS) enjoying a market share of 6.80% in the covered market. During the year, the Brazil operations registered revenues of ₹ 361 crores growing at 17%. Growth in Reai terms is 11%. The covered market growing at 14% is indicative of the growth potential out of the existing portfolio. The Company has 31 products under approval and 6 products are expected to be approved during the coming year. The Company has a basket of 27 products with 11 products in the Cardio Vascular (CV) segment, 11 products in the Central Nervous System (CNS) segment and 5 products in the Oral Anti Diabetic segment. The Company also has a strong pipeline in the above therapies to augment future growth.

2. US

The US is the largest pharmaceutical markets in the world (US$ 300 billion). Driven by factors, such as large healthcare spending, high per-capita income, and strong investments, the pharmaceutical market in the US has been witnessing an upward surge. Despite the dull economic outlook, the pharmaceutical market continued to grow at 5%. Generics (US$ 65 billion) has also increased its share in the overall pharmaceutical market in terms of both revenue and prescriptions on the back of factors such as demand for cost-effective medications, patent expiration of blockbuster drugs, and government support.

The Company has started to realize the benefits of its investments in the US market. Revenues from its US operations were ₹ 114 crores during the financial year 2010-11 as compared with ₹ 94 crores during the previous financial year. Although Torrent was a late entrant in the US generics market, it has been successful in building a decent market share in existing products. Torrent is the largest supplier of Citalopram and second largest supplier of Zolpidem in the US market. The company received 10 ANDA approvals in 2010-11. In the future it plans to launch 8 to 10 products every year. The Company has 26 ANDA approvals, and its pipeline consists of 32 pending approvals and 16 products under development. The US business is expected to contribute to the growth of international business in a significant way.

3. Germany

German pharmaceutical market is the largest generic market in Europe with generic market size of US$ 6 billion de-growing by 2.1% on account of government reforms on pricing and on reimbursement. The pharmaceutical market is expected to grow at low CAGR between 2011 to 2016.

Revenues from our Germany operations (Heumann) grew by 14% at ₹ 302 crores during the financial year 2010-11, as compared with ₹ 264 crores during previous year. 2010-11 was company's third consecutive year of profitable operations. Heumann was successful in obtaining tender awards announced by various health insurance funds during the year, which constituted 55% of total sales.

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

4. Other Markets

Dossier outlisensing and product supply business (Europe) continues to provide growth momentum in international business, registering growth of 5%, with revenues of ₹ 148 crores during the financial year 2010-11 as compared with ₹ 140 crores during the previous financial year. In Euro terms, the sales grew by 19%. The company has a strong pipeline for launch in the coming years. Rest of World segment registered growth of 12% with revenues of ₹ 135 crores during the financial year 2010-11, as compared with ₹ 120 crores during the previous financial year.

5. Opportunities and Outlook

Mexico: The Company had identified Mexico as a promising market offering potential for branded generic business and having a market size of US$ 9 billion. The company commenced operations in branded generic market with 4 molecules in the neuropsychiatry segment. The company has a robust pipeline of 12 molecules and has received 3 new registrations taking total product portfolio of 11 molecules (6 mols in CNS & 5 in CVS) & 18 under registration.

Thailand: The Company has identified Thailand as an important market for its operations in Asia Pacific. Thailand will be the 8th largest economy in the Asia Pacific region by 2016 with the real GDP growth projected to reach 7.1% by 2016. The company has established a subsidiary and identified molecules in Cardiovascular, Neuro-Psychiatry and Anti-Diabetic segment for potential launch in the market.

The Company plans to complete the registration filings for the 1st phase of 7 products within the next financial year.

UK / Romania: The Company has commenced operations in UK & Romania.

C. CONTRACT MANUFACTURING SEGMENT

This segment registered revenues of ₹ 238 crores during the year, a major portion of which is from manufacture of human insulin. The company has been a stable partner for manufacture of human insulin for Novo Nordisk, Denmark, for their India market needs.

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

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

MANUFACTURING

During the financial year 2010-11, the Company has expanded its facilities for tablets / capsule manufacturing and packing facilities at Indrad, Mehasana. The company has also partly completed expansion of API manufacturing capacities at Indrad. Recently, the Company commissioned a oral solid dosage manufacturing facility at Sikkim.

New capital investments:

In order to meet the increasing requirements of the international markets, Company has commenced building a new formulation and API manufacturing facility at Dahej SEZ in Gujarat. Its final module of API expansion at Indrad is also nearing completion, and shall commence production in the second quarter of the current year. The Company is also undertaking a substantial expansion in its Effluent Management Facility.

RESEARCH AND DEVELOPMENT

Discovery Research

The Company is currently working on several in-house New Chemical Entities (NCE) projects within the areas of diabetes and its related complications, metabolic and cardiovascular disorders, ischemic diseases and neuropathic pain. The Company has cumulatively filed 426 patents for NCEs from these and earlier projects in all major markets of which, 199 patents have been granted /accepted so far.

Most advanced discovery program of the company is Advanced Glycation End-Products (AGE) Breaker, which is now more than half way through the recruitment of Phase-II clinical trial in India and Europe for the indication of diabetes associated heart failure. The Company believes that its AGE Breaker Program has attractive development potential in the poorly served diabetic heart failure segment and other long-term complications arising out of AGE formation. The company has so far published 4 research papers in peer reviewed international journals describing various findings of the lead molecule.

During the financial year 2010-11, the company has advanced its second NCE to Phase-I clinical trial targeting cardio metabolic risks. The first part of Phase-I has been successfully completed in Europe and second part is currently in progress in India. The company intends to initiate further clinical studies in near future to ascertain safety and efficacy of the lead molecule. The company believes that this program is uniquely positioned to address the consequences of relative chronic over-nutrition which are assuming alarming proportions of health hazard in India, other emerging economies and also in the developed countries.

The company's published research papers in peer reviewed international journals describing various effects of the lead molecule have been well received.

THREATS, RISKS AND CONCERNS

Discovery research:

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

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

The bio-equivalence facility is used for safety & efficacy studies for the generic products meant for the regulated markets. The facility has received approvals from the Brazilian, Denmark, France authorities and USFDA during the year. The regulatory authorities from Austria have also inspected the BE facility and their approvals are awaited.

Domestic Market:

Price control:

The domestic market is subject to price control under DPCO, 1995. In the event Government reduces the prices of Company's products under DPCO or introduces price control on products currently not subject to such control, the profit margins could be significantly affected. The Company manages its product portfolio so as to 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. Likewise in other European markets, regulatory changes could affect price realizations. The risks are sought to be mitigated through careful market analyses, improved management bandwidth, marketing alliances and corporate management oversight.

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 development & launch of the generic products and strategy of early settlement with the patent holders on case-to-case basis, particularly in the US market.

New capital investments:

The Company plans to build a new manufacturing facility at Dahej for manufacture of API & oral solid dosage formulations. The Company faces risks arising out of delay in implementation, cost overrun and inappropriate implementation. The capacities are built in anticipation of demand and the company runs the risk of under utilization of capacities resulting in high manufacturing cost. The risks are sought to be mitigated by forming appropriate project management team and corporate management oversight.

Exchange fluctuation risks:

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

HUMAN RESOURCES

The total employee strength of the Company at the end of financial year 2010-11 was 9003 against 6964 as at the end of financial year 2009-10, an increase of 2039 employees. The field force increased by 695 from 3364 at the end of financial year 2009-10 to 4059 at the end of financial year 2010-11. The R&D centre had 907 employees (of which 773 were scientists) at the end of financial year 2010-11 compared with 804 (of which 683 were scientists) as at the end of financial year 2009-10, an increase of 103 employees. The worker strength at plant was 1354 at the end of financial year 2010-11 compared with 796 at the end of financial year 2009-10. The remaining employee strength comprising mainly of head office personnel, non-worker employees at Chhatral, Baddi and Sikkim plants, branch & overseas offices employees increased to 2683 at the end of financial year 2010-11 from 2000 at the end of financial year 2009-10.

INTERNAL CONTROL SYSTEM

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

RESULTS OF OPERATIONS FOR FINANCIAL YEAR 2010-11 COMPARED WITH FINANCIAL YEAR 2009-10

Summary Financial Information:

Particulars	2010-11		2009-10		% Increase/ (Decrease)
	₹ Crores	%to Revenues	₹ Crores	%to Revenues	
Net Sales and Operating Income (Revenues)	2,205	100%	1,904	100%	16%
Cogs	862	39%	677	36%	27%
Gross Profit	1,343	61%	1,227	64%	9%
Selling, general and administrative expenses (SG&A)	816	37%	698	37%	17%
Research and development spend	139	6%	120	6%	15%
Forex Gain / (Loss)	22	1%	12	1%	
Operating profit before depreciation/amortization, tax and interest	409	19%	421	22%	-3%
Depreciation/Amortization	63	3%	66	3%	-5%
Net Interest expense	4	0%	8	0%	-45%
Profit before tax (PBT)	343	16%	347	18%	-1%
Income Tax	73	3%	116	6%	
Profit after Tax (PAT)	270	12%	231	12%	17%

Net Sales and other operating income

Consolidated net sales stood at ₹ 2122 crores compared with net sales of ₹ 1833 crores during the previous financial year, registering growth of 16%.

Other operating income was ₹ 83 crores compared with ₹ 71 crores in previous financial year, indicating an increase of 17%. Income includes ₹ 23 crores in financial year 2010-11 (₹ 16 crores booked in financial year 2009-10) from multi-product/market out licensing contracts. This along with increased export benefits were the major items contributing to the increase.

Gross Profit

Company's Gross Profit margin declined by 3% as compared to the previous financial year. Lower realizations in Heumann on account of tender business during the year, one time provisioning on account of chargebacks in US business during the financial year 2010-11, are the major factors contributing to reduction in Gross Profit margins.

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

SG&A expenses increased by 17% to ₹ 816 crores as compared to ₹ 698 crores during the previous financial year.Significant spend was incurred in market development activities both in India and overseas market. Entry into Gynecology segment, geographical expansion in tier II to VI markets were some of the significant activities in Indian market. Mexico launch and preparatory spend for Canada entry were the significant activites in the overseas markets.

As a result of investments in Indian and overseas markets as discussed above, PBDIT margins of the company stood at 19% in financial year 2010-11 compared to 22% in financial year 2009-10, decline of by 3%.

Research & Development expenses increased by 15% to ₹ 139 crores, as compared to ₹ 120 crores during the previous financial year. Product development costs account for 72% (previous year 70%) and discovery research costs account for 28% (previous year 30%) of the total R&D cost.

Foreign exchange gains were ₹ 22 crores against of ₹ 12 crores during the previous year.

Depreciation and amortization

Depreciation and amortization charge during the financial year 2010-11 was ₹ 63 crores as compared with ₹ 66 crore during the previous financial year. During previous financial year 2009-10, company had revised useful lives of plant & machinery, laboratory equipments, furniture & fixtures and office equipments, which resulted into an additional depreciation charge of ₹ 6 crores in financial year 2010-11 compared to ₹ 11 crores in financial year 2009-10.

Net interest expense

Net Interest expenses (net of income from investments made in debt and money market instruments) were ₹ 4 crores compared with ₹ 8 crores during the previous financial year.

Income Tax

During the financial year 2009-10, in view of amendments made in Income Tax Act 1961 by the Finance Act, 2009 and other relevant factors, the Company reviewed realisability of MAT credit entitlement, based on which, the MAT credit entitlement asset of ₹ 53 crores, recognized in earlier years, has been written off.

The income tax charge for the financial year 2010-11 stood at ₹ 73 crores compared to ₹ 63 crores in financial year 2009-10 excluding MAT credit write–off effected in previous year. Average income tax rate as a percentage of profit before tax is 21% for the year 2010-11 as compared to 18% for the year 2009-10. Increase in income tax charge for the year 2010-11 is mainly on account of increase in MAT rate from 17% for the year 2009-10 to 20% for the year 2010-11.

Net profit after taxes

The net profit after taxes for the financial year 2010-11 was ₹ 270 crores compared with ₹ 231 crores during the previous financial year, an increase of 17%.

CAPITAL & DEBT

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

Out of the divisible profits of ₹ 389 crores (previous year ₹ 234 crores), a sum of ₹ 153 crores (previous year ₹ 56 crores) was transferred to General Reserve Account. Dividend of ₹ 68 crores (₹ 6 per share as normal dividend and ₹ 2 per share as special dividend) is proposed during the year, Previous year ₹ 50.8 crores (₹ 6 per share) was distributed. This represents an increase of ₹ 2 in dividend per share. This distribution (including tax thereon) is approximately 29% of profit after tax for the year (previous year 26%).

The net long-term borrowing increased by ₹ 76 crores during the year (previous year decrease was ₹ 10 crores) to ₹ 473 crores at the end of Financial Year 2010-11 from ₹ 397 crores at the end of Financial Year 2009-10. Outstanding working capital loans as on 31st March, 2011 were ₹ 100 crores (previous year ₹ 126 crores). The total debt to net worth (including deferred tax liability) ratio as at the end of Financial Year 2010-11 was 0.50 (previous year 0.59).

FIXED ASSETS

The net investment in fixed assets during the year was ₹ 203 crores; comprising addition in gross assets, capital advances and capital work in progress of ₹ 260 crores reduced by increase in accumulated depreciation of ₹ 57 crores. Addition to fixed assets mainly include capital expenditure incurred for setting up of new manufacturing facility at Sikkim dedicated to Indian operations and capacity expansion at manufacturing facility located at Indrad.

WORKING CAPITAL AND LIQUIDITY

The working capital investment (net current assets excluding cash and bank balances and proposed dividends) increased by ₹ 21 crores from ₹ 223 crores at the end of financial year 2009-10 to ₹ 244 crores at the end of financial year 2010-11, increase of 9.0%. As a percent of revenues, the working capital investment was 11% at the end of financial year 2010-11 and 12% at the end of financial year 2009-10. The increase in working capital was a result of gross current assets (excluding cash and bank balance) increasing by ₹ 283 crores, from ₹ 772 crores at the end of financial year 2009-10 to ₹ 1055 crores at the end of financial year 2010-11, and increase in gross current liabilities (including provisions and excluding proposed dividends) by ₹ 262 crores, from ₹ 550 crores at the end of financial year 2009-10 to ₹ 812 crores at the end of financial year 2010-11.

The liquidity of the Company as reflected by cash and bank balances and current investments increased by ₹ 94 crores, from ₹ 510 crores at the end of financial year 2009-10 to ₹ 605 crores at the end of financial year 2010-11.

The Company generated net cash of ₹ 395 crores from operations (after working capital changes) during financial year 2010-11 while it spent a net amount of ₹ 263 crores on new fixed assets, received income from investments and interest of ₹ 31 crores. Net cash flow used in financing activities comprising dividend and interest paid and net debts taken, was ₹ 67 crores during financial year 2010-11.

For and on behalf of the Board

Ahmedabad
28th May, 2011

Samir Mehta
Executive Vice Chairman

Consolidated Financial Statements 2010-11

AUDITORS' REPORT
TO THE BOARD OF DIRECTORS
TORRENT PHARMACEUTICALS LIMITED

1. We have audited the attached Consolidated Balance Sheet of **TORRENT PHARMACEUTICALS LIMITED** ("the Company"), and its subsidiaries (the Company and its subsidiaries constitute "the Group") as at 31st March, 2011, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement of the Group for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management and have been prepared on the basis of the separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.

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

3. We did not audit the financial statements of fifteen subsidiary companies, namely, (1) Zao Torrent Pharma, (2) Torrent Pharma GmbH, (3) Heumann Pharma GmbH & Co. Generica KG, (4) Torrent Do Brasil Ltda, (5) Torrent Pharma Philippines Inc., (6) Torrent Pharma Inc., (7) Torrent Pharma Japan Co. Ltd., (8) Laboratories Torrent S.A. de C.V, (9) Torrent Australasia Pty Ltd., (10) Heunet Pharma GmbH, (11) Norispharm GmbH, (12) Torrent Pharma Canada Inc., (13) Torrent Pharma (Thailand) Co., Limited. (14) Torrent Pharma S.R.L., (15) Torrent Pharma (UK) Limited whose financial statements reflect total assets of ₹ 63,776.32 lacs as at 31st March, 2011, total revenues of ₹ 80,997.83 lacs and net cash inflows amounting to ₹ 16,951.10 lacs for the year ended on that date as considered in the Consolidated Financial Statements. These financial statements have been audited by other auditors whose reports have been furnished to us and our opinion in so far as it relates to the amounts included in respect of these subsidiaries is based solely on the reports of the other auditors.

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

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

   (i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2011;

   (ii) in the case of the Consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date and

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

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

Gaurav J. Shah
Partner
Membership No. 35701

Ahmedabad
28th May, 2011

CONSOLIDATED BALANCE SHEET

(₹ in lacs)

	SCHEDULE	As at 31-Mar-2011	As at 31-Mar-2010
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	1	**4,230.92**	4,230.92
Reserves and Surplus	2	**98,009.56**	78,866.93
		102,240.48	83,097.85
MINORITY INTEREST		**160.09**	-
LOAN FUNDS			
Secured Loans	3	**42,846.62**	36,464.16
Unsecured Loans	4	**14,358.84**	15,775.41
		57,205.46	52,239.57
DEFERRED TAX LIABILITIES	21 [4]	**6,170.53**	6,219.08
		165,776.56	141,556.50
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block		**96,428.22**	81,294.03
Less : Depreciation, Amortisation and Impairment		**32,873.44**	27,179.10
Net Block	5	**63,554.78**	54,114.93
Capital Work in Progress		**18,175.11**	7,460.55
Advances for Capital Expenditure		**3,681.60**	3,521.53
		85,411.49	65,097.01
INVESTMENTS	6	**14,598.70**	14,117.55
DEFERRED TAX ASSETS	21 [4]	**1,371.96**	1,229.28
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	7	**50,483.06**	32,362.93
Sundry Debtors	8	**34,039.63**	29,815.97
Cash and Bank Balances	9	**47,880.28**	38,832.53
Other Current Assets	10	**6,780.78**	4,154.01
Loans and Advances	11	**14,276.36**	10,905.83
		153,460.11	116,071.27
Less: CURRENT LIABILITIES AND PROVISIONS			
Liabilities	12	**74,792.33**	42,698.83
Provisions	13	**14,273.37**	12,259.78
		89,065.70	54,958.61
NET CURRENT ASSETS		**64,394.41**	61,112.66
		165,776.56	141,556.50
Significant Accounting Policies	20		
Notes forming part of the Consolidated Financial Statements	21		

In terms of our report attached

For DELOITTE HASKINS & SELLS
Chartered Accountants

Gaurav J. Shah
Partner

Ahmedabad
28th May, 2011

Mahesh Agrawal
VP (Legal) & Company Secretary

Signatures to the Consolidated Balance Sheet

Sudhir Mehta
Chairman

Samir Mehta
Executive Vice Chairman

Ahmedabad
28th May, 2011

CONSOLIDATED PROFIT AND LOSS ACCOUNT

(₹ in lacs)

	SCHEDULE	Year ended 31-Mar-2011	Year ended 31-Mar-2010
INCOME			
Sales		**216,061.78**	186,730.12
Less : Excise Duty / ICMS collected	21 [5]	**3,865.02**	3,437.57
Net Sales		**212,196.76**	183,292.55
Operating Income		**10,451.29**	8,311.23
Sales and Operating Income	14	**222,648.05**	191,603.78
Other Income	15	**808.94**	903.80
TOTAL INCOME		**223,456.99**	192,507.58
EXPENDITURE			
Materials Cost	16	**69,653.01**	57,097.52
Employees Cost	17	**38,951.77**	31,616.00
Manufacturing and Other Expenses	18	**59,239.24**	48,790.92
Research and Development Expenses	21 [7]	**13,884.00**	12,021.80
Depreciation,Amortisation and Impairment		**6,255.84**	6,608.61
TOTAL EXPENDITURE		**187,983.86**	156,134.85
PROFIT BEFORE BORROWING COST AND TAX		**35,473.13**	36,372.73
Net Borrowing Costs	19	**1,205.65**	1,650.89
PROFIT BEFORE TAX		**34,267.48**	34,721.84
PROVISION FOR TAXATION			
Current Tax		**7,541.80**	7,051.06
MAT entitlement written off		**-**	5,286.32
Deferred Tax (Credit) / Charge [previous year includes prior period item (₹47.40 lacs)]		**(151.85)**	(738.43)
Short / (Excess) Provision for Tax of earlier years		**(139.01)**	3.36
		7,250.94	11,602.31
NET PROFIT FOR THE YEAR BEFORE MINORITY INTEREST		**27,016.54**	23,119.53
Minority Interest		**(0.41)**	-
NET PROFIT FOR THE YEAR AFTER MINORITY INTEREST		**27,016.95**	23,119.53
Balance Brought Forward		**11,904.11**	304.43
PROFIT AVAILABLE FOR APPROPRIATION		**38,921.06**	23,423.96
APPROPRIATIONS			
General Reserve		**15,300.00**	5,600.00
Proposed Dividend		**6,768.91**	5,076.68
Tax on Distributed Profits		**1,098.09**	843.17
		23,167.00	11,519.85
Balance Carried Forward		**15,754.06**	11,904.11
Basic and Diluted EPS for the period [Nominal Value per equity share of ₹ 5]	21 [8]	**31.93**	27.32
Significant Accounting Policies	20		
Notes forming part of the Consolidated Financial Statements	21		

In terms of our report attached

Signatures to the Consolidated Profit and Loss Account

For DELOITTE HASKINS & SELLS
Chartered Accountants

Sudhir Mehta
Chairman

Gaurav J. Shah
Partner

Mahesh Agrawal
VP (Legal) & Company Secretary

Samir Mehta
Executive Vice Chairman

Ahmedabad
28th May, 2011

Ahmedabad
28th May, 2011

CONSOLIDATED CASH FLOW STATEMENT

(₹ in lacs)

		Year ended 31-Mar-2011	Year ended 31-Mar-2010
A	**CASH FLOW FROM OPERATING ACTIVITIES :**		
	PROFIT BEFORE TAX	**34,267.48**	34,721.84
	Adjustments for :		
	Depreciation, Amortisation and Impairment	**6,255.84**	6,608.61
	Provision for Doubtful Debts	**513.09**	686.22
	Bad Debts Written-off	**46.28**	58.30
	Provision for Doubtful Claim Receivables	**(142.43)**	143.97
	Foreign Exchange Loss / (Gain) on Borrowings	**245.96**	(346.69)
	Loss on Sale / Discard / Write-off of Fixed Assets	**99.73**	88.08
	Provision on Asset held for Sale	**3.44**	141.80
	(Profit) on Sale of Current Investments	**(786.74)**	(889.25)
	Net Borrowing Cost	**1,205.65**	1,650.89
	Government Grant	**(8.93)**	(78.52)
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	**41,699.37**	42,785.25
	Adjustments for changes in working capital :		
	Debtors, Loans and Advances and Other Current Assets	**(7,904.98)**	(9,067.61)
	Inventories	**(18,120.13)**	(5,909.12)
	Current Liabilities and Provisions	**32,232.84**	7,495.04
	CASH GENERATED FROM OPERATIONS	**47,907.10**	35,303.56
	Direct Taxes Paid	**(8,453.46)**	(6,603.57)
	NET CASH FROM OPERATING ACTIVITIES	**39,453.64**	28,699.99
B	**CASH FLOW FROM INVESTING ACTIVITIES:**		
	Purchase of Fixed Assets	**(26,497.69)**	(15,012.86)
	Proceeds from Fixed Assets sold	**189.95**	105.97
	Purchase of Long Term Trade Investments	**(95.33)**	-
	Profit on Sale of Current Investments	**786.74**	889.25
	Interest Received	**2,356.57**	1,146.99
	NET CASH USED IN INVESTING ACTIVITIES	**(23,259.76)**	(12,870.65)
C	**CASH FLOW FROM FINANCING ACTIVITIES:**		
	Long Term debt borrowed	**9,009.75**	7,814.06
	Long Term debt repaid	**(4,383.42)**	(6,698.75)
	Net Short Term debt taken / (repaid)	**(2,770.99)**	5,001.88
	Net Capital financed by Minority Partners	**160.50**	-
	Government Grant	**8.93**	78.52
	Dividend Paid	**(5,911.65)**	(4,101.48)
	Interest Paid	**(2,826.73)**	(2,618.92)
	NET CASH USED IN FINANCING ACTIVITIES	**(6,713.61)**	(524.69)
	NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	**9,480.27**	15,304.65
	Effect of Exchange Rate Changes on Foreign Currency Cash and Cash Equivalents	**(46.70)**	697.55
	CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**51,045.49**	35,043.29
	CASH AND CASH EQUIVALENTS AT END OF YEAR	**60,479.06**	51,045.49
Note:	Cash and Cash Equivalents as at end of the year		
	Cash and Bank balances [Schedule 21(9)]	**47,880.28**	38,832.53
	Current Investments (Investment in Mutual Funds)	**12,598.78**	12,212.96
		60,479.06	51,045.49

In terms of our report attached

For DELOITTE HASKINS & SELLS
Chartered Accountants

Gaurav J. Shah
Partner

Ahmedabad
28th May, 2011

Mahesh Agrawal
VP (Legal) & Company Secretary

Signatures to the Consolidated Cash Flow Statement

Sudhir Mehta
Chairman

Samir Mehta
Executive Vice Chairman

Ahmedabad
28th May, 2011

annexed to and forming part of the Consolidated Financial Statements

(₹ in lacs)

	As at 31-Mar-2011	As at 31-Mar-2010
SCHEDULE - 1 : SHARE CAPITAL		
Authorised		
150,000,000 Equity Shares of ₹ 5 each	7,500.00	7,500.00
2,500,000 Preference Shares of ₹ 100 each	2,500.00	2,500.00
	10,000.00	10,000.00
Issued and Subscribed		
84,625,360 Equity Shares of ₹ 5 each	4,231.27	4,231.27
Paid-up		
84,611,360 Equity Shares of ₹ 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

Note: 43,057,736 Equity Shares (previous year 43,057,736 Equity Shares) of ₹ 5 each are held by holding company Torrent Private Limited.

(₹ in lacs)

	As at 31-Mar-2011	As at 31-Mar-2010
SCHEDULE - 2 : RESERVES AND SURPLUS		
Capital Reserve		
Balance as per last Balance Sheet	626.54	626.54
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	61,308.99	55,708.99
Add : Transfer from Profit and Loss Account	15,300.00	5,600.00
	76,608.99	61,308.99
Foreign Currency Translation Reserve		
Balance as per last Balance Sheet	362.70	(446.30)
Add : Foreign Currency Translation Reserve for the period	(7.32)	809.00
	355.38	362.70
Balance in Profit and Loss Account	15,754.06	11,904.11
	98,009.56	78,866.93

	As at 31-Mar-2011	As at 31-Mar-2010
		(₹ in lacs)
SCHEDULE - 3 : SECURED LOANS		
Long Term Loans [Note: 2]		
from Banks [Note: 1(a)]	**31,589.62**	25,110.36
from a Financial Institution [Note: 1(b)]	**3,220.00**	3,680.00
Short term Loans from Banks [Note: 1(c)]	**8,037.00**	7,673.80
	42,846.62	36,464.16

Notes :

(1) 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:

Financial year	₹ in lacs
2011-12	11,563
2012-13	7,241
2013-14	7,804
2014-15	5,577
2015-16	2,063
2016-17	562
Total :	**34,810**

	As at 31-Mar-2011	As at 31-Mar-2010
		(₹ in lacs)
SCHEDULE - 4 : UNSECURED LOANS		
Long Term Loans [Note :1]		
from Banks	**10,920.68**	9,792.63
from Department of Science and Technology	**1,168.40**	793.60
from Department of Bio-Technology	**349.81**	314.06
Short Term Loans from Banks	**1,919.95**	4,875.12
	14,358.84	15,775.41

Note:

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

Financial year	₹ in lacs
2011-12	147
2012-13	3,825
2013-14 to 2014-15	3,857
2015-16 to 2016-17	217
2017-18	178
2018-19 to 2020-21	47
Total :	**12,439**

SCHEDULE - 5 : FIXED ASSETS

(₹ in lacs)

Particulars	Gross Block (At Cost)						Depreciation, Amortisation and Impairment						Net Block	
	As at 1-Apr-10	Additions during the year	Deductions / Adjustments during the year	As at 31-Mar-11	Foreign Exchange Translation	As at 31-Mar-11	As at 1-Apr-10	For the year	Deductions / Adjustments during the year	As at 31-Mar-11	Foreign Exchange Translation	As at 31-Mar-11	As at 31-Mar-11	As at 31-Mar-10
I. TANGIBLES :														
Free hold Land (Note 2)	4,496.12	3,071.59	-	7,567.71	-	**7,567.71**	-	-	-	-	-	**-**	**7,567.71**	4,496.12
Lease hold Land	3,640.23	942.22	110.50	4,471.95	-	**4,471.95**	35.59	81.96	110.50	7.05	-	**7.05**	**4,464.90**	3,604.64
Buildings	19,711.03	2,653.88	9.82	22,355.09	2.07	**22,357.16**	3,954.94	604.04	3.17	4,555.81	1.93	**4,557.74**	**17,799.42**	15,756.09
Plant and Machineries (Including Laboratory Equipment)	34,281.49	6,423.89	468.93	40,236.45	19.97	**40,256.42**	12,959.91	3,659.79	384.26	16,235.44	9.59	**16,245.03**	**24,011.39**	21,321.58
Electrical Equipments	6,299.44	442.92	145.14	6,597.22	-	**6,597.22**	2,514.97	482.29	74.17	2,923.09	-	**2,923.09**	**3,674.13**	3,784.47
Furniture and Fixtures, Office Equipments	6,940.45	936.80	53.13	7,824.12	45.94	**7,870.06**	4,324.30	750.56	46.11	5,028.75	26.46	**5,055.21**	**2,814.85**	2,616.15
Vehicles	1,565.05	404.84	199.30	1,770.59	6.64	**1,777.23**	524.65	157.25	105.03	576.87	3.01	**579.88**	**1,197.35**	1,040.40
II. INTANGIBLES :														
Computer Software	1,604.14	501.04	-	2,105.18	15.65	**2,120.83**	1,080.05	295.39	-	1,375.44	11.74	**1,387.18**	**733.65**	524.09
Product Licenses	2,756.08	507.47	-	3,263.55	146.09	**3,409.64**	1,784.69	243.04	-	2,027.73	90.53	**2,118.26**	**1,291.38**	971.39
TOTAL	**81,294.03**	**15,884.65**	**986.82**	**96,191.86**	**236.36**	**96,428.22**	**27,179.10**	**6,274.32**	**723.24**	**32,730.18**	**143.26**	**32,873.44**	**63,554.78**	**54,114.93**
Previous Year	72,062.41	9,894.73	389.75	81,567.39	(273.36)	81,294.03	20,937.02	6,615.86	195.70	27,357.18	(178.08)	27,179.10	54,114.93	

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 ₹ 2,379.06 lacs (previous year ₹ 2,379.06 lacs) owned jointly in equal proportion with Torrent Power Limited, a Company under same management.

(3) Depreciation, Amortization and Impairment includes ₹ 18.48 lacs [previous year ₹ 6.31 lacs] transferred to capital work in progress as pre operative expenses.

(₹ in lacs)

	No. of Units	As at 31-Mar-2011	As at 31-Mar-2010
SCHEDULE - 6 : INVESTMENTS	**No. of Units**		
LONG TERM INVESTMENTS [At Cost]			
Trade Investments, Unquoted			
York Pharma Plc.- Fully paid up Equity Shares of United Kingdom's Sterling 0.05 each	63056	**155.60**	155.60
Less: Provision for Diminution in Value		**155.60**	155.60
		-	-
GPC Cayman Investors I Ltd. - Fully paid up Equity Shares of USD 10 each [previous year number of units : 442918]	463301	**1,996.82**	1,901.49
Shivalik Solid Waste Limited - Fully paid up Equity Shares of ₹ 10 each	20000	**2.00**	2.00
		1,998.82	1,903.49
Non-Trade Investments, Unquoted			
National Savings Certificates		**1.10**	1.10
Aggregate Long Term Investments		**1,999.92**	1,904.59
CURRENT INVESTMENTS [At lower of cost or market value]			
Non-Trade Investments, Unquoted			
Mutual Funds [Note]		**12,598.78**	12,212.96
Aggregate Investments - Unquoted		**14,598.70**	14,117.55

Note: Aggregate NAV of investment in Mutual Funds as on 31-Mar-2011 is ₹ 12,664.12 lacs. [previous year ₹ 12,306.01 lacs]

	As at 31-Mar-2011	As at 31-Mar-2010
SCHEDULE - 7 : INVENTORIES		
[At lower of cost or net realisable value]		
Raw Materials	**15,516.47**	10,521.62
Packing Materials	**2,002.87**	1,504.68
Goods in Process	**6,373.36**	3,628.12
Finished Goods	**18,319.85**	9,718.97
Traded Goods	**8,270.51**	6,989.54
	50,483.06	32,362.93
SCHEDULE - 8 : SUNDRY DEBTORS		
[Unsecured]		
Debts over six months		
Considered Good	**2,884.26**	3,224.61
Considered Doubtful	**2,405.88**	1,986.42
Less :- Provision	**2,405.88**	1,986.42
	2,884.26	3,224.61
Other Debts - Considered Good	**31,155.37**	26,591.36
	34,039.63	29,815.97

(₹ in lacs)

	SCHEDULE	As at 31-Mar-2011	As at 31-Mar-2010
SCHEDULE - 9 : CASH AND BANK BALANCES			
Cash on Hand		**11.53**	11.63
With Scheduled Banks in:			
(a) Current Accounts	21 [9]	**2,383.03**	977.43
(b) Term Deposit Accounts	21 [9]	**24,253.10**	33,517.05
		26,636.13	34,494.48
With Non-Scheduled Banks in:			
(a) Current Accounts		**7,287.86**	2,436.91
(b) Fixed Deposit Accounts		**13,944.76**	1,889.51
		21,232.62	4,326.42
		47,880.28	38,832.53
SCHEDULE - 10 : OTHER CURRENT ASSETS			
[Unsecured and considered good, unless otherwise stated]			
Export Benefits Receivable		**3,797.56**	2,479.46
Claims Receivable : Indirect tax/ Insurance			
Considered Good		**2,341.67**	1,412.41
Considered Doubtful		**1.54**	143.97
Less :- Provision		**1.54**	143.97
		2,341.67	1,412.41
Interest accrued on Loans and Deposits		**559.83**	257.02
Others		**81.72**	5.12
		6,780.78	4,154.01
SCHEDULE - 11: LOANS AND ADVANCES			
[Unsecured and considered good, unless otherwise stated]			
Advances recoverable in cash or in kind or for value to be received		**12,850.59**	10,290.00
Balance with Excise and Customs Department / VAT		**274.11**	73.36
Advance Tax paid, net of Provisions		**1,151.66**	542.47
		14,276.36	10,905.83
SCHEDULE - 12 : CURRENT LIABILITIES			
Sundry Creditors		**69,938.36**	38,359.79
Book Overdraft		**1,769.45**	1,497.41
Investor Education and Protection Fund [not due] : Unclaimed Dividend		**54.62**	46.42
Other Liabilities		**1,737.08**	1,346.85
Advances from Customers		**1,103.89**	1,279.62
Interest accrued but not due		**188.93**	168.74
		74,792.33	42,698.83

	SCHEDULE	As at 31-Mar-2011	As at 31-Mar-2010
			(₹ in lacs)
SCHEDULE - 13 : PROVISIONS			
Proposed Dividend		**6,768.91**	5,076.68
Add :Tax on Distributed Profits		**1,098.09**	843.17
		7,867.00	5,919.85
Provision for Taxation, net of Advance Tax		**108.56**	550.04
Provision for Gratuity, Pension, Leave benefits and other long term Employee Benefits	21 [10]	**6,200.52**	5,733.35
Provision for Expenses	21 [11]	**97.29**	56.54
		14,273.37	12,259.78

		Year ended 31-Mar-2011	Year ended 31-Mar-2010
			(₹ in lacs)
SCHEDULE - 14 : SALES AND OPERATING INCOME			
Sales			
Sales in India		**105,904.90**	92,060.89
Sales outside India		**110,156.88**	94,669.23
		216,061.78	186,730.12
Less : Excise Duty / ICMS collected	21 [5]	**3,865.02**	3,437.57
		212,196.76	183,292.55
Operating Income			
Export Benefits		**3,405.12**	2,635.37
Income from Product Registration Dossiers		**3,766.54**	3,112.11
Net Foreign Exchange Gain	21 [12]	**2,155.07**	1,206.29
Other Operating Income		**1,124.56**	1,357.46
		10,451.29	8,311.23
		222,648.05	191,603.78
SCHEDULE - 15 : OTHER INCOME			
Profit on Sale of Non-Trade Investments		**786.74**	889.25
Miscellaneous Income		**22.20**	14.55
		808.94	903.80
SCHEDULE - 16 : MATERIALS COST			
Materials Consumed			
Raw Materials		**50,259.91**	35,489.92
Packing Materials		**8,209.51**	5,574.51
		58,469.42	41,064.43
Purchase of Traded Goods		**23,810.68**	18,169.38
(Increase) / Decrease in Stock			
Opening Stocks			
Finished Goods		**9,718.97**	9,193.09
Traded Goods		**6,989.54**	4,907.31
Goods in Process		**3,628.12**	4,099.94
		20,336.63	18,200.34
Less : Closing Stocks			
Finished Goods		**18,319.85**	9,718.97
Traded Goods		**8,270.51**	6,989.54
Goods in Process		**6,373.36**	3,628.12
		32,963.72	20,336.63
Net (Increase) / Decrease in Stock		**(12,627.09)**	(2,136.29)
		69,653.01	57,097.52

(₹ in lacs)

	SCHEDULE	Year ended 31-Mar-2011	Year ended 31-Mar-2010
SCHEDULE - 17 : EMPLOYEES COST			
[Other than those included in Research and Development Expenses and Pre-operative Expenses]			
Salaries, Wages and Bonus		**32,635.83**	25,788.08
Contribution to Provident and other Funds (Defined Contribution Plans)		**4,397.06**	3,401.75
Gratuity and Pension Cost	21 [10]	**644.82**	1,316.56
Welfare Expenses		**1,274.06**	1,109.61
		38,951.77	31,616.00
SCHEDULE - 18 : MANUFACTURING AND OTHER EXPENSES			
[Other than those included in Research and Development Expenses and Pre-operative Expenses]			
Power and Fuel		**3,814.26**	2,739.92
Stores and Spares Consumed		**2,369.79**	1,489.64
Labour Charges		**1,427.08**	1,236.81
Job Work Charges		**963.65**	712.64
Laboratory Goods and Testing Expenses		**736.97**	482.32
Excise Duty		**191.25**	148.57
Repairs and Maintenance :			
Machinery		**352.79**	394.45
Buildings		**324.57**	199.85
Others		**327.82**	207.14
		1,005.18	801.44
Selling, Publicity and Medical Literature Expenses		**25,885.39**	21,020.07
Commission on Sales		**1,251.08**	1,143.35
Sales and Turnover Taxes		**239.41**	346.69
Provision for Doubtful Debts		**513.09**	686.22
Bad Debts Written-off		**46.28**	58.30
Travelling, Conveyance and Vehicle Expenses		**5,926.08**	5,087.10
Communication Expenses		**1,096.88**	990.91
Printing and Stationery Expenses		**269.25**	233.80
Rent		**1,949.69**	1,681.48
Rates and Taxes		**123.10**	62.25
Registration Expenses		**2,255.56**	2,814.75
Insurance		**524.18**	444.09
Loss on Sale / Discard / Write-off of Fixed Assets		**99.73**	88.08
Provision on Asset held for Sale		**3.44**	141.80
Auditors Remuneration and Expenses		**168.71**	94.18
Cost Audit Fees		**3.36**	3.28
Directors Sitting Fees		**0.94**	-
Commission to Non Executive Directors		**279.26**	26.79
Donation		**1,140.21**	710.84
General Charges		**6,955.42**	5,545.60
		59,239.24	48,790.92
SCHEDULE - 19 : NET BORROWING COST			
[Other than those included in Research and Development Expenses]			
Expenses			
Interest on Fixed Period Loans		**2,860.31**	2,444.40
Other Borrowing Cost	21 [12]	**1,004.72**	465.78
		3,865.03	2,910.18
Interest Income		**2,659.38**	1,259.29
		1,205.65	1,650.89

SCHEDULE - 20 : SIGNIFICANT ACCOUNTING POLICIES OF THE GROUP

1. Basis for Preparation of Financial Statements

The consolidated financial statements have been prepared and presented under the historical cost convention on accrual basis of accounting and in accordance with the Generally Accepted Accounting Principles (GAAP) in India. GAAP includes provisions of the Companies Act, 1956, Accounting Standards (AS) notified by the Central Government of India under Section 211 (3C) of the Companies Act, 1956, pronouncements of Institute of Chartered Accountants of India and guidelines issued by Securities and Exchange Board of India. 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 or materialise.

3. Principles of Consolidation

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

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. The amounts shown in respect of reserves comprise the amount of the relevant reserves as per the balance sheet of the parent company and its share in the post-acquisition increase in the relevant reserves of the consolidated entities. Minority interest representing part of net profit / loss and net assets of entities that are not directly or indirectly, owned by the Company is excluded and disclosed separately.

The excess / shortfall of cost to the parent company of its investment over its portion of equity in the consolidated entities at the respective dates on which the investment in such entities was made is recognised in the financial statements as goodwill / capital reserve.

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 assets 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 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) 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.

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

The management estimates of the useful life of various categories of fixed assets are given below:

Office Buildings	58 years
Factory Buildings	28 years
Plant and Machinery	10 to 20 years
Laboratory Equipments	5 to 20 years
Electrical Equipments	5 to 20 years
Furniture & Fixtures	3 to 10 years
Office Equipments	10 years
Computer Equipments	2 to 5 years
Vehicles	5 to 10 years

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

(c) 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.

(d) 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. Cash Flow Statement

The Cash Flow Statement is prepared under the “Indirect Method” as set out in AS - 3 “Cash Flow Statements” issued by the Institute of Chartered Accountants of India.

8. 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.

9. 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. Sales are net of discounts, sales tax, value added tax and returns; excise duty and ICMS collected on sales are shown by way of deduction from sales. Accrual for chargeback, rebates and medicaid payments are estimated and recorded as reduction from revenue in the year of sales.

(b) Income from services is recognised when the services are rendered or when contracted milestones have been achieved.

(c) Revenue from arrangements which includes performance of obligations is recognised in the period in which related performance obligations are completed.

(d) 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

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

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

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

10. Employees Retirement and Other Benefits

(a) The accruing liability on account of gratuity (retirement benefit in the nature of defined benefits plan) and pension plan is actuarially valued every year. The current service cost, interest cost, expected return on plan assets and the actuarial gain / loss are 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 period to which the costs relate at present value of the 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.

11. Government Grants

(a) Government grants are recognised when there is reasonable assurance that the grant will be received and all relevant conditions are complied with.

(b) Grants received by way of investment subsidy scheme in relation to total investment are credited to capital reserve and are treated as part of owners' fund.

(c) Grants that compensate expenses are recognized on receipt basis and are shown as deduction from the related expenses for which they are intended to compensate.

12. Borrowing Costs

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

13. 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.

14. 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.

15. 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.

16. 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-2008.

(d) Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated to functional currency using the rate prevailing as on that date. The resultant exchange differences are recognised in the profit and loss account. The Group 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-2009, 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.

17. Translation of Financial Statements of Foreign Subsidiaries

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

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

(b) All assets and liabilities, both monetary and non-monetary, are translated to reporting currency 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.

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.

SCHEDULE - 21 : NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

1. (a) The consolidated financial statements comprise the financial statements of the parent company, Torrent Pharmaceuticals Limited (TPL) and the following subsidiaries / step-down subsidaries / partnership entities (together referred to as Group) :

Entity	Country of Incorporation
Subsidiaries [having 100% proportion of ownership interest]	
Zao Torrent Pharma	Russia
Torrent Do Brasil Ltda	Brazil
Torrent Pharma GmbH (TPG)	Germany
Torrent Pharma Inc.	USA
Torrent Pharma Philippines Inc.	Philippines
Laboratorios Torrent, S.A. de C.V.	Mexico
Torrent Australasia Pty Ltd.	Australia
Torrent Pharma Canada Inc.	Canada
Torrent Pharma (Thailand) Co., Limited.	Thailand
Torrent Pharma SrL.	Romania
Torrent Pharma (UK) Ltd	United Kingdom
Laboratorios Torrent (Malaysia) Sdn.Bhd.	Malaysia
Step-down subsidiaries of TPG [having 100% proportion of ownership interest]	
Heumann Pharma GmbH & Co. Generica KG	Germany
Heunet Pharma GmbH	Germany
Norispharm GmbH	Germany
Partnership Firms [having 97% proportion of ownership interest]	
Torrent Pharmaceuticals (Sikkim)	India
Torrent Pharmaceuticals (Dahej)	India

(b) Laboratorios Torrent (Malaysia) Sdn.Bhd. was incorporated on 15-Mar-2011 and has not commenced commercial activity upto 31-Mar-2011.

(c) Torrent Pharma Japan Co. Ltd was liquidated during the year & the financials were consolidated till 11-Nov-2010. There is no material impact of liquidation on the financials of the current or previous year.

(₹ in lacs)

	As at 31-Mar-2011	As at 31-Mar-2010
2. Estimated amount of unexecuted capital contracts (net of advances) not provided for	**18,262.24**	6,340.02
3. Contingent Liabilities not provided for in respect of :		
(a) Claims against the Group not acknowledged as debts		
Disputed Demand of Income Tax for which appeals have been preferred	**153.17**	227.66
Disputed Employee State Insurance Contribution Liability under E.S.I. Act, 1948	**390.98**	287.54
Disputed Legal cases for supply of goods and services	**1.78**	122.90
Disputed Demand of Excise and Service tax	**72.16**	30.31
Disputed Demand of Local Sales Tax and C.S.T	**65.32**	70.56
Disputed cases at Labour Court / Industrial Court	**92.67**	62.36
	776.08	801.33
(b) The Company has issued guarantee aggregating ₹ 200.00 lacs (previous year ₹ Nil) for borrowing a demand loan at "Torrent Pharma Employee Welfare Trust". The outstanding amount of liabilities by the said trust as on balance sheet date, is	**162.50**	-

4. The components of the deferred tax balance are set out below:

(₹ in lacs)

	As at 31-Mar-2011	As at 31-Mar-2010
Deferred Tax Liabilities		
Excess of depreciation claimed under the income tax law over that debited to profit and loss account in the earlier years	**7,566.45**	7,537.49
Unrealized foreign exchange gain	**53.39**	63.40
Deferred Tax Assets		
Provision for Expenses	**(70.59)**	(373.08)
Provision for Employee Benefits	**(1,175.84)**	(1,030.08)
Provision for Doubtful Debts	**(546.71)**	(543.77)
Provision for Doubtful Claim Receivables	**(0.50)**	(47.83)
Provision for goods dispatched but not delivered	**(635.42)**	(9.77)
Provision for impairment of inventories	**(237.38)**	(230.55)
Unrealized foreign exchange loss	**(61.27)**	(26.98)
Tax losses of Subsidiaries	**(93.56)**	(349.03)
Deferred tax liability, net	**4,798.57**	4,989.80

The net deferred tax liability of ₹ 4,798.57 lacs (Previous year: ₹ 4,989.80 lacs) has been presented in the balance sheet as follows :

Deferred tax assets	**1,371.96**	1,229.28
Deferred tax liabilities	**(6,170.53)**	(6,219.08)
	(4,798.57)	(4,989.80)

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 closing stocks and opening stocks, excise duty paid on samples and on inventory write-off which is not recoverable from sales.

6. Pre-operative expenses allocated to projects during the year are as under :

(₹ in lacs)

	2010-11	2009-10
Employees Cost		
Salaries, Wages and Bonus	**967.88**	174.52
Contribution to Provident and Other Funds	**106.37**	17.24
Gratuity Cost	**30.70**	5.61
	1,104.95	197.37
Power and Fuel	**116.94**	112.01
Stores and Spared consumed	**147.05**	-
Labour Charges	**43.87**	1.73
Travelling, Conveyance and Vehicle Expenses	**120.00**	29.44
Communication Expenses	**2.35**	0.07
Printing and Stationery Expenses	**24.57**	2.01
Insurance	**9.70**	17.11
Rent	**21.54**	-
Rates and Taxes	**32.00**	-
Depreciation	**18.49**	6.31
General Charges	**469.80**	63.97
	2,111.26	430.02

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

(₹ in lacs)

	2010-11	2009-10
Employees Cost		
Salaries, Wages and Bonus	**4,500.97**	3,611.92
Contribution to Provident and Other Funds	**373.32**	302.11
Gratuity Cost	**92.48**	79.93
Welfare Expenses	**125.50**	99.85
	5,092.27	4,093.81
Power and Fuel	**432.71**	471.41
Stores and Spares Consumed	**962.80**	919.99
Labour Charges	**133.81**	117.86
Laboratory Goods and Testing Expenses	**1,731.35**	2,583.42
Clinical Research Expenses	**3,090.21**	1,840.83
Repairs and Maintenance	**263.57**	246.65
Travelling, Conveyance and Vehicle Expenses	**233.59**	231.28
Communication Expenses	**129.04**	90.21
Printing and Stationery Expenses	**64.02**	52.44
Rent	**-**	0.22
Rates and Taxes	**11.82**	109.35
Insurance	**72.57**	54.87
Interest on Fixed Period Loans	**47.62**	28.70
Government Grant Income	**(8.93)**	(78.52)
General charges	**1,627.55**	1,259.28
	13,884.00	12,021.80

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

(c) Depreciation and Amortisation includes ₹ 1,670.31 lacs (previous year ₹ 1,919.90 lacs) pertaining to Research and Development assets.

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

			2010-11	2009-10
Net profit for the year	(a)	[₹ in lacs]	**27,016.95**	23,119.53
Weighted average number of equity shares	(b)	[Nos. in lacs]	**846.11**	846.11
EPS (basic and diluted)	(a) (b)	[₹]	**31.93**	27.32
Nominal value per equity share		[₹]	**5.00**	5.00

9. Cash and Cash Equivalents includes:

(₹ in lacs)

	As at 31-Mar-2011	As at 31-Mar-2010
(a) Term Deposit lodged with Banks as securities.	**3.05**	3.05
(b) Balances with scheduled banks in current accounts for unclaimed dividend	**54.71**	46.50

10. The accruing liability on account of gratuity & pension plan (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 :

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

(ii) **Pension :** Employees Pension Benefit Plan in Germany is the liability which accrues and gets discharged as per the terms and condition of pension scheme called "Monsanto Pension Plan 2000". It is a defined benefit plan (the Pension Plan) which provides pension benefits to eligible employees post retirement.

(₹ in lacs)

	Gratuity Plan		**Pension Plan**	
	2010-11	2009-10	**2010-11**	2009-10
(a) Reconciliation of opening and closing balances of the present value of the defined benefit obligation :				
Obligations at the beginning of the year	**2,642.20**	2,007.75	**3,277.19**	2,645.32
Past service cost	**-**	-	**-**	532.86
Current service cost	**562.99**	290.97	**47.87**	49.12
Interest cost	**198.17**	156.93	**165.18**	177.22
Actuarial loss/(gain)	**169.59**	300.14	**(114.86)**	277.50
Benefits paid / payable	**(346.07)**	(113.58)	**(58.04)**	(51.30)
Translation Forex	**-**	-	**152.54**	(353.52)
Obligations at the end of the year	**3,226.88**	2,642.21	**3,469.89**	3,277.19

(₹ in lacs)

	Gratuity Plan		Pension Plan	
	2010-11	2009-10	**2010-11**	2009-10
(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	**2,510.36**	1,641.32	**-**	-
Expected return on plan assets	**240.24**	206.66	**-**	-
Actuarial gain	**41.93**	175.96	**-**	-
Contributions	**600.00**	600.00	**-**	-
Benefits paid	**(176.45)**	(113.58)	**-**	-
Plan assets at the end of the year	**3,216.08**	2,510.36	**-**	-
Actual return on plan assets	**282.17**	382.62	**-**	-
(c) Gratuity cost / Pension cost for the year :				
Past service cost	**-**	-	**-**	532.86
Current service cost	**562.99**	290.97	**47.87**	49.12
Interest cost	**198.17**	156.93	**165.18**	177.22
Expected return on plan assets	**(240.24)**	(206.66)	**-**	-
Net Actuarial (gain) / loss	**127.66**	124.18	**(114.86)**	277.50
Net gratuity cost	**648.58**	365.42	**98.19**	1,036.69
(d) (i) Reconciliation of the present value of the defined benefit obligation & fair value of plan assets :				
Obligations at the end of the year	**3,226.88**	2,642.21	**3,469.89**	3,277.19
Plan assets at the end of the year, at fair value	**3,216.08**	2,510.36	**-**	-
(Asset) / Liability recognised in Balance sheet	**10.80**	131.85	**3,469.89**	3,277.19
(ii) Experience adjustments gain / (loss)				
Plan liabilities	**233.55**	(72.10)	**16.09**	(0.28)
Plan assets	**41.93**	175.96	**-**	-
(e) Expected contribution for the next year	**600.00**	600.00	**-**	-

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

(i) Gratuity Plan	2006-07	2007-08	2008-09	2009-10
Present value of defined benefit obligations at the end of the year	1,219.00	1,366.67	2,007.75	2,642.21
Fair value of plan assets at the end of the year	779.48	1,182.02	1,641.32	2,510.36
Net (assets) / liability at the end of year	439.52	184.65	366.43	131.85

(₹ in lacs)

(ii) **Pension Plan**	2006-07	2007-08	2008-09	2009-10
Present value of defined benefit obligations at the end of the year	4,015.69	2,286.35	2,645.32	3,277.19
Fair value of plan assets at the end of the year	-	-	-	-
Net (assets) / liability at the end of year	4,015.69	2,286.35	2,645.32	3,277.19

	Gratuity Plan		**Pension Plan**	
	2010-11	2009-10	**2010-11**	2009-10
(g) Assumptions				
Discount rate	**8.00%**	7.50%	**5.50%**	5.25%
Expected rate of return on plan assets	**9.57%**	9.46%	**-**	-
Salary escalation rate	**10.00%**	10.00%	**3.00%**	3.00%

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

(h) Investment details of plan assets :

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

	Gratuity Plan	
	2010-11	2009-10
Equity Instruments	**20.97%**	25.71%
Corporate Bonds	**46.67%**	45.27%
Government Securities	**16.98%**	26.78%
Fixed Deposits with Banks	**15.38%**	2.24%

11. Provision for expenses

Provision for expenses includes estimated amount of liability pertaining to administrative and judicial proceedings disputed with past employees pending at various labour courts in Brazil. Details of the provision is as under :

(₹ in lacs)

Particulars	**2010-11**	2009-10
Opening provision	**56.54**	-
Change in estimates	**9.58**	-
Additional provision	**31.17**	56.54
Closing provision	**97.29**	56.54

12. Foreign Exchange Gain / Loss included in the net profit for the year :

(₹ in lacs)

	2010-11	2009-10
Net Foreign Exchange Gain, included in Sales and Operating Income, as per Schedule 14	**2,155.07**	1,206.29
Add / (Less) :		
(a) 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.	**(910.87)**	(401.78)
(b) MTM Loss on forward exchange contracts to hedge the foreign currency risk of highly probable forecast transactions accounted in view of the principle of prudence.	**508.99**	13.24
Total Foreign Exchange Gain as per Accounting Standard 11	**1,753.19**	817.75

13. Segment reporting

The primary and secondary reportable segments considered are Business Segments and Geographical Segments respectively. The group operates in a solitary business segment i.e. pharmaceuticals, comprising mainly manufacture of branded formulations. Accordingly, no further financial information for Business Segments is given.

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

(₹ in lacs)

	2010-11	2009-10
(a) India	**105,206.34**	91,793.26
(b) Europe	**42,252.98**	37,081.87
(c) Brazil	**34,594.32**	30,061.98
(d) Rest of the world	**30,143.97**	24,355.44
Total	**212,197.61**	183,292.55

Segment assets are not directly identifiable / properly allocable against each of the above reportable segments. Fixed assets, forming a substantial portion of the total assets of the Group, are interchangeably used between all the segments and cannot be identified against a specific segment. Significant portion of current assets are interchangeable between all the segments and not identifiable against any individual segment. Hence no meaningful disclosure of segment assets and results is possible.

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

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

(₹ in lacs)

Particulars	Enterprises controlled by the Company		Holding Company/ Enterprises Controlled by the Holding Company		Key Management Personnel		Enterprises Controlled by Key Management Personnel/Relatives of Key Management Personnel		TOTAL	
(A) Nature of Transactions	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	**2010-11**	2009-10
Sale of Finished Goods	-	-	33.38	33.72	-	-	-	-	**33.38**	33.72
Torrent Power Ltd.	-	-	33.38	33.72	-	-	-	-	**33.38**	33.72
Purchase of Material, Consumables etc	-	-	5.00	-	-	-	-	1.31	**5.00**	1.31
Torrent Cables Ltd.	-	-	5.00	-	-	-	-	-	**5.00**	-
Torrel Cosmetics Pvt. Ltd.	-	-	-	-	-	-	-	1.31	**-**	1.31
Remuneration to Key Management Personnel	-	-	-	-	966.34	756.35	-	-	**966.34**	756.35
Sudhir Mehta, Chairman	-	-	-	-	250.00	-	-	-	**250.00**	-
Samir Mehta, Executive Vice Chairman	-	-	-	-	512.70	579.20	-	-	**512.70**	579.20
Dr. C. Dutt, Whole Time Director	-	-	-	-	203.64	177.15	-	-	**203.64**	177.15
Contribution to Gratuity / Superannuation Funds	934.90	892.38	-	-	-	-	-	-	**934.90**	892.38
TPL Emp.Group Gratuity Trust	600.00	602.00	-	-	-	-	-	-	**600.00**	602.00
TPL Emp.Superannuation Trust	334.90	290.38	-	-	-	-	-	-	**334.90**	290.38
Lease Rent Paid	-	-	2.00	2.00	-	-	-	-	**2.00**	2.00
Torrent Private Limited	-	-	2.00	2.00	-	-	-	-	**2.00**	2.00
Services received	-	-	516.64	526.86	-	-	809.82	758.56	**1,326.46**	1,285.42
Tsunami Tours & Travels Ltd.	-	-	-	-	-	-	809.82	758.56	**809.82**	758.56
Torrent Power Ltd.	-	-	502.15	526.86	-	-	-	-	**502.15**	526.86
Torrent Energy Limited	-	-	14.49	-	-	-	-	-	**14.49**	-
Commission & Interest paid to carrying & forwarding agents	-	-	-	-	-	-	102.88	92.31	**102.88**	92.31
Zeal Pharmachem India Pvt. Ltd.	-	-	-	-	-	-	102.88	92.31	**102.88**	92.31
Donation	-	-	-	-	-	-	690.00	400.00	**690.00**	400.00
U. N. Mehta Charitable Trust	-	-	-	-	-	-	415.00	200.00	**415.00**	200.00
U. N. Mehta Institute of Cardiology & Research Centre	-	-	-	-	-	-	275.00	200.00	**275.00**	200.00
Interest Income	-	-	-	0.68	-	-	-	-	**-**	0.68
Torrent Power Ltd.	-	-	-	0.68	-	-	-	-	**-**	0.68
Expenses Reimbursement	-	-	15.88	(3.20)	-	-	17.39	12.93	**33.27**	9.73
Zeal Pharmachem India Pvt. Ltd.	-	-	-	-	-	-	17.39	12.93	**17.39**	12.93
Torrent Power Ltd.	-	-	15.88	(3.20)	-	-	-	-	**15.88**	(3.20)
Purchase of Fixed Assets	-	-	61.62	85.91	-	-	-	-	**61.62**	85.91
Torrent Cables Ltd.	-	-	61.62	85.91	-	-	-	-	**61.62**	85.91
Sale of Fixed Assets	-	-	7.64	-	-	-	-	-	**7.64**	-
Torrent Power Limited	-	-	7.64	-	-	-	-	-	**7.64**	-

(₹ 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	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	**2010-11**	2009-10
Deposit Given	-	-	6.25	45.61	-	-	-	-	**6.25**	45.61
Torrent Energy Limited	-	-	6.25	-	-	-	-	-	**6.25**	-
Torrent Power Ltd..	-	-	-	45.61	-	-	-	-	**-**	45.61
(B) Balances at the end of the year	31-Mar-11	31-Mar-10	31-Mar-11	31-Mar-10	31-Mar-11	31-Mar-10	31-Mar-11	31-Mar-10	**31-Mar-11**	31-Mar-10
Sundry Debtors	-	-	2.55	-	-	-	-	-	**2.55**	-
Torrent Power Ltd.	-	-	2.55	-	-	-	-	-	**2.55**	-
Advances Recoverable in Cash or Kind	19.59	19.60	9.05	1.25	-	-	157.53	15.58	**186.17**	36.43
TPL Employees group gratuity Trust	19.58	19.59	-	-	-	-	-	-	**19.58**	19.59
Tsunami Tours & Travels Pvt. Ltd.	-	-	-	-	-	-	157.53	15.58	**157.53**	15.58
Others	0.01	0.01	9.05	1.25	-	-	-	-	**9.06**	1.26
Advances Received from Customer	-	-	5.50	-	-	-	2.60	-	**8.10**	-
Torrent Power Ltd.	-	-	5.50	-	-	-	-	-	**5.50**	-
Tsunami Tours & Travels Ltd.	-	-	-	-	-	-	2.60	-	**2.60**	-
Sundry Creditors	-	-	7.61	-	819.62	300.00	21.91	37.16	**849.14**	337.16
Sudhir Mehta, Chairman	-	-	-	-	250.00	-	-	-	**250.00**	-
Samir Mehta, Executive Vice Chairman	-	-	-	-	569.62	300.00	-	-	**569.62**	300.00
Others	-	-	7.61	-	-	-	21.91	37.16	**29.52**	37.16

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 Financiers, Torrent Power Ltd., Torrent Cables Ltd., Torrent Power Services Pvt. Ltd., Torrent Pipavav Generation Ltd., Torrent Energy Ltd., Torrent Power Grid Ltd., Torrent Power Bhiwandi Ltd., AEC Cements and Constructions Ltd.		
3.	Key Management Personnel	Sudhir Mehta Chairman	Samir Mehta Executive Vice Chairman	Dr. C. Dutt Whole Time Director
4.	Relatives of Key Management Personnel	Anita Mehta, wife Shardaben Mehta, mother Varun Mehta, son Jinal Mehta, son Samir Mehta, brother Meena Modi, sister Nayna Shah, sister	Sapna Mehta, wife Shardaben Mehta, mother Aman Mehta, son Shaan Mehta, son Sudhir Mehta, brother 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 Ltd., U. N. Mehta Institute of Cardiology & Research Centre, Dushyant Shah Charitable Trust.		

16. As per Section 212 (1) of the Companies Act, 1956, the Company is required to attach the Director's report, Balance-sheet, and Profit and Loss account of its subsidiaries with the financial statement of the Company.

(a) The Ministry of Corporate Affairs, Government of India vide its circular no. 2/2011 dated 08-Feb-2011 has provided an exemption to companies from complying with above requirement provided such companies publish the audited consolidated financial statements in the Annual Report and comply with other provisions of the Circular. Accordingly, the summarised details required as per the circular 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 Company has put the details of accounts of individual subsidiary companies on its website www.torrentpharma.com. The annual accounts of subsidiary companies are available for inspection by any investor at the registered office of the Company.

16. (b) Summarised details required under Section 212 of the Companies Act, 1956 are as under :

	Name of the Subsidiary Company	ZAO Torrent Pharma		Torrent Pharma Gmbh		Torrent Do Brasil Ltda.		Torrent Pharma Inc.		Torrent Pharma Philippines Inc.		Heumann Pharma GmbH & Co. Generica KG		Torrent Australasia Pty Ltd		Torrent Pharma SRL	
	Financial Year Ended on	31-Mar-2011		31-Mar-2011		31-Mar-2011		31-Mar-2011		31-Mar-2011		31-Mar-2011		31-Mar-2011		31-Mar-2011	
		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	RON Million	Rupees Lac
1	Capital	0.54	8.48	6.97	4405.77	19.14	5247.37	1.20	535.80	11.17	114.83	2.51	1,587.96	0.09	39.93	1.16	177.79
2	Reserves	(10.48)	(164.53)	(1.92)	(1212.55)	7.36	2016.82	0.42	188.01	(15.62)	(160.59)	1.82	1,150.13	(0.06)	(27.67)	(0.15)	(22.53)
3	Total assets	382.67	6010.19	8.02	5071.36	45.73	12534.32	22.15	9890.42	189.63	1949.42	56.63	35,813.26	0.03	12.41	1.34	206.19
4	Total liabilities	392.60	6166.24	2.97	1878.15	19.23	5270.09	20.53	9166.65	194.08	1995.18	52.30	33,075.17	0.00	0.14	0.33	50.94
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
6	Turnover	238.70	3748.95	0.29	181.67	131.14	35946.58	24.01	10721.30	250.95	2579.76	42.75	27,036.94	0.00	0.00	0.17	25.72
7	Profit before taxation	90.14	1415.69	(0.76)	(480.54)	3.98	1091.71	0.52	232.23	(20.64)	(212.19)	2.65	1,674.50	0.00	2.20	(0.15)	(22.53)
8	Provision for taxation	(1.94)	(30.47)	0.09	56.97	1.08	295.51	0.22	99.30	1.29	13.22	0.19	122.19	0.00	0.00	0.00	0.00
9	Profit after taxation	92.08	1446.16	(0.85)	(537.51)	2.90	796.20	0.30	132.93	(21.93)	(225.41)	2.46	1552.31	0.00	2.20	(0.15)	(22.53)
10	Proposed dividend	Nil	Nil	Nil	Nil	Nil	Nil	Nil	NIL	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Exchange Rate as on 31-Mar-2011	1 Rouble = 1.5706 INR		1 Euro = 63.24 INR		1 Reais = 27.41 INR		1 USD = 44.65 INR		1 Peso = 1.03 INR		1 Euro = 63.24 INR		1 Au$ = 46.14 INR		1 RON = 15.37 INR	

	Name of the Subsidiary Company	Laboratorios Torrent S.A. de C.V.		Torrent Pharma Japan Co. Ltd		Heunet Pharma GmbH		Norispharm GmbH		Torrent Pharma Canada Inc		Torrent Pharma (Thailand) Co., Limited.		Torrent Pharma (UK) Limited.	
	Financial Year Ended on	31-Mar-2011		31-Mar-2011		31-Mar-2011		31-Mar-2011		31-Mar-2011		31-Mar-2011		31-Mar-2011	
		Mxn$ Million	Rupees Lac	Yen Million	Rupees Lac	Euro Million	Rupees Lac	Euro Million	Rupees Lac	CAD Millions	Rupees Lac	THB Millions	Rupees Lac	GBP Millions	Rupees Lac
1	Capital	68.89	2590.34	0.00	0.00	0.03	15.81	0.03	15.81	0.33	153.94	5.00	74.00	0.10	71.93
2	Reserves	(37.36)	(1404.60)	0.00	0.00	(0.49)	(307.30)	(0.24)	(150.86)	(0.27)	(123.73)	(0.23)	(3.40)	(0.00)	(0.64)
3	Total assets	51.54	1937.96	0.00	0.00	6.28	3972.47	1.44	911.99	0.08	37.59	4.94	73.04	0.10	72.78
4	Total liabilities	20.01	752.23	0.00	0.00	6.74	4263.95	1.66	1047.04	0.02	7.39	0.17	2.44	0.00	1.49
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
6	Turnover	16.31	613.27	0.00	0.00	4.57	2887.43	0.49	309.83	0.00	0.00	0.00	0.00	0.00	0.00
7	Profit before taxation	(2.00)	(75.32)	0.01	0.05	(0.08)	(49.43)	(0.31)	(193.38)	(0.24)	(109.20)	(0.23)	(3.40)	(0.00)	(0.64)
8	Provision for taxation	0.00	0.00	0.03	0.19	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
9	Profit after taxation	(2.00)	(75.32)	(0.02)	(0.14)	(0.08)	(49.43)	(0.31)	(193.38)	(0.24)	(109.20)	(0.23)	(3.40)	(0.00)	(0.64)
10	Proposed dividend	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Exchange Rate as on 31-Mar-2011	1 Mxn$ = 3.76 INR		1 Yen = 0.54 INR		1 Euro = 63.24 INR		1 Euro = 63.24 INR		1 CAD = 46.05 INR		1 THB = 1.48 INR		1 GBP = 71.93 INR	

In terms of our report attached
For DELOITTE HASKINS & SELLS
Chartered Accountants

Gaurav J. Shah
Partner

Ahmedabad
28th May, 2011

Mahesh Agrawal
VP (Legal) & Company Secretary

Signatures to Schedule 1 to 21
Sudhir Mehta
Chairman

Samir Mehta
Executive Vice Chairman

Ahmedabad
28th May, 2011

TORRENT PHARMACEUTICALS LIMITED

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

FORM OF PROXY

DPID**		REGD. FOLIO NO.	
CLIENT ID		NO. OF SHARES HELD	

I/We____of____ in the district of ____ being a member/members of the Company, hereby appoint Shri/Smt.____ of ____ in the district of ______________________ or failing him Shri/Smt. ____ of ____in the district of _________________ as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on 30th July, 2011 and at any adjournment thereof.

Signed this ____________________________day of ________________________2011

Signature_______________________

Affix 15 Paise Revenue Stamp

____

** Applicable to the members whose shares are held in dematerialized form.

Notes :

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself.
2. A proxy need not be a member.
3. The proxy form thus completed should be deposited at the Registered Office of the Company at Torrent House, Off Ashram Road, Ahmedabad – 380 009 latest by 09.30 a.m. on 28th July, 2011.

TORRENT PHARMACEUTICALS LIMITED

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

ATTENDANCE SLIP

This attendance slip duly filled in is to be handed over at the entrance of the meeting hall.

DPID**		REGD. FOLIO NO.	
CLIENT ID		NO. OF SHARES HELD	

Full name of the member attending ____

Full name of the first joint-holder ____

(To be filled in if first named joint-holder does not attend the meeting)

Name of Proxy ____

(To be filled in if Proxy Form has been duly deposited with the Company)

I hereby record my presence at the 38th ANNUAL GENERAL MEETING being held at J. B. Auditorium, Torrent AMA Centre, Ground Floor, Ahmedabad Management Association, Vastrapur, Ahmedabad – 380 015 on Saturday, 30th July, 2011 at 09:30 a.m.

____

Member's / Proxy's Signature

(To be signed at the time of handing over of this slip)

** Applicable to the members whose shares are held in dematerialized form.

Note : Persons attending the Annual General Meeting are requested to bring their copies of Annual Report.

Book Post

To,

TORRENT PHARMACEUTICALS LIMITED
Torrent House, Off Ashram Road, Ahmedabad - 380 009, India.
Phone : (079) 26585090   Fax : (079) 26582100
www.torrentpharma.com

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