

TORRENT PHARMACEUTICALS LIMITED

AUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED ON 31ST DECEMBER, 2003

[Rs. in lacs except per share data]

| PARTICULARS | THREE MONTHS ENDED ON | | NINE MONTHS ENDED ON | | ACCOUNTING YEAR ENDED ON |
|------------------------------------------------------------------------------------|-----------------------|--------------|----------------------|--------------|--------------------------|
| | 31-12-2003 | 31-12-2002 | 31-12-2003 | 31-12-2002 | 31-03-2003 |
| Sales (net of Sales Tax) | 12171 | 11008 | 38039 | 32258 | 40369 |
| Less: Excise Duty collected | 1165 | 1008 | 3707 | 3221 | 4063 |
| Net Sales [see note 4] | 11006 | 10000 | 34332 | 29037 | 36306 |
| Other Operating Income [see note 5(a)] | 301 | 502 | 1055 | 1092 | 1749 |
| Net Sales & Income from Operations | 11307 | 10502 | 35387 | 30129 | 38055 |
| Expenditure | | | | | |
| (Increase)/Decrease in Stock in Trade | (457) | 979 | (754) | 572 | (416) |
| Consumption of Raw/Packing Material and Purchase of Traded Goods | 4794 | 3599 | 14884 | 11538 | 14935 |
| Staff Cost | 987 | 865 | 2925 | 2664 | 3607 |
| Manufacturing & Other Expenses | 1443 | 1113 | 3943 | 3745 | 5031 |
| Selling Expenses | 1337 | 944 | 3607 | 2764 | 3700 |
| Research & Development Expenses | 752 | 690 | 2023 | 1801 | 2601 |
| Total Expenditure [see note 5(b)] | 8856 | 8190 | 26628 | 23084 | 29458 |
| Operating Profit before Interest, Depreciation & Tax | 2451 | 2312 | 8759 | 7045 | 8597 |
| Net Interest income | 8 | 47 | 36 | 86 | 153 |
| Depreciation [see notes 5(c)] | 422 | 355 | 1241 | 1130 | 1495 |
| Operating Profit before Tax | 2037 | 2004 | 7554 | 6001 | 7255 |
| Other Income | 97 | 4 | 219 | 51 | 61 |
| Profit before Tax and Exceptional Item | 2134 | 2008 | 7773 | 6052 | 7316 |
| Provision for Taxation | | | | | |
| Current Tax | 540 | 617 | 1838 | 1801 | 2022 |
| Deferred Tax | 60 | (35) | 312 | (24) | (67) |
| Short Provision of Tax of Earlier Years | 26 | - | 26 | - | 184 |
| | 626 | 582 | 2176 | 1777 | 2139 |
| Profit after Tax and before Exceptional Item | 1508 | 1426 | 5597 | 4275 | 5177 |
| Prior Period Adjustment | - | - | (4) | - | - |
| Exceptional Item [see note 5(d)] | - | - | (156) | - | - |
| Net Profit for the Period | 1508 | 1426 | 5437 | 4275 | 5177 |
| Paid-up Equity Share Capital [Face Value Rs.10] | 2111 | 2110 | 2111 | 2110 | 2110 |
| Reserves excluding revaluation reserves | - | - | - | - | 24099 |
| Basic & Diluted EPS for the period | 7.13 | 6.74 | 25.70 | 20.20 | 24.47 |
| Basic & Diluted EPS for the period on Profit after Tax and before Exceptional Item | 7.13 | 6.74 | 26.45 | 20.20 | 24.47 |
| Non-Promoter shareholding | | | | | |
| Number of shares | | | 5487058 | 5520391 | 5487958 |
| Percentage of shareholding | | | 25.93% | 26.09% | 25.94% |

NOTES:

- 1 The above results were reviewed by the Audit Committee and approved by the Board of Directors, in their respective meetings held on 27 January 04. There is no qualification in the Auditors Report on this statement of financial results.
- 2 The figures for the comparative periods have been regrouped to render them comparable with the figures for the current period.
- 3 In the current year from the first quarter, the Company adopted the practice of disclosing Sales after excluding Sales Tax collected thereon. Excise Duty collected on Sales is shown by way of further deduction from Sales. Prior to the first quarter of the current year the reporting practice was to disclose Sales including Excise Duty and Sales Tax collected thereon, whilst separately disclosing the Excise Duty and Sales Tax collected on Sales in the Notes. The change in reporting practice has been effected for previous periods also for comparison and has been adopted to bring it in line with recommended practice. The change has no impact on the profits for any of the reported periods. Except for this change, and the changes as disclosed in notes 5b & 5c below, the statement of financial results has been prepared by applying the same accounting policies as were applied in the most recent annual financial statements for the year 2002-03.
- 4 The Company operates in a solitary business segment viz. pharmaceuticals, comprising mainly manufacture of branded formulations. A further breakdown of pharmaceutical sales is given below.

Rs. lacs

| Particulars | Quarter Ended | | | Nine Months Ended | | | Year Ended |
|-----------------------|---------------|--------------|------------|-------------------|--------------|------------|--------------|
| | 31-Dec-03 | 31-Dec-02 | Growth (%) | 31-Dec-03 | 31-Dec-02 | Growth (%) | 31-Mar-03 |
| Domestic Formulations | 7035 | 5925 | 19 | 22303 | 19030 | 17 | 23896 |
| Exports | 1434 | 1176 | 22 | 3452 | 3254 | 6 | 4355 |
| Contract Manufacture | 2011 | 2599 | (23) | 7214 | 5673 | 27 | 6453 |
| Others * | 526 | 300 | 76 | 1363 | 1080 | 26 | 1602 |
| Total | 11006 | 10000 | 10 | 34332 | 29037 | 18 | 36306 |

* includes inter-unit transfer for captive consumption, current quarter Rs.515 lacs (comparative quarter Rs.170 lacs), current nine month Rs.1232 lacs (comparative half year Rs. 667 lacs) and accounting year 2002-03 Rs.1139 lacs.

- 5 a Other Operating Income for the comparative quarter ended Dec 02 includes Rs. 241 lacs income on account of Option Fees received from Novartis Pharma AG, Switzerland in terms of Research and Option Agreement between the Company and Novartis Pharma AG for Company's AGE Breaker compound.
- b Hitherto costs incurred for procuring, developing, improving and maintaining computer software programs were charged to the profit and loss account as and when incurred. With effect from 1-April-2003 certain computer software costs will be capitalised and recognised as intangible assets in terms of Accounting Standard (AS) - 26 on Intangible Assets based on materiality, accounting prudence & significant economic benefits to flow for a period longer than 1 year. During the current quarter the Company has started Enterprise Resource Planning [ERP] project and has procured software system SAP R/3 from SAP India. The process of implementation involves customizing the software to meet the various business process requirements. The expenditure attributable to the software system including the implementation cost will be capitalized as per AS -26. The expenditure incurred during the current quarter Rs 86 lacs (comparative quarter – nil) is booked as capital work in progress.
- c During the second quarter, the Company has revised the estimated useful life of information technology assets other than software capitalised to 3 years, considering the faster technological obsolescence, wear and tear of such assets. In the earlier periods, the depreciation was charged as per rates prescribed in Schedule XIV of the Companies Act, 1956 with an implied estimated useful life of 5.86 years. Due to this change:
 - the depreciation for the nine month is higher by Rs. 123 lacs.
 - the deferred tax liability adjustment for the nine month is lower by Rs. 44 lacs; and
 - the net profit for the nine month is lower by Rs. 79 lacs.
- d During the second quarter, based on a review of the quality of the long term investment, full provision for carrying cost of Rs.156 lacs has been made for permanent diminution in value of equity shares of Charterhouse Therapeutics Limited, UK. The provision has been disclosed as Exceptional item.

- 6 The Company made further investments during the quarter & nine month amounting to Rs. 152 lacs and Rs. 1015 lacs respectively in equity shares of Torrent Do Brasil Ltda, its wholly owned subsidiary in Brazil.
- 7 Information relating to investor complaints as required by clause 41 of listing agreement for the quarter ended 31-Dec-03 is as follows :

| | |
|-------------------------------------------------|-----|
| Un-disposed complaints as of 1-Oct-03 | Nil |
| Complaints received during the quarter | 31 |
| Complaints disposed of during the quarter | 31 |
| Un-disposed complaints as of 31-Dec-03 | Nil |

For TORRENT PHARMACEUTICALS LIMITED

Place Ahmedabad
Date 27 January 2004

Sd/-
SAMIR MEHTA
Managing Director

.... Visit us at www.torrentpharma.com....