

2011-12

39th ANNUAL REPORT



TORRENT PHARMACEUTICALS LIMITED

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CORPORATE INFORMATION

DIRECTORS

1. Shri Sudhir Mehta
Chairman
2. Shri Markand Bhatt
3. Shri Shashikant Bhojani
4. Dr. Prasanna Chandra
5. Shri Shailesh Haribhakti
6. Shri Haigreave Khaitan
7. Shri Sanjay Lalbhai
8. Dr. Leena Srivastava
9. Shri Samir Mehta
Executive Vice Chairman
10. Dr. Chaitanya Dutt
Director (Research & Development)

AUDIT COMMITTEE

1. Shri Shashikant Bhojani
Chairman
2. Dr. Prasanna Chandra
3. Shri Shailesh Haribhakti
4. Shri Haigreave Khaitan
5. Dr. Leena Srivastava

SECURITIES TRANSFER & INVESTORS' GRIEVANCE COMMITTEE

1. Shri Sudhir Mehta
Chairman
2. Shri Markand Bhatt
3. Shri Samir Mehta

NOMINATION AND REMUNERATION COMMITTEE

1. Shri Shashikant Bhojani
Chairman
2. Shri Markand Bhatt
3. Dr. Prasanna Chandra
4. Shri Shailesh Haribhakti

COMMITTEE OF DIRECTORS

1. Shri Markand Bhatt
Chairman
2. Shri Samir Mehta

VP (FINANCE) & CHIEF FINANCIAL OFFICER

R. Srinivasan

VP (LEGAL) & COMPANY SECRETARY

Mahesh Agrawal

AUDITORS

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

REGISTERED OFFICE

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

MANUFACTURING FACILITIES

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

DAHEJ PROJECT SITE

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

RESEARCH & DEVELOPMENT FACILITY

Village Bhat, Dist. Gandhinagar (Gujarat)

WEBSITE

www.torrentpharma.com

REGISTRARS & TRANSFER AGENTS

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

INVESTOR SERVICES E - MAIL ID

investorservices@torrentpharma.com

NOTICE

NOTICE IS HEREBY GIVEN THAT THE THIRTY NINTH ANNUAL GENERAL MEETING OF THE MEMBERS OF TORRENT PHARMACEUTICALS LIMITED will be held on Monday, 23rd July, 2012 at 09:30 AM at J. B. Auditorium, Torrent AMA Centre, Ground Floor, Ahmedabad Management Association, Vastrapur, Ahmedabad – 380 015, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2012, the Statement of Profit and Loss for the year ended on that date and reports of the Directors' and Auditors' thereon.
2. To confirm the payment of interim dividend on equity shares for the financial year ended 31st March, 2012 and to declare final dividend on equity shares for the said financial year.

The Board of Directors at its meeting held on 23rd January, 2012 declared normal annual dividend as interim dividend of ₹ 6.00 per equity share of fully paid up face value of ₹ 5.00 each for the financial year ended 31st March, 2012 and in its meeting held on 18th May, 2012 recommended a special dividend as final dividend of ₹ 2.50 per equity share of fully paid up face value of ₹ 5.00 each for the said financial year.

3. To appoint a Director in place of Shri Sudhir Mehta, Director, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To resolve not to fill the vacancy for the time being in the Board, caused by the retirement of Shri Shashikant Bhojani, Director, who retires by rotation and has expressed his intention to retire and consequently not getting re-appointed.
5. To appoint Deloitte Haskins & Sells, Chartered Accountants, 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 resolution as an Ordinary Resolution:

RE-APPOINTMENT OF DR. CHAITANYA DUTT AS DIRECTOR (RESEARCH & DEVELOPMENT) AND FIXATION OF REMUNERATION

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 as existing or modified or re-enacted from time to time and further subject to any other approval as may be required, the consent of the Company be and is hereby accorded for re-appointment of Dr. Chaitanya Dutt as a Whole-time Director of the Company, to be designated as Director (Research & Development), for a period of three years effective from 1st January, 2012 on the following terms and conditions:

1. **SALARY** : (i) ₹ 1,085,000/- per month with effect from 1st January, 2012 for a period of 3 months.
(ii) ₹ 1,260,000/- per month with effect from 1st April, 2012.
Salary may be revised, as may be decided by the Board of Directors or any Committee thereof ("the Board") from time to time, within the maximum ceiling of ₹ 2,500,000/- per month.
2. **PERQUISITES** : The appointee will be also allowed the perquisites as under:
 - A. (i) The Company shall pay House Rent Allowance @ 60% of the salary.
 - (ii) The Company shall reimburse annual fees for two clubs.
 - (iii) The Company shall pay the premium on personal accident insurance policy as per Company rules.

- (iv) The Company shall pay the premium on medical insurance for self and family as per the Company rules.
- B.**
 - (i) The Company shall provide a car with driver for official and personal use.
 - (ii) The Company shall provide telephones at his residence, the cost of which will be borne by the Company.
- C.**
 - (i) Company's contribution to the provident fund will be as per applicable laws and rules of the Company.
 - (ii) Company's contribution to the superannuation scheme will be as per applicable laws and rules of the Company.
 - (iii) He will be entitled to gratuity as per applicable laws and rules of the Company.
- 3. OTHER TERMS** :
 - (i) His entitlement for leave and its accumulation and encashment shall be as per prevailing Company rules.
 - (ii) The total remuneration for any year shall not exceed 5% of the profits of the Company as calculated in accordance with Section 349 of the Companies Act, 1956, as existing or modified or re-enacted from time to time."

"RESOLVED FURTHER THAT in the event of loss or inadequacy of profit in any financial year, the Company shall pay Dr. Chaitanya Dutt, in respect of such financial year, remuneration by way of salary, allowances, perquisites, benefits and contributions, as the Board may deem fit, subject to the limits prescribed here in and in Section II of Part II of Schedule XIII of the Companies Act, 1956, as existing or modified or re-enacted from time to time."

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

APPOINTMENT OF DR. LEENA SRIVASTAVA AS DIRECTOR

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

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

APPOINTMENT OF SHRI HAIGREVE KHAITAN AS DIRECTOR

"RESOLVED THAT Shri Haigreve Khaitan, who was appointed as Additional Director under Section 260 of the Companies Act, 1956, by the Board of Directors on 23rd January, 2012 and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed with effect from the commencement of this meeting as Director of the Company, liable to retire by rotation."

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

Gangtok, Sikkim
18th May, 2012

By Order of the Board of Directors
For TORRENT PHARMACEUTICALS LIMITED

MAHESH AGRAWAL
VP (Legal) & Company Secretary

NOTES:

1. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Item No. 4 and Special Business i.e. Item Nos. 6, 7 & 8 is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF / HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
3. Proxies, in order to be effective should be duly stamped, completed, signed and must be received at the registered office of the Company, not later than 48 hours before the commencement of the meeting.
4. The members are requested to bring duly filled attendance slip alongwith their copy of Annual Report at the meeting.
5. Corporate members intending to send their authorised representatives to attend the meeting are requested to send a duly certified copy of the board resolution authorizing their representatives to attend and vote on their behalf at the meeting.
6. The members are requested to intimate to the Company, queries, if any, at least 10 days before the date of the meeting to enable the management to keep the required information available at the meeting.
7. The members, holding shares in physical form, are requested to intimate any change in their address or bank details to the Company or its Registrars & Transfer Agents (RTA), Karvy Computershare Private Limited. Those holding shares in dematerialized form may intimate any change in their address or bank details / mandate to their Depository Participants (DP) immediately. Members holding shares in dematerialized form may note that bank details registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its RTA can not act on any request directly received from any member holding shares in dematerialized form for any change in such details. Such changes are to be advised only to the DP of the members.
8. The Company has decided to close the Register of Members and the Share Transfer Register for a period of three days from 13th June, 2012 to 15th June, 2012 (both days inclusive) for determining the name of members eligible for final dividend on equity shares, if declared at this meeting.

The final dividend on equity shares, if declared at the meeting, will be paid / dispatched on or around 27th July, 2012 to those members whose names appear on the Company's Register of Members or on records of National Securities Depository Limited and Central Depository Services (India) Limited as beneficial owners as on 15th June, 2012.

9. Trading in the shares of the Company is compulsorily in dematerialized form for all investors. Dematerialisation would facilitate paperless trading through state-of-the-art technology, quick transfer of corporate benefits to members and avoid inherent problems of bad deliveries, loss in postal transit, theft and mutilation of share certificate and will not attract any stamp duty. Hence, we request all those members who have still not dematerialized their shares to get their shares dematerialized at the earliest.
10. The members who have not encashed their Dividend Warrants for previous financial years are requested to send the same for revalidation to the Company's RTA.

Members wishing to claim dividends for previous financial years, which remain unclaimed, are requested to correspond with the RTA.

Members are requested to note that dividends not encashed or claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account, will, as per Section 205A of the Companies Act, 1956, be transferred to the Investor Education and Protection Fund (IEPF) and under the amended provisions of Section 205B of the Companies Act, 1956, no claim from IEPF by the members shall lie in respect of said dividends.

In compliance with the same, unclaimed dividend for the financial year 2003-04 has already been transferred to the IEPF.

11. Pursuant to Section 109A of the Companies Act, 1956, individual shareholders holding shares in the Company singly or jointly may nominate an individual to whom all the rights in the shares in the Company shall vest in the event of death of the sole / all joint shareholders. Members are requested to avail the above facility by submitting prescribed Form 2B to the Company / RTA in case of shareholders holding shares in physical form and to their respective DP in case of shareholders holding shares in demat form.
12. The annual report of the Company for the year ended 31st March, 2012 is uploaded on the Company's website www.torrentpharma.com and may be accessed by the members.
13. As required in terms of Clause 49 of the Listing Agreement with the Stock Exchanges, the information (including profile and expertise in specific functional areas) pertaining to the Directors recommended for appointment / re-appointment in the Annual General Meeting is annexed to this Notice.
14. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their DPs with whom they are maintaining their demat accounts and members holding shares in physical form to the Company / RTA.

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

Item No. 4

Shri Shashikant Bhojani retires by rotation at this Annual General Meeting. Shri Bhojani has expressed his intention to retire and consequently not getting re-appointed. It has been decided by the Board that the vacancy so created on the Board of Directors of the Company should not be filled.

Shri Bhojani is a Director of the Company since 25th May, 2001 and is also Chairman of the Audit Committee & Nomination and Remuneration Committee of the Company. The Directors place on record their appreciation for the contribution made by Shri Bhojani during his long tenure on the Board.

Item No. 6

Dr. Chaitanya Dutt has been working as Director (Research & Development) of the Company since 27th June, 2000 and in terms of the approval at the Annual General Meeting held on 29th July, 2008, his tenure was to expire on 31st December, 2011. The Board of Directors of the Company at their meeting held on 18th October, 2011, re-appointed Dr. Dutt as Whole-time Director of the Company, to be designated as Director (Research & Development) for a period of three years effective from 1st January, 2012, subject to approval of the members.

This ordinary resolution, accordingly, seeks members' approval for appointment of Dr. Dutt as Director (Research & Development) of the Company for a period of three years effective from 1st January, 2012 on such remuneration and other terms and conditions as mentioned in the said resolution.

Particulars of his qualifications, brief resume, area of expertise and other details are provided in the Annexure attached to this Notice.

No Director, except Dr. Dutt, is concerned or interested in his re-appointment and remuneration payable to him as Director (Research & Development).

The terms of re-appointment of Dr. Dutt, as stated in this notice, may be treated as the abstract of terms and conditions of re-appointment and memorandum of interest under Section 302 of the Companies Act, 1956. The copies of relevant resolutions of the Board with respect to the re-appointment is available for inspection by members at the registered office of the Company during working hours on any working day till the date of this Annual General Meeting.

The Board commends this resolution for your approval.

Item No. 7

Dr. Leena Srivastava was appointed as Additional Director by the Board on 18th October, 2011 pursuant to the provisions of Section 260 of the Companies Act, 1956 and holds office up to the date of this Annual General Meeting. The Company has received a notice in writing from a member pursuant to the provisions of Section 257 of the Companies Act, 1956 proposing the name of Dr. Leena Srivastava for the office of Director.

Particulars of her qualifications, brief resume, area of expertise and other details are provided in the Annexure attached to this Notice.

None of the Directors, except Dr. Leena Srivastava is concerned or interested in the proposed resolution.

The Board commends this resolution for your approval.

Item No. 8

Shri Haigreave Khaitan was appointed as Additional Director by the Board on 23rd January, 2012 pursuant to the provisions of Section 260 of the Companies Act, 1956 and holds office up to the date of this Annual General Meeting. The Company has received a notice in writing from a member pursuant to the provisions of Section 257 of the Companies Act, 1956 proposing the name of Shri Haigreave Khaitan for the office of Director.

Particulars of his qualifications, brief resume, area of expertise and other details are provided in the Annexure attached to this Notice.

None of the Directors, except Shri Haigreave Khaitan is concerned or interested in the proposed resolution.

The Board commends this resolution for your approval.

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

Gangtok, Sikkim
18th May, 2012

By Order of the Board of Directors
For TORRENT PHARMACEUTICALS LIMITED

MAHESH AGRAWAL
VP (Legal) & Company Secretary

ANNEXURE TO THE NOTICE

Information on Directors recommended for appointment / re-appointment as per note 13 to the Notice:

Shri Sudhir Mehta

Shri Sudhir Mehta, a Promoter Director, was last re-appointed as Director on 29th July, 2009 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.

Shri Mehta, 58, is presently the Non-Executive Chairman of the Company. He has been associated with the Company since its inception. The growth and progress of the Company is largely attributable to his vision, strategy & leadership. His constant efforts and endeavour to grow has made the Company one of the most reputed corporate entities in the Indian Pharma Industry. Known to possess a pro-active approach to business, his risk-taking abilities and strong sense of conviction have led to Torrent Pharma's success in the International business. The Group has achieved many milestones in the Pharma and Power sectors under the visionary leadership of Shri Mehta. His drive to excel is deeply rooted in his commitment to investors. As Chairman of Torrent Group, Shri Sudhir Mehta has provided the right strategic vision that has, time and again, brought laurels to the Group. His sagacious counsel, laudable knowledge and noteworthy experience will enrich the Board.

Companies (other than Torrent Pharmaceuticals Limited) in which Shri Sudhir Mehta holds directorship and committee membership:

Sr. No.	Directorship in Companies / Organisations	Name of Committees
1.	Torrent Power Limited	Nomination and Remuneration Committee - Member
2.	Torrent Pipavav Generation Limited	Committee of Directors - Member
3.	Torrent Energy Limited	-
4.	Arvind Limited	Remuneration Committee - Chairman Investor's Grievance Committee - Member
5.	Torrent Private Limited	-
6.	Diamond Infrastructure Limited	-

Shri Sudhir Mehta holds 38,01,428 shares (including 8,58,740 shares held in the name of Sudhir Mehta HUF) of the Company.

Dr. Chaitanya Dutt

Dr. Chaitanya Dutt, 61, is one of the key functionaries in the top management team and has been associated with the Company for last three decades. He holds an MD in Medicine and had practiced as a consulting physician before joining the Company in 1982. His rich experience spans areas of Pharma R&D, clinical research, manufacturing, quality assurance, etc.

He has been instrumental in setting up the Research Centre of the Company. Under his prudent guidance and leadership, the Research Centre has achieved tremendous progress in the areas of discovery research as well as development work on formulations. Besides the above, the Company's leadership position in introducing new molecules & line extensions in the domestic market is due to the capabilities built up under the leadership of Dr. Dutt. He does not hold any directorship in any other Company.

Dr. Chaitanya Dutt holds 400 shares of the Company.

Dr. Leena Srivastava

Dr. Leena Srivastava, 51, is currently the Vice Chancellor of the TERI University in addition to being the Executive Director (Operations) at The Energy and Resources Institute (TERI), New Delhi. The TERI University is a graduate institution only with nearly 700 students, out of which 100 are Ph. D. students. TERI is an independent not-for-profit research institution, with a staff size of nearly a 1000 people, working in the areas of energy, environment and sustainable development. In her three decades of experience at TERI, she has worked on a range of issues covering energy and environment policy / planning, energy economics

and climate change. She has a Ph. D. in Energy Economics from the Indian Institute of Science in Bangalore, India and has a number of publications to her credit. She is on the Editorial Boards of various international journals dealing with energy and environment issues.

Dr. Srivastava is also a member of various committees and Boards both at the international and national levels including the UN Secretary General's High-level Group on Sustainable Energy for All and Energy Advisory Board of World Economic Forum.

Companies (other than Torrent Pharmaceuticals Limited) in which Dr. Leena Srivastava holds directorship and committee membership:

Sr. No.	Directorship in Companies / Organisations	Name of Committees
1.	TERI Technologies Limited	-
2.	Strategic Media Works Private Limited	-
3.	Meridian Institute	-
4.	World Environment Centre	-

Dr. Leena Srivastava does not hold any shares of the Company.

Shri Haigreve Khaitan

Shri Haigreve Khaitan, 41, is a Corporate and Commercial lawyer and a Partner of Khaitan & Co. Shri Khaitan heads Khaitan & Co.'s Mergers & Acquisitions (M&A) practice. He joined Khaitan & Co. in the year 1988. He spent considerable years of his initial practice in representing clients on litigation matters, and thereafter, he went on representing many clients on project finance and real estate transactions. Shri Khaitan presently focuses his practice on M&A, Private Equity, Venture Capital, Corporate Restructuring and advises various Indian and international clients on other strategic transactions. He comes highly recommended by world's leading law chambers / legal accreditation bodies as one of the leading lawyers in India and as the leading lawyer for Project Finance in Asia.

Companies (other than Torrent Pharmaceuticals Limited) in which Shri Haigreve Khaitan holds directorship and committee membership:

Sr. No.	Directorship in Companies / Organisations (excluding alternate directorship)	Name of Committees
1.	Bajaj Corp Limited	-
2.	Ceat Limited	-
3.	Harrisons Malayalam Limited	Audit Committee - Member Remuneration Committee - Member
4.	Inox Leisure Limited	Audit Committee - Member
5.	JSW Ispat Steel Limited	-
6.	Jindal Steel & Power Limited	Audit Committee - Member
7.	National Engineering Industries Limited	Audit Committee - Member Shareholder's Grievance Committee - Member Remuneration Committee - Member
8.	Sterlite Technologies Limited	Audit Committee - Member Remuneration Committee - Member
9.	The Oudh Sugar Mills Limited	-
10.	Xpro India Limited	Share Transfer Committee - Member
11.	AVTEC Limited	Audit Committee - Member
12.	Great Eastern Energy Corp. Limited	Remuneration Committee - Member Compensation Committee - Member
13.	Orient Cement Limited	-
14.	Vinar Systems Private Limited	-

Shri Haigreve Khaitan does not hold any shares of the Company.