

TORRENT PHARMACEUTICALS LIMITED

AUDITED FINANCIAL RESULTS FOR THE YEAR 2003-04

[Rs. in lacs except per share data]

PARTICULARS	STAND - ALONE RESULTS					CONSOLIDATED RESULTS	
	NINE MONTHS ENDED ON	THREE MONTHS ENDED ON	ACCOUNTING YEAR ENDED ON			ACCOUNTING YEAR ENDED ON	
	31-12-2003	31-03-2004	31-03-2003	31-03-2004	31-03-2003	31-03-2004	31-03-2003
Sales (net of Sales Tax)	38039	11442	8111	49481	40369	51288	40531
Less: Excise Duty collected	3707	1035	842	4742	4063	5037	4097
Net Sales [see note 3]	34332	10407	7269	44739	36306	46251	36434
Other Operating Income	1055	264	657	1319	1749	1433	1957
Net Sales & Income from Operations	35387	10671	7926	46058	38055	47684	38391
Expenditure							
(Increase)/Decrease in Stock in Trade	(754)	(289)	(988)	(1043)	(416)	(1140)	(479)
Consumption of Raw/Packing Material and Purchase of Traded Goods	14884	4573	3397	19457	14935	19624	15036
Staff Cost	2925	1149	943	4074	3607	5483	4471
Manufacturing & Other Expenses	3943	1529	1286	5472	5029	6366	5616
Selling Expenses	3607	1266	936	4873	3700	5214	3813
Research & Development Expenses	2023	925	800	2948	2601	2948	2601
Total Expenditure [see note 5(b)]	26628	9153	6374	35781	29456	38495	31058
Operating Profit before Interest, Depreciation & Amortization and Tax	8759	1518	1552	10277	8599	9189	7333
Net Interest income/(expense)	36	(12)	67	24	153	33	176
Depreciation & Amortization [see note 5(c)]	1241	328	365	1569	1495	1602	1525
Operating Profit before Tax	7554	1178	1254	8732	7257	7620	5984
Other Income	219	146	10	365	59	364	150
Profit before Tax and Exceptional Item	7773	1324	1264	9097	7316	7984	6134
Provision for Taxation							
Current Tax	1838	279	221	2117	2022	2118	2033
Deferred Tax	312	51	(43)	363	(67)	215	(512)
Short Provision of Tax of Earlier Years	26	14	184	40	184	40	184
Profit after Tax and before Exceptional Item	5597	980	902	6577	5177	5611	4429
Prior Period Adjustment	(4)	-	-	(4)	-	(8)	-
Exceptional Item [see note 5(d) & (e)]	(156)	-	-	(156)	-	(156)	-
Net Profit for the Period	5437	980	902	6417	5177	5447	4429
Paid-up Equity Share Capital [Face Value Rs.10]	2111	2116	2110	2116	2110	2116	2110
Reserves excluding revaluation reserves	-	-	-	28603	24099	26492	22958
Basic & Diluted EPS for the period	25.70	4.63	4.27	30.33	24.47	25.74	20.93
Basic & Diluted EPS for the period on Profit after Tax and before Exceptional Item	26.45	4.63	4.27	31.09	24.47	26.52	20.93
Non-Promoter shareholding							
Number of shares				5486958	5487958		
Percentage of shareholding				25.93%	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 10-Jun-04 There is no qualification in the Auditors Report on this statement of financial results.
- 2 Figures for comparative periods have been regrouped to make 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 annual financial statements for the previous year.
- 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	Nine months ended	Quarter Ended			Year Ended		
		31-Dec-03	31-Mar-04	31-Mar-03	Growth (%)	31-Mar-04	31-Mar-03
Domestic Formulations	22303	6172	4866	27	28475	23896	19
Exports	3452	1719	1101	56	5171	4355	19
Consolidated Exports	----	----	----	----	6683	4483	49
Contract Manufacture	7214	1969	779	153	9183	6453	42
Others *	1363	547	523	5	1910	1602	19
Total	34332	10407	7269	43	44739	36306	23
Consolidated Sales	----	----	----	----	46251	36434	27

* includes inter-unit transfer for captive consumption, current quarter Rs.518 lacs (comparative quarter Rs.473 lacs), current nine months Rs. 1232 lacs & current year Rs.1751 lacs (previous year Rs. 1140 lacs)

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 - a Domestic formulations sales for the comparative quarter ended Mar 03 were affected due to postponement of purchases by the trade channel on account of uncertainties arising out of implementation of Value Added Tax in lieu of sales tax by the State Governments.
 - 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 third quarter, the Company begun implementation of an 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 and the implementation cost will be capitalized as per AS -26. The expenditure incurred during the current year Rs 363 lacs (comparative year – 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, 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 year is higher by Rs. 127 lacs.
 - the deferred tax liability adjustment for the year is lower by Rs. 45 lacs; and
 - the net profit for the year is lower by Rs. 82 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.
- e During the year 2001-02, the Company provided for the carrying cost of Rs. 322.86 lacs in respect of long term equity investment in JSC Pharmimex ("JSC"), Russia for permanent diminution in value of the investment. JSC asserted certain contractual claims against the Company of Rs. 62.14 lacs for delay in supplies. The Company settled the same by way of set-off against sale of its equity investment in JSC. The resultant excess provision and claim expense are treated as exceptional items.
- 6 a The Company made further investments during the current quarter amounting to :
 - Rs 318 lacs in equity shares of Torrent Do Brasil Ltda. (total investments made in current year Rs.1333 lacs), its wholly owned subsidiary in Brazil; and
 - Rs 56 lacs in Torrent Pharma GmbH (total investments made in current year Rs.56 lacs), its wholly owned subsidiary in Germany.
- b During the current quarter, the Company incorporated Torrent Pharma Inc, a wholly owned subsidiary in USA, with an initial capital investment of Rs 45 lacs.
- 7 a During the quarter, Company forfeited 7000 equity shares held by 70 shareholders for calls in arrears.
- b During the current year, the Company has repaid Rs. 400 lacs of long term borrowings.
- 8 The Board of Directors in their meeting of even date has proposed an equity dividend of Rs.8.00 (previous year Rs.8.00) per equity share of Rs.10 each fully paid up. The aggregate amount of equity dividend proposed to be distributed is Rs. 1909 lacs (previous year Rs. 1910 lacs) including tax on distributed profits of Rs 217 lacs (previous year Rs. 217 lacs).
- 9 Information relating to investor complaints for the quarter ended 31-Mar-04 is as follows :
- | | |
|--|-----|
| Un-disposed complaints as of 1-Jan-04..... | Nil |
| Complaints received during the quarter | 21 |
| Complaints disposed of during the quarter..... | 21 |
| Un-disposed complaints as of 31-Mar-04 | Nil |

Notes to Consolidated Results:

- 10 The consolidated financial results include the audited financial results for the following subsidiary companies:
 a Zao Torrent Pharma, Russia
 b Torrent Do Brasil Ltda., Brazil
 c Torrent Pharma GmbH., Germany
 d Torrent Pharma Inc, USA
 e TPL Finance Ltd., India
- 11 Torrent Pharma Inc, a wholly owned subsidiary (WOS) was incorporated on 13-Jan-04 and accordingly accounts of that subsidiary prepared for the period of 13-Jan-04 to 31-Mar-04 have been consolidated.
- 12 Consolidated financial results have been prepared by applying the same accounting policies as were applied in the consolidated financial statements for the previous year.

For TORRENT PHARMACEUTICALS LIMITED

Place Ahmedabad
Date 10-Jun-04

Sd/-
SAMIR MEHTA
Managing Director

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