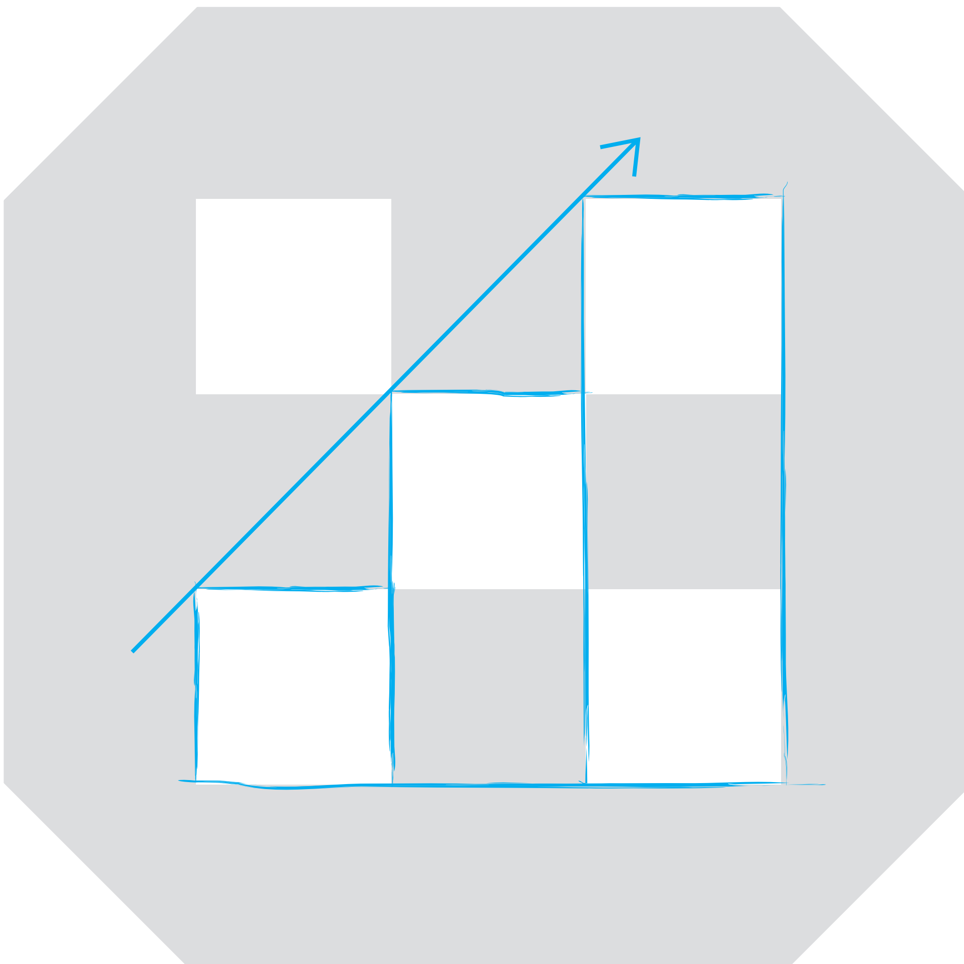
Creating **value**, driving **growth**

37[th] ANNUAL REPORT 2009-2010



Torrent Pharmaceuticals Limited

CONTENTS

CORPORATE INFORMATION

DIRECTORS

Sudhir Mehta
Chairman

Markand Bhatt

S. H. Bhojani

Dr. Prasanna Chandra

Kiran Karnik

Sanjay Lalbhai

Dr. C. Dutt
Director (Research & Development)

Samir Mehta
Managing Director

AUDIT COMMITTEE

Dr. Prasanna Chandra
Chairman

S. H. Bhojani

Kiran Karnik

SECURITIES TRANSFER & INVESTORS' GRIEVANCE COMMITTEE

Sudhir Mehta
Chairman

Markand Bhatt

Samir Mehta

VP (LEGAL) & COMPANY SECRETARY

Mahesh Agrawal

AUDITORS

C.C. Chokshi & Co.
Chartered Accountants
(Registration No. 101876W)

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)

SIKKIM PROJECT SITE

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

RESEARCH & DEVELOPMENT FACILITY

Village Bhat, Dist. Gandhinagar (Gujarat)

WEBSITE

www.torrentpharma.com

REGISTRARS & TRANSFER AGENTS

Karvy Computershare Private Ltd.,
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 SEVENTH ANNUAL GENERAL MEETING OF THE MEMBERS OF TORRENT PHARMACEUTICALS LIMITED will be held on Friday, 30th July, 2010 at 09:30 AM at J. B. Auditorium, Torrent AMA Center, 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, 2010, 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 6th May, 2010 recommended a dividend at Rs. 6.00 per equity share of face value of Rs. 5 for the financial year 2009-10.

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

4 To appoint a Director in place of Dr. Prasanna Chandra, 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:

ALTERATION OF ARTICLES OF ASSOCIATION OF THE COMPANY

"RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956 and subject to other permission and approvals, if any, as may be required, the Articles of Association of the Company be altered in the following manner:-

Article 174(e) of the Articles of Associations be substituted by the following:

> "Contribute to charitable and other funds not directly relating to the business of the Company or the welfare of its employees, any amounts the aggregate of which will, in any financial year, exceed fifty thousand rupees or five per cent of its average net profits as determined in accordance with the provisions of Section 349 and 350 of the Act during three financial years immediately preceding, whichever is greater."

"FURTHER RESOLVED THAT the Board be and is hereby authorised to do and perform and/ or to authorize the officers of the Company 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, Registrar of Companies or any such similar authorities if required."

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

By Order of the Board of Directors
For TORRENT PHARMACEUTICALS LIMITED

Ahmedabad
6th May, 2010

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 No. 6 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.

   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.
5. 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.
6. The members, holding shares in physical form, are requested to intimate any change in their address to the Company or its Registrars & Transfer Agent. Those holding Shares in dematerialized form may intimate any change in their address to their Depository Participants immediately.
7. Members (Beneficiaries) holding shares in dematerialized mode are requested to note that the bank details furnished by them to their respective Depository Participants (DPs) will be printed on their Dividend Warrants, if not opted for Electronic Clearing Service (ECS).
8. **The Share Transfer Register of the Company shall remain closed for a period of 3 days from 8th June, 2010 to 10th June, 2010 (both days inclusive).**
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 2001-02 has been transferred to the "Investor Education Protection Fund" established by the Central Government. Members shall not be able to register their claim in respect of their outstanding dividend with regard to the said dividend. Unclaimed dividend for all the subsequent years will be transferred to the "Investor Education and Protection Fund" according to the statutory stipulations. Members are requested to contact the Company's Registrar and Transfer Agents, in respect of their outstanding dividends for the succeeding years.
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) S. H. Bhojani was last re-appointed as director on 31st July, 2007 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.

       Mr. Bhojani, 66, has obtained his Bachelors' Degree in Science (B.Sc) and Masters' Degree in Law (LL.M.) with specialization in International Law, Company Law, Labour Law and Banking Law. He has been associated with the Company since 2001. He started his career in 1969 with Bharat Bijli Ltd. as an Assistant Company Secretary. Over the period of 3 decades he has worked with renowned companies like Bombay Suburban Electric Supply Ltd., Crompton Greaves Ltd. & finally with ICICI Ltd. His tenure with ICICI spanned 28 years starting as a legal officer and eventually rising to the rank of Deputy Managing Director. He has the distinction of being the first ever legal professional to become a director on Board of any bank or financial institution. He retired from ICICI in April 2001 and is, presently, practicing as partner in the renowned legal firm Amarchand & Mangaldas & Suresh A Shroff & Co. He is also a member of Audit Committee of the Company.

His other Directorships include that of Ascent Capital Advisors India Pvt. Ltd.and National Collateral Management Services Ltd. He is also a member of Board Governance and Remuneration Committee of National Collateral Management Services Ltd. He does not hold any shares of the Company. His sagacious counsel, laudable knowledge and valuable experience will enrich the Board.

b) Dr. Prasanna Chandra was last re-appointed as director on 31st July, 2007 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.

   Dr. Chandra, 63, an MBA and a Doctorate in Finance, has four decades of teaching and training experience at various institutions in India and abroad. He has been associated with the Company since 2001 as Director. Dr. Chandra has authored several books, served on the boards of reputed organisations, and has been a consultant to many companies. He has received several honours, including the Best Teacher Award from the Association of Indian Management Schools. He is also the Chairman of Audit Committee of the Company.

   He does not hold any Directorship in any other company. He does not hold any shares of the Company. 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

The existing Article 174(e) of the Articles of Association of the Company provides for contribution to charitable and other funds. This Article prohibits any contribution by the Company to any political party or for any political purpose. The Companies Act, 1956 was amended in 1985 to permit such contribution every year up to 5% of the average net profit determined as per the provisions of Sections 349 & 350 during the three immediate preceding financial years. The Company proposes to delete through this Special Resolution, such prohibition in its Articles to empower its Board to make such contribution subject to the provisions of the Companies Act, 1956, as and when required.

None of the directors of the Company is in any way concerned or interested in the resolution.

The Board commends this resolution for your approval.

Registered Office :	By Order of the Board of Directors
Torrent House,	**For TORRENT PHARMACEUTICALS LIMITED**
Off Ashram Road,	
Ahmedabad – 380 009	
Ahmedabad	**MAHESH AGRAWAL**
6th May, 2010	VP (Legal) & Company Secretary

DIRECTORS' REPORT

To

The Shareholders

The Directors have the pleasure of presenting the Thirty Seventh Annual Report of your Company together with the audited accounts for the year ended 31st March, 2010.

FINANCIAL RESULTS

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

(Rs. in Crores except per share data)

	Consolidated		Standalone	
	2009-10	2008-09	2009-10	2008-09
Sales & Operating Income	**1916**	1631	**1449**	1185
Profit Before Depreciation Interest and Tax (PBDIT)	**430**	262	**422**	257
Less Depreciation	**66**	42	**54**	37
Less Net Interest Expense	**17**	19	**17**	20
Profit Before Exceptional Items & Tax	**347**	201	**351**	200
Less Exceptional Items	**0**	9	**37**	9
Less Tax Expense	**116**	7	**107**	4
Net Profit for the Year	**231**	185	**207**	187
Balance brought forward	**3**	3	**86**	84
Distributable Profits	**234**	188	**293**	271
Appropriated as under:				
Transfer to General Reserve	**56**	145	**56**	145
Proposed Equity Dividend	**51**	34	**51**	34
Tax on Distributed Profits	**8**	6	**8**	6
Balance Carried Forward	**119**	3	**178**	86
Earnings Per Share (Rs. per share)	**27.32**	21.79	**24.51**	22.07

Consolidated Operating Results

The consolidated sales and operating income increased to Rs. 1916.04 crores from Rs.1630.66 crores in the previous year yielding a growth of 17.50%. The consolidated operating profit for the year increased to Rs. 429.81 crores as against Rs. 262.24 crores in the previous year registering a growth of 63.90%. The consolidated net profit increased to Rs. 231.20 crores from Rs. 184.37 crores in the previous year registering a growth of 25.40%. The Company has reviewed realisability of MAT credit entitlement, recognized in earlier years. Based on the review, such MAT credit entitlement, amounting to Rs. 52.86 crores, has been written off during the year. Adjusted for this, the growth in consolidated net profit is 54.00%.

Standalone Operating Results

The sales and operating income increased to Rs. 1448.96 crores from Rs. 1184.89 crores in the previous year yielding a growth of 22.29%. The operating profit for the year under review increased to Rs. 422.03 crores as against Rs.256.75 crores in the previous year registering a growth of 64.37%. The profits after tax for the year under review increased to Rs. 207.37 crores as against Rs. 186.73 crores in the previous year registering a growth of 11.05 %. Growth in net profit adjusted for MAT credit write off as stated above, is 39.00%.

Management Discussion and Analysis (MDA)

The detailed analysis of the operating performance of the Company for the year, the state of affairs and the key changes in the operating environment has been included in the Management Discussion and Analysis Section which forms a part of the Annual Report.

APPROPRIATIONS

Dividend

The Board has recommended a dividend of Rs. 6.00 per equity share (previous year dividend Rs. 4.00 per equity share) of fully paid up face value of Rs. 5, amounting to Rs. 50.77 crores (previous year dividend Rs. 33.84 crores). The tax on distributed profits payable on this dividend is Rs. 8.43 crores (previous year Rs. 5.75 crores) making the aggregate distribution to Rs. 59.20 crores (previous year Rs. 39.60 crores). The distributed profits are 29.00% (previous year 21.00%) of the net profits for the year.

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

Transfer to Reserves

The Board has recommended a transfer of Rs. 56.00 crores to the general reserve and an amount of Rs.178.19 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 2009-10, 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, 2010 and of the profit for the year ended 31st March, 2010;

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 two wholly owned subsidiaries, one each at Canada and Thailand under the names of Torrent Pharma Canada Inc. and Torrent Pharma (Thailand) Co., Ltd. respectively. Further, the wholly owned subsidiary of the Company, Torrent Pharma GmbH (TPG) at Germany, incorporated two subsidiaries namely Heunet Pharma GmbH and Norispharm GmbH at Germany.

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 41.01 million (Rs. 273.88 crores) for the financial year 2009-10 as compared with Euro 40.24 million (Rs. 261.68 crores) for the previous year, registering a growth of 4.66 % in terms of rupees. Net profit for the year was Euro 0.48 million (Rs. 4.63 crores) as against a net profit of Euro 2.22 million (Rs. 18.84 crores) for the previous year. Charge on account of impairment of product licenses and increase in employee costs due to revision in actuarial value of pension liability were the primary reasons for lower profitability. During the year Heumann along with its subsidiaries was successful in several tenders and the sales toward these will flow in the coming years.

Torrent do Brasil Ltda. (TdBL), Brazil

During the year, TdBL achieved revenues of Reai 118.04 million (Rs. 300.97 crores), as compared with Reai 108.60 million (Rs. 256.79 crores) in the previous year, registering a growth of 9.00% in Reai and 17.00% in rupees.

TdBL earned a net profit after tax of Reai 4.84 million (Rs. 18.38 crores), as compared to a net profit after tax of Reai 2.48 million (Rs. 6.25 crores) in the previous year. The increase in the profit is primarily due to reduction in overall spend level.

Zao Torrent Pharma (ZAO TP), Russia

During the year, ZAO TP achieved revenue of RRU 195.27 million (Rs. 30.06 crores) as compared with RRU 312.83 million (Rs. 52.69 crores) in the previous year, registering a decrease of 42.95% in terms of rupees. Net loss after tax for the year was at RRU 56.88 million (Rs.9.09 crores) as against a net loss after tax of RRU 113.79 million (Rs. 19.52 crores) for the previous year. Operations in Russia were affected by adverse economic conditions and dampened demand resulting in the de-growth in revenues.

Torrent Pharma Inc. (TPI), USA

During the year, TPI earned revenues of USD 19.66 million (Rs. 93.10 crores), as compared with USD 7.13 million (Rs. 33.59 crores) in previous year registering a growth of 177.17% in terms of rupees. Net profit for the year was at USD 0.21 million (Rs. 0.14 crores) as against a net profit of USD 0.22 million (Rs. 2.20 crores) for the previous year. The Company has 13 ANDA's approvals, 29 pending approvals and 28 filings under development. Steady flow of product approvals from this pipeline is expected to sustain growth momentum.

Torrent Pharma GmbH (TPG), Germany

During the year, TPG earned revenues of Euro 2.51 million (Rs. 16.86 crores) as compared with Euro 2.94 million (Rs. 19.09 crores) for the previous year. Net loss for the year was at Euro 1.69 million (Rs. 11.10 crores) as against a profit of Euro 0.63 million (Rs. 4.09 crores) for the previous year. Significant expenditure was incurred in obtaining product registrations during 2009-10. Revenue against these will flow once the regulatory approvals come through.

Torrent Pharma Philippines Inc. (TPPI), Philippines

During the year, TPPI earned revenues of Pesos 230.94 million (Rs. 23.18 crores) as compared with Pesos 172.23 million (Rs. 17.18 crores) for the previous year. Net profit for the year was at Pesos 0.86 million (Rs. 0.02 crores) as against a profit of Pesos 5.81 million (Rs. 0.88 crores) for the previous year.

Laboratorios Torrent S.A. de C.V is still to start its field promotion. Torrent Australasia Pty. Ltd, Torrent Pharma Japan Co. Ltd and Torrent Pharma Canada Inc. are at their formative stages and have not commenced any revenue generating activities.

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 is actively supporting the Torrent Group's initiatives to expand the U N Mehta Institute of Cardiology and Research Centre and to take patient care effectively.

In education field, your Company has adopted a primary school at village Bhud, Baddi, Himachal Pradesh. It has constructed additional class rooms and enhancing number of teachers to ensure the quality of the education. Similar initiatives are taken at village Indrad, Gujarat.

INSURANCE

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

DIRECTORS

S. H. Bhojani and Dr. Prasanna Chandra are liable to retire by rotation at the ensuing Annual General Meeting and being eligible have been proposed for re-appointment. The details of their re-appointment together with nature of their expertise in specific functional areas and names of the companies in which they hold office as Director and/or the Chairman/Membership of Committees of the Board, are provided in the Notice of the ensuing Annual General Meeting.

CORPORATE GOVERNANCE

As required by Clause 49 of the listing agreement, a separate report on corporate governance forms part of the Annual Report. A certificate from the statutory auditors of the Company regarding compliance of conditions of corporate governance forms a part of this report as Annex 3.

AUDITORS

The term of appointment of statutory auditors C. C. Chokshi & Co. will expire at the ensuing Annual General Meeting. C.C.Chokshi & Co. is a part of network of firms of Chartered Accountants registered with The Institute of Chartered Accountants of India (ICAI) under the Rules of Network issued by the ICAI. Deloitte Haskins & Sells, Ahmedabad (Firm Registration No. 117365W) is a part of the Network. The Company proposes to appoint Deloitte Haskins & Sells, Ahmedabad as its statutory auditors at the ensuing Annual General Meeting. C. C. Chokshi & Co. has expressed their unwillingness to be re-appointed as statutory auditors of the Company and Deloitte Haskins & Sells, Ahmedabad has expressed their willingness to be appointed as the statutory auditors of the Company. The Company has received a certificate from Deloitte Haskins & Sells, Ahmedabad to the effect that the appointment, if made at the ensuing Annual General Meeting, will be in accordance with the limits specified in section 224(1B) of the Companies Act, 1956. The Audit Committee in their meeting held on 6th May, 2010 has recommended the appointment of Deloitte Haskins & Sells, Ahmedabad as statutory auditors of the Company for the year 2010-11.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, ETC.

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

PARTICULARS OF EMPLOYEES

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

APPRECIATION AND ACKNOWLEDGEMENTS

Your Directors appreciate the trust reposed by the medical fraternity and patients in the Company and look forward to their continued patronage. The Directors are also grateful and pleased to place on record their appreciation for the excellent support, guidance and cooperation extended by the Government of India, Government of Gujarat, Government of Himachal Pradesh, Government of Sikkim, Gujarat Urja Vikas Nigam Ltd, 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
6th May, 2010

Sudhir Mehta
Chairman

ANNEX 1 TO DIRECTORS' REPORT

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

A. CONSERVATION OF ENERGY

(a) Energy conservation measures taken during the year

1. Replacement of Energy Efficient Dual Fuel burners, in Boilers at Research Center resulted into approximately 40% cost saving with added benefit in reduction of CO2 Gas emission to environment and resulted into cost benefit of Rs. 46 lacs during the year.
2. To expand the benefits obtained last year, thyristor based automatic power factor correction panels were installed near to unit to maintain power factor and they are expected to yield annual rebate of Rs. 26 lacs from UGVCL.
3. Reduction in energy consumption was achieved compared to previous year by optimizing pump operation, auto-operation of fans, controlled usage of lighting and reduction in water consumption which resulted into total saving of Rs. 21 lacs.
4. The proposal made last year for reduction of consumption of energy relating to installation of energy efficient centrifugal machine and three units of ED 2000 Antifouling Systems were implemented during the year resulting into substantial saving of energy.
5. Energy Management System was installed at Baddi Plant for monitoring and controlling the power consumption in all areas. This system is used as a diagnostic tool for identifying and solving energy problems and appreciating opportunities for cost savings.

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

1. A 1.3 MW Gas based power generation system with heat recovery option is proposed to be installed to meet additional power requirement of the plant, with an investment of nearly Rs.165 lacs and is expected to give annual saving of Rs. 34 lacs. Gas being cleaner fuel will additionally help in protecting the environment.
2. To expand further the energy conservation benefits already obtained, it is proposed to install Dual fired burner (Gas/FO) in other boilers expecting substantial saving with cleaner fuel.
3. Heat recovery system is proposed to be installed for 6 and 10 Ton boiler by installing Pressurized and Condensing Economizer with an investment of Rs. 50 lacs and is expected to yield an annual saving of Rs. 25 lacs.

(c) Impact of measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods

The above measures have helped the Company in effective and economic consumption of electricity, fuel and reduced the energy expenses. The specific benefits have been mentioned in the respective heads under clauses (a) and (b) above.

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

I. Power and Fuel Consumption*:

1		Electricity	**2009-10**	2008-09
	a	Purchased Units (KWH in lacs)	**327.09**	263.54
		Total Amount (Rs. in lacs)	**1857.09**	1478.40
		Average Rate (Rs.)	**5.68**	5.61
	b	Own generation through DG sets (KWH in lac Units)	**20.64**	26.81
		Units generated per liter of diesel	**3.69**	3.68
		Cost of fuel per Unit	**8.19**	8.91

2		Fuel Consumption	2009-10	2008-09
	a	Furnace Oil (in lac liters)	13.75	22.54
		Total Amount (Rs. in lacs)	363.41	539.72
		Average Rate (Rs. / liter)	26.43	23.95
	b	Natural Gas		
		Purchased Gas in SCM	1738613	484044
		Total Amount (Rs. in lacs)	266.34	120.75
		Average Rate (Rs. / SCM)	15.32	24.95

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

II. Consumption per unit of production:

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

B. TECHNOLOGY ABSORPTION

Particulars with respect to technology absorption are given below:

Research and Development (R & D)

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

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

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

- At the end of the year under review, 45 ANDAs and 18 DMFs filed in US and 16 in European Union (EU) and 34 new product Dossiers submitted in the EU.
- Five processes for APIs were developed and transferred to plant during the year.
- 628 patents filed for NDDS technology, drug discovery projects and innovative process of API & formulations for various markets and 222 have been granted so far.

3. Future plan of action

- Drug discovery projects would be continued in focused therapeutic areas. Building capabilities and infrastructure for Preclinical development and clinical trials required for NCEs is being pursued aggressively.
- Efforts would continue for development of new, value added and differentiated formulations and new innovative processes for APIs. Efforts would also continue to explore novel technologies for formulation development.

4. Expenditure on R & D

Particulars		2009-10 (Rs. in crores)
a	Capital expenses	10.48
b	Revenue expenses	109.07
	Total (a+b)	119.55
c	Total R&D expenditure as a percentage of turnover	8.62

Technology absorption, adaptation and innovation

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

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

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

New products broadened the product basket of the Company and further strengthened the Company's image as research-based organization.

3. Information in case of imported technology (imported during the last five years reckoned from the beginning of the financial year)

Technology Imported	Year of Import	Whether fully absorbed
Biotransformation & Metabolism Database, ACD-PK & LogD software, ADME capabilities, Multiplexing apparatus with Mass Spectrometer, low-density gene expression array technology	2005-06	Yes
Advanced modeling tools such as TOPKAT, HypoRefine software module Millar Pressure-Volume Systems (MPVS)	2006-07	Yes

C FOREIGN EXCHANGE EARNINGS AND OUTGO

The Company used foreign exchange amounting to Rs.122.22 crores and earned foreign exchange amounting to Rs. 464.25 crores during the year 2009-10 as compared to previous year's Rs. 109.50 crores and Rs. 349.23 crores respectively.

ANNEX 3 TO DIRECTOR'S REPORT

Auditors' Certificate on Corporate Governance

To the Members of
Torrent Pharmaceuticals Limited

We have examined the compliance of conditions of corporate governance by Torrent Pharmaceuticals Limited, for the year ended on 31st March, 2010, 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 C.C.Chokshi & Co.
Chartered Accountants
(Registration No. 101876W)

Gaurav J. Shah
Partner
Membership No. 35701

Ahmedabad
6th May, 2010

REPORT ON CORPORATE GOVERNANCE

The Securities and Exchange Board of India (SEBI) ushered in a formal code of corporate governance (hereinafter "the Code") through Clause 49 in the Listing Agreement executed by the Company with stock exchanges. Clause 49 lays down several corporate governance practices which listed companies are required to adopt. The Code has been periodically upgraded to ensure the adoption of best corporate governance practices by the corporates. This report sets out the compliance status of the Company with the requirements of corporate governance, as set out in Clause 49, for the financial year 2009-10.

Company's Philosophy on Corporate Governance

The Company believes that the Code prescribes only a minimum framework for governance of a business in corporate framework. The Company's philosophy is to develop this desired minimum framework and institutionalise the spirit it entails. This will lay the foundation for further development of superior governance practices which are vital for growing a successful business. The Company recognises that transparency, disclosure, financial controls and accountability are the pillars of any good system of corporate governance. It is the Company's endeavour to attain highest level of governance to enhance the stakeholder's value.

1. BOARD OF DIRECTORS

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

The Board of Directors of the Company met four times during the year on 15th May, 2009, 29th July, 2009, 31st October, 2009 and 27th January, 2010.

Composition of Board and other related matters:

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

Notes:

1. Mihir Thakore resigned and ceased to be a Director with effect from 6th May, 2009.
2. 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.
3. NED – Non-Executive Director; NED (I) – Non-Executive & Independent Director; WTD – Whole Time Director.
4. Sudhir Mehta & Samir Mehta are brothers; none of the other Directors have any inter se relationship.

S. H. Bhojani and Dr. Prasanna Chandra are liable to retire by rotation at the forthcoming Annual General Meeting and being eligible, have offered themselves for re-appointment. Relevant details pertaining to them are provided in the Notice of the Annual General Meeting.

2. AUDIT COMMITTEE

During the year under review, four meetings of the Committee were held on 15th May, 2009, 29th July, 2009, 31st October, 2009 and 27th January, 2010.

The composition of the Committee as on 31st March, 2010 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
Dr. Prasanna Chandra, Chairman	Independent Non-Executive	MBA, Ph.D. in Finance	4
S. H. Bhojani	-- do --	B.Sc., LL.M.	4
Kiran Karnik	-- do --	B.Sc. (Hons.), PGDBM-IIM-A	2
Mihir Thakore*	-- do --	B.Com, LL.B., Senior Advocate	Nil

* ceased to be a member of the Committee with effect from 6th May, 2009 as resigned from the Board

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

The Chairman of the Committee attended the Annual General Meeting of the Company.

The Company Secretary acts as the Secretary to the Audit Committee. In addition to the above, the Committee meetings were also attended by the Vice President (Finance), Chief Operating Officer, Statutory Auditors and Internal Auditors. Cost Auditor and other executives of the Company also attended the meeting as and when required.

The broad terms of reference of the Committee are to review and recommend the financial statements and to review the adequacy of internal control systems and internal audit function. The detailed terms of reference of the Committee as approved by the Board are given below:

i Reviewing internal controls and internal audit function and their adequacy with the management / internal auditors.

ii Reviewing with the management, performance of statutory and internal auditors.

iii Oversight of the financial reporting process / disclosures and review of interim & annual financial statements before Board approval.

iv Appointment/ reappointment/ replacement/ removal of statutory auditors & fixation of their audit fees & fees for other services.

v Periodic discussions with the statutory auditors of the Company (whether before, during or after the audit) on internal control systems, nature & scope of audit, audit observations and areas of concern, if any.

vi Investigate any matter referred to it by the Board or within its terms of reference.

vii Review the outcome of internal investigations of material fraud, irregularity & failure of internal control system.

viii To look into substantial defaults, if any, in payments to depositors, debenture-holders, creditors & shareholders.

ix Discussion with the internal auditors any significant findings and follow up there on.

x Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:

  A Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956;

  B Changes, if any, in accounting policies and practices and reasons for the same;

  C Major accounting entries involving estimates based on the exercise of judgment by management;

  D Significant adjustments made in the financial statements arising out of audit findings;

  E Compliance with listing and other legal requirements relating to financial statements;

  F Disclosure of any related party transactions;

  G Qualifications in audit report, if any.

xi To review the following information:

A Management Discussion and Analysis of financial conditions and results of operations;

B Statement of significant related party transactions (as defined by the audit committee), submitted by management;

C Management letters / letters of internal control weaknesses issued by the statutory auditors;

D Internal audit reports relating to internal control weaknesses; and

E The appointment, removal and terms of remuneration of the chief internal auditor.

In addition to the above, the Committee also reviews the financial statements of all Subsidiaries of the Company and shall have such functions / role / powers as may be specified in the Companies Act, Listing Agreement with stock exchanges or any other applicable 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 6 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	6
Markand Bhatt	Non-Executive Director	6
Samir Mehta	Managing Director	6

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

99.18 % of the equity shares of the Company are held in dematerialised form & the handling of physical transfer of shares is minimal. The table below sets out details of pending transfers of equity shares as at 31st March, 2010:

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

During the year the Company received 7 complaints from the shareholders and the same were attended within a reasonable period of time. No complaint was pending as on 31st March, 2010.

4. MANAGERIAL REMUNERATION

Remuneration Committee

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

Managing Director / Whole Time Director

The appointment and remuneration of Samir Mehta, Managing Director was fixed by the Board and approved by the shareholders at the Annual General Meeting held on 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. 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.

Independent Non Executive Directors (INEDs)

1. INEDs are compensated for their services to the Company by way of commission. The shareholders have approved, at the Annual General Meeting held on 29th July, 2009 with effect from 1st October, 2009, a ceiling of 0.50% of net profits as the ceiling of aggregate of such commission per year for a period of 5 years.
2. Within the ceiling, Chairman of the Board has power to decide the commission amount for each of the INEDs. The commission was determined on the participation of the Directors in the meetings of Board and / or Audit Committee and the tenure during the year for which they were the Directors.
3. In case of inadequacy of profits, commission upto Rs. 5.00 lacs shall be payable as minimum remuneration to each INED who is also member of any Committee of the Directors and upto Rs. 3.00 lacs to each INED who is not a member of any such Committee of the Directors subject to approval of shareholders.
4. The commission for any financial year shall become due on approval by the Board of financial statements for that year.

Details of remuneration of Directors for the year 2009-10 are as under:

(Rs. in lacs)

Name & Designation of Directors$	Sitting Fees	Salary & Perquisites#	Commission	Total
Sudhir Mehta, Chairman	Nil	Nil	Nil	Nil
Markand Bhatt	Nil	Nil	Nil	Nil
S. H. Bhojani	Nil	Nil	10.00	10.00
Dr. Prasanna Chandra	Nil	Nil	10.00	10.00
Kiran Karnik	Nil	Nil	6.50	6.50
Sanjay Lalbhai	Nil	Nil	Nil	Nil
Mihir Thakore [1]	Nil	Nil	0.29	0.29
Dr. C. Dutt, Director (Research & Development)	Nil	177.15	Nil	177.15
Samir Mehta, Managing Director	Nil	279.20	300.00##	579.20
Total	**Nil**	**456.35**	**326.79**	**783.14**

Notes:

1 Mihir Thakore has resigned and ceased to be a director with effect from 6th May, 2009.

$ The terms of appointment of all Whole Time Directors are governed by the resolutions of the shareholders and applicable rules of the Company. None of the Directors are entitled to a severance fees.

Includes salary, house rent allowance, contribution to provident / gratuity / superannuation funds & approved perquisites. Directors have not been granted any stock options during the year.

Commission as approved by the Board subject to maximum of such a rate of the eligible net profits so that total remuneration does not exceed 5% of such profits amounting to Rs. 1519.77 lacs.

Amarchand Mangaldas & Suresh A Shroff & Co., a law firm in which S. H. Bhojani, an Independent Non-executive Director, is a partner, were paid Rs. 6.92 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, 2010 are as under:

Name of the Directors	No. of equity shares
Sanjay S. 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
34th AGM	31-Jul-07	9:30 AM	H.T.Parekh Convention Center, Ahmedabad Management Association, Vastrapur, Ahmedabad	-
35th AGM	29-Jul-08	9:30 AM	-- do --	-
36th AGM	29-Jul-09	9:30 AM	-- do --	-

No special resolutions were passed in the last three Annual General Meetings of the Company. During the current year, no resolution is proposed to be passed through postal ballot.

6. DISCLOSURES

a. Legal Compliances

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

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

b. Code of Business Conduct

The Code of Business Conduct adopted by the Company has been posted on the web site of the Company. The members of the Board and senior management of the Company have submitted their affirmation on compliance with the Code of Business Conduct for the effective period. The declaration by the Managing Director to that effect forms part of this report as Annexure 1.

c. Related Party Transactions

Transactions with related parties are disclosed in detail in Note 27 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/ Jansatta (Gujarati). These were also promptly put on the Company's website www.torrentpharma.com. All official news release of relevance to the investors are also made available on the website for a reasonable period of time.

8. GENERAL SHAREHOLDER INFORMATION

a. 37th Annual General Meeting

Date & Time	Friday, 30th July, 2010 at 9:30AM
Venue	J. B. Auditorium, Torrent AMA Center, Ground Floor, Ahmedabad Management Association, Vastrapur, Ahmedabad – 380 015

b. Tentative Financial Calendar for the year 2010-11

Financial year	1-April to 31-March
First Quarter results	Fourth week of July 2010
Half Yearly results	Fourth week of October 2010
Third Quarter results	Fourth week of January 2011
Results for year-end	Second week of May 2011

c. Date of Book Closure

8th June, 2010 to 10th June, 2010 (both days inclusive)

d. Dividend payment date

The proposed dividend, if approved at the ensuing Annual General Meeting will be distributed on or around 3rd August, 2010.

e. Listing on Stock Exchanges and Security Codes

Name of Stock Exchange	Security Code
Bombay Stock Exchange Ltd., Mumbai (BSE)	500420
The National Stock Exchange of India Ltd., Mumbai (NSE)	TORNTPHARM

The Company has paid the annual listing fees for the year 2010-11 to both of the above stock exchanges.

f. Market Price Data

The closing market price of equity share on 31st March, 2010 (last trading day of the year) was Rs.545.15 on BSE & Rs. 545.45 on NSE.

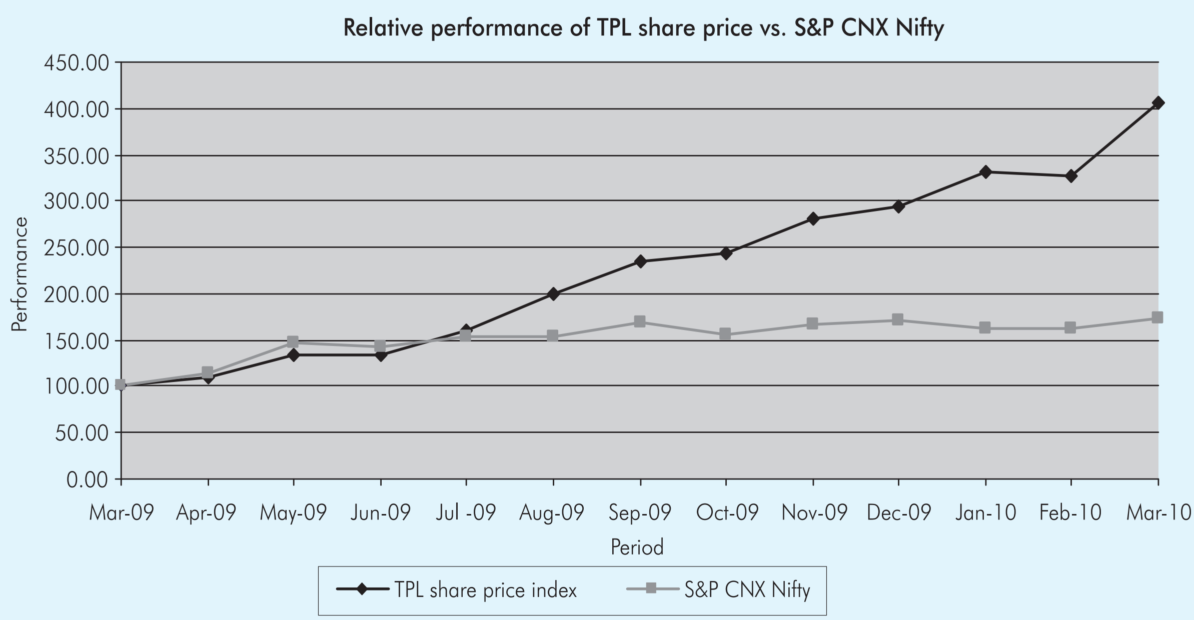
The monthly movement of equity share prices during the year at BSE & NSE are summarized below:

Monthly Share Price movement during 2009-10 at BSE & NSE						
Month	BSE			NSE		
	High	Low	Volume	High	Low	Volume
Apr – 09	162.50	132.20	298,544	162.90	131.50	268,783
May – 09	194.40	146.70	668,800	197.80	138.00	851,827
Jun – 09	191.00	164.00	900,648	194.90	148.00	4,837,302
Jul – 09	224.45	173.55	655,997	223.90	167.70	962,458
Aug– 09	288.00	202.25	1,133,632	286.50	202.05	1,891,261
Sep – 09	319.95	257.05	1,264,081	319.80	251.00	2,133,755
Oct – 09	355.00	285.00	612,960	349.90	285.20	1,414,181
Nov – 09	408.00	312.25	598,726	408.00	325.70	1,211,965
Dec – 09	448.00	375.00	1,504,063	447.90	374.05	3,333,449
Jan – 10	457.00	379.15	1,243,828	456.90	368.40	2,047,429
Feb – 10	490.80	410.00	420,326	490.00	410.10	1,035,969
Mar – 10	548.85	438.00	782,713	549.95	438.00	1,253,656
Total			**10,084,318**			**21,242,035**
% of volume traded to outstanding shares			**11.92%**			**25.11%**

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 - 09	134.00	3020.95	100.00	100.00
Apr - 09	146.00	3473.95	108.96	115.00
May - 09	178.50	4448.95	133.21	147.27
Jun - 09	179.75	4291.10	134.14	142.04
Jul - 09	215.25	4636.45	160.63	153.48
Aug - 09	266.45	4662.10	198.84	154.33
Sep - 09	315.15	5083.95	235.19	168.29
Oct - 09	327.65	4711.70	244.51	155.97
Nov - 09	376.45	5032.70	280.93	166.59
Dec - 09	394.10	5201.05	294.10	172.17
Jan - 10	443.80	4882.05	331.19	161.61
Feb - 10	437.70	4922.30	326.64	162.94
Mar - 10	545.45	5249.10	407.05	173.76

** closing data on the last day of the month



g. Distribution of Shareholding as at 31st March, 2010

By size of shareholding:

From - To	Mode of Holding	Shares held		No. of shareholders	
		Number	% Total	Number	% Total
1 - 5,000	Physical	694,266	0.82	2,275	10.59
	Electronic	3,668,149	4.34	19,042	88.62
5,001 - 10,000	Physical	-	-	-	-
	Electronic	315,307	0.37	43	0.20
10,001 - 50,000	Physical	-	-	-	-
	Electronic	1,396,851	1.65	57	0.27
50,001 - 100,000	Physical	-	-	-	-
	Electronic	1,428,797	1.69	18	0.08
Above 100,000	Physical	-	-	-	-
	Electronic	77,107,990	91.13	52	0.24
Total	**Physical**	**6,94,266**	**0.82**	**2,275**	**10.59**
	Electronic	**83,917,094**	**99.18**	**19,212**	**89.41**
	Total	**84,611,360**	**100.00**	**21,487**	**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	5,556,460	-	5,556,460	6.57
Banks, FIs & Insurance Companies	504,810	-	504,810	0.60
Foreign Institutional Investors / NRIs	5,602,212	-	5,602,212	6.62
Other Bodies Corporate	5,495,546	10,240	5,505,786	6.51
Indian Public	6,256,206	684,026	6,940,232	8.19
Total	**83,917,094**	**694,266**	**84,611,360**	**100.00**

h. Dematerialisation of securities

The equity shares of the Company are traded compulsorily in the dematerialized segment of all the stock exchanges and are under rolling settlement. Approximately 99.18% of the shares have been dematerialised. The demat security (ISIN) code for the equity share is INE685A01028.

i. Share transfer system

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

The Company has signed necessary agreements with two depositories currently functional in India viz. National Securities Depository Ltd. & Central Depository Services (India) Ltd. The transfer of shares in depository mode need not be approved by the Company.

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

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

k. Registered Office

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

l. Plant Locations

1. Village Indrad, Taluka Kadi, Dist. Mehsana (Gujarat)
2. Village Bhud, Baddi, Teh. Nalagarh, Dist. Solan (Himachal Pradesh)

m. Sikkim Project Site

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

n. Research & Development Facility

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

o. Compliance Officer

Mahesh Agrawal,
VP (Legal) & Company Secretary,
Torrent Pharmaceuticals Limited,
Torrent House, Off Ashram Road, Ahmedabad – 380 009 (Gujarat)
Telephone: 079-26585090; Fax: 079-26582100
E-mail: maheshagrawal@torrentpharma.com

p. Investor services

E-mail: investorservices@torrentpharma.com

q. Registrars & Transfer Agents

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

For & on behalf of the Board

Ahmedabad
6th May, 2010

Sudhir Mehta
Chairman

ANNEX 1 TO CORPORATE GOVERNANCE REPORT

To

The Shareholders,

Affirmation of Compliance with Code of Business Conduct

I, Samir Mehta, Managing Director, declare that the Board of Directors of the Company has received affirmation on compliance with the Code of Business Conduct for the period from 1st April, 2009 or the date of their joining the Company, whichever is later to 31st March, 2010 from all members of the Board and employees under Senior Management Cadre comprising CEO / COO/ Executive Directors (not a member of the Board), Vice Presidents and General Managers.

Ahmedabad
6th May, 2010

Samir Mehta
Managing Director

AUDITORS' REPORT

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, 2010, 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 (Auditors' 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, 2010;
      (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, 2010 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2010 from being appointed as a Director in terms of Section 274(1)(g) of the Companies Act, 1956.

For C.C.Chokshi & Co.
Chartered Accountants
(Registration No. 101876W)

Gaurav J. Shah
Partner
Membership No. 35701

Ahmedabad
6th May, 2010

Annexure to the Auditors' Report

(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, 2010 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, 2010 on account of disputes are given below:

Statute	Nature of Dues	Forum where Dispute is pending	Period to which the amount relates	Amount involved (Rs. 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
			2006-07	2.77
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	2003-04	0.50
			2005-06	2.03
Bombay Sales Tax Act, 1959	Demand of Tax	Sr. Dy. Commissioner of Sales Tax (Assessment), Maharashtra	2003-04	0.95
Gujarat Value Added Tax, 2003	Demand of Tax	Joint Commissioner of Commercial Tax (Appeal), Ahmedabad	2006-07	43.91
Central Excise Act, 1944	Service Tax	Commissioner (Appeals)	2001-02	6.09
	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	4.73
E.S.I Act, 1948	E.S.I Contribution	Gujarat High Court	1993-09	287.54
Income Tax Act, 1961	Demand of Tax and interest	Assessment Officer-TDS Range, Ahmedabad	2007-08	20.92

(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 C.C.Chokshi & Co.
Chartered Accountants
(Registration No. 101876W)

Gaurav J. Shah
Partner
Membership No. 35701

Ahmedabad
6th May, 2010

BALANCE SHEET

(Rs. in lacs)

	SCHEDULE	As at 31-Mar-2010	As at 31-Mar-2009
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	1	**4,230.92**	4,230.92
Reserves and Surplus	2	**83,854.24**	69,037.32
		88,085.16	73,268.24
LOAN FUNDS			
Secured Loans	3	**36,464.16**	31,827.30
Unsecured Loans	4	**15,775.41**	16,378.84
		52,239.57	48,206.14
Net Deferred Tax Liabilities	21 [3]	**6,207.09**	6,833.12
		146,531.82	128,307.50
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	5	**77,179.20**	68,078.07
Less : Depreciation and Amortisation		**24,616.43**	19,355.25
Net Block		**52,562.77**	48,722.82
Capital Work in Progress	21 [4]	**7,460.55**	4,180.74
Advances for Capital Expenditure		**3,077.21**	392.13
		63,100.53	53,295.69
INVESTMENTS	6	**23,147.59**	24,495.91
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	7	**22,788.34**	19,184.38
Sundry Debtors	8	**25,978.45**	24,081.19
Cash and Bank Balances	9	**34,678.91**	18,330.61
Other Current Assets	10	**3,707.49**	2,623.47
Loans and Advances	11	**11,378.18**	19,495.43
		98,531.37	83,715.08
Less : CURRENT LIABILITIES AND PROVISIONS			
Liabilities	12	**29,992.41**	27,445.47
Provisions	13	**8,255.26**	5,753.71
		38,247.67	33,199.18
Net Current Assets		**60,283.70**	50,515.90
		146,531.82	128,307.50
Significant Accounting Policies	20		
Notes forming part of the Financial Statements	21		

In terms of our report attached

For C.C. CHOKSHI & CO.
Chartered Accountants

Gaurav J. Shah
Partner

Ahmedabad
6th May, 2010

Mahesh Agrawal
VP (Legal) & Company Secretary

Signatures to the Balance Sheet

Sudhir Mehta
Chairman

Samir Mehta
Managing Director

Ahmedabad
6th May, 2010

PROFIT AND LOSS ACCOUNT

(Rs. in lacs)

	SCHEDULE	Year ended 31-Mar-2010	Year ended 31-Mar-2009
INCOME			
Sales		**138,878.01**	114,827.26
Less: Excise Duty	21 [5]	**267.63**	382.30
Net Sales		**138,610.38**	114,444.96
Operating Income		**6,285.20**	4,044.22
Sales and Operating Income	14	**144,895.58**	118,489.18
Other Income	15	**900.23**	336.04
TOTAL INCOME		**145,795.81**	118,825.22
EXPENDITURE			
Materials Cost	16	**46,897.07**	41,975.24
Employees Cost	17	**16,386.68**	13,299.26
Manufacturing and Other Expenses	18	**29,402.33**	27,293.75
Research and Development Expenses	21 [6]	**10,906.88**	10,581.80
Depreciation and Amortisation	21 [7]	**5,442.32**	3,739.16
TOTAL EXPENDITURE		**109,035.28**	96,889.21
PROFIT BEFORE BORROWING COST, EXCEPTIONAL ITEMS AND TAX		**36,760.53**	21,936.01
Net Borrowing Cost	19	**1,679.32**	1,943.60
PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX		**35,081.21**	19,992.41
Exceptional Items	21 [8]	**(3,708.89)**	(875.95)
PROFIT BEFORE TAX		**31,372.32**	19,116.46
PROVISION FOR TAXATION			
Current Tax		**6,042.39**	2,137.60
MAT Written-off / (Credit Entitlement)	21 [9]	**5,286.32**	(1,921.38)
Deferred Tax Charge / (Credit)		**(626.04)**	(113.80)
Fringe Benefit Tax		**-**	341.49
Short fall / (Excess) Provision for Tax of Earlier years		**(67.12)**	-
		10,635.55	443.91
NET PROFIT FOR THE YEAR		**20,736.77**	18,672.55
Balance Brought Forward		**8,601.65**	8,388.74
PROFIT AVAILABLE FOR APPROPRIATION		**29,338.42**	27,061.29
APPROPRIATIONS			
General Reserve		**5,600.00**	14,500.00
Proposed Dividend		**5,076.68**	3,384.45
Tax on Distributed Profits		**843.17**	575.19
		11,519.85	18,459.64
Balance Carried Forward		**17,818.57**	8,601.65
Basic and Diluted EPS for the year [Nominal value per equity share of Rs. 5]	21 [10]	**24.51**	22.07
Significant Accounting Policies	20		
Notes forming part of the Financial Statements	21		

In terms of our report attached

Signatures to the Profit and Loss Account

For C.C. CHOKSHI & CO.
Chartered Accountants

Sudhir Mehta
Chairman

Gaurav J. Shah
Partner

Mahesh Agrawal
VP (Legal) & Company Secretary

Samir Mehta
Managing Director

Ahmedabad
6th May, 2010

Ahmedabad
6th May, 2010

CASH FLOW STATEMENT

(Rs. in lacs)

	Year ended 31-Mar-2010	Year ended 31-Mar-2009
A CASH FLOW FROM OPERATING ACTIVITIES :		
PROFIT BEFORE TAX	**31,372.32**	19,116.46
Adjustments for :		
Depreciation and Amortisation	**5,442.32**	3,739.16
Provision for Doubtful Debts	**175.82**	777.47
Bad Debts Written-off	**5.05**	4.71
Provision for Doubtful Claim Receivables	**143.97**	-
Foreign Exchange (Gain) / Loss on Borrowings	**(346.69)**	724.37
Loss on Sale / Discard / Write-off of Fixed Assets	**87.27**	204.91
Provision on Assets held for Sale	**(1.96)**	25.57
(Profit) on Sale of Current Investments	**(889.25)**	(313.77)
Net Borrowing Cost	**1,679.32**	1,943.60
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	**(78.52)**	-
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	**41,298.54**	26,222.48
Adjustments for changes in working capital :		
Debtors, Loans and Advances and Other Current Assets	**(5,487.68)**	(8,410.59)
Inventories	**(3,603.96)**	(2,531.36)
Current Liabilities and Provisions	**4,681.49**	6,661.70
CASH GENERATED FROM OPERATIONS	**36,888.39**	21,942.23
Direct Taxes Paid	**(6,201.29)**	(1,792.32)
NET CASH FROM OPERATING ACTIVITIES	**30,687.10**	20,149.91
B CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	**(15,020.93)**	(5,094.46)
Proceeds from Fixed Assets Sold	**105.57**	84.72
Long Term Investments in Subsidiaries	**(791.27)**	(205.57)
Proceeds from Long Term Non-Trade Investments Sold	**-**	8.75
Profit on Sale of Current Investments	**889.25**	313.77
Interest Received	**1,096.32**	1,753.46
NET CASH USED IN INVESTING ACTIVITIES	**(13,721.06)**	(3,139.33)
C CASH FLOW FROM FINANCING ACTIVITIES :		
Long Term debt borrowed	**7,814.06**	8,494.00
Long Term debt repaid	**(6,698.75)**	(6,093.33)
Net Short Term debt borrowed / (repaid)	**5,056.00**	3,537.53
Government Grant / Capital Subsidy	**78.52**	30.00
Dividend paid	**(4,101.48)**	(3,318.64)
Interest paid	**(2,597.19)**	(2,602.32)
NET CASH FROM / (USED IN) FINANCING ACTIVITIES	**(448.84)**	47.24
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	**16,517.20**	17,057.82
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**30,374.67**	13,316.85
CASH AND CASH EQUIVALENTS AT END OF YEAR	**46,891.87**	30,374.67
Note : Cash and Cash Equivalents as at end of the year :		
Cash and Bank balances [Schedule 21 (11)]	**34,678.91**	18,330.61
Current Investments [Investments in Mutual Funds]	**12,212.96**	12,044.06
	46,891.87	30,374.67

In terms of our report attached

For C.C. CHOKSHI & CO.
Chartered Accountants

Gaurav J. Shah
Partner

Ahmedabad
6th May, 2010

Mahesh Agrawal
VP (Legal) & Company Secretary

Signatures to the Cash Flow Statement

Sudhir Mehta
Chairman

Samir Mehta
Managing Director

Ahmedabad
6th May, 2010

SCHEDULE

annexed to and forming part of the Financial Statements

(Rs. in lacs)

	As at 31-Mar-2010	As at 31-Mar-2009
SCHEDULE - 1 : SHARE CAPITAL		
Authorised		
150,000,000 Equity Shares of Rs. 5 each	**7,500.00**	7,500.00
2,500,000 Preference Shares of Rs. 100 each	**2,500.00**	2,500.00
	10,000.00	10,000.00
Issued and Subscribed		
84,625,360 Equity Shares of Rs. 5 each	**4,231.27**	4,231.27
Paid-up		
84,611,360 Equity Shares of Rs. 5 each	**4,230.57**	4,230.57
Amount originally paid up on 14,000 Equity Shares forfeited	**0.35**	0.35
	4,230.92	4,230.92

Notes :

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

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

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

(Rs. in lacs)

	As at 31-Mar-2010	As at 31-Mar-2009
SCHEDULE - 2 : RESERVES AND SURPLUS		
Capital Reserve		
Balance as per last Balance Sheet	**71.08**	41.08
Add : Capital Subsidy received	**-**	30.00
	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	**55,700.00**	41,200.00
Add : Transfer from Profit and Loss Account	**5,600.00**	14,500.00
	61,300.00	55,700.00
Balance in Profit and Loss Account	**17,818.57**	8,601.65
	83,854.24	69,037.32

	As at 31-Mar-2010	(Rs. in lacs) As at 31-Mar-2009
SCHEDULE - 3 : SECURED LOANS		
Long Term Loans [Note: 2]		
from Banks [Note: 1(a)]	**25,110.36**	23,312.30
from a Financial Institution [Note: 1(b)]	**3,680.00**	6,015.00
Short Term Loans from Banks [Note: 1(c)]	**7,673.80**	2,500.00
	36,464.16	31,827.30

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 :

2010-11	Rs.	3,838 lacs
2011-12	Rs.	10,779 lacs
2012-13	Rs.	4,743 lacs
2013-14	Rs.	5,306 lacs
2014-15	Rs.	1,500 lacs
2015-16	Rs.	2,062 lacs
2016-17	Rs.	562 lacs
Total :		**Rs. 28,790 lacs**

	As at 31-Mar-2010	(Rs. in lacs) As at 31-Mar-2009
SCHEDULE - 4 : UNSECURED LOANS		
Long Term Loans [Note: 1]		
from Banks	**9,792.63**	10,486.04
from Department of Science and Technology	**793.60**	892.80
from Department of Bio-Technology	**314.06**	-
Short Term Loans		
from Banks	**4,875.12**	-
from a Financial Institution	**-**	5,000.00
	15,775.41	16,378.84

Note :

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

2010-11	Rs.	99 lacs
2011-12	Rs.	131 lacs
2012-13	Rs.	3,426 lacs
2013-14	Rs.	3,426 lacs
2014-15	Rs.	3,426 lacs
2015-16	Rs.	162 lacs
2016-17	Rs.	131 lacs
2017-18	Rs.	99 lacs
Total :		**Rs. 10,900 lacs**

SCHEDULE - 5 : FIXED ASSETS

(Rs. in lacs)

Particulars	Gross Block (At Cost)				Depreciation and Amortisation				Net Block	
	As at 1-Apr-09	Additions during the year	Deductions during the year	As at 31-Mar-10	As at 1-Apr-09	For the year	On deduction during the year	As at 31-Mar-10	As at 31-Mar-10	As at 31-Mar-09
Free Hold Land [Note: 4]	4,349.32	146.80	-	**4,496.12**	-	-	-	**-**	**4,496.12**	4,349.32
Lease Hold Land	2,242.83	1,397.40	-	**3,640.23**	0.47	35.12	-	**35.59**	**3,604.64**	2,242.36
Buildings	18,727.58	948.98	12.35	**19,664.21**	3,349.85	563.11	1.58	**3,911.38**	**15,752.83**	15,377.73
Plant and Machineries [including Laboratory Equipments]	28,659.70	5,436.32	58.26	**34,037.76**	9,595.36	3,283.04	34.12	**12,844.28**	**21,193.48**	19,064.34
Electrical Equipments	5,894.95	467.37	62.88	**6,299.44**	2,087.00	451.27	23.30	**2,514.97**	**3,784.47**	3,807.95
Furniture and Fixtures	2,623.62	188.10	8.60	**2,803.12**	934.21	390.01	4.97	**1,319.25**	**1,483.87**	1,689.41
Office Equipments	3,048.61	431.61	32.78	**3,447.44**	2,226.88	401.86	19.55	**2,609.19**	**838.25**	821.73
Vehicles	1,510.93	186.36	205.42	**1,491.87**	462.12	135.99	103.93	**494.18**	**997.69**	1,048.81
Intangibles being Software	1,020.53	278.48	-	**1,299.01**	699.36	188.23	-	**887.59**	**411.42**	321.17
TOTAL	**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**	**48,722.82**
Previous Year	61,229.80	8,000.20	1,151.93	68,078.07	16,478.38	3,739.16	862.29	19,355.25	48,722.82	

Notes :

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

(Rs. in lacs)

Particulars	2009-10	2008-09
Free Hold Land	**146.80**	-
Buildings	**243.29**	211.22
Plant and Machineries [including Laboratory Equipments]	**853.66**	922.42
Electrical Equipments	**100.79**	28.42
Furniture and Fixtures	**29.93**	45.76
Office Equipments	**83.62**	53.56
Vehicles	**25.30**	92.18
Intangibles being Software	**89.94**	85.57
Total	**1,573.33**	1,439.13

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

(Rs. in lacs)

Particulars	As at 31-Mar-10	As at 31-Mar-09
Capital work in progress	**81.92**	655.03
Advances for Capital expenditure	**81.22**	33.79
Total	**163.14**	688.82

(3) Depreciation and Amortisation for the year includes Rs. 6.31 lacs (previous year Rs. Nil) transferred to capital work in progress as pre-operative expenses. [Refer Schedule 21 (4)]

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

(Rs. in lacs)

SCHEDULE - 6 : INVESTMENTS

	No. of Units	As at 31-Mar-2010	As at 31-Mar-2009
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 diminution in value [Schedule 21 (8)]		**2,308.49**	-
		-	2,308.49
Torrent Do Brasil Ltda.	19144418	**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.	42035	**1,587.73**	823.78
Fully paid up Equity Shares of Mexican Pesos 1000 each [previous year - no. of units : 21047]			
Torrent Pharma Japan Co. Ltd	200	**38.30**	38.30
Fully paid up Equity Shares of Japanese Yen 50000 each			
Torrent Australasia Pty Limited	675000	**29.94**	29.94
Partly paid up Common Stock of Australian Dollar (AUD) 1 each, AUD 0.1282 paid each			
Torrent Pharma Canada Inc.	60750	**27.32**	-
Fully paid up Equity Shares of Canadian Dollar 1 each			
		9,030.04	10,547.26
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	442918	**1,901.49**	1,901.49
Shivalik Solid Waste Limited - Fully paid up Equity Shares of Rs. 10 each	20000	**2.00**	2.00
		1,903.49	1,903.49
Non-Trade Investments, Unquoted			
National Savings Certificates		**1.10**	1.10
Aggregate Long Term Investments		**10,934.63**	12,451.85

(Rs. in lacs)

CURRENT INVESTMENTS [At lower of cost or market value]	No. of Units	As at 31-Mar-2010	As at 31-Mar-2009
Non-Trade Investments, Unquoted			
Units of Mutual Fund Schemes - Debt and Gilt Funds			
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**	-
Birla Sunlife Cash Plus - Institutional Premium - Growth	7468767 [10418739]	**1,099.88**	1,460.38
Kotak Floater Long Term - Growth	6806938	**980.53**	-
Prudential ICICI Liquid Plan - Institutional Plus - Growth	[16310678]	**-**	2,111.14
HDFC Cash Management Fund Saving - Growth	[10997100]	**-**	2,014.06
TATA Gilt Securities Fund - Appreciation	[6688607]	**-**	1,780.21
TATA Liquid Super High Investment Fund - Appreciation	[77074]	**-**	1,250.86
Birla Sunlife Income Plus - Growth	[2496835]	**-**	988.98
Birla Sunlife Gilt Plus - Regular Growth	[3217361]	**-**	961.22
IDFC Govt. Security Fund Investment Plan - Growth	[7595538]	**-**	741.62
DSP Black Rock Govt. Security Fund - Plan A - Growth	[2409477]	**-**	735.59
Aggregate Current Investments [Note 1 & 2]		**12,212.96**	12,044.06
Aggregate Investments - Unquoted		**23,147.59**	24,495.91

Notes :

(1) Aggregate NAV of investment in Mutual Funds as on 31-Mar-2010 is Rs. 12,306.01 lacs [previous year Rs. 12,067.66 lacs].

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

(Rs. in lacs)

Name of Mutual Fund Scheme	Purchase		Sale	
	Nos.	Amount	Nos.	Amount
Birla Sunlife Savings Fund - Institutional Growth	127,438,057	21,784.43	111,502,414	19,150.00
ICICI Prudential Flexible Income Plan Premium - Growth	12,021,147	20,138.60	10,694,013	18,025.00
Tata Floater Fund - Growth	83,297,109	11,180.38	66,774,596	8,953.73
HDFC Floating Rate Income Fund - Short Term Plan	123,145,158	18,714.43	112,640,760	17,245.00
IDFC Money Manager - Treasury Plan - Growth	79,183,524	8,555.72	67,862,330	7,375.00
Birla Sunlife Cash Plus - Institutional Premium - Growth	242,046,900	35,145.78	244,996,872	35,527.53
Kotak Floater Long Term - Growth	33,533,733	4,830.47	26,726,796	3,900.00
Prudential ICICI Liquid Plan - Institutional Plus - Growth	127,072,305	24,070.00	143,382,983	26,223.86
HDFC Cash Management Fund Saving - Growth	119,184,577	22,545.00	130,181,677	24,581.69
TATA Gilt Securities Fund - Appreciation	-	-	6,688,607	1,794.83
TATA Liquid Super High Investment Fund - Appreciation	416,138	7,000.00	493,212	8,259.38
Birla Sunlife Income Plus - Growth	-	-	2,496,835	1,046.44
Birla Sunlife Gilt Plus - Regular Growth	-	-	3,217,361	990.78
IDFC Govt. Security Fund Investment Plan - Growth	-	-	7,595,538	770.08
DSP Black Rock Govt. Security Fund - Plan A - Growth	-	-	2,409,477	758.57
HDFC High Interest Fund - Short Term Plan	2,882,476	500.00	2,882,476	521.12
HDFC Short Term Plan - Growth	2,920,663	500.00	2,920,663	516.62
ICICI Prudential Short Term Plan	3,233,508	600.00	3,233,508	618.00
Birla Sunlife Dynamic Bond Fund	4,096,877	600.00	4,096,877	622.26
Kotak Flexible Debt Fund	14,344,229	1,565.00	14,344,229	1,565.60
Templeton India Ultra - Short Bond Fund	7,601,755	875.00	7,601,755	877.60
IDFC Cash Fund - Growth Fund	82,378,725	9,135.00	82,378,725	9,136.17
Kotak Liquid Growth Fund - Institutional Premium	43,056,261	7,960.00	43,056,261	7,960.93
Total		**195,699.81**		**196,420.19**

	SCHEDULE	As at 31-Mar-2010	(Rs. in lacs) As at 31-Mar-2009
SCHEDULE - 7 : INVENTORIES			
[At lower of cost or net realisable value]			
Raw Materials		**10,395.66**	6,808.22
Packing Materials		**1,504.68**	1,340.38
Goods in Process		**3,628.12**	4,099.94
Finished Goods		**5,386.97**	5,616.07
Traded Goods		**1,872.91**	1,319.77
		22,788.34	19,184.38
SCHEDULE - 8 : SUNDRY DEBTORS			
[Unsecured]			
Debts over six months			
Considered Good		**4,394.34**	3,811.30
Considered Doubtful		**1,104.53**	949.80
Less : Provision		**1,104.53**	949.80
		4,394.34	3,811.30
Other Debts - Considered Good		**21,584.11**	20,269.89
		25,978.45	24,081.19
SCHEDULE - 9 : CASH AND BANK BALANCES			
Cash on hand		**4.52**	5.71
With Scheduled Banks in :			
(a) Current Accounts	21 [11]	**977.43**	1,038.78
(b) Term Deposit Accounts	21 [11]	**33,517.05**	17,105.05
		34,494.48	18,143.83
With Non - Scheduled Banks in Current Accounts			
- Vneshtorg Bank [USD] - Moscow, Russia		**67.72**	81.52
- Vneshtorg Bank [Rouble] - Moscow, Russia		**16.13**	49.76
- Bank for Foreign Trade of Vietnam [USD] - Ho Chi Minh, Vietnam		**76.20**	41.68
- OTP Bank [UAH] - Kiev, Ukraine		**10.55**	2.58
- HSBC [USD] - Singapore		**4.52**	5.11
- Taib Kazakh Bank [KZT] - Almaty, Kazakisthan		**4.54**	0.42
- Asaka Bank [UZS] - Tashkent, Uzbekistan		**0.07**	-
- Asaka Bank [USD] - Tashkent, Uzbekistan		**0.18**	-
		179.91	181.07
		34,678.91	18,330.61

Note :

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

	2009-10	(Rs. in lacs) 2008-09
- Vneshtorg Bank [USD] - Moscow, Russia	**196.49**	258.95
- Vneshtorg Bank [Rouble] - Moscow, Russia	**75.57**	66.45
- Bank for Foreign Trade of Vietnam [USD] - Ho Chi Minh, Vietnam	**100.82**	87.45
- OTP Bank [UAH] - Kiev, Ukraine	**10.55**	6.04
- OTP Bank [USD] - Kiev, Ukraine	**23.36**	15.22
- HSBC [USD] - Singapore	**5.11**	5.24
- Taib Kazakh Bank [KZT] - Almaty, Kazakisthan	**10.41**	1.01
- Taib Kazakh Bank [USD] - Almaty, Kazakisthan	**30.97**	9.85
- Asaka Bank [UZS] - Tashkent, Uzbekistan	**0.06**	-
- Asaka Bank [USD] - Tashkent, Uzbekistan	**3.73**	-

(Rs. in lacs)

	SCHEDULE	As at 31-Mar-2010	As at 31-Mar-2009
SCHEDULE - 10 : OTHER CURRENT ASSETS			
[Unsecured and considered good, unless otherwise stated]			
Export Benefits Receivable		**2,479.46**	1,851.89
Claims Receivable : Indirect tax / Insurance			
Considered Good		**933.17**	578.32
Considered Doubtful		**143.97**	-
Less : Provision		**143.97**	-
		933.17	578.32
Interest accrued on loans and deposits		**294.86**	182.05
Fixed Assets held for sale [At lower of cost or net realisable value]		**-**	9.50
Others		**-**	1.71
		3,707.49	2,623.47
SCHEDULE - 11: LOANS AND ADVANCES			
[Unsecured and considered good, unless otherwise stated]			
Loans and Advances to Subsidiary Companies	21 [12]		
Considered Good		**1,132.97**	4,879.48
Considered Doubtful		**1,400.40**	-
Less : Provision	21 [8]	**1,400.40**	-
		1,132.97	4,879.48
Advances recoverable in cash or in kind or for value to be received		**9,830.04**	9,140.35
Balances with Excise Department		**0.36**	0.49
Advance Tax Paid Net of Provisions [Net of provisions Rs. 23,109.34 lacs (previous year Rs. 17,131.71 lacs)]		**414.81**	188.79
MAT Credit Entitlement		**-**	5,286.32
		11,378.18	19,495.43
SCHEDULE - 12 : CURRENT LIABILITIES			
Sundry Creditors			
Due to Micro, Small and Medium Enterprises	21 [13]	**4.64**	2.16
Others		**26,161.45**	21,804.46
Due to Subsidiary Companies		**357.11**	373.78
Book Overdraft		**1,487.46**	503.26
Investor Education and Protection Fund [not due] :			
Unclaimed Dividend		**46.42**	188.26
Unclaimed Share Application Money		**0.45**	0.45
Unclaimed Matured Debentures		**-**	7.51
Unclaimed Debenture Interest		**-**	0.46
		46.87	196.68
Other Liabilities		**637.40**	604.56
Advances from customers		**1,128.74**	3,717.89
Interest accrued but not due		**168.74**	242.68
		29,992.41	27,445.47

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-2010	As at 31-Mar-2009
SCHEDULE - 13 : PROVISIONS			
Proposed Dividend		**5,076.68**	3,384.45
Add: Tax on Distributed Profits		**843.17**	575.19
		5,919.85	3,959.64
Provisions for Employee Benefits in respect of			
Gratuity	21 [14]	**131.85**	366.43
Leave benefits		**2,155.74**	1,358.26
Long term compensation		**47.82**	69.38
		8,255.26	5,753.71

(Rs. in lacs)

	SCHEDULE	Year ended 31-Mar-2010	Year ended 31-Mar-2009
SCHEDULE - 14 : SALES AND OPERATING INCOME			
Sales			
Domestic		**92,060.89**	79,357.38
Less : Excise Duty collected	21 [5]	**267.63**	382.30
Net Domestic Sales		**91,793.26**	78,975.08
Exports		**46,817.12**	35,469.88
		138,610.38	114,444.96
Operating Income			
Export Benefits		**2,635.37**	1,717.71
Income from Product Registration Dossiers [Tax deducted at source Rs. 376.15 lacs, (previous year Rs. 107.48 lacs)]		**2,092.09**	1,720.71
Net Foreign Exchange Gain	21 [15]	**1,045.02**	-
Other Operating Income		**512.72**	605.80
		6,285.20	4,044.22
		144,895.58	118,489.18
SCHEDULE - 15 : OTHER INCOME			
Profit on Sale of Non-Trade Investments [Net of Provision for diminution in value of Current Investment Rs. Nil (previous year Rs. 292.37 lacs)]		**889.25**	313.77
Miscellaneous Income		**10.98**	22.27
		900.23	336.04
SCHEDULE - 16 : MATERIALS COST			
Materials Consumed			
Raw Materials		**35,006.68**	32,923.84
Packing Materials		**5,574.51**	4,772.64
		40,581.19	37,696.48
Purchase of Traded Goods		**6,168.10**	5,429.10
(Increase) / Decrease in Stock			
Opening Stocks			
Finished Goods		**5,616.07**	5,152.82
Traded Goods		**1,319.77**	1,208.28
Goods in Process		**4,099.94**	3,524.34
		11,035.78	9,885.44
Less: Closing 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
Net (Increase) / Decrease in Stock		**147.78**	(1,150.34)
		46,897.07	41,975.24
SCHEDULE - 17 : EMPLOYEES COST [Other than those included in Research and Development Expenses and Pre-operative Expenses]			
Salaries, Wages and Bonus		**14,692.69**	11,651.50
Contribution to Provident and Other Funds [Defined Contribution Plan]		**950.77**	795.80
Gratuity Cost	21 [14]	**279.87**	511.37
Welfare Expenses		**463.35**	340.59
		16,386.68	13,299.26

	SCHEDULE	Year ended 31-Mar-2010	(Rs. in lacs) Year ended 31-Mar-2009
SCHEDULE - 18 : MANUFACTURING AND OTHER EXPENSES			
[Other than those included in Research and Development Expenses and Pre-operative Expenses]			
Power and Fuel		**2,694.55**	2,496.70
Stores and Spares Consumed		**1,489.64**	1,169.84
Labour Charges		**1,236.81**	989.38
Job Work Charges		**651.55**	671.54
Laboratory Goods and Testing Expenses		**482.32**	544.28
Excise Duty	21 [5]	**148.57**	43.59
Repairs and Maintenance :			
Machinery		**394.45**	225.24
Buildings		**199.85**	150.46
Others		**159.71**	121.05
		754.01	496.75
Selling, Publicity and Medical Literature Expenses		**11,728.91**	9,174.81
Commission on Sales		**1,142.03**	1,022.08
Sales and Turnover Taxes		**346.69**	187.97
Provision for Doubtful Debts		**175.82**	777.47
Bad Debts Written-off		**5.05**	4.71
Travelling, Conveyance and Vehicle Expenses		**3,423.03**	3,413.93
Net Foreign Exchange Loss	21 [15]	**-**	1,084.37
Communication Expenses		**565.47**	526.08
Printing and Stationery Expenses		**207.82**	204.04
Insurance		**210.17**	207.92
Rent		**441.87**	369.12
Rates and Taxes		**27.42**	33.79
Loss on Sale / Discard / Write-off of Fixed Assets		**87.27**	204.91
Provision on Assets held for Sale		**(1.96)**	25.57
Auditors Remuneration and Expenses			
Audit Fees		**6.67**	6.73
Other Services		**10.32**	14.85
Out of Pocket Expenses		**0.97**	1.14
		17.96	22.72
Cost Audit Fees		**3.28**	2.40
Commission to Non Executive Directors		**26.79**	18.75
Donation		**705.75**	217.20
General Charges		**2,831.51**	3,383.83
		29,402.33	27,293.75
SCHEDULE - 19 : NET BORROWING COST			
[Other than those included in Research and Development Expenses]			
Expenses			
Interest on Fixed Period Loans		**2,444.40**	2,653.78
Other Borrowing Cost	21 [15]	**444.05**	1,171.24
		2,888.45	3,825.02
Interest Income [Tax deducted at source Rs. 60.61 lacs (previous year Rs. 373.46 lacs)]		**1,209.13**	1,881.42
		1,679.32	1,943.60

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 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 Accounting Standard 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 recognised 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 realised 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

(Rs. in lacs)

	As at 31-Mar-2010	As at 31-Mar-2009
1. Estimated amount of unexecuted capital contracts [net of advances] not provided for	**6,340.02**	2,381.81
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	**227.66**	846.55
Disputed Employee State Insurance Contribution Liability under E.S.I. Act, 1948	**287.54**	248.71
Disputed Legal cases for supply of Goods and Services	**122.90**	1.78
Disputed Demand of Excise and Service Tax	**30.31**	23.80
Disputed Demand of Local Sales Tax and C.S.T.	**70.56**	23.00
Disputed cases at Labour Court / Industrial Court	**62.36**	-
	801.33	1,143.84
(b) The Company has issued guarantees aggregating USD 20.00 lacs (previous year USD 60.00 lacs) and EURO 45.00 lacs (previous year EURO 65.00 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	**149.22**	54.12
(c) 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)]	**243.29**	206.08
3. The components of the deferred tax adjustment balance are set out below:		
Deferred Tax Liabilities		
Excess of depreciation claimed under the income tax law over that debited to profit and loss accounts	**7,526.00**	7,871.93
Deferred Tax Assets		
Provision for Leave Salary	**(716.08)**	(461.67)
Bonus Payable	**(144.50)**	(129.82)
Provision for Gratuity	**(43.60)**	(124.55)
Provision for Doubtful Debts	**(366.90)**	(322.77)
Provision for Doubtful Claims Receivable	**(47.83)**	-
	6,207.09	6,833.12

4. Pre-operative Expenses allocated to projects during the year are as under :

(Rs. in lacs)

	2009-10	2008-09
Employees Cost :		
Salaries, Wages and Bonus	**174.52**	48.85
Contribution to Provident and Other Funds [Defined Contribution Plan]	**17.24**	4.72
Gratuity Cost	**5.61**	2.70
	197.37	56.27
Power and Fuel	**112.01**	79.03
Labour Charges	**1.73**	-
Travelling, Conveyance and Vehicle Expenses	**29.44**	0.26
Communication Expenses	**0.07**	0.01
Printing and Stationery Expenses	**2.01**	0.07
Insurance	**17.11**	-
Depreciation	**6.31**	-
General Charges	**63.97**	14.96
	430.02	150.60

5. 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.

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

(Rs. in lacs)

	2009-10	2008-09
Employees Costs :		
Salaries, Wages and Bonus	**3,611.92**	3,317.01
Contribution to Provident and Other Funds [Defined Contribution Plan]	**302.11**	275.47
Gratuity Cost	**79.93**	167.72
Welfare Expenses	**99.85**	80.97
	4,093.81	3,841.17
Power and Fuel	**471.41**	516.73
Stores and Spares Consumed	**919.99**	824.32
Labour Charges	**117.86**	106.86
Laboratory Goods and Testing Expenses	**1,715.91**	2,860.64
Clinical Research Expenses	**1,840.83**	838.91
Repairs and Maintenance	**246.65**	156.78
Travelling, Conveyance and Vehicle Expenses	**231.28**	246.17
Communication Expenses	**90.21**	77.33
Printing and Stationery Expenses	**52.44**	47.22
Insurance	**54.87**	29.29
Rent	**0.22**	9.45
Rates and Taxes	**4.40**	15.63
Interest on Fixed Period Loans	**28.70**	26.41
Government Grant Income	**(78.52)**	-
General Charges	**1,116.82**	984.89
	10,906.88	10,581.80

(b) The Government Grant Income represents grant received from the Department of Biotechnology for development of Advanced Glycosylation End-Product, a New Chemical Entities [NCE] project.

(c) Depreciation and Amortisation includes Rs. 1,919.90 lacs (previous year Rs. 1,142.90 lacs) pertaining to Research and Development assets.

7. The Company has revised the estimated useful life of plant & machinery, laboratory equipments, furniture and fixture and office equipments considering technological obsolescence and wear and tear of such assets. In earlier years, the depreciation was charged as per the rates prescribed in Schedule XIV of the Companies Act, 1956. The changes effected to useful life are as under :

Class of Assets	Revised estimated useful life	Derived useful life as per Schedule XIV
Plant and Machinery	10 to 20 years	20 years
Laboratory Equipments	5 to 20 years	20 years
Electrical Equipments	10 to 20 years	20 years
Furniture & Fixtures	10 years	15 years
Office Equipments	10 years	20 years

Due to this change :

(i) the depreciation for the year is higher by Rs. 1,071.15 lacs.

(ii) the net profit for the year is lower by Rs. 533.30 lacs.

8. (a) Zao Torrent Pharma (ZTP), a wholly owned subsidiary of the Company in Russia, has incurred loss of Rs. 909.30 lacs for the year. This and past losses have resulted in complete erosion of networth of ZTP. The networth of ZTP was Rs. (1,560.85) lacs against the Company's equity investment of Rs. 2,308.49 lacs. High level of payment defaults, poor liquidity conditions coupled with recent regulatory changes have brought about a high level of unpredictability to the business and pressure on profit margins. In view of the uncertainty in the recoverability of the erosion in value in the foreseeable future and considering accounting prudence, an amount of Rs. 2,308.49 lacs is recognised towards diminution in value of investment.

(b) The Company has an outstanding loan balance of Rs. 2,307.67 lacs as of 31-Mar-2010 from Zao Torrent Pharma. Out of this an amount of Rs. 1,400.40 lacs is assessed as no longer recoverable and accordingly the said amount is recognised as impairment of unsecured loans.

9. MAT credit entitlement asset of Rs. 5,286.32 lacs recognised in earlier years, was written-off during the year based on amendments made in Income Tax Act 1961, and other relevant factors, and in terms of the "Guidance Note on Accounting for Credit Available in respect of MAT under the Income-tax Act, 1961" issued by the Institute of Chartered Accountants of India.

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

			2009-10	2008-09
Net profit for the period	(a)	[Rs. in lacs]	**20,736.77**	18,672.55
Weighted average number of equity shares	(b)	[Nos. in lacs]	**846.11**	846.11
EPS (basic and diluted)	(a)/(b)	[Rs.]	**24.51**	22.07
Nominal value per equity share		[Rs.]	**5.00**	5.00

11. Cash and cash equivalents includes :

(Rs. in lacs)

	As at 31-Mar-2010	As at 31-Mar-2009
(a) Term Deposit lodged with Banks as securities	**3.05**	2.05
(b) Balances with scheduled banks in current accounts for unclaimed dividend, debenture and debenture interest	**46.50**	196.31

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

(Rs. in lacs)

Name of Subsidiary	Loan Given		Maximum amount outstanding during the year	Balance as at	
	2009-10	2008-09		31-Mar-2010	31-Mar-2009
Torrent Pharma Philippines Inc.	-	-	254.75	**225.70**	254.75
Torrent Do Brasil Ltda.	-	1,239.69	-	**-**	-
Zao Torrent Pharma	-	6,758.31	4,600.74	**907.27**	4,600.74
Total	-	7,998.00		**1,132.97**	4,855.49

(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.

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

(Rs. in lacs)

	2009-10	2008-09
(a) (i) The principal amount remaining unpaid at the end of the year	**4.64**	2.16
(ii) Interest due on principal remaining unpaid at the end of the year	**0.01**	-
	4.65	2.16
(b) (i) The delayed payments of principal amount paid beyond the appointed date during the year	**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	**0.07**	-
(d) Total Interest accrued during the year and remaining unpaid	**0.14**	-

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

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

General Description of the Plan :

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

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

(Rs. in lacs)

	2009-10	2008-09
(a) Reconciliation of opening and closing balances of the present value of the defined benefit obligation :		
Obligations at the beginning of the year	**2,007.75**	1,366.67
Current service cost	**290.96**	233.28
Interest cost	**156.93**	123.66
Actuarial (gain) / loss	**300.14**	392.42
Benefits paid	**(113.58)**	(108.28)
Obligations at the end of the year	**2,642.20**	2,007.75
(b) Reconciliation of opening and closing balances of the fair value of plan assets :		
Plan assets at the beginning of the year, at fair value	**1,641.32**	1,182.02
Expected return on plan assets	**206.66**	130.23
Actuarial gain / (loss)	**175.96**	(62.65)
Contributions	**600.00**	500.00
Benefits paid	**(113.58)**	(108.28)
Plan assets at the end of the year	**2,510.36**	1,641.32
Actual return on plan assets	**382.62**	67.58
(c) Gratuity cost for the year :		
Current service cost	**290.96**	233.28
Interest cost	**156.93**	123.66
Expected return on plan assets	**(206.66)**	(130.23)
Net Actuarial (gain) / loss	**124.18**	455.07
Net gratuity cost	**365.41**	681.78
(d) (i) Reconciliation of the present value of the defined benefit obligation & fair value of plan assets :		
Obligations at the end of the year	**2,642.20**	2,007.75
Plan assets at the end of the year, at fair value	**2,510.36**	1,641.32
Liability recognised in Balance sheet	**131.84**	366.43
(ii) Experience adjustments gain / (loss)		
Plan liabilities	**(72.10)**	(104.25)
Plan assets	**175.96**	(62.65)
(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	2005-06	2006-07	2007-08	2008-09
Present value of defined benefit obligations at the end of the year [independent actuary]	875.19	1,219.00	1,366.67	2,007.75
Fair value of plan assets at the end of the year	608.76	779.48	1,182.02	1,641.32
Net assets / (liability) at the end of year	(266.43)	(439.52)	(184.65)	(366.43)

(g) Assumptions :	2009-10	2008-09
Discount rate	**7.50%**	7.00%
Expected rate of return on plan assets for the next year	**9.57%**	9.46%

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 :

	2009-10	2008-09
Equity Instruments	**25.71%**	14.00%
Fixed interest bearing Government Securities & Corporate Bonds and Bank Deposits	**74.29%**	86.00%

(Rs. in lacs)

	2009-10	2008-09
15. Foreign Exchange Gain / (Loss) included in the net profit for the year :		
Net Foreign Exchange Gain, included in Sales and Operating Income, as per Schedule 14 [Previous year: Net Foreign Exchange (Loss) included in Manufacturing and Other Expenses, as per Schedule 18]	**1,045.02**	(1,084.37)
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	**(401.78)**	(962.18)
(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	**13.24**	-
Total Foreign Exchange Gain / (Loss) as per Accounting Standard 11	**656.48**	(2,046.55)
16. (a) The Profit & Loss Account includes remuneration paid to Managerial Personnel :		
Salary and allowances	**388.42**	328.28
Commission to Managerial Personnel	**326.79**	218.75
Perquisites	**25.08**	15.90
Gratuity [Proportionate amount of total gratuity cost]	**11.73**	21.73
Contribution to provident and other funds	**31.13**	26.62
	783.15	611.28
(b) Computation of Net Profit in accordance with Section 349 of the Companies Act, 1956 and commission payable :		
Net profit for the year	**20,736.77**	18,672.55
Add: Provision for taxation as per the Profit and Loss Account	**10,635.55**	443.91
Depreciation as per Profit and Loss Account	**5,442.32**	3,739.16
Directors' remuneration (including commission)	**783.15**	611.28
Provision for doubtful debts	**175.82**	777.47
Provision for diminution in value of current investment	**-**	292.37
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	**(1.96)**	25.57
Loss on sale / discard / write-off of fixed assets	**87.27**	204.91
	41,711.78	24,767.22
Less: Profit on sale of Investment (Net)	**889.25**	606.14
Capital gains on sale of asset	**1.93**	0.45
Depreciation under Section 350 of the Companies Act, 1956	**4,841.26**	3,627.72
Net Profit (b)	**35,979.34**	20,532.91
Maximum Permissible Commission of Managerial Personnel as per terms of appointment	**3,141.57**	1,660.76
Commission to Managerial Personnel	**300.00**	200.00
% to Net Profit as per (b) above	**0.83%**	0.97%
Maximum Permissible Commission of Non-Executive Directors	**179.90**	102.66
Commission to Non-Executive Directors	**26.79**	18.75
% to Net Profit as per (b) above	**0.07%**	0.09%

17. Net foreign currency positions outstanding as at 31-Mar-2010 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	11,625.00	-	-	JPY	10,108.00
	USD	278.00				
Currency cum Interest Rate Swap	JPY	34,838.00	-	-	-	-
Foreign Currency Interest - Payable						
Forward Exchange Contracts [Refer Note (b)]	JPY	476.23	USD	2.89	-	-
Trade Payables	-	-	-	-	EUR	3.90
					SEK	0.02
Foreign Currency Receivables						
Forward Exchange Contracts [Refer Note (c)]	-	-	USD	654.29	AUD	0.67
			EUR	390.16		

Notes :

(a) USD = United States Dollar
EUR = Euro
JPY = Japanese Yen
AUD = Australian Dollar
SEK = Swedish Krona

(b) Foreign currency loan - payable, outstanding as on 31-Mar-2010 JPY 21,733 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 Rs. 1,165.02 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.

18. Quantitative Information	**2009-10**	2008-09
(a) Licensed Capacity	**Not Applicable**	Not Applicable
(b) Installed Capacity		
I : Formulation		
1. Tablets	**9,400 Million**	9,400 Million
2. Capsules	**480 Million**	480 Million
3. Injection/Vials	**26 Million**	26 Million
4. Suspension / Liquid [Ltr.]	**1 Million**	1 Million
II : Bulk Drugs	**18,000 Kg.**	18,000 Kg.

(c) Production and Stocks

Item	Unit	Production*	Opening Stock		Closing Stock	
			Quantity	Rs. in lacs	Quantity	Rs. in lacs
1. Formulation						
Tablets	' 000 Nos.	**4,517,149** (3,850,533)	**636,998** (530,772)	**4,219.15** (3,739.93)	**606,314** (636,998)	**3,805.47** (4,219.15)
Capsules	' 000 Nos.	**271,231** (257,994)	**50,598** (36,668)	**654.28** (488.32)	**39,224** (50,598)	**469.95** (654.28)
Suspension / Liquid	Ltr.	**415,239** (457,733)	**81,905** (114,804)	**179.48** (239.93)	**44,918** (81,905)	**129.02** (179.48)
Injections	Ltr.	**55,712** (50,606)	**10,798** (10,907)	**111.72** (137.68)	**9,766** (10,798)	**88.96** (111.72)
Vials / Cartridges	Nos.	**22,178,368** (19,453,027)	**677,905** (574,304)	**356.96** (371.46)	**702,409** (677,905)	**411.12** (356.96)
Ointment	Kg.	**7,261** (7,045)	**1,523** (1,473)	**10.62** (13.14)	**1,546** (1,523)	**11.61** (10.62)
Others				**12.63** (10.48)		**22.06** (12.63)
2. Bulk Drugs	Kg.	**21,543** (15,158)	**233** (515)	**71.23** (151.87)	**1,583** (233)	**448.78** (71.23)
Total				**5,616.07** (5,152.81)		**5,386.97** (5,616.07)

*** Notes :**

I Includes production in factories of third parties on loan license.

II Bulk Drug includes production for captive consumption.

(d) Purchase and Stocks of Traded Goods

Item	Unit	Purchase	Opening Stock		Closing Stock	
			Quantity	Rs. in lacs	Quantity	Rs. in lacs
1. Formulation						
Tablets	' 000 Nos.	**155,126** (120,484)	**32,737** (36,381)	**813.82** (676.25)	**49,742** (32,737)	**1,234.15** (813.82)
Capsules	' 000 Nos.	**32,167** (42,902)	**5,494** (12,756)	**184.84** (311.94)	**7,133** (5,494)	**241.98** (184.84)
Suspension / Liquid	Ltr.	**30,552** (6,064)	**3,378** (29,647)	**33.29** (77.47)	**11,056** (3,378)	**45.91** (33.29)
Injections	Ltr.	**11,457** (13,109)	**5,279** (150)	**123.26** (41.38)	**5,133** (5,279)	**136.66** (123.26)
Vials / Cartridges	Nos.	**1,088,506** (366,519)	**120,982** (27,804)	**86.85** (39.93)	**440,345** (120,982)	**138.85** (86.85)
Ointment	Kg.	**28,521** (24,333)	**7,012** (4,272)	**62.82** (40.11)	**8,690** (7,012)	**66.98** (62.82)
Others				**14.89** (17.30)		**8.38** (14.89)
2. Bulk Drugs	Kg.	**27,016** (20,033)	**-** (75)	**-** (3.91)	**-** -	**-** -
Total				**1,319.77** (1,208.29)		**1,872.91** (1,319.77)

(e) Sales by class of goods

	Unit	Quantity	Rs. in lacs
1. Formulation			
Tablets	' 000 Nos.	**4,685,954** (3,868,435)	**99,026.73** (79,965.40)
Capsules	' 000 Nos.	**313,134** (294,228)	**13,314.49** (10,450.73)
Suspension / Liquid	Ltr.	**475,100** (522,965)	**2,388.54** (2,456.87)
Injections	Ltr.	**68,347** (58,695)	**1,028.86** (713.09)
Vials / Cartridges	Nos.	**22,923,007** (19,622,767)	**21,021.45** (18,816.44)
Ointment	Kg.	**34,081** (28,588)	**707.35** (621.67)
Others			**366.47** (367.52)
2. Bulk Drugs	Kg.	**47,209** (35,548)	**756.49** (1,053.24)
Total			**138,610.38** (114,444.96)

19. Consumption of Raw Materials

	2009-10		2008-09	
	Quantity	**Rs. in lacs**	Quantity	Rs. in lacs
Dry Insulin MU	**8,361**	**14,626.08**	7,336	12,862.70
Others		**20,380.60**		20,061.14
		35,006.68		32,923.84

20. Break-up of Imported & Indigenous Consumption

	2009-10		2008-09	
	Rs. in lacs	**% to Total Consumption**	Rs. in lacs	% to Total Consumption
(a) Raw Materials				
Imported	**16,152.01**	**46.14**	14,536.76	44.15
Indigenous	**18,854.67**	**53.86**	18,387.08	55.85
	35,006.68	**100.00**	32,923.84	100.00
(b) Components and spares parts				
Imported	**66.47**	**4.46**	55.55	4.75
Indigenous	**1,423.17**	**95.54**	1,114.29	95.25
	1,489.64	**100.00**	1,169.84	100.00

	2009-10	2008-09
		(Rs. in lacs)
21. Value of Imports on CIF basis in respect of		
(a) Raw Materials and Packing Material	**16,748.86**	14,527.64
(b) Components and Spares Parts	**588.89**	579.04
(c) Capital Goods	**2,252.73**	912.08
22. Expenditure in Foreign Currency		
(a) Books and Periodicals	**37.00**	35.68
(b) Traveling	**554.71**	711.03
(c) Professional Fees	**241.09**	258.89
(d) Interest Expenses	**291.15**	412.54
(e) Others	**6,133.56**	6,375.54
23. Remittance in foreign currency on account of dividend		
(a) Dividend remittance for the year ended 31-Mar-2009	**163.42**	-
(b) Dividend remittance for the year ended 31-Mar-2008	**142.99**	-
(c) Number of share-holders	**1**	-
(d) Number of shares held	**4,085,376**	-
24. Earnings in Foreign Exchange		
(a) F.O.B. value of exports	**44,200.27**	33,016.91
(b) Interest	**4.99**	24.21
(c) Other income [Product registration dossiers and others]	**2,219.29**	1,881.61

25. 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.

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

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

(Rs. 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	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	**2009-10**	2008-09
Sale of Finished Goods	24,532.50	16,800.10	-	-	33.72	35.54	-	-	-	-	**24,566.22**	16,835.63
Sale of Dossiers	501.07	1,712.06	-	-	-	-	-	-	-	-	**501.07**	1,712.06
Purchase of Material, Consumables etc	116.95	151.15	-	-	-	29.37	-	-	1.31	1.00	**118.26**	181.53
Remuneration to Key Management Personnel	-		-	-	-	-	756.35	592.53	-	-	**756.35**	592.53
Contribution to Gratuity / Superannuation Funds	-	-	892.38	771.24	-	-	-	-	-	-	**892.38**	771.24
Lease Rent Paid	-	-	-	-	2.00	2.00	-	-	-	-	**2.00**	2.00
Services received	215.05	617.23	-	-	526.86	508.90	-	-	758.56	754.34	**1,500.47**	1,880.47
Commission & Interest paid to carrying & forwarding agents	-	-	-	-	-	-	-	-	92.31	83.61	**92.31**	83.61
Donation	-	-	-	-	-	-	-	-	400.00	200.00	**400.00**	200.00
Interest Income	4.81	9.78	-	-	0.68	-	-	-	-	-	**5.49**	9.78
Expenses Reimbursement	467.74	120.13	-	-	-	-	-	-	12.93	11.67	**480.67**	131.80
Purchase of Fixed Assets	-	-	-	-	85.91	16.56	-	-	-	-	**85.91**	16.56
Equity Contribution	791.28	205.57	-	-	-	-	-	-	-	-	**791.28**	205.57
Loans given	-	7,998.00	-	-	-	-	-	-	-	-	**-**	7,998.00
Repayment of Loan	1,949.46	4,880.58	-	-	-	-	-	-	-	-	**1,949.46**	4,880.58
Provision for Loan write off	1,400.40	-	-	-	-	-	-	-	-	-	**1,400.40**	-
Provision for Diminition In Value Investment	2,308.49	-	-	-	-	-	-	-	-	-	**2,308.49**	-
Deposits given	-	-	-	-	45.61	-	-	-		-	**45.61**	-
Recovery of Advances written off	-	-	-	-	-	4.03	-	-	-	-	**-**	4.03
(B) Balances at the end of the year	31-Mar-10	31-Mar-09	31-Mar-10	31-Mar-09	31-Mar-10	31-Mar-09	31-Mar-10	31-Mar-09	31-Mar-10	31-Mar-09	**31-Mar-10**	31-Mar-09
Sundry Debtors	14,848.96	13,506.52	-	-	-	-	-	-	-	-	**14,848.96**	13,506.52
Loan to Subsidiary	1,132.97	4,855.49	-	-	-	-	-	-	-	-	**1,132.97**	4,855.49
Advances Recoverable in Cash or Kind	-	23.99	19.60	18.59	1.25	1.32	-	-	15.58	-	**36.43**	43.90
Investments in Equities	11,338.53	10,547.25	-	-	-	-	-	-	-	-	**11,338.53**	10,547.25
Provision for Diminition In Value Investment	2,308.49	-	-	-	-	-	-	-	-	-	**2,308.49**	-
Sundry Creditors	357.11	371.09	-	-	0.39	0.39	300.00	200.00	37.16	16.86	**694.66**	588.34
Guarantees given	3,628.00	7,443.20	-	-	-	-	-	-			**3,628.00**	7,443.20
Zao Torrent Pharma [USD 20.00 lacs (previous year USD 10.00 lacs)]	902.80	509.50	-	-	-	-	-	-	-	-	**902.80**	509.50
Torrent Pharma GmbH [Euro 45.00 lacs (previous year Euro 65.00 lacs)]	2,725.20	4,386.20	-	-	-	-	-	-	-	-	**2,725.20**	4,386.20
Torrent Do Brasil Ltda. [Nil (previous year USD 50.00 lacs)]	-	2,547.50	-	-	-	-	-	-	-	-	**-**	2,547.50

Names of related parties and description of relationship :

1	Subsidiaries and Step Down Subsidiaries	Heumann Pharma GmbH & Co. Generica KG, Torrent Do Brasil Ltda, Zao Torrent Pharma, Torrent Pharma GmbH, Torrent Pharma Inc., Torrent Pharma Philippines Inc., Torrent Australasia Pty Ltd., Laboratorios Torrent, S.A. de C.V., Torrent Pharma Japan Co. Ltd., Heunet Pharma GmbH, Norispharm GmbH, Torrent Pharma Canada Inc., Torrent Pharma (Thailand) Co. Ltd.		
2	Enterprises controlled by the Company	TPL Employee Group Gratuity Trust, TPL Employee Superannuation Trust		
3	Holding Company / Enterprises Controlled by the Holding Company	Torrent Private Ltd., Torrent Financiers, Torrent Power Ltd., Torrent Cables Ltd., Gujarat Lease Financing 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.		
4	Key Management Personnel	Sudhir Mehta Chairman	Samir Mehta Managing Director	Dr. C. Dutt Whole Time Director
5	Relatives of Key Management Personnel	Anita Mehta, wife Shardaben Mehta, mother Varun Mehta, son Jinal Mehta, son Meena Modi, sister Nayna Shah, sister	Sapna Mehta, wife Shardaben Mehta, mother Aman Mehta, son Shaan Mehta, son Meena Modi, sister Nayna Shah, sister	Shobha Dutt, wife Umang Dutt, son Uttang Dutt, son
6	Enterprises Controlled by Key Management Personnel / Relatives of Key Management Personnel	U N Mehta Charitable Trust, D N Modi Charitable Trust, Shardaben Mehta Charitable Trust, Tsunami Tours & Travels Pvt. Ltd., Torrel Cosmetics Pvt. Ltd., Zeal Pharmachem India Pvt Ltd., Diamond Infrastructure Pvt. Ltd., U. N. Mehta Institute of Cardiology & Research Centre, Dushyant Shah Charitable Trust.		

In terms of our report attached

Signatures to Schedule 1 to 21

For C.C. CHOKSHI & CO.
Chartered Accountants

Sudhir Mehta
Chairman

Gaurav J. Shah
Partner

Mahesh Agrawal
VP (Legal) & Company Secretary

Samir Mehta
Managing Director

Ahmedabad
6th May, 2010

Ahmedabad
6th May, 2010

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I	Registration No.	: 2126	State Code	: 04
	Balance Sheet Date	: 31032010		
II	**Capital raised during the year (Rs. in thousands)**			
	Public Issue	: NIL	Right Issue	: NIL
	Bonus Issue	: NIL	Private Placement	: NIL
III	**Position of Mobilisation and Deployment of Funds (Rs. in thousands)**			
	Total Liabilities	: 18477949	Total Assets	: 18477949
	Sources of Funds			
	Paid-up Capital	: 423092	Reserves & Surplus	: 8385424
	Secured Loans	: 3646416	Unsecured Loans	: 1577541
	Net Deferred Tax Liability	: 620709		
	Application of Funds			
	Net Fixed Assets	: 6310053	Investments	: 2314759
	Net Current Assets	: 6028370	Misc. Expenditure	: NIL
	Accumulated Losses	: NIL		
IV	**Performance of Company (Rs. in thousands)**			
	Turnover	: 13861038	Total Expenditure	: 11442349
	Profit Before Tax	: 3508121	Profit After Tax	: 2073677
	Earning per Share (in Rs.) (Annualised)	: 24.51	Dividend rate %	: 120.00%
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)	: 300490.49		
	Product Description	: Domperidone		
	Item Code No. (ITC Code)	: 300490.49		
	Product Description	: Alprazolam		

Mahesh Agrawal
VP (Legal) & Company Secretary

Sudhir Mehta
Chairman

Ahmedabad
6th May, 2010

Samir Mehta
Managing Director

MANAGEMENT'S DISCUSSION AND ANALYSIS

TO THE SHAREHOLDERS

CAVEAT

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

NOTE

Except stated otherwise, all figures, percentages, analysis, views and opinions are on consolidated financial statements of Torrent Pharmaceuticals Limited 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 India and global markets. The Company's revenues are mainly from manufacture and sale of branded as well as unbranded generic pharmaceutical products. A further break down of the revenues can be done as India formulations (comprising branded pharmaceutical formulations sold in the Indian market), International operations (comprising sales outside India of branded and unbranded-generic pharmaceutical formulations) and Contract manufacturing. Company's current international operations 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 2009-10, the Company reported revenues of Rs. 1,904 crores (excluding foreign exchange gains of Rs. 12 crores), a growth of 17% compared with Rs. 1,631 crores in the previous financial year.

The break up of Revenues under key segments is under:

(Rs. in crores)

Segment	2009-10		2008-09		Growth
	Amount	Share	Amount	Share	%
India formulations (net of excise duty)	726	38%	624	38%	16%
International Operations	970	51%	841	52%	15%
Contract Manufacturing	205	11%	164	10%	25%
Others	2	0%	2	0%	16%
Total	**1,904**	**100%**	**1,631**	**100%**	**17%**

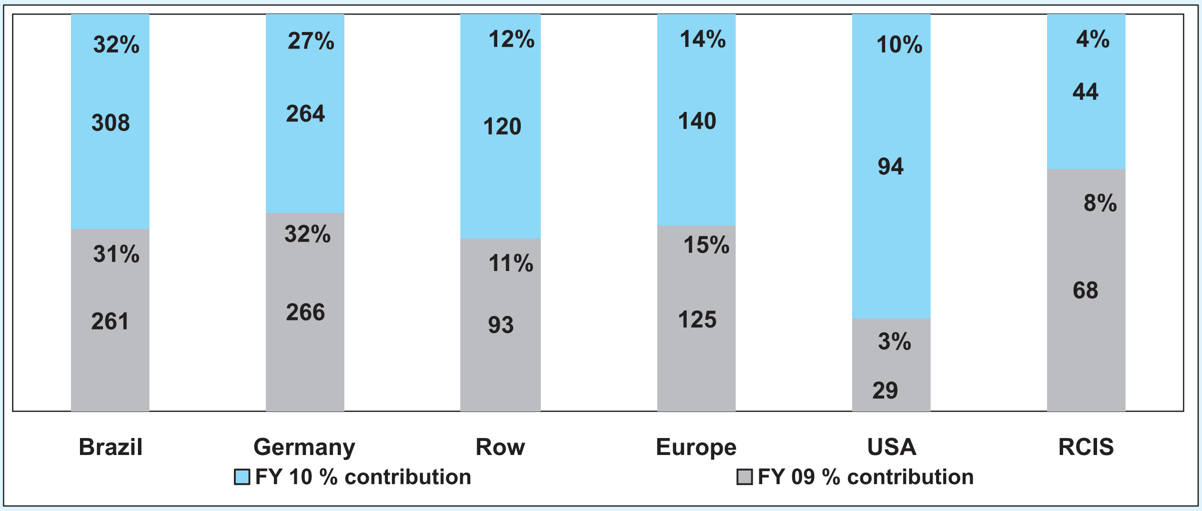
The India formulations segment registered growth of 17% over the previous year on the back of improved performance from Oral Anti Diabetic and Anti Infective portfolios.

Revenues from International Operations grew 15% on the back of growth in Brazil (growing 18%) and ramp up of US sales. Generic business in Germany was affected by difficult market environment with large portion of the market moving to low margin tender based pricing and the revenues remained flat. Revenues from Europe and Rest of the World Markets registered a growth of 9% and 30% respectively benefiting from portfolio expansion and consolidation in existing geographical areas. Operations in Russia & CIS markets were affected by adverse economic conditions and dampened demand resulting in de-growth in revenues by 35%.

Contract manufacturing income includes license fee income of Rs. 16 crores from a multi-product/market out licensing contract signed during the financial year 2009-10.

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

(Amount in Rs. Crores)



(Source: Internal Data)

A. INDIA FORMULATIONS

1. Indian Pharmaceutical Market:

The India formulations market valued at Rs. 417 billion has grown at CAGR of 14% (Source: ORG - IMS) over last 4 years. New product introductions contributed to 44% of the sales growth while volume growth contributed to 51% of the sales growth. Growing population, increasing reach of healthcare, 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 generic products looks positive due to several factors. The current pipeline of the generic 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 generic launches from the basket of pre 1995 products.

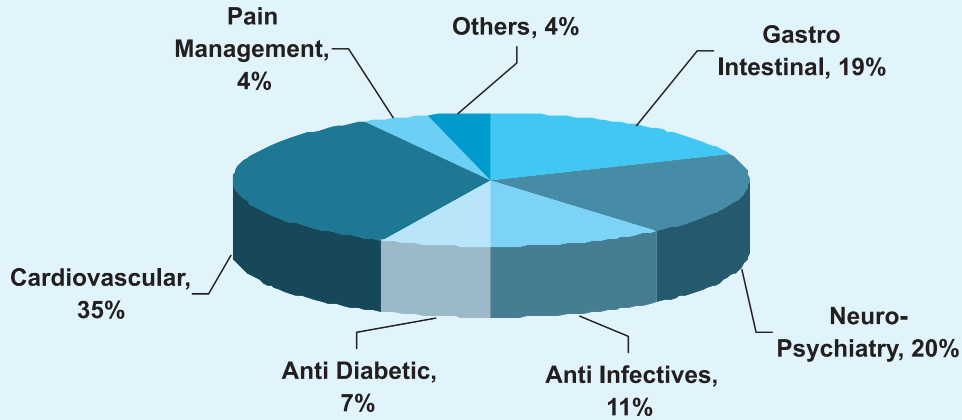
Currently, the prices of 75 drugs are controlled as per the mandate issued by the Drug Price Control Order, 1995 (DPCO). Currently 10% of Company's revenues are from products covered by DPCO.

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

2. Operating Highlights

India formulations segment registered a growth of 16% over the previous year. The revenue growth was mainly driven by Anti Diabetic and Anti – Infective portfolios. Top 10 brands contributed to 42% of the total India formulation sales as against 43% during previous year. Cardiology continues to remain the main therapeutic segment for the Company with a contribution of about 35% of the total sales. Neuro-Psychiatry and Gastroenterology are other key segments. The three therapeutic segments put together contribute to over 74% of the total sales.

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



The Company introduced 55 new products during financial year 2009-10 as compared to 15 products in financial year 2008-09.The growth in India Formulations revenues based on age of the portfolio is given below:

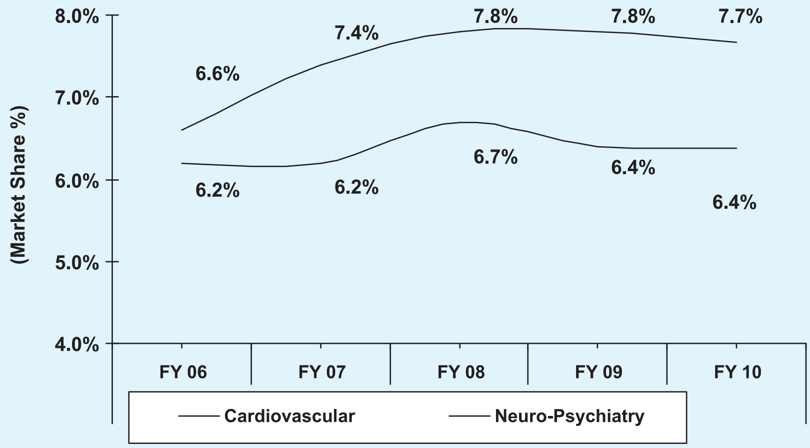
	Growth	
Portfolio	**2009-10**	**2008-09**
Existing Products (other than those mentioned below)	11%	5%
New Products introduced in the previous year	1%	1%
New Products introduced in the current year	4%	1%
Total	**16%**	**7%**

During the year, as a part of its growth strategy, the Company expanded its reach into the Tier II to VI cities and rural market through launch of a dedicated division. During the first phase of expansion, the Company launched its division in 5 states initially and gradually expanded to 3 more states during the financial year 2009-10. The Company plans to have pan India presence by end of financial year 2010-11.

The Company has moved to expand its therapeutic reach by entering into Gynecology segment having a market size of Rs. 2,404 crores, growing at 18% (Source: ORG - IMS Mat Mar 10). Initially the Company will be mainly focusing on regular Obstetrics and Gynecology market and has plans to penetrate into infertility market. To begin with the Company has launched 8 products and plans to launch another 11 products by financial year 2010-11 in phased manner. With total 19 products in basket, the Company would cover 40% of the regular Obstetrics and Gynecology market.

3. Positioning of Torrent in Indian Pharmaceutical Market

Torrent is one of the leading 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 2009-10, the Company registered a growth of 17% (previous year 7 %) against a market growth of 18% (previous year 10%). The Company is ranked 16th by turnover in the domestic market, has 6 brands in top 300 brands and has 37 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 characterised 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 OPERATIONS

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 $142 billion drugs to lose patent protections over next 5 years iii) rising income levels and improving health care coverage in the emerging economies to provide significant growth opportunities.

Global Pharmaceutical Market grew 7% in 2009 to US $ 837 billion and is expected to grow at 5% to 8% over a period of 5 years. Global Generic Pharmaceutical Market is valued at approximately US $ 90 billion is expected to grow at a faster rate of 8-9% over next 5 years. U.S is the largest Generic Market which put together with Europe and Japan account for 60% of the total global Generic Pharmaceutical Market. The growth of generic in these markets is driven by patent expiries, increase in generic penetration and

Government support to genericisation. Growth in emerging markets is even higher and 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 cost and sound marketing reach and capabilities built over a period of time. Blockbuster drugs going off patent continue to offer significant opportunity.

The Company has witnessed 5 year revenue CAGR of over 47%, in the revenues from its International Operations (including the sales of Heumann Pharma GmbH & Co. Generica KG (Heumann) acquired in 2005) which now accounts for more than 50% of the total revenues. During the year the Company has entered into product out-licensing and supply contracts with global pharma players to exploit its product portfolio developed for regulated/semi regulated markets. The supplies against these contracts are expected to commence over next 2-3 years.

1. Brazilian Branded Formulation

Brazilian market is one of the biggest markets in emerging economies with a market size of USD 12 billion, innovators controlling nearly half of the market and growing at a 5 year CAGR of 15% (Source: IMS).

Torrent is one of the leading Indian branded generic players in Brazilian market covering a market of USD 1 billion (Source: IMS) enjoying a market share of 7% in the covered market. During the year the Brazil operations registered revenues of Rs. 308 crores growing at 18%. Part of this growth is attributable to favorable exchange rates. Growth in Reai terms is 9%. The covered market growing at 14% is indicative of the growth potential out of the existing portfolio. The Company has 43 products under approval and 5 products are expected to be approved by second half of the coming year. The Company has a basket of 27 products with 12 products in the Cardio Vascular (CV) segment, 11 products in the Central Nervous System (CNS) segment and 4 products in the Oral Anti Diabetic segment. The Company also has a strong pipeline of 40 products in the above therapies to augment future growth.

2. US

US market is the largest generic market in the world. The generic market grew by 7% to US $ 34 billion in 2009. New healthcare reforms recently introduced in the US, are aimed at bringing more Americans under health insurance coverage and promoting use of low cost medicines. These reforms are expected to translate into huge opportunities to the companies sourcing from low cost manufacturing countries like India. Cost competitiveness is the key success factor.

The Company has started to realise the benefits of its investments in the US market. Revenues from its US operations were Rs. 94 crores during the financial year 2009-10 as compared with Rs. 29 crores during the previous financial year 2008-09. 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 second largest supplier of Citalopram and Zolpidem in the US Market. The Company received 2 ANDA approvals and 3 tentative approvals in financial year 2009-10. In the future it plans to launch 4 to 5 products every year. The Company has 16 ANDA approvals (including 3 tentative approvals), and its pipeline consists of 29 pending approvals and 27 filings 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 2nd largest generic market. During the year 2009, the generic market grew at 5% and was valued at USD 7 billion. The year 2009 witnessed a major portion of the markets getting covered under tender based buying by Government funded health insurance funds. With approximately 65% market covered under such tender, average price realisations are expected to fall substantially.

Revenues from our German operations (Heumann) remained stagnant at Rs. 264 crores during the financial year 2009-10, as compared to Rs. 266 crores during previous year 2009-10 which was Company's second consecutive year of profitable operations. Heumann was successful in obtaining tender awards announced by various health insurance funds during the year, the revenues from which will start flowing from financial year 2010-11.

12 new products are proposed to be launched in the coming year. Heumann growth plans include filling portfolio gaps in 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 outlicensing and product supply business (Europe) continues to provide growth momentum in international business, registering growth of 9%, with revenues of Rs. 140 crores during the financial year 2009-10 as compared with Rs. 125 crores during the previous year. The Company has a strong pipeline of 50 molecules for launch in the coming years. Rest of World segment registered growth of 12% with revenues of Rs. 120 crores during the financial year 2009-10, as compared with Rs. 93 crores during the previous year.

5. Opportunities and Outlook

Mexico: The Company had identified Mexico as a promising market offering potential for branded generic business and having a market size of USD 9 billion. The Company plans to launch marketing operations during the financial year 2010-11 with a product basket of 6 products in the Neuro-Psychiatry segment. The Company plans to expand the product portfolio in Cardiovascular, Neuro-Psychiatry and Anti Diabetic segments over the course of next 2-3 years.

Thailand: In order to expand its footprint in Asia Pacific, the Company has incorporated a subsidiary in Thailand to tap the significant growth opportunity available in this market. Thailand is the second largest pharmaceutical market in South East Asia with a market size of USD 2 billion and is growing at 16%. Generics constitute nearly 60% of the value sales. Due to the universal insurance coverage policy implemented by the Thai Government, the generic segment is rapidly growing in size and the hospitals are increasing supporting purchase of quality generics.

The Company has identified a set of 45 molecules in Cardiovascular, Neuro-Psychiatry and Anti Diabetic segment for potential launch in the market. The key success factors besides product development capabilities, innovative abilities, low cost high quality manufacturing would be the early mover advantage.

The Company is also planning to enter UK, Romania and Canada with direct marketing operation.

MANUFACTURING

During the financial year 2009-10, the Company has successfully commissioned a new injectible formulation manufacturing facility for Human Insulin's with a capacity of 26 million vials per annum at Indrad.

During the previous financial year, the Company had initiated construction of a new formulation manufacturing facility at Sikkim to cater to the growing demand of domestic market. The project is expected to commence commercial production during the third quarter of the financial year 2010-11. This facility will provide fiscal incentives under new industrial policy announced for the region by Central Government in 2007.

During the year, the formulation manufacturing facility at Baddi received cGMP approval from ANVISA of Brazil, and is gearing up for obtaining approvals for the other regulated markets. This facility was approved by the German authorities during the previous financial year 2008-09.

New capital investments

In order to meet the increasing requirements of the international markets, the Company is planning to build a new formulations and API manufacturing facility at Dahej SEZ in Gujarat. It has also undertaken a substantial expansion of formulation and API manufacturing capacities at US FDA Indrad Plant, which is expected to be completed during the financial year 2010-11.

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 374 patents for NCEs from these and earlier projects in all major markets of which 155 patents have been granted /accepted so far.

After successful completion of Phase-I clinical trial of Advanced Glycation End-Products Breaker (AGE) program, the Company has now initiated multi-centered Phase-II trial in India and Europe for the indication of diabetes associated heart failure. The Company believes that its AGE Program has attractive development potential in the poorly served diabetic heart failure segment and certain long-term complications arising out of AGE formation. The Company has published four research papers in peer reviewed international journals describing various findings of consequence to the AGE program.

During the financial year 2009-10, the Company has advanced its second NCE to Phase-I clinical trial targeting increased cardiovascular risks associated with metabolic syndrome. The Company believes that this program is uniquely positioned to address the complications due to relative chronic over-nutrition which are assuming alarming proportions of health hazard in India and in the developed countries.

Developmental Research

The Company continues to have a robust product pipeline for development for offerings in European, US and Brazil markets on their patent expiry. During the financial year 2009-10, the Company completed development for 8 products for the EU market, 12 products for US market and 11 products for Brazil market. The Company also developed and filed DMF for 6 APIs during the year in US & Europe.

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

Development of several New Drug Delivery Systems (NDDS) to create differentiated products and market exclusivity in commodity generics market are also progressing well.

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 authorities and USFDA during the year. The regulatory authorities from France and Denmark 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 move away, reduce and minimize the product weightage of drugs under price control.

Intellectual Property Rights (IPR) regime:

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

Other Market risks:

Regulatory changes may bring about de-branding of drugs in domestic market. Generic competition, could lead to fall in sales in branded products accompanied by price erosion. Increased coverage of healthcare spend through insurance can lead to structural changes in the industry. However the company does not anticipate changes in these areas in the immediate horizon.

Overseas markets

The Company has expanded operations into select overseas markets of Latin America, Russia & CIS, European Union and North America. Such expansion involves substantial business set up expenses, product pipeline development expenses and a gestation time before revenues begin to accrue. The Company faces the risk arising out of a failed or delayed market entry which may significantly affect the future profitability and financial position.

In Brazil where the Company sells branded generics, the pure generic competition could adversely affect development of branded business. Price erosions continue in the German generic market leading to shrinking operating margins. The insurance companies have been empowered to enter into rebate contracts and float tenders. Aggressive bidding by competitors could lead to unsuccessful bids in tenders exposing the Company to loss of existing sales. 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 delay, lower than anticipated price realizations, delay in market launch and marketing failure. The Company manages the risk through careful market research for selection of new products, detailed project planning and monitoring.

Attrition rate

The Company faces high attrition levels, particularly in sales force, R & D technical staff and production technical staff. This disrupts the smooth working of the Company, *inter-alia,* leading to disruption and delays in projects, loss of customers and sales, and increase in the cost of recruitment and training. The Company pro-actively manages this phenomenon through various measures including aggressive and timely recruitments, industry compatible remuneration / incentive system and strengthening of the human resources function.

Litigation risks

The Company faces the risk of high costs of litigation with the patent-holder, in its business of international generic products. This risk is sought to be managed by a careful patent analysis prior to launch of the generic product.

New capital investments

The Company plans to build a new manufacturing facility at Sikkim for manufacture of oral solid dosage formulations. The Company faces risks arising out of delay in implementation, cost overrun and inappropriate implementation. The risks are sought to be mitigated by forming appropriate project management team and corporate management oversight.

Exchange fluctuation risks

Currency risks mainly arise out of overseas 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 2009-10 was 6,964 against 5,636 as at the end of financial year 2008-09, an increase of 1,328 employees. The field force increased by 552 from 2,812 at the end of financial year 2008-09 to 3,364 at the end of financial year 2009-10. The R & D Centre had 804 employees (of which 683 were scientists) at the end of financial year 2009-10 compared with 725 (of which 627 were scientists) as at the end of financial year 2008-09, an increase of 79 employees. The worker strength at plant was 796 at the end of financial year 2009-10 compared with 527 at the end of financial year 2008-09. The remaining employee strength comprising mainly of head office personnel, non-worker employees at Chhatral and Baddi Plant, branch & overseas offices employees increased to 2,000 at the end of financial year 2009-10 from 1,572 at the end of financial year 2008-09.

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 2009-10 COMPARED WITH FINANCIAL YEAR 2008-09

Summary Financial Information:

Particulars	2009-10		2008-09		% Increase/ Decrease
	Rs. in Crores	% to Revenues	Rs. in Crores	% to Revenues	
Net Sales and Operating Income (Revenues)	1,904	100.0%	1,631	100.0%	16.8%
Gross Profit	1,227	64.4%	1,016	62.3%	20.8%
Selling, general and administrative expenses (SG&A)	698	36.7%	604	37.0%	15.6%
Research and development spend	120	6.3%	112	6.9%	7.4%
Forex Gain / (Loss)	12	0.6%	-41	-2.5%	
Operating profit before depreciation/amortization, tax, interest and exceptional items	421	22.1%	259	15.9%	62.5%
Depreciation/Amortization	66	3.5%	42	2.6%	56.3%
Net Interest expense	8	0.4%	16	1.0%	-52.0%
Profit before tax and exceptional items (PBT)	347	18.2%	201	12.3%	72.9%
Exceptional Item	0	0.0%	-9	-0.5%	
Income Tax	116	6.1%	8	0.5%	
Profit after Tax (PAT)	231	12.1%	184	11.3%	25.6%

Net Sales and other operating income

Consolidated net sales stood at Rs. 1,833 crores compared with net sales of Rs.1,587 crores during the previous financial year, registering growth of 16%.

Other operating income was Rs. 71 crores compared with Rs. 44 crores in previous financial year, indicating an increase of 61%. Income of Rs. 16 crores from multi-product/market out licensing contract signed during the financial year 2009-10 is the major item contributing to the increase.

Gross Profit

Company's Gross Profit increased by 21% indicating a margin gain of 2% as compared to the previous year. Higher income from product registration dossiers (described above) and reduction in the inventory impairments (largely arising out of reduction in non-saleable returns) during the financial year 2009-10, are the major factors contributing to improvement in Gross Profit.

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

SG&A expenses increased by 16% to Rs. 698 crores as compared to Rs. 604 crores during the previous year. Increase in spend related to marketing authorization registration for new territories amounting to Rs. 11 crores was one of the major factors contributing to the increase in SG&A.

Research & Development expenses increased by 7% to Rs. 120 crores, as compared to Rs. 112 crores during the previous financial year. Product development costs account for 70% (previous year 64%) and discovery research costs account for 30% (previous year 36%) of the total R & D cost. Research & Development expenses as % to revenues are at 6% as compared to 7% during the previous year.

Foreign exchange gains were Rs. 12 crores against loss of Rs. 41 crores during the previous year.

Company's PBDIT increased by 62% to Rs. 421 crores as compared to Rs. 259 crores during the previous year, indicating a margin improvement of 6%.

Depreciation and amortization

Depreciation and amortization charge during the financial year 2009-10 was Rs. 66 crores as compared with Rs. 42 crores during the previous financial year. During the financial year 2009-10, the Company revised in useful lives of plant & machinery, laboratory equipments, furniture & fixtures and office equipments, which resulted into an additional depreciation charge of Rs. 11 crores. The Company impaired some of its product license assets in Heumann, which resulted into additional amortization charge of Rs. 7 crores during the financial year 2009-10.

Net interest expense

Net Interest expenses (net of income from investments made in debt and money market instruments) were Rs. 8 crores compared with Rs. 16 crores during the previous year.

Income Tax

During the financial year 2009-10, in view of amendments made in the 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 Rs. 53 crores, recognized in earlier years, has been written off.

Excluding MAT credit entitlement in both the financial years, the income tax charge for the year 2009-10 is Rs. 63 crores compared to Rs. 27 crores during the previous year. Average income tax rate as a percentage of profit before tax is 18% for the year 2009-10 as compared to 14% for the year 2008-09. Increase in income tax charge for the year 2009-10 is mainly on account of increase in MAT rate from 11% for the year 2008-09 to 17% for the year 2009-10.

Exceptional item

Exceptional item of Rs. 9 crores for the year 2008-09 represents settlement of a contract claim and certain related expenses, in respect of a research contract pertaining to new chemical entities, agreed by the Company in an out-of-court settlement through a mediation process.

Net profit after taxes

The net profit after taxes & exceptional items for the financial year 2009-10 was Rs. 231 crores compared with Rs. 184 crores during the previous financial year, an increase of 25%.

CAPITAL & DEBT

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

Out of the divisible profits of Rs. 234 crores (previous year Rs. 188 crores), a sum of Rs. 56 crores (previous year Rs.145 crores) was transferred to General Reserve Account. Dividend of Rs. 51 crores (Rs. 6 per share) is proposed during the year, Previous year Rs. 34 crores (Rs. 4 per share) was distributed. This represents an increase of Rs. 2 in dividend per share. This distribution (including tax thereon) is approximately 26% of profit after tax for the year (previous year 21%).

The net long-term borrowing decreased by Rs. 10 crores during the year (previous year increase was Rs. 104 crores) to Rs. 397 crores at the end of financial year 2009-10 from Rs. 407 crores at the end of

FY 2008-09. Outstanding working capital loans as on 31st March, 2010 were Rs. 126 crores (previous year Rs. 76 crores). The total debt to net worth (including deferred tax liability) ratio as at the end of financial year 2009-10 was 0.59 (previous year 0.68).

FIXED ASSETS

The net investment in fixed assets during the year was Rs. 86 crores; comprising net addition in assets Rs. 149 crores reduced by increase in accumulated depreciation of Rs.62 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, current investments and proposed dividends) decreased by Rs. 15 crores from Rs. 297 crores at the end of financial year 2008-09 to Rs. 282 crores at the end of financial year 2009-10, decrease of 5%. Decrease in working capital investments is mainly on account of write off of MAT credit entitlement of Rs. 53 crores, recognised in earlier years. As a percent of revenues, the working capital investment was 15% at the end of financial year 2009-10 and 18% at the end of financial year 2008-09. The decrease in working capital was a result of gross current assets (excluding cash and bank balances, current investments) increasing by Rs. 49 crores, from Rs. 723 crores at the end of financial year 2008-09 to Rs. 772 crores at the end of financial year 2009-10, and increase in gross current liabilities (including provisions and excluding proposed dividends) by Rs. 64 crores, from Rs. 426 crores at the end of financial year 2008-09 to Rs. 490 crores at the end of financial year 2009-10.

The liquidity of the Company as reflected by cash and bank balances and current investments increased by Rs. 160 crores, from Rs. 350 crores at the end of financial year 2008-09 to Rs. 510 crores at the end of financial year 2009-10.

The Company generated net cash of Rs. 287 crores from operations (after working capital changes) during financial year 2009-10 while it spent a net amount of Rs. 149 crores on new fixed assets, received income from investments and interest of Rs. 20 crores. Net cash flow used in financing activities comprising of dividend and interest paid and net debts taken, was Rs. 5 crores during financial year 2009-10.

For and on behalf of the Board

Ahmedabad
6th May, 2010

Samir Mehta
Managing Director

Consolidated Financial Statements 2009-10

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

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, 2010, 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 thirteen subsidiary companies, namely, Zao Torrent Pharma, Torrent Pharma GmbH, Heumann Pharma GmbH & Co. Generica KG, Torrent Do Brasil Ltda, Torrent Pharma Philippines Inc., Torrent Pharma Inc., Torrent Pharma Japan Co. Ltd., Laboratories Torrent S.A. de C.V, Torrent Australasia Pty Ltd., Heunet Pharma GmbH, Norispharm GmbH, Torrent Pharma Canada Inc., and Torrent Pharma (Thailand) Co., Limited, whose financial statements reflect total assets of Rs.44,832.22 lacs as at 31st March, 2010, total revenues of Rs. 73,328.63 lacs and net cash outflows amounting to Rs.1,212.55 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, 2010;
   (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 C.C.Chokshi & Co.
Chartered Accountants
(Registration No. 101876W)

Gaurav J. Shah
Partner
Membership No. 35701

Ahmedabad
6th May, 2010

CONSOLIDATED BALANCE SHEET

(Rs. in lacs)

	SCHEDULE	As at 31-Mar-2010	As at 31-Mar-2009
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	1	**4,230.92**	4,230.92
Reserves and Surplus	2	**78,866.93**	60,858.25
		83,097.85	65,089.17
LOAN FUNDS			
Secured Loans	3	**36,464.16**	31,827.30
Unsecured Loans	4	**15,775.41**	16,432.96
		52,239.57	48,260.26
Deferred Tax Liabilities	21 [4]	**6,219.08**	6,833.12
		141,556.50	120,182.55
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block		**81,293.09**	72,062.41
Less : Depreciation, Amortisation and Impairment		**27,178.16**	20,937.02
Net Block	5	**54,114.93**	51,125.39
Capital Work in Progress		**7,460.55**	4,180.74
Advances for Capital Expenditure		**3,521.53**	1,161.62
		65,097.01	56,467.75
INVESTMENTS	6	**14,117.55**	13,948.65
Deferred Tax Assets	21 [4]	**1,229.28**	993.44
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	7	**32,362.93**	26,453.81
Sundry Debtors	8	**29,815.97**	26,657.86
Cash and Bank Balances	9	**38,832.53**	22,999.23
Other Current Assets	10	**3,681.09**	3,432.28
Loans and Advances	11	**11,378.75**	15,793.77
		116,071.27	95,336.95
Less: CURRENT LIABILITIES AND PROVISIONS			
Liabilities	12	**42,157.71**	37,431.50
Provisions	13	**12,800.90**	9,132.74
		54,958.61	46,564.24
Net Current Assets		**61,112.66**	48,772.71
		141,556.50	120,182.55
Significant Accounting Policies	20		
Notes forming part of the Consolidated Financial Statements	21		

In terms of our report attached

For C.C. CHOKSHI & CO.
Chartered Accountants

Gaurav J. Shah
Partner

Ahmedabad
6th May, 2010

Mahesh Agrawal
VP (Legal) & Company Secretary

Signatures to the Consolidated Balance Sheet

Sudhir Mehta
Chairman

Samir Mehta
Managing Director

Ahmedabad
6th May, 2010

CONSOLIDATED PROFIT AND LOSS ACCOUNT

(Rs. in lacs)

	SCHEDULE	Year ended 31-Mar-2010	Year ended 31-Mar-2009
INCOME			
Sales		**186,730.12**	161,689.97
Less : Excise Duty / ICMS collected	21 [5]	**3,437.57**	3,037.96
Net Sales		**183,292.55**	158,652.01
Operating Income		**8,311.23**	4,413.75
Sales and Operating Income	14	**191,603.78**	163,065.76
Other Income	15	**903.80**	351.10
TOTAL INCOME		**192,507.58**	163,416.86
EXPENDITURE			
Materials Cost	16	**57,097.52**	53,484.88
Employees Cost	17	**31,616.00**	25,649.78
Manufacturing and Other Expenses	18	**48,790.92**	46,868.08
Research and Development Expenses	21 [6]	**12,021.80**	11,190.39
Depreciation, Amortisation and Impairment	21 [7]	**6,608.61**	4,227.97
TOTAL EXPENDITURE		**156,134.85**	141,421.10
PROFIT BEFORE BORROWING COST, EXCEPTIONAL ITEMS AND TAX		**36,372.73**	21,995.76
Net Borrowing Costs	19	**1,650.89**	1,901.25
PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX		**34,721.84**	20,094.51
Exceptional Items		**-**	(875.95)
PROFIT BEFORE TAX		**34,721.84**	19,218.56
PROVISION FOR TAXATION			
Current Tax		**7,051.06**	2,776.37
MAT written off / (Credit Entitlement)	21 [8]	**5,286.32**	(1,921.38)
Deferred Tax Charge / (Credit) [includes prior period item (Rs. 47.40)]		**(738.43)**	(414.88)
Fringe Benefit Tax		**-**	341.49
Short fall / (Excess) Provision for Tax of earlier years		**3.36**	-
		11,602.31	781.60
NET PROFIT FOR THE YEAR		**23,119.53**	18,436.96
Balance Brought Forward		**304.43**	327.11
PROFIT AVAILABLE FOR APPROPRIATION		**23,423.96**	18,764.07
APPROPRIATIONS			
General Reserve		**5,600.00**	14,500.00
Proposed Dividend		**5,076.68**	3,384.45
Tax on Distributed Profits		**843.17**	575.19
		11,519.85	18,459.64
Balance Carried Forward		**11,904.11**	304.43
Basic and Diluted EPS for the year [Nominal Value per equity share of Rs. 5]	21 [9]	**27.32**	21.79
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 C.C. CHOKSHI & CO.
Chartered Accountants

Sudhir Mehta
Chairman

Gaurav J. Shah
Partner

Mahesh Agrawal
VP (Legal) & Company Secretary

Samir Mehta
Managing Director

Ahmedabad
6th May, 2010

Ahmedabad
6th May, 2010

CONSOLIDATED CASH FLOW STATEMENT

(Rs. in Lacs)

	Year ended 31-Mar-2010	Year ended 31-Mar-2009
A CASH FLOW FROM OPERATING ACTIVITIES :		
PROFIT BEFORE TAX	**34,721.84**	19,218.56
Adjustments for :		
Depreciation, Amortisation and Impairment	**6,608.61**	4,227.97
Provision for Doubtful Debts	**686.22**	1,289.12
Bad Debts Written-off	**58.30**	28.01
Provision for Doubtful Claim Receivables	**143.97**	-
Foreign Exchange (Gain)/Loss on Borrowings	**(346.69)**	724.37
Loss on Sale / Discard / Write-off of Fixed Assets	**88.08**	321.11
Provision on Asset held for Sale	**141.80**	25.57
(Profit) on Sale of Current Investments	**(889.25)**	(313.77)
Net Borrowing Cost	**1,650.89**	1,901.25
Government Grant	**(78.52)**	-
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	**42,785.25**	27,422.19
Adjustments for changes in working capital :		
Debtors, Loans and Advances and Other Current Assets	**(9,067.61)**	(6,185.45)
Inventories	**(5,909.12)**	(3,356.76)
Current Liabilities and Provisions	**7,495.04**	10,554.27
CASH GENERATED FROM OPERATIONS	**35,303.56**	28,434.25
Direct Taxes Paid	**(6,603.57)**	(2,644.04)
NET CASH FROM OPERATING ACTIVITIES	**28,699.99**	25,790.21
B CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	**(15,012.86)**	(6,273.09)
Proceeds from Fixed Assets sold	**105.97**	76.07
Proceeds from Long Term Non-Trade Investments sold	**-**	8.75
Profit on Sale of Current Investments	**889.25**	313.77
Interest Received	**1,146.99**	1,916.52
NET CASH USED IN INVESTING ACTIVITIES	**(12,870.65)**	(3,957.98)
C CASH FLOW FROM FINANCING ACTIVITIES :		
Long Term debt borrowed	**7,814.06**	8,494.00
Long Term debt repaid	**(6,698.75)**	(6,093.34)
Net Short Term debt taken	**5,001.88**	1,773.39
Government Grant / Capital Subsidy	**78.52**	30.00
Dividend Paid	**(4,101.48)**	(3,318.64)
Interest Paid	**(2,618.92)**	(2,708.40)
NET CASH USED IN FINANCING ACTIVITIES	**(524.69)**	(1,822.99)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	**15,304.65**	20,009.24
Effect of Exchange Rate Changes on Foreign Currency Cash and Cash Equivalents	**697.55**	(350.00)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**35,043.29**	15,384.05
CASH AND CASH EQUIVALENTS AT END OF YEAR	**51,045.49**	35,043.29
Note : Cash and Cash Equivalents as at end of the year		
Cash and Bank balances [Schedule 21(10)]	**38,832.53**	22,999.23
Current Investments (Investments in Mutual Funds)	**12,212.96**	12,044.06
	51,045.49	35,043.29

In terms of our report attached

Signatures to the Consolidated Cash Flow Statement

For C.C. CHOKSHI & CO.
Chartered Accountants

Sudhir Mehta
Chairman

Gaurav J. Shah
Partner

Mahesh Agrawal
VP (Legal) & Company Secretary

Samir Mehta
Managing Director

Ahmedabad
6th May, 2010

Ahmedabad
6th May, 2010

SCHEDULES

annexed to and forming part of the Consolidated Financial Statements

(Rs. in lacs)

	As at 31-Mar-2010	As at 31-Mar-2009
SCHEDULE - 1 : SHARE CAPITAL		
Authorised		
150,000,000 Equity Shares of Rs. 5 each	**7,500.00**	7,500.00
2,500,000 Preference Shares of Rs. 100 each	**2,500.00**	2,500.00
	10,000.00	10,000.00
Issued and Subscribed		
84,625,360 Equity Shares of Rs. 5 each	**4,231.27**	4,231.27
Paid-up		
84,611,360 Equity Shares of Rs. 5 each	**4,230.57**	4,230.57
Amount originally paid up on 14,000 Equity Shares forfeited	**0.35**	0.35
	4,230.92	4,230.92

Notes :

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

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

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

(Rs. in lacs)

	As at 31-Mar-2010	As at 31-Mar-2009
SCHEDULE - 2 : RESERVES AND SURPLUS		
Capital Reserve		
Balance as per last Balance Sheet	**626.54**	596.54
Add : Capital Subsidy received	**-**	30.00
	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	**55,708.99**	41,208.99
Add : Transfer from Profit and Loss Account	**5,600.00**	14,500.00
	61,308.99	55,708.99
Foreign Currency Translation Reserve		
Balance as per last Balance Sheet	**(446.30)**	(72.05)
Add : Foreign Currency Translation Reserve for the year	**809.00**	(374.25)
	362.70	(446.30)
Balance in Profit and Loss Account	**11,904.11**	304.43
	78,866.93	60,858.25

	As at 31-Mar-2010	(Rs. in lacs) As at 31-Mar-2009
SCHEDULE - 3 : SECURED LOANS		
Long Term Loans [Note: 2]		
from Banks [Note: 1(a)]	**25,110.36**	23,312.30
from a Financial Institution [Note: 1(b)]	**3,680.00**	6,015.00
Short Term Loans from Banks [Note: 1(c)]	**7,673.80**	2,500.00
	36,464.16	31,827.30

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:

2010-11	Rs.	3,838 lacs
2011-12	Rs.	10,779 lacs
2012-13	Rs.	4,743 lacs
2013-14	Rs.	5,306 lacs
2014-15	Rs.	1,500 lacs
2015-16	Rs.	2,062 lacs
2016-17	Rs.	562 lacs
Total :	**Rs. 28,790 lacs**	

	As at 31-Mar-2010	(Rs. in lacs) As at 31-Mar-2009
SCHEDULE - 4 : UNSECURED LOANS		
Long Term Loans [Note :1]		
from Banks	**9,792.63**	10,486.04
from Department of Science and Technology	**793.60**	892.80
from Department of Bio-Technology	**314.06**	-
Short Term Loans		
from Banks	**4,875.12**	54.12
from a Financial Institution	**-**	5,000.00
	15,775.41	16,432.96

Note :

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

2010-11	Rs.	99 lacs
2011-12	Rs.	131 lacs
2012-13	Rs.	3,426 lacs
2013-14	Rs.	3,426 lacs
2014-15	Rs.	3,426 lacs
2015-16	Rs.	162 lacs
2016-17	Rs.	131 lacs
2017-18	Rs.	99 lacs
Total :	**Rs. 10,900 lacs**	

SCHEDULE - 5 : FIXED ASSETS

(Rs. in lacs)

Particulars	Gross Block (At Cost)						Depreciation, Amortisation and Impairment						Net Block	
	As at 1-Apr-09	Additions during the year	Deductions during the year	As at 31-Mar-10	Foreign Exchange Translation	As at 31-Mar-10	As at 1-Apr-09	For the year	On deduction during the year	As at 31-Mar-10	Foreign Exchange Translation	As at 31-Mar-10	As at 31-Mar-10	As at 31-Mar-09
I. TANGIBLES :														
Free Hold Land [Note 2]	4,349.32	146.80	-	4,496.12	-	**4,496.12**	-	-	-	-	-	**-**	**4,496.12**	4,349.32
Lease Hold Land	2,242.83	1,397.40	-	3,640.23	-	**3,640.23**	0.47	35.12	-	35.59	-	**35.59**	**3,604.64**	2,242.36
Buildings	18,779.75	948.98	12.35	19,716.38	(5.35)	**19,711.03**	3,398.25	563.22	1.58	3,959.89	(4.97)	**3,954.92**	**15,756.11**	15,381.50
Plant and Machineries (Including Laboratory Equipments)	28,873.51	5,442.95	58.26	34,258.20	23.29	**34,281.49**	9,671.70	3,307.92	34.12	12,945.50	5.78	**12,951.28**	**21,330.21**	19,201.81
Electrical Equipments	5,894.95	467.37	62.88	6,299.44	-	**6,299.44**	2,087.00	451.27	23.30	2,514.97	-	**2,514.97**	**3,784.47**	3,807.95
Furniture and Fixtures, Office Equipments	6,259.34	706.69	50.84	6,915.19	24.29	**6,939.48**	3,488.85	871.65	32.77	4,327.73	4.31	**4,332.04**	**2,607.44**	2,770.49
Vehicles	1,574.47	186.36	205.42	1,555.41	9.64	**1,565.05**	476.77	149.64	103.93	522.48	2.16	**524.64**	**1,040.41**	1,097.70
II. INTANGIBLES :														
Computer Software	1,315.68	311.10	-	1,626.78	(20.47)	**1,606.31**	830.26	267.27	-	1,097.53	(15.35)	**1,082.18**	**524.13**	485.42
Product Licenses [Note 4]	2,772.56	286.14	-	3,058.70	(304.76)	**2,753.94**	983.72	968.83	-	1,952.55	(170.01)	**1,782.54**	**971.40**	1,788.84
TOTAL	**72,062.41**	**9,893.79**	**389.75**	**81,566.45**	**(273.36)**	**81,293.09**	**20,937.02**	**6,614.92**	**195.70**	**27,356.24**	**(178.08)**	**27,178.16**	**54,114.93**	**51,125.39**
Previous Year	64,610.77	8,642.11	1,376.19	71,876.69	185.72	72,062.41	17,619.33	4,227.97	979.01	20,868.31	68.71	20,937.02	51,125.39	

Notes :

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

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

(3) Depreciation, Amortisation and Impairment for the year includes Rs. 6.31 lacs (previous year Rs. Nil) transferred to capital work in progress as pre-operative expenses.

(4) The healthcare reforms in Germany has brought about significant changes in the market conditions. Insurance companies are now allowed to float tenders and several companies have floated tenders including AOK, the largest insurance company in Germany. Due to this there is a drastic fall in price realisations of finished products.The Group carried out impairment testing of its acquired product licenses and has recognised Rs. 726.93 lacs (previous year Rs. 64.04 lacs) towards impairment of product licenses.

	No. of Units	As at 31-Mar-2010	(Rs. in lacs) As at 31-Mar-2009
SCHEDULE - 6 : INVESTMENTS			
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	442918	**1,901.49**	1,901.49
Shivalik Solid Waste Limited - Fully paid up Equity Shares of Rs. 10 each	20000	**2.00**	2.00
Non-Trade Investments, Unquoted			
National Savings Certificates		**1.10**	1.10
Aggregate Long Term Investments		**1,904.59**	1,904.59
CURRENT INVESTMENTS [At lower of cost or market value]			
Non-Trade Investments, Unquoted			
Mutual Funds [Note 1]		**12,212.96**	12,044.06
Aggregate Investments - Unquoted		**14,117.55**	13,948.65

Note :

(1) Aggregate NAV of investment in Mutual Funds as on 31-Mar-2010 is Rs. 12,306.01 lacs. [previous year Rs. 12,067.66 lacs]

	As at 31-Mar-2010	(Rs. in lacs) As at 31-Mar-2009
SCHEDULE - 7 : INVENTORIES		
[At lower of cost or net realisable value]		
Raw Materials	**10,521.62**	6,913.09
Packing Materials	**1,504.68**	1,340.38
Goods in Process	**3,628.12**	4,099.94
Finished Goods	**9,718.97**	9,193.09
Traded Goods	**6,989.54**	4,907.31
	32,362.93	26,453.81
SCHEDULE - 8 : SUNDRY DEBTORS		
[Unsecured]		
Debts over six months		
Considered Good	**3,224.61**	3,086.05
Considered Doubtful	**1,986.42**	1,824.01
Less :- Provision	**1,986.42**	1,824.01
	3,224.61	3,086.05
Other Debts - Considered Good	**26,591.36**	23,571.81
	29,815.97	26,657.86

(Rs. in lacs)

	SCHEDULE	As at 31-Mar-2010	As at 31-Mar-2009
SCHEDULE - 9 : CASH AND BANK BALANCES			
Cash on hand		**11.63**	10.26
With Scheduled Banks in :			
(a) Current Accounts	21 [10]	**977.43**	1,038.78
(b) Term Deposit Accounts	21 [10]	**33,517.05**	17,105.05
		34,494.48	18,143.83
With Non-Scheduled Banks in :			
(a) Current Accounts		**2,436.91**	4,833.70
(b) Term Deposit Accounts		**1,889.51**	11.44
		4,326.42	4,845.14
		38,832.53	22,999.23
SCHEDULE - 10 : OTHER CURRENT ASSETS			
[Unsecured and considered good, unless otherwise stated]			
Export Benefits Receivable		**2,479.46**	1,851.89
Claims Receivable : Indirect tax / Insurance			
Considered Good		**939.49**	563.38
Considered Doubtful		**143.97**	-
Less :- Provision		**143.97**	-
		939.49	563.38
Interest accrued on Loans and Deposits		**257.02**	144.72
Assets held for sale [At lower of cost or net realisable value]		**-**	569.20
Others		**5.12**	303.09
		3,681.09	3,432.28
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		**10,290.00**	9,797.97
Balance with Excise and Customs Department / VAT		**546.28**	248.49
Advance Tax paid, net of Provisions		**542.47**	460.99
MAT Credit Entitlement	21 [8]	**-**	5,286.32
		11,378.75	15,793.77
SCHEDULE - 12 : CURRENT LIABILITIES			
Sundry Creditors		**37,818.22**	31,341.22
Book Overdraft		**1,497.41**	503.26
Investor Education and Protection Fund [not due] :			
Unclaimed Dividend		**46.42**	188.26
Unclaimed Share Application Money		**0.45**	0.45
Unclaimed Matured Debentures		**-**	7.51
Unclaimed Debenture Interest		**-**	0.46
		46.87	196.68
Other Liabilities		**1,346.85**	1,285.53
Advances from Customers		**1,279.62**	3,862.13
Interest accrued but not due		**168.74**	242.68
		42,157.71	37,431.50

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-2010	(Rs. in lacs) As at 31-Mar-2009
SCHEDULE - 13 : PROVISIONS			
Proposed Dividend		**5,076.68**	3,384.45
Add :Tax on Distributed Profits		**843.17**	575.19
		5,919.85	3,959.64
Provision for Taxation, net of Advance Tax		**550.04**	17.71
Provision for Employee Benefits (Gratuity, Long term Compensation, Leave Benefits)		**6,331.01**	5,155.39
		12,800.90	9,132.74

		Year ended 31-Mar-2010	(Rs. in lacs) Year ended 31-Mar-2009
SCHEDULE - 14 : SALES AND OPERATING INCOME			
Sales			
Sales in India		**92,060.89**	79,357.38
Sales outside India		**94,669.23**	82,332.59
		186,730.12	161,689.97
Less : Excise Duty / ICMS collected	21 [5]	**3,437.57**	3,037.96
		183,292.55	158,652.01
Operating Income			
Export Benefits		**2,635.37**	1,717.71
Income from Product Registration Dossiers		**3,112.11**	1,604.53
Net Foreign Exchange Gain	21 [11]	**1,206.29**	-
Other Operating Income		**1,357.46**	1,091.51
		8,311.23	4,413.75
		191,603.78	163,065.76
SCHEDULE - 15 : OTHER INCOME			
Profit on Sale of Non-Trade Investments [Net of Provision for diminution in value of Current Investment Rs. Nil (previous year Rs. 292.37 lacs)]		**889.25**	313.77
Miscellaneous Income		**14.55**	37.33
		903.80	351.10
SCHEDULE - 16 : MATERIALS COST			
Materials Consumed			
Raw Materials		**35,489.92**	33,568.94
Packing Materials		**5,574.51**	4,772.64
		41,064.43	38,341.58
Purchase of Traded Goods		**18,169.38**	17,153.30
(Increase) / Decrease in Stock			
Opening Stocks			
Finished Goods		**9,193.09**	7,649.94
Traded Goods		**4,907.31**	5,016.06
Goods in Process		**4,099.94**	3,524.34
		18,200.34	16,190.34
Less : Closing 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
Net (Increase) / Decrease in Stock		**(2,136.29)**	(2,010.00)
		57,097.52	53,484.88

(Rs. in lacs)

	SCHEDULE	Year ended 31-Mar-2010	Year ended 31-Mar-2009
SCHEDULE - 17 : EMPLOYEES COST			
[Other than those included in Research and Development Expenses]			
Salaries, Wages and Bonus [includes prior period item Rs. 139.34]		**25,794.52**	21,106.60
Contribution to Provident and other Funds		**4,438.44**	2,998.04
Gratuity Cost		**279.87**	511.37
Welfare Expenses		**1,103.17**	1,033.77
		31,616.00	25,649.78
SCHEDULE - 18 : MANUFACTURING AND OTHER EXPENSES			
[Other than those included in Research and Development Expenses]			
Power and Fuel		**2,739.92**	2,528.90
Stores and Spares Consumed		**1,489.64**	1,169.84
Labour Charges		**1,236.81**	989.38
Job Work Charges		**712.64**	811.51
Laboratory Goods and Testing Expenses		**482.32**	547.74
Excise Duty	21 [5]	**148.57**	43.59
Repairs and Maintenance :			
Machinery		**394.45**	225.24
Buildings		**199.85**	150.46
Others		**207.14**	185.00
		801.44	560.70
Selling, Publicity and Medical Literature Expenses		**21,621.67**	18,522.37
Commission on Sales		**1,143.35**	1,025.61
Sales and Turnover Taxes		**346.69**	187.97
Provision for Doubtful Debts		**686.22**	1,289.12
Bad Debts Written-off		**58.30**	28.01
Travelling, Conveyance and Vehicle Expenses		**5,087.10**	5,246.14
Net Foreign Exchange Loss	21 [11]	**-**	4,119.82
Communication Expenses		**990.91**	845.57
Printing and Stationery Expenses		**233.80**	265.66
Rent		**1,681.48**	1,592.89
Rates and Taxes		**62.25**	353.32
Registration Expenses		**2,814.75**	1,174.75
Insurance		**444.09**	411.20
Loss on Sale / Discard / Write-off of Fixed Assets		**88.08**	321.11
Provision on Asset held for Sale		**141.80**	25.57
Auditors Remuneration and Expenses		**94.18**	68.55
Cost Audit Fees		**3.28**	2.40
Commission to Non Executive Directors		**26.79**	18.75
Donation		**710.84**	217.09
General Charges		**4,944.00**	4,500.52
		48,790.92	46,868.08
SCHEDULE - 19 : NET BORROWING COST			
[Other than those included in Research and Development Expenses]			
Expenses			
Interest on Fixed Period Loans		**2,444.40**	2,653.78
Other Borrowing Cost	21 [11]	**465.78**	1,275.85
		2,910.18	3,929.63
Interest Income		**1,259.29**	2,028.38
		1,650.89	1,901.25

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 notified by the Central Government of India under Section 211 (3C) of the Companies Act, 1956, other 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 Limited and its wholly owned subsidiaries.

The consolidated financial statements have been combined on a line-by-line basis by adding the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances / transactions and resulting unrealized profits / losses in full. The amounts shown in respect of reserves comprise the amount of the relevant reserves as per the balance sheet of the parent company and its share in the post-acquisition increase in the relevant reserves of the consolidated entities.

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 asset includes non-refundable taxes & levies, freight and other incidental expenses related to the acquisition and installation of the respective assets. Borrowing cost attributable to acquisition or construction of qualifying fixed assets are capitalised to respective assets when the time taken to put the assets to use is substantial.

(b) Pre-operative expenditure comprising of revenue expenses incurred in connection with project implementation during the period 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 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 & Fixtures	3 to 10 years
Office Equipments	10 years
Computer Equipments	2 to 5 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 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 Accounting Standard 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), 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 realised 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 The 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 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

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

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

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

(c) The resulting net exchange differences are recognised 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. The consolidated financial statements comprise the financial statements of the parent company, Torrent Pharmaceuticals Limited (TPL) and the following wholly owned subsidiaries / step-down subsidiaries (together referred to as Group) :

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

(Rs.in lacs)

	As at 31-Mar-2010	As at 31-Mar-2009
2. Estimated amount of unexecuted capital contracts (net of advances) not provided for	**6,340.02**	2,381.81
3. Contingent Liabilities not provided for in respect of Claims against the Group not acknowledged as debts :		
Disputed Demand of Income Tax for which appeals have been preferred	**227.66**	846.55
Disputed Employee State Insurance Contribution Liability under E.S.I. Act, 1948	**287.54**	248.71
Disputed Legal Cases for Supply of Goods and Services	**122.90**	1.78
Disputed Demand of Excise and Service Tax	**30.31**	23.80
Disputed Demand of Local Sales Tax and C.S.T	**70.56**	23.00
Disputed cases at Labour Court / Industrial Court	**62.36**	-
	801.33	1,143.84
4. The components of the deferred tax balance are set out below:		
Deferred Tax Liabilities		
Excess of depreciation claimed under the income tax law over that debited to profit and loss account in the earlier years	**7,537.49**	7,871.94
Unrealised foreign exchange gain	**63.40**	77.11
Deferred Tax Assets		
Sundry creditors	**(616.27)**	(194.18)
Provision for Employee Benefits	**(759.68)**	(586.22)
Provision for Doubtful Debts	**(543.77)**	(473.48)
Provision for Doubtful Claim Receivables	**(47.83)**	-
Sundry Debtors	**(9.77)**	(67.34)
Other Current Assets	**(27.23)**	(33.59)
Inventories	**(230.55)**	(48.07)
Unrealised foreign exchange loss	**(26.98)**	(77.16)
Tax losses of Subsidiaries	**(349.03)**	(629.33)
Deferred tax liability, net	**4,989.80**	5,839.68
The net deferred tax liability of Rs. 4,989.80 lacs (Previous year: Rs. 5,839.68 lacs) has been presented in the balance sheet as follows :		
Deferred tax assets	**1,229.28**	993.44
Deferred tax liabilities	**(6,219.08)**	(6,833.12)
	(4,989.80)	(5,839.68)

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

(Rs.in lacs)

	2009-10	2008-09
Employees Cost :		
Salaries, Wages and Bonus	**3,611.92**	3,317.01
Contribution to Provident and other Funds	**302.11**	275.48
Gratuity Cost	**79.93**	167.72
Welfare Expenses	**99.85**	80.97
	4,093.81	3,841.17
Power and Fuel	**471.41**	516.73
Stores and Spares Consumed	**919.99**	824.32
Labour Charges	**117.86**	106.86
Laboratory Goods and Testing Expenses	**2,583.42**	3,021.75
Clinical Research Expenses	**1,840.83**	838.91
Repairs and Maintenance	**246.65**	157.88
Travelling, Conveyance and Vehicle Expenses	**231.28**	246.17
Communication Expenses	**90.21**	77.33
Printing and Stationery Expenses	**52.44**	47.22
Rent	**0.22**	9.45
Rates and Taxes	**109.35**	66.32
Insurance	**54.87**	29.29
Interest on Fixed Period Loans	**28.70**	26.41
Government Grant Income	**(78.52)**	-
General Charges	**1,259.28**	1,380.55
	12,021.80	11,190.39

(b) The Government grant income represents grant received from the Department of Biotechnology for development of Advanced Glycosylation End-Product, a New Chemical Entities [NCE] project.

(c) Depreciation, Amortisation and Impairment includes Rs.1,919.90 lacs (previous year Rs. 1,142.90 lacs) pertaining to Research and Development assets.

7. The Group has revised the estimated useful life of plant & machinery, laboratory equipments, furniture & fixture and office equipments considering technological obsolescence and wear and tear of such assets. In earlier years, the depreciation was charged as per the rates prescribed in Schedule XIV of the Companies Act, 1956. The changes effected to useful life are as under :

Class of Assets	Revised estimated useful life	Derived useful life as per Schedule XIV
Plant and Machinery	10 to 20 years	20 years
Laboratory Equipments	5 to 20 years	20 years
Electrical Equipments	10 to 20 years	20 years
Furniture & Fixtures	10 years	15 years
Office Equipments	10 years	20 years

Due to this change :

(i) the depreciation for the current year is higher by Rs. 1,071.15 lacs.

(ii) the net profit for the current year is lower by Rs. 533.30 lacs.

8. MAT credit entitlement asset of Rs. 5,286.32 lacs recognised in earlier years, was written-off during the year based on amendments made in Income Tax Act, 1961, and other relevant factors, and in terms of the "Guidance Note on Accounting for Credit Available in respect of MAT under the Income-tax Act, 1961" issued by the Institute of Chartered Accountants of India.

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

			2009-10	2008-09
Net profit for the year	(a)	[Rs. in lacs]	**23,119.53**	18,436.96
Weighted average number of equity shares	(b)	[Nos. in lacs]	**846.11**	846.11
EPS (basic and diluted)	(a) / (b)	[Rs.]	**27.32**	21.79
Nominal value per equity share		[Rs.]	**5.00**	5.00

10. Cash and cash equivalents includes:

	As at 31-Mar-2010	As at 31-Mar-2009
		(Rs.in lacs)
(a) Term Deposit lodged with Banks.	**3.05**	2.05
(b) Balances with scheduled banks in current accounts for unclaimed dividend, debenture and debenture interest	**46.50**	196.31

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

(Rs.in lacs)

	2009-10	2008-09
Net Foreign Exchange Gain, included in Sales and Operating Income, as per Schedule 14 [Previous year: Net Foreign Exchange (Loss) included in Manufacturing and Other Expenses, as per Schedule 18]	**1,206.29**	(4,119.82)
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.	**(401.78)**	(962.18)
(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.	**13.24**	-
Total Foreign Exchange Gain / (Loss) as per Accounting Standard 11	**817.75**	(5,082.00)

12. Segment reporting

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

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

(Rs. in lacs)

	2009-10	2008-09
(a) India	**91,793.26**	78,975.00
(b) Europe	**37,081.87**	35,826.36
(c) Brazil	**30,061.98**	25,656.81
(d) Rest of the world	**24,355.44**	18,193.84
	183,292.55	158,652.01

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.

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

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

(Rs. in lacs)

Particulars	Enterprises controlled by the Company		Holding Company/ Enterprises Controlled by the Holding Company		Key Management Personnel		Enterprises Controlled by Key Management Personnel/Relatives of Key Management Personnel		TOTAL	
(A) Nature of Transactions	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	**2009-10**	2008-09
Sale of Finished Goods	-	-	33.72	35.54	-	-	-	-	**33.72**	35.54
Purchase of Material, Consumables etc	-	-	-	29.37	-	-	1.31	1.00	**1.31**	30.38
Remuneration to Key Management Personnel	-	-	-	-	756.35	592.53	-	-	**756.35**	592.53
Contribution to Gratuity / Superannuation Funds	892.38	771.24	-	-	-	-	-	-	**892.38**	771.24
Lease Rent Paid	-	-	2.00	2.00	-	-	-	-	**2.00**	2.00

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	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	**2009-10**	2008-09
Services received	-	-	526.86	508.90	-	-	758.56	754.34	**1,285.42**	1,263.24
Commission & Interest paid to carrying & forwarding agents	-	-	-	-	-	-	92.31	83.61	**92.31**	83.61
Donation	-	-	-	-	-	-	400.00	200.00	**400.00**	200.00
Interest Income			0.68	-					**0.68**	-
Expenses Reimbursement	-	-	(3.20)	8.42	-	-	12.93	11.67	**9.73**	20.09
Purchase of Fixed Assets	-	-	85.91	16.56	-	-	-	-	**85.91**	16.56
Deposit Given			45.61						**45.61**	-
Recovery of Advances written off	-	-	-	4.03	-	-	-	-	**-**	4.03
(B) Balances at the end of the year	31-Mar-10	31-Mar-09	31-Mar-10	31-Mar-09	31-Mar-10	31-Mar-09	31-Mar-10	31-Mar-09	**31-Mar-10**	31-Mar-09
Advances Recoverable in Cash or Kind	19.60	18.59	1.25	10.12	-	-	15.58	-	**36.43**	28.71
Sundry Creditors	-	-	0.39	0.39	300.00	200.00	37.16	16.86	**337.55**	217.25

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

In terms of our report attached

Signatures to the Schedule 1 to 21

For C.C. CHOKSHI & CO.
Chartered Accountants

Sudhir Mehta
Chairman

Gaurav J. Shah
Partner

Mahesh Agrawal
VP (Legal) & Company Secretary

Samir Mehta
Managing Director

Ahmedabad
6th May, 2010

Ahmedabad
6th May, 2010

Note :

The Department of Company Affairs has, for the financial year 2009-10, exempted the Company from the applicability of the provisions contained in sub-section (1) of Section 212 of the Companies Act, 1956, relating to the statements to be attached in respect of subsidiary companies, with the financial statements of the Company. The Department of Company Affairs has informed whilst granting exemption to put the details of the accounts of individual subsidiary companies on the company's web site and provide summarised details of each subsidiary. Accordingly, the Company has put the details of accounts of individual subsidiary companies on its website www.torrentpharma.com and the summarised details required are provided herewith.

Shareholders interested in obtaining the statement of Company's interest in the subsidiaries or stand-alone financial statements of the subsidiaries may obtain it by writing to the Company Secretary. The annual accounts of subsidiary companies are available for inspection by any investor at the registered office of the Company.

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

	Name of the Subsidiary Company	Zao Torrent Pharma		Torrent Pharma Gmbh		Torrent Do Brasil Ltda.		Torrent Pharma Inc.		Torrent Pharma Philippines Inc.		Heumann Pharma GmbH & Co. Generica KG		Torrent Australasia Pty Ltd	
	Financial Year Ended on	31-Mar-2010		31-Mar-2010		31-Mar-2010		31-Mar-2010		31-Mar-2010		31-Mar-2010		31-Mar-2010	
		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
1	Capital	0.54	8.30	6.97	4219.06	19.14	4853.11	1.20	541.68	11.17	111.50	2.51	1520.66	0.09	35.78
2	Reserves	(102.55)	(1576.55)	(1.07)	(646.44)	4.45	1129.12	0.12	55.69	6.31	62.94	(0.64)	(385.14)	(0.06)	(26.76)
3	Total assets	362.54	5573.27	7.08	4289.76	45.64	11568.84	11.97	5403.88	139.74	1394.88	20.47	12395.49	0.03	14.18
4	Total liabilities	464.55	7141.52	1.18	717.14	22.04	5586.61	10.65	4806.52	122.26	1220.43	18.59	11259.97	0.01	5.16
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	161.88	2488.64	0.23	138.50	117.90	29888.77	19.22	8675.24	225.05	2246.43	38.11	23082.00	0.00	0.00
7	Profit before taxation	(44.95)	(691.09)	(1.64)	(993.42)	7.21	1828.66	0.30	136.62	5.51	54.96	0.83	501.26	0.00	0.54
8	Provision for taxation	11.92	183.29	0.04	27.18	2.37	601.49	0.10	43.02	4.65	46.42	0.01	6.73	0.01	3.01
9	Profit after taxation	(56.88)	(874.39)	(1.69)	(1020.60)	4.84	1227.17	0.21	93.61	0.86	8.54	0.82	494.53	(0.01)	(2.46)
10	Proposed dividend	Nil	Nil	Nil	Nil	Nil	Nil	Nil	NIL	Nil	Nil	Nil	Nil	Nil	Nil
	Exchange Rate as on 31-Mar-2010	1 Rouble = 1.5373 INR		1 Euro = 60.56 INR		1 Reais = 25.35 INR		1 USD = 45.14 INR		1 Peso = 1.00 INR		1 Euro = 60.56 INR		1 Au$ = 41.34 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.	
	Financial Year Ended on	31-Mar-2010		31-Mar-2010		31-Mar-2010		31-Mar-2010		31-Mar-2010		31-Mar-2010	
		Mxn$ Million	Rupees Lac	Yen Million	Rupees Lac	Euro Million	Rupees Lac	Euro Million	Rupees Lac	CAD Million	Rupees Lac	THB Million	Rupees Lac
1	Capital	42.04	1534.28	10.00	48.44	0.03	15.14	0.03	15.14	0.06	26.85	0.00	0.00
2	Reserves	(35.35)	(1290.39)	0.02	0.12	(0.41)	(246.94)	0.07	40.72	(0.03)	(13.95)	0.00	0.00
3	Total assets	10.52	384.14	10.02	48.56	3.50	2118.30	1.50	905.46	0.04	17.91	0.00	0.00
4	Total liabilities	3.84	140.26	0.00	0.00	3.88	2350.10	1.40	849.60	0.01	5.00	0.00	0.00
5	Details of investment (except in case of investment in subsidiaries)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6	Turnover	1.59	58.07	0.00	0.00	0.26	159.44	0.00	0.00	0.00	0.00	0.00	0.00
7	Profit before taxation	(17.22)	(628.71)	(0.43)	(2.10)	(0.41)	(246.94)	0.10	59.49	(0.03)	(13.95)	0.00	0.00
8	Provision for taxation	0.00	0.00	(0.19)	(0.94)	0.00	0.00	0.03	18.77	0.00	0.00	0.00	0.00
9	Profit after taxation	(17.22)	(628.71)	(0.24)	(1.16)	(0.41)	(246.94)	0.07	40.72	(0.03)	(13.95)	0.00	0.00
10	Proposed dividend	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Exchange Rate as on 31-Mar-2010	1 Mxn$ = 3.65 INR		1 Yen = 0.48 INR		1 Euro = 60.56 INR		1 Euro = 60.56 INR		1 CAD = 44.20 INR		1 THB = 0.72 INR	

Mahesh Agrawal
VP (Legal) & Company Secretary

Sudhir Mehta
Chairman

Ahmedabad
6th May, 2010

Samir Mehta
Managing Director

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 above named 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, 2010 and at any adjournment thereof.

Signed this ______________________ day of ______________________ 2010

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, 2010.

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 37th ANNUAL GENERAL MEETING being held at J. B. Auditorium, Torrent AMA Center, Ground Floor, Ahmedabad Management Association, Vastrapur, Ahmedabad – 380 015 on Friday, 30th July, 2010 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.
Telephone : 079-26585090 Fax : 079-26582100
www.torrentpharma.com

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