45th Annual Report 2017-18

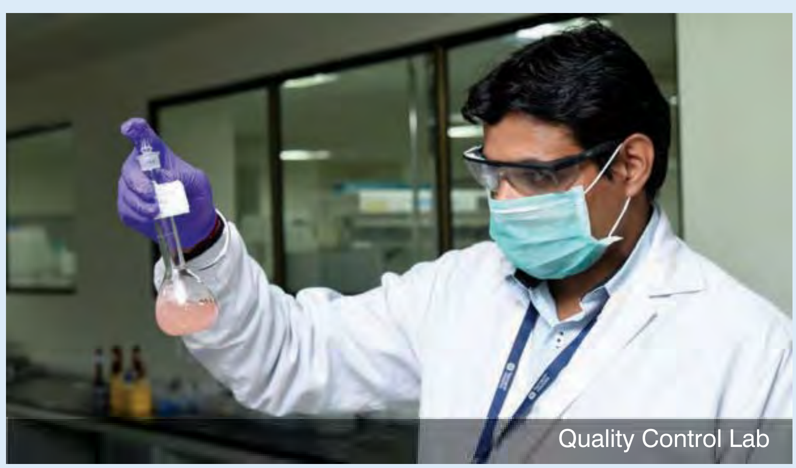
torrent PHARMA

R&D Centre, Bhat - Gujarat

Towards Healthier Life

Innovation has been the key propeller for change at Torrent Pharma. Our Research and Development Centre houses inquisitive minds, who are passionate about discovering and developing innovative medicines to help patients to an improved access to medicines leading to a better and healthier life.

The efforts are also directed towards the development of new technologies and processes which help us to develop new formulations for existing and new drug substances. Some recent developments include proprietary technologies for development of long acting injectables, nasal sprays and foams for improving efficacy, patient convenience and therapeutic outcome of pharmaceutical products.



Quality Control Lab

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CORPORATE INFORMATION

BOARD OF DIRECTORS

1. Shri Sudhir Mehta
   Chairman Emeritus
2. Shri Samir Mehta
   Executive Chairman
3. Shri Markand Bhatt
4. Shri Shailesh Haribhakti
5. Shri Haigreve Khaitan
6. Shri Pradeep Bhargava
7. Smt. Renu Challu
8. Dr. Chaitanya Dutt
   Director (Research and Development)

AUDIT AND RISK MANAGEMENT COMMITTEE

1. Shri Shailesh Haribhakti
   Chairman
2. Shri Haigreve Khaitan
3. Shri Pradeep Bhargava
4. Smt. Renu Challu

SECURITIES TRANSFER AND STAKEHOLDERS RELATIONSHIP COMMITTEE

1. Smt. Renu Challu
   Chairperson
2. Shri Shailesh Haribhakti
3. Shri Haigreve Khaitan

NOMINATION AND REMUNERATION COMMITTEE

1. Shri Shailesh Haribhakti
   Chairman
2. Shri Markand Bhatt
3. Shri Pradeep Bhargava
4. Shri Samir Mehta

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

1. Shri Pradeep Bhargava
   Chairman
2. Smt. Renu Challu
3. Dr. Chaitanya Dutt

EXECUTIVE DIRECTOR & CHIEF FINANCIAL OFFICER

Shri Ashok Modi

VP (LEGAL) & COMPANY SECRETARY

Shri Mahesh Agrawal

STATUTORY AUDITORS

B S R & Co. LLP
Chartered Accountants

REGISTERED OFFICE

Torrent House,
Off Ashram Road,
Ahmedabad - 380 009,
Gujarat, India
Phone: + 91 79 26599000
Fax: + 91 79 26582100

CORPORATE IDENTITY NUMBER

L24230GJ1972PLC002126

WEBSITE

www.torrentpharma.com

INVESTOR SERVICES EMAIL ID

investorservices@torrentpharma.com

REGISTRAR AND SHARE TRANSFER AGENT

Karvy Computershare Private Limited
Unit: Torrent Pharmaceuticals Limited
Karvy Selenium Tower-B,
Plot No. 31 & 32, Financial District, Gachibowli,
Hyderabad – 500 032
Phone: + 91 40 67162222
Fax: + 91 40 23001153
Email Id: einward.ris@karvy.com

NOTICE

NOTICE IS HEREBY GIVEN THAT THE FORTY FIFTH ANNUAL GENERAL MEETING OF THE MEMBERS OF TORRENT PHARMACEUTICALS LIMITED will be held on Thursday, 2nd August, 2018 at 09:30 AM at J. B. Auditorium, Torrent AMA Centre, Ground Floor, Ahmedabad Management Association, Vastrapur, Ahmedabad - 380 015, Gujarat, India, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Standalone and Consolidated Financial Statements as at 31st March, 2018 including the Audited Balance Sheet as at 31st March, 2018, the Statement of Profit and Loss for the year ended on that date and reports of the Board of Directors and Auditors thereon.

2. To confirm the payment of interim dividend on equity shares already paid during the financial year ended 31st March, 2018 and to declare final dividend on equity shares for the said financial year.

   The Board of Directors at its meeting held on 8th February, 2018 had declared the interim dividend of ₹ 9.00 per equity share of fully paid up face value of ₹ 5.00 each and in its meeting held on 30th May, 2018 recommended final dividend of ₹ 5.00 per equity share of fully paid up face value of ₹ 5.00 each for the financial year ended 31st March, 2018.

3. To resolve not to fill the vacancy in the Board, caused by the retirement of Shri Markand Bhatt (holding DIN 00061955) who retires by rotation and has expressed his unwillingness to be re-appointed.

4. Modification to the resolution related to the appointment of Statutory Auditors.

   "RESOLVED THAT pursuant to the amendment to the Section 139 of the Companies Act, 2013, effective from 7th May, 2018, the consent of the members of the Company be and is hereby accorded to delete the requirement, seeking ratification of appointment of Statutory Auditors (B S R & Co. LLP, Chartered Accountants) at every Annual General Meeting, from the resolution passed at the shareholders' meeting held on 31st July, 2017."

SPECIAL BUSINESS

5. To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

   RATIFICATION OF REMUNERATION OF COST AUDITORS OF THE COMPANY FOR THE YEAR 2018-19

   "RESOLVED THAT pursuant to provisions of Section 148(3) of the Companies Act, 2013 read with Companies (Cost Records and Audit) Rules, 2014 (including any statutory modifications or re-enactments thereof, for the time being in force) ("the Act") and the approval by the Board of Directors at their meeting dated 30th May, 2018, the consent of the Company be and is hereby accorded for ratification of the below remuneration to M/s. Kirit Mehta & Co., Cost Accountants as the Cost Auditors of the Company for the financial year 2018-19:

   ₹ 8,00,000/- plus out of pocket expenses & GST as applicable to conduct the audit of the cost accounting records for all the manufacturing facilities of the Company."

6. To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

   APPOINTMENT OF MS. AMEERA SHAH AS AN INDEPENDENT DIRECTOR

   "RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV to the Companies Act, 2013 ("the Act") and any other applicable provisions of the Act and the rules made thereunder and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modifications or re-enactments thereof, for time being in force), Ms. Ameera Shah (holding DIN 00208095), who qualifies for being appointed as an Independent Director and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing her candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a term of 3 (three) consecutive years on the Board of the Company effective from the date of this Meeting."

7. To consider and if thought fit, to pass the following resolution as a Special Resolution:

RE-APPOINTMENT OF SHRI SHAILESH HARIBHAKTI AS AN INDEPENDENT DIRECTOR

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV to the Companies Act, 2013 ("the Act") and any other applicable provisions of the Act and the Rules made thereunder and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") (including any statutory modifications or re-enactments thereof, for time being in force), Shri Shailesh Haribhakti (holding DIN 00007347) who holds office of Independent Director up to 31st March, 2019 and who meets the criteria of independence as provided in the Act and Listing Regulations and being eligible and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing his candidature for the office of Director, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a second term of 5 (five) consecutive years on the Board of the Company effective from 1st April, 2019."

8. To consider and if thought fit, to pass the following resolution as a Special Resolution:

RE-APPOINTMENT OF SHRI HAIGREVE KHAITAN AS AN INDEPENDENT DIRECTOR

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV to the Companies Act, 2013 ("the Act") and any other applicable provisions of the Act and the Rules made thereunder and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") (including any statutory modifications or re-enactments thereof, for time being in force), Shri Haigreve Khaitan (holding DIN 00005290) who holds office of Independent Director up to 31st March, 2019 and who meets the criteria of independence as provided in the Act and Listing Regulations and being eligible and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing his candidature for the office of Director, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a second term of 5 (five) consecutive years on the Board of the Company effective from 1st April, 2019."

9. To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

APPOINTMENT OF SHRI AMAN MEHTA, A RELATIVE OF DIRECTORS AS AN EXECUTIVE OF THE COMPANY

"RESOLVED THAT pursuant to the provisions of Section 188 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder (including any statutory modifications or re-enactments thereof, for the time being in force) ("the Act"), the consent of the Company be and is hereby accorded to the appointment of Shri Aman Mehta, a relative of Shri Samir Mehta, Executive Chairman and Shri Sudhir Mehta, Chairman Emeritus in the Company on the terms and conditions stated below:

Sr. No.	Particulars	Details	
1.	EFFECTIVE DATE	3rd August, 2018	
2.	DESIGNATION	General Manager or such designation as is appropriate for the functions performed.	
3.	REMUNERATION	Aman shall be paid the following remuneration:	
A	SALARY	:	₹ 1,80,000 (Rupees One Lac Eighty Thousand only) per month. Salary may be increased within the range of ₹ 1,80,000 per month to ₹ 7,20,000 per month during the period of appointment, in such increments as may be decided by the Board or any person authorized by it.
B	PERFORMANCE PAY	:	1. The Company shall pay, in addition to salary, performance pay at a rate not exceeding 50% of the salary, payable annually at the end of the year, as may be decided by the Board or any person authorized by it.

Sr. No.	Particulars		Details
			2. One Time Reward In case of any situation / project of extraordinary nature beyond the normal responsibilities, he may be given a special one time reward in any year on similar principals as for other employees of the Company.
C	PERQUISITES AND BENEFITS	:	In addition to salary, he will be allowed perquisites and benefits as under:
		(i)	HRA, Conveyance, Car / Car allowance, other allowances and benefits, including club membership, as may be applicable to his designation as per the prevailing rules and policies of the Company.
		(ii)	Company's contribution to the Provident Fund will be as per applicable laws and rules of the Company.
		(iii)	Company's contribution to Pension / Superannuation fund will be as per applicable laws and rules of the Company.
		(iv)	The Company shall pay premium on personal accident insurance policy as per the rules of the Company.
		(v)	Additional benefits in accordance with the rules of the Company in respect of location of posting.
		(vi)	The Company shall pay premium on medical insurance for self and family as per the rules of the Company.
		(vii)	Gratuity shall be payable as per applicable laws and rules of the Company.
		(viii)	Entitlement for leave and its accumulation and encashment as per the rules of the Company.

"

"**RESOLVED FURTHER THAT** the Board of Directors or any person authorized by it in this respect be and are hereby authorised, to determine, modify, consolidate and / or revise the terms and conditions of appointment of Aman, including designation and remuneration within the above limits, in any manner from time to time."

By Order of the Board of Directors
For Torrent Pharmaceuticals Limited

Mahesh Agrawal
VP (Legal) & Company Secretary

Registered Office:
Torrent House,
Off Ashram Road,
Ahmedabad - 380 009, Gujarat, India
(CIN: L24230GJ1972PLC002126)
Phone: + 91 79 26599000
Fax: + 91 79 26582100
Website: www.torrentpharma.com
Email Id: investorservices@torrentpharma.com

Ahmedabad
30th May, 2018

NOTES:

1. The Explanatory Statement pursuant to Section 102(1) and (2) of the Companies Act, 2013 in respect of Item No. 4 and Special Business i.e. Item No. 5 to 9 is annexed hereto.

2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF / HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.

3. A person can act as proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. Provided that member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or member.

4. Proxies, in order to be effective should be duly stamped, completed, signed and must be sent to the Company so as to receive at its Registered Office not later than 48 hours before the commencement of the Annual General Meeting (AGM). The holder of the proxy shall prove his identity at the time of attending the meeting.

5. Corporate members intending to send their authorised representatives to attend the AGM are requested to send a duly certified copy of the board resolution authorizing their representatives to attend and vote on their behalf at the AGM.

6. The members are requested to bring duly filled attendance slip along with their copy of Annual Report at the AGM.

7. Register of Directors and Key Managerial Personnel of the Company and their shareholding maintained under Section 170 of the Companies Act, 2013 will be available for inspection by the members at the AGM.

8. The Register of Contracts and Arrangements in which the Directors are interested, maintained under Section 189 of the Companies Act, 2013 will be available for inspection by the members at the AGM.

9. In compliance with the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide members facility to exercise their right to vote at the 45th AGM by electronic means and all the items of the business may be transacted through e-voting services provided by Central Depository Services (India) Limited (CDSL). Members of the Company holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. 26th July, 2018, may cast their vote by electronic means or in the AGM. A person who is not a member as on the cut-off date should treat this Notice for information purpose only.

   The information with respect to voting process and other instructions regarding e-voting are detailed in Note no. 25.

   The voting rights of the members shall be in proportion to the paid up value of their shares in the equity capital of the Company as on the cut-off date i.e. 26th July, 2018.

10. The Company shall arrange for the physical voting by use of ballot or polling paper at the AGM for the members who have not cast their vote through remote e-voting.

11. The members who have cast their vote by remote e-voting may also attend the AGM but shall not be entitled to cast their vote again.

12. The Notice of 45th AGM along with the route map (given on backside of attendance slip) and the Annual Report of the Company for the year ended 31st March, 2018 is uploaded on the Company's website www.torrentpharma.com and may be accessed by the members. The physical copies of the aforesaid documents will also be available at the Company's Registered Office for inspection during normal business hours on working days.

    Copies of the above documents are being sent by electronic mode to the members whose email addresses are registered with the Company / Depository Participant for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email addresses, physical copies of the aforesaid documents are being sent by the permitted mode.

13. Mr. Rajesh Parekh, Practicing Company Secretary (Membership No. A8073) and failing him Mr. Kamlesh Patel, Practicing Company Secretary (Membership No. A10772) has been appointed as the scrutinizer to scrutinize the voting and e-voting process in a fair and transparent manner.

14. The Scrutinizer shall, immediately after the conclusion of voting at the AGM, count the votes cast at the AGM and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in employment of the Company. The Scrutinizer shall submit a consolidated Scrutinizer's Report of the total votes cast in favour of or against, if any, not later than three days after the conclusion of the AGM to the Chairman of the Company. The Chairman, or any other person authorised by the Chairman, shall declare the result of the voting forthwith. The result declared along with the consolidated Scrutinizer's Report shall be placed on the Company's website www.torrentpharma.com and on the website of CDSL immediately after the result is declared by the Chairman and the same shall be simultaneously communicated to the BSE Limited and National Stock Exchange of India Limited.

15. The resolution shall be deemed to be passed on the date of AGM, subject to the receipt of sufficient votes.

16. The members are requested to intimate to the Company, queries, if any, at least ten days before the AGM to enable the Management to keep the required information available at the meeting.

17. The Company has decided to close the Register of Members and the Share Transfer Register for a period of three days from 20th June, 2018 to 22nd June, 2018 (both days inclusive) for determining the name of members eligible for final dividend on equity shares, if declared at this AGM.

    The final dividend on equity shares, if declared at the AGM, will be paid / dispatched around 7th August, 2018 to those members whose name appear on the Company's Register of Members or List of Beneficial Owners as received from the National Securities Depository Limited or Central Depository Services (India) Limited as on 22nd June, 2018.

18. Trading in the shares of the Company can be done in dematerialized form only. Dematerialization 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. It also substantially reduce the risk of fraud. Hence, we request all those members who have still not dematerialized their shares to get their shares dematerialized at the earliest.

19. The members who have not encashed their Dividend Warrants for any previous period are requested to send the same for revalidation to the Company's Registrars and Transfer Agent (RTA).

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

    During the year, the Company has requested those members, whose dividends for previous financial years remaining unclaimed / unpaid, for claiming said dividend amount before transfer thereof to Investor Education and Protection Fund (IEPF).

    Members are requested to note that dividends not encashed or claimed within seven years from the thirty days of declaration of dividend, will, as per Section 124 of the Companies Act, 2013, be transferred to the IEPF.

    Pursuant to the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (IEPF Rules), the Company has uploaded the information in respect of the unclaimed dividends as on the date of the 44th AGM held on 31st July, 2017 on its website www.torrentpharma.com and also on the website of the Investor Education and Protection Fund www.iepf.gov.in.

    Further, provisions of Section 124 of the Companies Act, 2013 read with Rule 6 of IEPF Rules as amended, inter alia, mandates the Company to transfer all such shares, in respect of which dividend have not been paid or claimed for seven consecutive years or more, to the demat account of IEPF Authority.

    During FY 2017-18, the Company has transferred 50,903 equity shares of 294 shareholders to the demat account of IEPF Authority.

20. Pursuant to Section 72 of the Companies Act, 2013, members holding shares in physical form may file nomination in the prescribed Form SH-13 and for cancellation / variation in nomination in the prescribed Form SH-14 with the Company's RTA. In respect of shares held in electronic / demat form, the nomination form may be filed with the respective Depository Participant.

21. As required in terms of Secretarial Standard - 2 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the information (including profile and expertise in specific functional areas) pertaining to Directors recommended for appointment / re-appointment in the AGM have been provided in the "Annexure" to the Notice. The Directors have furnished the requisite consent / declarations for their appointment / re-appointment as required under the Companies Act, 2013 and the Rules thereunder.

22. 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 Depository Participant with whom they are maintaining their demat accounts and members holding shares in physical form to the Company / RTA.

23. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal business hours (10:00 a.m. to 06:00 p.m.) on any working day up to the date of the AGM of the Company. Such documents will be also available for inspection by members at AGM.

24. Members, who have not registered their e-mail addresses so far, are requested to register their e-mail address with the Company / Depository Participant for receiving all communication including Annual Report, Notices, Circulars, etc. from the Company electronically.

25. Voting process and instruction regarding e-voting:

Section A: Voting Process:

Members should follow the following steps to cast their votes electronically:

Step 1: Open the web browser during the voting period and log on to the e-voting website www.evotingindia.com.

Step 2: Click on "Shareholders" to cast your vote(s).

Step 3: Please enter User ID

(i) For account holders in CDSL: Your 16 digits beneficiary ID,

(ii) For account holders in NSDL: Your 8 Character DP ID followed by 8 Digits Client ID,

(iii) Members holding shares in Physical Form should enter Folio Number registered with the Company.

Step 4: Enter the Image Verification as displayed and Click on "Login".

Step 5: If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used. If you have forgotten the password, then enter the User ID and the image verification code and click on "FORGOT PASSWORD" and enter the details as prompted by the system.

Step 6: Follow the steps given below if you are first time user:

(i) holding shares in physical form

(ii) holding shares in demat form

PAN	Enter your 10-digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) Members who have not updated their PAN with the Company / Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN Field. The sequence number is printed on the Address sticker in case of the dispatch of the Annual Report through physical mode and mentioned in the covering e-mail in case of dispatch of soft copy. In case the sequence number is less than 8 digits enter the applicable number of 0 before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
DOB	Enter the Date of Birth as recorded in your demat account or in the Company records for the said demat account or folio no. in dd/mm/yyyy format.
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the Company records for the said demat account or folio no. Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the Depository or Company please enter the DP ID and Client ID / folio number in the Dividend Bank details field as mentioned in Step 3.

Step 7: After entering these details appropriately, click on "SUBMIT" tab.

Step 8: Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

Step 9: For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

Step 10: Click on the EVSN for the TORRENT PHARMACEUTICALS LIMITED on which you choose to vote.

Step 11: On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES / NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

Step 12: Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

Step 13: After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

Step 14: Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote. You can also take out print of the voting done by you by clicking on "Click here to print" option on the voting page.

Section B: Other instruction regarding e-voting:

i. The voting period begins on 30th July, 2018 from 09:00 A.M. and ends on 1st August, 2018 upto 05:00 P.M. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. 26th July, 2018, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

ii. Non - Individual Shareholders and Custodians (i.e. other than Individuals, HUF, NRI etc.) are additionally required to note and follow the instructions mentioned below:

- They are required to log on to www.evotingindia.com and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details, user would be able to link the account(s) for which they wish to vote on.
- The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.

iii. Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to upload the following in PDF Format in the system for the scrutinizer to verify the same:

a) Copy of Board resolution (where institution itself is voting)

b) Power of Attorney issued in favour of the Custodian as well as the Board resolution of the Custodian.

iv. Members holding multiple folios / demat accounts shall choose the voting process separately for each folio / demat account.

v. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (FAQs) and e-voting manual available at www.evotingindia.com, under help section or contact Mr. Rakesh Dalvi, Manager, CDSL, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mills Compounds, N. M. Joshi Marg, Lower Parel (East), Mumbai - 400013 or write an email to helpdesk.evoting@cdslindia.com or calling on Tollfree No. 1800225533 during working hours on all working days.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) AND (2) OF THE COMPANIES ACT, 2013

Item No. 4

The shareholders had, at 44th Annual General Meeting (AGM) of the Company held on 31st July, 2017, appointed B S R & Co. LLP, Chartered Accountants (Firm Registration No.: 101248W / W-100022) as Statutory Auditors of the Company, to hold office from conclusion of 44th AGM of the Company until the conclusion of 49th AGM, subject to ratification of such appointment by the shareholders at every AGM.

Pursuant to amendment of Section 139 of the Companies Act, 2013 effective from 7th May, 2018, the requirement related to ratification of appointment of Statutory Auditors by the members of the Company at every AGM was omitted.

In view of the above, it is proposed to delete the requirement of seeking ratification of appointment of Statutory Auditors at every AGM from resolution passed at the shareholders' meeting held on 31st July, 2017.

The resolution contained in Item no. 4 of the accompanying Notice, accordingly seeks members' approval for deleting the requirement of seeking ratification of appointment of Statutory Auditors at every AGM.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the ordinary resolution set out at Item no. 4 of the Notice.

The Board commends this resolution for your approval.

Item No. 5

Section 148(3) of the Companies Act, 2013 read with Rule 14(a) of the Companies (Audit and Auditors) Rules, 2014 (including any statutory modifications or re-enactments thereof) ("the Act"), requires the Board to appoint an individual, who is a Cost Accountant or a firm of Cost Accountants in practice, as Cost Auditor on the recommendations of the Audit committee, which shall also recommend remuneration for such Cost Auditor and such remuneration shall be considered and approved by the Board of Directors and ratified subsequently by the members.

The Board of Directors at their meeting held on 30th May, 2018, on recommendation of the Audit and Risk Management Committee, approved the appointment of M/s. Kirit Mehta & Co., Cost Accountants, as the Cost Auditors of the Company for the financial year 2018-19 at fees of ₹ 8,00,000/- plus out of pocket expenses and GST as applicable for conducting the audit of the cost accounting records of all the manufacturing facilities of the Company.

The resolution contained in Item no. 5 of the accompanying Notice, accordingly, seek members' approval for ratification of remuneration of Cost Auditors of the Company for the financial year 2018-19.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the ordinary resolution set out at Item No. 5 of the Notice.

The Board commends this resolution for your approval.

Item No. 6

Pursuant to the recommendations of Nomination and Remuneration Committee of the Board, your Board has at their meeting held on 8th February, 2018 recommended the appointment of Ms. Ameera Shah as an Independent Director (ID) on the Board of the Company, not liable to retire by rotation, for a term of 3 (three) consecutive years effective from the date of this meeting.

As per Schedule IV of the Companies Act, 2013 and the rules made thereunder ("the Act"), the appointment of IDs shall be approved at the meeting of the members. As per the provisions of Section 149(13) read with explanation to Section 152(6) of the Act, the period of office of IDs will not be liable to determination by retirement of directors by rotation at the AGM.

The Company has received a Notice in writing from a member of the Company under Section 160 of the Act along with the deposit of ₹ 1,00,000/-, proposing her candidature for the office of ID.

She meets the criteria of independence as provided in Section 149(6) of the Act and is not disqualified from being appointed as Director in terms of Section 164 of the Act and has given her consent to act as Director.

In the opinion of the Board, she fulfills the conditions for appointment as ID as specified in the Act and Rules made thereunder and Listing Regulations and is independent of the management. She possesses appropriate skills, experience and knowledge.

The details required as per the provisions of the Listing Regulations and Secretarial Standard on General Meetings, issued by the Institute of Company Secretaries of India have been provided in the "Annexure" to the Notice.

Copy of the draft letter of appointment of Ms. Shah setting out the terms and conditions of appointment is available on the Company's website www.torrentpharma.com and also available for inspection by the members at the registered office of the Company during business hours on any working day till the date of this AGM.

Your Board considers that the Company will benefit from Ms. Shah's valuable experience, knowledge and counsel.

The resolution contained in Item no. 6 of the accompanying Notice, accordingly, seeks members' approval for appointment of Ms. Shah as an ID on the Board of the Company on the terms and conditions as specified in the draft letter of appointment.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the ordinary resolution set out at Item No. 6 of the Notice.

This Explanatory Statement may also be regarded as a disclosure under applicable provisions of the Listing Regulations.

The Board commends this resolution for your approval.

Item No. 7 & 8:

At the 41st AGM of the Company held on 30th July, 2014, Shri Shailesh Haribhakti and Shri Haigreve Khaitan were appointed as Independent Directors (IDs) on the Board of the Company pursuant to the provisions of Section 149 of the Act read with the Companies (Appointment and Qualification of Directors) Rules, 2014 for a period of 5 (five) consecutive years effective from 1st April, 2014 upto 31st March, 2019.

The Board, based on the performance evaluation of Independent Directors and as per the recommendation of the Nomination and Remuneration Committee, considers that, given their background and experience and contributions made by them during their tenure, their continued association would be beneficial to the Company and it is desirable to continue to avail their services as IDs. Your Board considers that the Company will benefit from their valuable experience, knowledge and counsel.

Accordingly, it is proposed to re-appoint Shri Haribhakti and Shri Khaitan as IDs of the Company, not liable to retire by rotation, to hold office for a second term of 5 (five) consecutive years on the Board of the Company effective from 1st April, 2019.

Pursuant to the provisions of Sections 149(10) and 149(11) of the Act, an ID shall hold office for a term up to five consecutive years on the Board of a company and shall be eligible for re-appointment on passing of a Special Resolution by the members. Further, no IDs shall hold office for more than two consecutive terms.

The Company has received notices in writing from members under Section 160 of the Act proposing each of their candidature for the office of IDs.

Shri Haribhakti and Shri Khaitan meet the criteria of independence as provided in Section 149(6) of the Act and are not disqualified from being appointed as Directors in terms of Section 164 of the Act and have given their consent to act as Directors.

In the opinion of the Board, they fulfill the conditions for appointment as IDs as specified in the Act and Rules made thereunder and Listing Regulations and are independent of the management.

The details required as per the provisions of the Listing Regulations and Secretarial Standard on General Meetings, issued by the Institute of Company Secretaries of India have been provided in the "Annexure" to the Notice.

Copy of draft letter of appointment of Shri Haribhakti and Shri Khaitan setting out the terms and conditions of appointment is available on the Company's website www.torrentpharma.com and also available for inspection by the members at the registered office of the Company during business hours on any working day till the date of this AGM.

Shri Haribhakti and Shri Khaitan being appointees, are interested in their respective resolutions as set out at Item no. 7 & 8. Also, their relatives may be concerned with or interested in their respective resolutions to the extent of their shareholding interest, if any, in the Company.

The resolution contained in Item no. 7 & 8 of the accompanying Notice, accordingly, seeks members' approval for re-appointment of Shri Haribhakti and Shri Khaitan as IDs on the Board of the Company on the terms and conditions as specified in the draft letter of appointment.

None of the other Directors / Key Managerial Personnel of the Company / their relatives are in any way, concerned or interested, financially or otherwise, in the special resolution set out at Item no. 7 & 8 of the Notice.

This Explanatory Statement may also be regarded as a disclosure under applicable provisions of the Listing Regulations.

The Board commends these resolutions for your approval.

Item No. 9:

It is proposed to appoint Shri Aman Mehta as General Manager or at such designation in the Company as is appropriate for the functions performed. The transaction requires the prior approval of members by an ordinary resolution under Section 188 of the Companies Act, 2013, since he is related to Shri Samir Mehta, Executive Chairman and Shri Sudhir Mehta, Chairman Emeritus, and hence is a 'related party' within the meaning of Section 2 (76) of the Companies Act, 2013.

The Audit and Risk Management Committee and the Board of Directors have already approved the appointment of Aman at their meeting held on 30th May, 2018, subject to the approval of the shareholders of the Company.

Information in compliance with Section 188 of the Companies Act, 2013 and Rule 15(3) of the Companies (Meetings of Board and its Powers) Rules, 2014 is as stated below:

1. **Name of the related party:** Shri Aman Mehta

2. **Name of the Director or Key Managerial Personnel who are related:**

   i. Shri Samir Mehta, Executive Chairman

   ii. Shri Sudhir Mehta, Chairman Emeritus

3. **Nature of relationship:** Aman is son of Shri Samir Mehta, Executive Chairman and a member of HUF in which Shri Sudhir Mehta, Chairman Emeritus is also a member.

4. **Nature, material terms, monetary value and particulars of the contract or Arrangement:**

   Aman is proposed to be appointed as General Manager and will be handling strategy, marketing, commercial, financial, HR or such other functions as may be assigned to him and accordingly, he may be given such other designation as is appropriate for the functions assigned.

   The particulars of terms and conditions for the appointment are mentioned in the resolution at Item No. 9 of the Notice.

5. **Any other information relevant or important for the members to take a decision on the proposed resolution:**

   Shri Aman Mehta, 26 years, has done his graduation in B.A. Economics from Boston University, Boston MA and International Baccalaureate Diploma from United World College of South East Asia, Singapore. He has done MBA from Columbia Business School, USA.

   He was earlier an intern with the Torrent Power Limited in Renewal Energy Department during summer 2010. He had worked with Torrent Power Limited from 21st October, 2013 to 29th October, 2016 in various capacities in Generation and Distribution business and made noteworthy contribution in area of customer services, administration, commercial, financial, human resources etc.

   Copies of relevant documents would be available for inspection without any fee by the members at the registered office of the Company during normal business hours on working days.

   None of the Directors / Key Managerial Personnel of the Company / their relatives, except Shri Samir Mehta and Shri Sudhir Mehta and their relatives, are in any way, concerned or interested, financially or otherwise, in the ordinary resolution set out at Item No. 9 of the Notice.

   The Board commends this resolution for your approval.

By Order of the Board of Directors
For Torrent Pharmaceuticals Limited

Mahesh Agrawal
VP (Legal) & Company Secretary

Registered Office:
Torrent House,
Off Ashram Road,
Ahmedabad - 380 009, Gujarat, India
(CIN: L24230GJ1972PLC002126)
Phone: + 91 79 26599000
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Website: www.torrentpharma.com
Email Id: investorservices@torrentpharma.com

Ahmedabad
30th May, 2018

ANNEXURE TO THE NOTICE:

INFORMATION ON DIRECTORS RECOMMENDED FOR APPOINTMENT / RE-APPOINTMENT

Ms. Ameera Shah:

Ms. Ameera Shah, 38 years, is having a degree in Finance from the University of Texas at Austin and has also completed the prestigious Owner-President Management Program at Harvard Business School.

She is the Promoter and Managing Director of Metropolis Healthcare Limited.

Named amongst 'Asia's Most Powerful Women in Business' by Forbes Asia and 'Fifty Most Powerful Women in Business' by Fortune India, Ms. Shah is recognized as a global thought leader in the healthcare industry.

An eminent industry spokesperson, she has been featured as a speaker in various National and International forums, industry events and conclaves organized by IIM, Harvard Business School, TedX, CII, FICCI, Google, Twitter and other global entities. She has also been elected the Secretary of the IAPL (Indian Association of Pathology Laboratories) and has served as the Chairperson of the 'FICCI Health services Western Subgroup' that drives policy decisions at the Center. Ms. Shah is also an advisor to many educational institutions (Baylor College of Medicine, IIT Kanpur, IIM Ahmedabad, NMIMS).

Ms. Shah has also received various Awards and Accolades, notable of them are as under:

- Most powerful women in Business by Fortune India 2017
- Forbes Asia listed Ms. Shah in the Asia's Most Powerful Women 2015
- 'Young Global Leader' list brought out by the prestigious 'World Economic Forum' in 2015
- 40 under 40 years by Economic Times & Spencer Stuart (2014).
- Bloomberg. 'Exemplary Women Leadership award' at the World Women Leadership and Congress awards 2014.
- 'Young Entrepreneur of the Year Award' in 2011 organized by Entrepreneur India and Bloomberg

Other Companies in which she holds directorship and committee memberships are as under:

Sr. No.	Directorship in Companies	Name of Committees
1.	Kaya Ltd.	• Audit and Risk Management Committee - Member
2.	Bacchus Hospitality Services and Real Estate Pvt. Ltd.	
3.	Metropolis Histoxpert Digital Services Pvt. Ltd.	
4.	Metropolis Healthcare Ltd.	• Nomination and Remuneration Committee - Member
5.	R. V. Metropolis Diagnostic & Health Care Centre Pvt. Ltd.	• CSR Committee - Member
6.	Desai Metropolis Health Services Pvt. Ltd.	• CSR Committee - Member
7.	Sudharma Metropolis Health Services Pvt. Ltd.	• CSR Committee - Member
8.	Golwilkar Metropolis Health Services (India) Pvt. Ltd.	• CSR Committee - Member
9.	Micron Metropolis Healthcare Pvt. Ltd.	
10.	Bokil Golwilkar Metropolis Healthcare Pvt. Ltd.	

Ms. Shah does not hold any shares of your Company. She is not related to any Directors and Key Managerial Personnel of the Company.

She will be paid the remuneration in accordance with the resolution no. 8 of the Notice convening the AGM held on 27th July, 2015 read with the explanatory statement or such other resolution as may be passed by the members from time to time.

Shri Shailesh Haribhakti:

Shri Shailesh Haribhakti is associated with the Company since 23rd October, 2010 as an Independent Director. He has also been performing active role in functioning of various committees of the Company as chairman and/ or member of such committees.

Shri Haribhakti, 62 years, a Chartered Accountant by profession, is also a Cost and Management Accountant, a Certified Internal Auditor, Financial Planner & Fraud Examiner. During a career span of four decades, he has successfully established and led many innovative services. His current passions involve Outsourcing of Knowledge Processes, Engaged Investing, and efficiency & effectiveness enhancement in Social, Commercial and Governmental organisations.

He strongly believes in 'shared value' creation, good public and corporate governance and promoting a green environment. He actively promotes these causes and contributes towards their evolution by participating in the process of framing regulations and standards.

Other Companies in which he holds directorship and committee memberships are as under:

Sr. No.	Directorship in Companies	Name of Committees
1.	Future Lifestyle Fashions Ltd.	• Audit Committee - Member • Nomination and Remuneration Committee - Member
2.	Blue Star Ltd.	• Audit Committee - Chairman • Asset Disposal Committee - Member
3.	L&T Finance Holdings Ltd.	• Audit Committee - Chairman • Nomination and Remuneration Committee - Chairman • Corporate Social Responsibility Committee - Chairman • Directors Committee - Member
4.	Mahindra Lifespace Developers Ltd.	• Audit Committee - Member • Nomination and Remuneration Committee - Member • Risk Management Committee - Chairman • Residential Projects in Joint venture / Large format developments Committee - Member • Corporate Social Responsibility Committee - Member
5.	NSDL e-Governance Infrastructure Ltd.	• Audit Committee - Chairman • Risk Management Committee - Chairman • Sub-committee of Board for Trademark - Member
6.	ACC Ltd.	• Stakeholder's Relationship Committee - Member • Nomination and Remuneration Committee - Member • Risk Management Committee - Chairman • Corporate Social Responsibility Committee - Chairman • Compliance Committee- Member • Issue and Allotment Committee - Member
7.	Ambuja Cements Ltd.	• Nomination and Remuneration Committee - Member • Risk Management Committee - Member • Compliance Committee - Member • Management Committee - Member

Sr. No.	Directorship in Companies	Name of Committees
8.	Haribhakti Moti India Pvt. Ltd.	
9.	Quadram Solutions Pvt. Ltd.	
10.	Bennett Coleman and Co. Ltd.	• Audit Committee - Member • Nomination and Remuneration Committee - Member
11.	Planet People & Profit Consulting Pvt. Ltd.	
12.	Mentorcap Management Pvt. Ltd.	
13.	L&T Mutual Fund Trustee Ltd.	• Audit Committee - Member
14.	Reliance Infrastructure Consulting & Engineers Pvt. Ltd.	
15.	Reliance Infradevelopment Pvt. Ltd.	
16.	Reliance Wind Turbine Installators Industries Pvt. Ltd.	
17.	Gaja Trustee Company Pvt. Ltd.	
18.	Intuit Consulting Pvt. Ltd.	
19.	Metropolis Healthcare (Mauritius) Ltd.	

Shri Haribhakti does not hold any shares of your Company. He is not related to any other Directors and Key Managerial Personnel of the Company.

He has attended 4 (four) board meetings held during the year. He has drawn the remuneration of ₹ 36 Lacs during the FY 2017-18. He will be paid the remuneration in accordance with the resolution no. 8 of the Notice convening the Annual General Meeting held on 27th July, 2015 read with the explanatory statement or such other resolution as may be passed by the members from time to time.

Shri Haigreve Khaitan:

Shri Haigreve Khaitan is associated with the Company since 23rd January, 2012 as an Independent Director. He has also been performing active role in functioning of various committees of the Company as member of such committees.

Shri Khaitan, 47 years, is a Corporate and Commercial lawyer and a Senior Partner of Khaitan & Co. He heads Khaitan & Co.'s Mergers & Acquisitions (M&A) practice. He joined Khaitan & Co. in 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. He 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 has been 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. He has been involved in some of the high profile and complex transactions in India.

Other Companies in which he holds directorship and committee memberships are as under:

Sr. No.	Directorship in Companies	Name of Committees
1.	Ceat Ltd.	
2.	Inox Leisure Ltd.	• Audit Committee - Chairman • Compensation and Remuneration Committee - Chairman
3.	Harrisons Malayalam Ltd.	• Risk Management Committee - Member • Nomination and Remuneration Committee - Chairman • Audit Committee - Chairman
4.	AVTEC Ltd.	• Audit Committee - Member • Nomination and Remuneration Committee - Member

Sr. No.	Directorship in Companies	Name of Committees
5.	Ambuja Cement Ltd.	• Stakeholders' Relationship Committee - Member • Compliance Committee - Chairman
6.	Vinar Systems Pvt. Ltd.	
7.	Aditya Birla Sun Life Insurance Company Ltd.	• Risk Management Committee - Member • Audit Committee - Chairman
8.	Mahindra Holdings Ltd.	• Audit Committee - Member • Nomination and Remuneration Committee - Member
9.	Egyptian Indian Polyester Company S.A.E. Egypt	
10.	JSW Steel Ltd.	

Shri Khaitan does not hold any shares of your Company. He is not related to any other Directors and Key Managerial Personnel of the Company.

He has attended 3 (three) board meetings held during the year. He has drawn the remuneration of ₹ 28 Lacs during the FY 2017-18. He will be paid the remuneration in accordance with the resolution no. 8 of the Notice convening the Annual General Meeting held on 27th July, 2015 read with the explanatory statement or such other resolution as may be passed by the members from time to time.

To

The Shareholders

The Directors have the pleasure of presenting the Forty Fifth Annual Report of your Company together with the Audited Financial Statement for the year ended 31st March, 2018.

HIGHLIGHTS

- *Torrent becomes the 8th largest Company in the Indian Pharmaceutical Market with the acquisition of branded business of Unichem Laboratories Limited ("Unichem") for India and Nepal, including its Sikkim manufacturing facility. The acquisition included portfolio of more than 120 brands including one brand of ₹ 200 crores (Losar) & three brands of more than ₹ 50 crores (Ampoxin, Unienzyme & Telsar).*
- *India Business registered 9% growth as compared to 6% growth of the market.*
- *Continued to experience sharp price reductions in US - partially compensated with higher market shares and volumes. 13 (thirteen) ANDAs filed during the year.*
- *Acquired Bio Pharm Inc. ("Biopharm"), a US based liquids and suppositories company along with a manufacturing facility.*
- *Torrent becomes 4th largest generic Company in Germany with continued good performance.*
- *Brazil registered value growth of 14% in covered market and having unit market share of 25% of covered market without generics.*
- *All plants fully compliant with the respective regulatory requirements. Current USFDA Establishment Inspection Report for Indrad, Dahej, Pithampur and Vizag plants.*
- *Sikkim capacity expansion including from new facility completed - increasing the capacity to 700 crores units. The Unichem manufacturing facility adds another 100 crores units to the capacity.*

FINANCIAL RESULTS

The summary of Standalone (Company) and Consolidated (Company and its subsidiaries) operating results for the year and appropriation of divisible profit is given below:

(₹ in crores except per share data)

	Standalone		Consolidated	
	2017-18	2016-17	2017-18	2016-17
Sales & Operating Income	4248	4593	6002	5857
Profit Before Depreciation, Finance Cost, Exceptional Items & Tax	1240	1426	1648	1601
Less Depreciation	384	269	409	307
Less Finance Cost	294	202	308	206
Profit Before Exceptional Items & Tax	562	955	931	1088
Less Exceptional Items	--	--	--	--
Less Tax Expense	80	101	253	154
Less Minority Interest	--	--	--	--
Net Profit for the Year	482	854	678	934
Balance brought forward	1613	1620	1514	1442
Other Comprehensive income and other adjustments	(2)	(7)	2	(8)
Balance available for appropriation	2093	2467	2194	2368
Appropriated as under:				
Transfer to General Reserve	--	400	--	400
Transfer to Debenture Redemption Reserve	375	250	375	250
Dividend	220*	169	220*	169
Tax on Distributed Profits for Dividend	45*	35	45*	35
Balance Carried Forward	1453	1613	1554	1514
Earnings Per Share (₹ per share)	28.48	50.48	40.07	55.17

*Includes final dividend of ₹ 68 crores and dividend distribution tax of ₹ 14 crores pertaining to FY 2016-17.

Consolidated Operating Results

The consolidated sales and operating income increased to ₹ 6002 crores from ₹ 5857 crores in the previous year showing a growth of 2.48%. The consolidated operating profit for the year was ₹ 1648 crores as against ₹ 1601 crores in the previous year registering growth of 2.94%. The consolidated net profit decreased to ₹ 678 crores from ₹ 934 crores in the previous year registering a degrowth of 27.41%. Current year's profits have been impacted by the acquisition related interest and amortization of Unichem and Biopharm, while the previous year included exceptional sales and profits on account of launch of new product in US which had limited competition.

Management Discussion and Analysis (MDA)

The details of operating performance of the Company for the year, the state of affairs and the key changes in the operating environment have been analysed in the Management Discussion and Analysis section which forms a part of the Annual Report.

Dividend

The Company endeavours to distribute 30% of its annual consolidated net profit after tax without taking into account non-cash charges relating to the business acquisitions as dividend, in accordance with the revised dividend policy, copy of which is attached as **Annexure-A**.

Pursuant to this, Interim dividend of ₹ 9/- per equity share of face value of ₹ 5/- amounting to ₹ 152 crores was paid to the shareholders during the year under review. Further, the Board has recommended a final dividend of ₹ 5/- per equity share amounting to ₹ 85 crores for approval to shareholders at the 45th Annual General Meeting (AGM) of the Company. The aggregate distribution amount including tax on distributed profits works out to be ₹ 286 crores (previous year ₹ 286 crores).

HUMAN RESOURCES

Innovation in Human Resource practices is one of the key integral facet of an organization's growth, for it to be ahead of the curve. At Torrent, it is derived from a diverse workforce, an inclusive culture and people-first approach that encourages new perspectives and novel ideas.

The Human Resource department through its various initiatives and advance programs has kept pace with the fluctuating economic dynamics and the environmental changes.

Training is an integral part of the skill development program initiated for the employees.

The Human Resource department has organized training and development programs which has helped to nurture talent. Managers from field and corporate offices are trained to sharpen and understand new management skills.

The Company also has taken several other initiatives to help employees maintain a work life balance, thereby enabling them to excel in every phase of life. Women friendly facilities like crèche and flexi-work timings at workplace has provided much needed care to them. Also, continuous efforts were taken to implement Gender Diversity initiatives, in various areas to ensure enhanced representation of women employees.

On the Statutory front, during the year under review, there was no case received pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The year also saw reinforcement of the already existing "Whistle Blower Policy" in order to emphasize and encourage reporting of any wrongdoing or any unethical practice.

The Human Resource department is in the process of integrating the Human Resources acquired from Unichem. This includes not only the manpower integration but also the cultural integration of both the entities. Impactful bridge building activity between Torrentians and the erstwhile Unichemites was organized for them to gain knowledge about the values and the good practices adopted by Torrent in various functionalities.

On the Industrial front, the Company continued to foster cordial Industrial Relations with its workforce during the year.

The Company has a diverse workforce of 14700 employees as on 31st March, 2018 vis-à-vis 11781 employees as on 31st March, 2017. Going forward, the Company will continue to focus on nurturing the right talent to achieve the business goal.

VIGIL MECHANISM

The Company believes in the conduct of its affairs in a fair and transparent manner to foster professionalism, honesty, integrity and ethical behavior in its employees & stakeholders. The Company has adopted a Whistle Blower Policy as a part of vigil mechanism, details of the same is explained in the Report of Corporate Governance.

Also, the Code of Business Conduct ("Code") lays down important corporate ethical practices that shape the Company's value system and business functions and represents cherished values of the Company.

The Code provides guidance to employees in recognizing and dealing with important ethical and legal issues and fosters a culture of honesty and accountability. The code of conducts includes Integrity, Gifts, Conflict of Interest, Legal compliance, Respect for people, Environmental commitment, Safety, Confidential & Proprietary Information, Financial Information, Company assets, Computer Network use & Security, Records maintenance and Management.

CORPORATE SOCIAL RESPONSIBILITY

Following the path shown by its founder Shri U N Mehta, Torrent Group believes in the well being of the society at large and understands its responsibilities as a Corporate Citizen. The Company, as a part of its Corporate Social Responsibility, made focused efforts in the fields of Community Healthcare, Sanitation & Hygiene, Education & Knowledge Enhancement and Social Care & Concern. These efforts are all driven by the Founder's philosophy of "Think of others also when you think about yourself".

In line with the provisions of the Companies Act, 2013 and Rules made thereunder, a Corporate Social Responsibility (CSR) Committee has been formed by the Board of Directors. The Composition of the CSR Committee is as under:

Name of Director	Category of Directorship
Shri Pradeep Bhargava, Chairperson	Independent Director
Dr. Chaitanya Dutt	Whole time Director
Smt. Renu Challu	Independent Director

During FY 2017-18, the key CSR programs and activities undertaken at Group level are described hereunder:

1. **REACH:**

   'Children are the future of our nation and this future must be well preserved'. Echoing this philosophy, in January 2016, Torrent Pharmaceuticals Limited and Torrent Power Limited jointly initiated a Child Centric Health Care Program - REACH – Reach EAch CHild under the aegis of Tornascent Care Institute (Section 8 company of Torrent Group). The program encompasses three major pillars: (a) SHAISHAV for Grass root intervention; (b) JATAN for greenfield action; and (c) MUSKAN for other allied initiatives. This Paediatric Health Care program has progressed significantly in the current year at all the four centres viz. Sugen (near Surat), Dahej, Indrad and Nadiad / Balasinor and across all the three pillars, with increase in the reach and scope.

   - Under the first pillar of the program SHAISHAV, so far 266 paediatric camps covering 341 villages and 51,000+ underserved children (in the age group of 6 months to 6 years) were conducted; to obtain their base line health status, identify and treat anaemia and malnutrition and provide specialised treatment to those identified with cardiac, neurological, respiratory and the like disorders. Periodic assessments and follow up actions for all such cases are being undertaken under the supervision of qualified Paediatricians. As a result of thorough follow up activities, more than 83% of children are cured of their anaemic condition and around 73% of children pulled out of severe malnourishment. Of all the children provided specialised treatment for specific ailments mentioned above, 670 cases have been successfully treated. SHAISHAV expanded the coverage of children to include those beyond the age group of 6 years through mobile OPDs. Till March, 2018, 39,000+ children were provided free of cost treatment including the operative and consultation costs at referral hospitals under this expanded coverage.

   - JATAN, the second pillar of the program, focuses on providing the care needed to alleviate the problem identified in SHAISHAV through Paediatric centres. 4 Paediatric centres at Sugen, Dahej, Balasinor and Indrad are operational and are additionally supporting the basic medical needs of the villages close to these four areas. Treatment by Paediatricians / doctors, medicines & basic laboratory tests are provided free of cost to children in the age group of 0-18 years. 54,500+ children have benefitted so far till 31st March, 2018.

- Under MUSKAAN, counselling and support is being provided to the adolescent girls at the Sugen centre for menstrual hygiene and sanitation by giving them free health and hygiene kits which include sanitary pads, soap, shampoo, etc. 4000+ adolescent girls of 70 villages between 11-18 years of age are provided kits on monthly basis. This activity has also been replicated at Pakhajan & Indrad Centres. As an impact of these activities, there has been gradual eradication of physiological and social taboos and increased confidence and self-esteem amongst them.

2. SHIKSHA SETU

The Teaching and Learning Program being conducted through UNM Foundation, completed second year of Phase II of the program. This program covers 13 schools located at Sugen, Chhatral, Chappi, Memadpur and Ahmedabad locations and about 4,300 students and 150 teachers in such schools. In the first year i.e FY 2016-17, focus was on setting the new technology based infrastructure and software in the schools and training the students and teachers on the same. During FY 2017-18, 3,370 (84%) students from standard 3-8 have started working regularly on Tablets while above 90% teachers are confidently teaching their subjects through smart boards. This year, for the first time, 5,281 students from 3-8 standards participated in technology based assessment on Tablets. For Teachers, 496 subject workshops were organized at all locations and more than 2,000 students were provided academic & behavioral inputs during school visits. About 1,000 parents attended parents' sensitization meetings at schools and were elated to see their children studying through tablets and smart boards in classrooms. School Principals expressed their views that technology based classrooms have immensely helped teachers in making teaching interesting, while tablets provided to students is helpful in bringing irregular students to school.

3. PUBLIC PARK DEVELOPMENT:

A city that has good public parks and gardens expresses the level of social and cultural health of a city. The Company along with M/s. Prabhakar B. Bhagwat, which is one of India's best known landscape design firm, developed a detailed process that is an exemplar on how public projects should be undertaken and embarked upon. Six other firms in the city, namely Arya Architects, Earthscapes, Arianee Landscapes, Design Module, Shared Ground and Studio 603, have joined hands under LEAF (Landscape Environment and Advancement Foundation) to undertake this work, that focuses on transparency, communicating and working on design and ideas with local communities and keeping them informed at all times.

Over a period of 12 months, many parks in the city have been visited and studied for their usage patterns. 15 parks with differing sizes, which were equally distributed in the city, were chosen for development. Many studies were carried out to better express the idea of the park, from its relation to mental health, to bio diversity, to safe playgrounds, to water harvesting, to art in parks, to appropriate lighting, to using this initiative to develop new ways of designing parks. This rigorous exercise culminated in the finalization of 6 parks measuring 32,000 Sqmt under Phase I. The development of such 6 parks / gardens is under progress. The Design of the Other Parks of Phase II is under development.

The Annual Report on CSR Activities (**Annexure C** to this Report) indicates that the Company has spent ₹ 27.70 crores in this regard.

Other CSR initiatives undertaken by the Company during FY 2017-18 include:

- The Company has contributed ₹ 0.12 crores during FY 2017-18 towards reparing and maintenance of Sharda Mandir Primary School at Indrad along with the donation towards Medical OPD at Village – Indrad.

- The Company has contributed an amount of ₹ 0.34 crores towards the Community Development Park and other community development work in Baddi. Further, the Company has been supporting the School situated near Company's plant at Baddi to ensure personality development of the students by conducting various programmes through involvement of employees and provides other support with respect to extra curricular activities and academics.

- The Company also made donations to various organisations involved in activities related to education, health, socio-economic development, culture, integrated development of tribes, relief to disaster victims, promotion of social welfare, etc.

ENVIRONMENT, HEALTH & SAFETY

The Company is committed in cultivating a proactive safety culture across the group. We are in pursuit of a safe & secure workplace for our employees as well as all stakeholders engaged in our business operations.

We strive proactively to prevent or minimize all possible causes of injury and ill health of our employees as well as our stakeholders, prevent environmental pollution, reduction in waste generation and utilization of waste as an alternative fuel, conserve energy, enhance safety awareness, prepare for emergencies and to reduce environmental impact arising from the workplace.

We have adopted a well-defined strategy for waste management that focusses on reduction in waste generation and alternative utilization of waste as energy. We have disposed off 50% high calorific value hazardous waste for co-processing in cement industry (alternate fuel) instead of incineration. We have targeted to dispose off 90% of total such waste generation for co-processing in the coming year.

Most of our facilities have achieved various recognitions / certifications such as ISO-14001:2015 & OHSAS-18001:2007. Regular audits of our operational units by our cross functional teams, global customers and regulators, help in achieving benchmark / highest levels of compliance. Further to these, Company has initiated drive to implement upgraded standard of OHSAS-18001:2007 to ISO-45001:2015.

During the year, all our manufacturing units remained compliant with applicable regulatory and other Environment, Health & Safety requirements to which we subscribe.

We strive to build a strong Health, Safety and Environment culture at each of our units. Environment, Health & Safety is not just something we do as part of our regular jobs but is something different in which we believe, we value & act upon.

Moreover, the Company has in place the "Conviction of Safety Policy", which provides for substantial compensation to the personnel (Employees as well as Contractors) and their families, who are adversely affected by accidents.

FINANCE

(a) Share Capital

During the year, the Authorised Capital of the Company was increased from ₹ 125 crores, divided into 20 crores Equity Shares of ₹ 5/- each and 25 lacs Preference Shares of ₹ 100/- each, to ₹ 150 crores, divided into 25 crores Equity Shares of ₹ 5/- each and 25 lacs Preference Shares of ₹ 100/- each, by creation of 5 crores Equity Shares of ₹ 5/- each ranking pari passu with the existing Equity Shares.

(b) Deposits

The Company has neither accepted nor renewed any deposits. None of the deposits earlier accepted by the Company remained outstanding, unpaid or unclaimed as on 31st March, 2018.

(c) Loans, Guarantees and Investments

Details of Loans, Guarantees and Investments by Company under the provisions of Section 186 of the Companies Act, 2013, during the year, are provided in Note 9 and 10 to the Financial Statements.

(d) Debentures and other debt instruments

The Company has raised an amount of ₹ 1500 crores by way of issue of Non-Convertible Debentures on private placement basis during the year. The said Non-Convertible Debentures are listed on the National Stock Exchange of India Ltd. The outstanding amount of Non-Convertible Debentures issued by the Company is ₹ 2,898.80 crores as on 31st March, 2018.

During the year the Company issued Commercial Papers (CPs) aggregating to ₹ 300 crores on private placement basis.

(e) **Contracts or Arrangements with Related Parties**

All Related Party transactions during the year were in ordinary course of business and were on arm's length basis and were entered with the approval of Audit and Risk Management Committee, Board and Shareholders if and as applicable. The particulars of material contracts and arrangements entered into with the related parties in accordance with the Related Party Policy of the Company and pursuant to the provisions of Section 188(1) of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014 are annexed herewith as **Annexure - B**.

(f) **Internal Financial Control System**

The Companies Act, 2013 has mandated the Company to have a formal framework of Internal Financial Controls (IFC) and has also laid down specific responsibilities on the Board, Audit Committee, Independent Directors and Statutory Auditors with regard to IFC.

The financial control system and framework is required to ensure:

- The orderly and efficient conduct of its business,
- Safeguarding of its assets,
- The prevention and detection of frauds and errors,
- The accuracy and completeness of the accounting records and
- The timely preparation of reliable financial information.

The Board reviews the effectiveness of controls documented as part of IFC framework, and take necessary corrective actions where weaknesses are identified as a result of such reviews. This review covers entity level controls, process level controls, fraud risk controls and Information Technology environment.

Based on this evaluation, no significant events had come to notice during the year that have materially affected, or are reasonably likely to materially affect, our IFC. The management has also come to a conclusion that the IFC and other financial reporting was effective during the year and is adequate considering the business operations of the Company.

The Statutory Auditors of the Company has audited the IFC over Financial Reporting and their Audit Report is annexed as Annexure A to the Independent Auditors' Report under Standalone Financial Statements and Consolidated Financial Statements.

INSURANCE

The Company's plants, properties, equipment and stocks are adequately insured against major risks. The Company also has appropriate liability insurance covers particularly for product liability and clinical trials. The Company has also taken Directors' and Officers' Liability Policy to provide coverage against the liabilities arising on them.

BUSINESS RISK MANAGEMENT

The Company has in place a Risk Management Framework for a systematic approach to control risks. The Risk Management process is reviewed and monitored by functional heads / business process owners. The Audit and Risk Management Committee (ARMC) discharges functions of Risk Management and Risk minimization and has designated Chief Financial Officer as the Chief Risk Officer (CRO) to assist the committee by presenting the details of the risk profile of the Company, coordinate with the functional heads who are the risk owners and monitor the status of the risk mitigation plan for the identified risks. The ARMC is periodically updated on key business risks including strategic and acquisition related risks along with their mitigation plan / strategy.

The Company in the Management and Discussion Analysis section of the Annual Report identifies the key risks which can affect the profitability of the Company. As on date, there is no risk envisaged which could threaten the existence of the Company.

SUBSIDIARIES & JOINT VENTURES

As of 31st March, 2018, the Company has 17 subsidiaries, out of which 5 are step down subsidiaries.

Torrent Pharma Inc., USA, a wholly owned subsidiary of the Company has acquired 100% stake in Bio Pharm Inc., a generic pharmaceuticals and OTC Company based in USA.

The highlights of performance of major subsidiaries of the Company have been discussed and disclosed under the Management Discussion and Analysis section of the Annual Report. The contribution of each of the subsidiries in terms of the revenue and profit is provided in Form AOC-1, which forms part of Annual Report.

The details of two Joint Ventures of the Company is also shown in the AOC -1. These Joint Ventures are Section 8 companies and primarily floated with another company of the Torrent group to carry out the CSR activities.

The annual accounts of the subsidiary companies will be made available to any Member of the Company seeking such information at any point of time and are also available for inspection by any Member of the Company at the Registered Office of the Company on any working day during business hours up to the date of the AGM. The annual accounts of the subsidiary companies are also available on the website of the Company at www.torrentpharma.com.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

(a) Board of Directors

The Board of Directors of the Company is led by the Executive Chairman and comprises seven other Directors as on 31st March, 2018, including one Whole Time Director, four Independent Directors which includes one Woman Director and two Non-Executive Directors (other than Independent Directors).

All the Independent Directors of the Company have furnished declarations that they meet the criteria of independence as prescribed under the Companies Act, 2013 and under Listing Regulations.

At the AGM of the Company held on 31st July, 2017, the members approved the re-appointment of Dr. Chaitanya Dutt, Director (Research and Development) as the Whole time Director of the Company for a period of three years effective from 1st January, 2018. He also retired by rotation and being eligible, was re-appointed as director in the said AGM.

Shri Ashish Nanda had resigned from the Board of Directors of the Company w.e.f. 21st July, 2017. The Board placed on record its deep appreciation for the guidance & support provided by him for the overall growth of the Company during his association with the Company.

Shri Markand Bhatt, Director, has expressed his unwillingness to be re-appointed at the ensuing AGM.

Shri Bhatt has been on the Board of the Company since October, 2000. A post graduate of IIM, Ahmedabad, he has over 50 years of professional and managerial experience in multi-disciplinary areas across various businesses, dominated by more than three decades of involvement with Torrent group.

The Board and the Company has always been benefitting from his counsel and advice on key business and strategic matters emanating from his considerable wisdom and vast experience and places on record their profound appreciation for the same.

Smt. Renu Challu will be completing her tenure as an Independent Director of the Company on 26th July, 2018. The Board places on record its deep appreciation for the guidance and support provided by Smt. Challu for the overall growth of the Company during her tenure as a member of the Board and its Committees.

The Board has recommended:

- the appointment of Ms. Ameera Shah as an Independent Director to hold office for a term of 3 (three) consecutive years effective from the date of AGM;
- the re-appointment of Shri Shailesh Haribhakti and Shri Haigreve Khaitan as Independent Directors of the Company for a second term of 5 (five) consecutive years effective from 1st April, 2019;

for the approval of shareholders at the ensuing AGM. The brief resume and other relevant details of Ms. Shah, Shri Haribhakti and Shri Khaitan are given in the Explanatory Statement to the Notice convening the AGM, for your perusal.

(b) Meetings of Board of Directors

Regular meetings of the Board are held to review performance of the Company, to discuss and decide on various business strategies, policies and other issues. A calendar of Board / Committee meetings for the year is prepared and circulated to the Directors well in advance to enable them to plan their schedule for effective participation in the meetings. During the year, six meetings of the Board of Directors were convened and held on 26th May, 2017, 31st July, 2017, 3rd November, 2017, 18th January, 2018, 25th January, 2018, and 8th February, 2018. The intervening gap between two consecutive meetings was not more than one hundred and twenty days. Detailed information on the meetings of the Board is included in the Corporate Governance Report which forms part of the Annual Report.

(c) Committees of the Board of Directors

In compliance with the requirement of applicable laws and as part of best governance practices, the Company has following Committees of the Board as on 31st March, 2018:

i. Audit and Risk Management Committee

ii. Securities Transfer and Stakeholders Relationship Committee

iii. Nomination and Remuneration Committee

iv. Corporate Social Responsibility Committee

The details with respect to the aforesaid Committees forms part of the Corporate Governance Report.

(d) Appointment of Directors

(i) Criteria for Appointment of Directors

The Board of Directors of the Company has identified following criteria for determining qualification, positive attributes and independence of Directors:

1) Proposed Director ("Person") shall meet all statutory requirements and should:

- possess the highest ethics, integrity and values;
- not have direct / indirect conflict with present or potential business / operations of the Company;
- have the balance and maturity of judgment;
- be willing to devote sufficient time and energy;
- have demonstrated high level of leadership and vision, and the ability to articulate a clear direction for an organization;
- have relevant experience (In exceptional circumstances, specialization / expertise in unrelated areas may also be considered);

- have appropriate comprehension to understand or be able to acquire that understanding
    - o Relating to Corporate Functioning
    - o Involved in scale, complexity of business and specific market and environment factors affecting the functioning of the company.

2) The appointment shall be in compliance with the Board Diversity Policy of the Company.

(ii) Process for Identification / Appointment of Directors

- Board members may (formally or informally) suggest any potential person to the Chairman of the Company meeting the above criteria. If the Chairman deems fit, necessary recommendation shall be made by him to the Nomination and Remuneration Committee (NRC).
- Chairman of the Company can himself also refer any potential person meeting the above criteria to the NRC.
- NRC delibrates the matter and recommends such proposal to the Board.

Board considers such proposal on merit and decide suitably.

(e) Familiarisation Programme of Independent Directors

The Independent Directors have been updated with their roles, rights and responsibilities in the Company by specifying them in their appointment letter alongwith necessary documents, reports and internal policies to enable them to familiarise with the Company's procedures and practices. The Company endeavours, through presentations at regular intervals, to familiarise the Independent Directors with the strategy, operations and functioning of the Company and also with changes in the regulatory environment having a significant impact on the operations of the Company and the pharmaceutical industry as a whole. Site visits to various plant locations and CSR sites are organized for the Directors to enable them to understand the operations of and CSR activities carried out by the Company. The Independent Directors also meet with senior management team of the Company in informal gatherings. During the FY 2017-18, the Company has conducted 9 programs for familiarising the Directors for a total duration of 9 hours and 25 minutes.

On cumulative basis since 1st April, 2015, the Company has conducted 37 programs for familiarising the Directors for a total duration of 36 hours and 55 minutes.

The details of such familiarisation programs for Independent Directors are posted on the website of the Company and can be accessed at http://www.torrentpharma.com/pdf/cms/Familiarisation_Programme_2017-18.pdf

(f) Board Evaluation

The Evaluation of Board, its Committees, Individual Directors (Independent and Non Independent Directors) and Chairperson was carried out as per the process and criteria laid down by the Board of Directors based on the recommendation of the NRC:

- The obtaining and consolidation of feedback from all directors for the evaluation of the Board and its Committees, Individual Directors (i.e. Independent and Non Independent Directors), were co-ordinated by the Chairman of the Board. The feedback on evaluation of the Board and its Committees was discussed in their respective meetings and the feedback on the evaluation of Individual Directors was discussed individually with them.
- The evaluation of Chairperson was co-ordinated by the Chairman of the Independent Directors meeting.
- The Independent Directors met on 8th February, 2018 with respect to the above.

(g) Key Managerial Personnel

There was no change in the Key Managerial Personnel during the year under review.

(h) Directors' Responsibility Statement

In terms of Section134(3)(c) of the Companies Act, 2013, in relation to financial statements of the Company for the year ended 31st March, 2018, 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, 2018 and of the profit for the year ended on that date;

iii. proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

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

v. proper internal financial controls were in place and were adequate and operating effectively; proper systems to ensure compliance with the provisions of applicable laws were in place and were adequate and operating effectively.

REMUNERATION

(a) Remuneration Policy

The Company has formulated policy relating to the remuneration for the Directors, Key Managerial Personnel and other employees of the Company. The remuneration policy is available on the website of the Company www.torrentpharma.com. The salient features of this policy are as under:

1. Components of Remuneration

1.1. Fixed Pay comprising of Basic Salary, HRA, Car Allowance (applicable to General Manager and above employees), Conveyance Allowance / Reimbursement, Company's Contribution to Provident Fund, Superannuation Fund, Gratuity, etc.

1.2. Variable Pay which is either in the form of:

(i) Commission to Managing Directors

(ii) Commission to Whole - time Directors

(iii) Performance Based Pay to General Managers and above [upto 20% of Cost to Company (CTC)], based on unit performance grades.

(iv) One time reward, given in exceptional cases to identified directors, employees who undertake tasks, which go beyond their normal call of duties and play a crucial role in success of an event.

1.3. Retention Pay: In case where stability is an issue, part of the CTC is kept as retention pay which is being paid after 3 years or more.

2. **Annual Appraisal Process:**

2.1. Annual Appraisals are conducted following which annual increments and promotions in deserving cases are decided once in a year based on:

(i) Employees Self-Assessment

(ii) Assessment of Immediate Superior and

(iii) Assessment of Head of Department

2.2. The increments as decided for a particular financial year are paid during the subsequent financial year. e.g. the performance appraisal of an employee for the FY 2016-17 is conducted in FY 2017-18 and his / her salary rise in FY 2017-18 reflects his performance for FY 2016-17.

2.3. Performance Based Pay is also based on annual appraisal process.

2.4. Annual increment consist of -

i. Economic Rise: Based on All India Consumer Price Index published by the Government of India or Internal survey wherein inflation on commonly used items is calculated; and

ii. Performance Rise: Based on Industry and overall business scenario and factoring the following aspects:

1) Company's performance vis-à-vis the industry

2) Unit Performance* (Grades ranging from A+ to C-)

3) Individual Performance / track record including care for health / balance between quality of work and family life.

*Unit Performance is carried out based on various financial and non-financial parameters (also used for working out overall ceiling at unit level and performance based pay) such as -

a) Comparison of Company's Revenue and Profit growth with competition

b) Employee Cost

c) Return on Equity

d) Production, Quality and Regulatory compliance

Unit: Domestic and International Operations, Manufacturing, Research & Development and Corporate.

2.5. Promotion Rise (Other than Executive Directors and Directors)

(b) Criteria for Remuneration to Non-Executive Directors (NEDs):

1. The payment of commission to the Directors of the Company who are neither in the whole time employment nor Managing Director(s) (NEDs) is approved by the shareholders of the Company and is subject to the condition that total commission paid to the NEDs shall not exceed the limit of 1% of net profit in a financial year as per the provisions of Section 197(1) of the Companies Act, 2013 read with Section 198 of the said Act.

2. The Board or its Committee specifically authorised for this purpose, determines the manner and extent upto which the commission is paid to the NEDs in accordance with the shareholders' approval. The commission is determined based on the participation of the Directors in the meetings of Board and / or Committees thereof, as well as on industry practice, performance of the Company and contribution by the Directors, etc.

3. Payment of Commission is made annually on determination of profit.

4. Sitting fees of ₹ 1 lac is paid for each meeting of the Board or any Committee thereof attended by them.

5. Independent Directors are reimbursed for all the expenses incurred for attending any meeting of the Board or Committees thereof, and which may arise from performance of any special assignments given by the Board.

(c) Information as required pursuant to Section 197 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

1. the ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year:

Sr. No.	Name of the Director	Ratio of the Remuneration of Director to Median Remuneration
1.	Shri Sudhir Mehta	107.62
2.	Shri Samir Mehta$	322.86
3.	Shri Markand Bhatt	#
4.	Shri Shailesh Haribhakti	7.75
5.	Shri Haigreve Khaitan	6.03
6.	Shri Pradeep Bhargava	8.18
7.	Smt Renu Challu	7.96
8.	Prof. Ashish Nanda	1.08*
9.	Dr. Chaitanya Dutt$	132.25

$ Remuneration does not include premium for group personal accident and group mediclaim policy.

No remuneration has been paid during the year 2017-18 and hence ratio has not been calculated.

* Prof. Ashish Nanda resigned w.e.f. 21st July, 2017.

2. the percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary:

Sr. No.	Name of the Director / Key Managerial Personnel	Designation	% increase in Remuneration
1.	Shri Sudhir Mehta	Chairman Emeritus	(33.33)
2.	Shri Samir Mehta#	Executive Chairman	Nil
3.	Shri Shailesh Haribhakti	Independent Director	12.50
4.	Shri Haigreve Khaitan	Independent Director	27.27
5.	Shri Pradeep Bhargava	Independent Director	26.67
6	Smt Renu Challu	Independent Director	12.12
7.	Prof. Ashish Nanda	Independent Director	(64.29)^
8.	Dr. Chaitanya Dutt#	Whole-time Director	18.10
9.	Shri Ashok Modi#	Chief Financial Officer	16.65*
10.	Shri Mahesh Agrawal#	Company Secretary	12.99*

No remuneration has been paid in 2016-17 and 2017-18 to Shri Markand Bhatt and hence % increase has not been calculated.

^ Prof. Ashish Nanda resigned w.e.f. 21st July, 2017.

* The percentage change in remuneration is excluding onetime reward and performance pay.

Remuneration does not include premium for group personal accident and group mediclaim policy.

3. The percentage increase in the median remuneration of employees in the financial year under review is 8.82%. The employees whose remuneration is determined based on negotiations and the employees at representative offices of the Company abroad have been excluded for this purpose.

4. The Company has 14,700 employees on the rolls of Company as on 31st March, 2018.

5. The increase made in the salaries of employees other than managerial personnel in the last financial year, based on the performance of the Company for 2016-17, was 11.16% while the increase in managerial remuneration was 4.70%. There was no change in salary of Shri Samir Mehta.

   During the year under review, profits were impacted by the interest and amortization of Unichem and Biopharm acquisitions. The Company has been making significant investments targeted to maintain a steady growth in future by strengthening its position in its largest market, i.e. India. After the Elder investment in 2014-15, the Unichem acquisition in India was accomplished in a record time during the year, which has helped the Company to leapfrog to 8th position in the Indian Pharma Market. In addition, Bio-pharm acquisition in US was concluded providing a foothold in the niche liquids and suppository market including a manufacturing facility - the first one overseas by the Company.

6. The remuneration paid is as per the Remuneration Policy of the Company.

(d) Remuneration to Managerial Personnel

The details of remuneration paid to the Managerial Personnel forms part of the Corporate Governance Report.

(e) Particulars of Employees

The information required under Section 134(3)(q) and 197(12) of the Companies Act, 2013, read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, forms part of this Report as **Annexure-D**. However, as per the provisions of Section 134 and Section 136 of the Companies Act, 2013, the Reports and Accounts are being sent to the Members excluding the information on employees' particular which are available for inspection by the Members at the Registered Office of the Company during business hours on working days of the Company up to the date of ensuing AGM. Any Member interested in obtaining a copy of such statement may write to the Company Secretary at the Registered Office of the Company.

AUDITORS

(a) Statutory Auditors

B S R & Co. LLP, Chartered Accountants (Firm Registration No. 101248W/W-100022), were appointed as the Statutory Auditors of the Company to hold office for five years from the conclusion of Forty Fourth AGM held in the FY 2016-17, up to the conclusion of the Forty Ninth AGM to be held in the FY 2021-22.

(b) Cost Auditors

The Company has appointed M/s. Kirit Mehta & Co., Cost Accountants, Mumbai (Firm Registration No. 000353) as the Cost Auditors of the Company for audit of cost accounting records of its activities (Formulation & Bulk Drugs activities) for the financial year ended 31st March, 2018. The Cost Audit Report to the Central Government for the financial year ended 31st March, 2017 was filed on 28th August, 2017, within the statutory timeline. Further, the Board of Directors has, appointed M/s. Kirit Mehta & Co. as the Cost Auditor of the Company for the financial year 2018-19 and has also fixed their remuneration. The Board has recommended the remuneration approved in its meeting, for ratification by the shareholders in the ensuing AGM of the Company.

(c) Secretarial Auditor

The Board, pursuant to Section 204 of the Companies Act, 2013 read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, including any statutory modification(s) or re-enactment thereof, had appointed M/s. M. C. Gupta & Co., Company Secretaries, as the Secretarial Auditors of the Company to conduct the Secretarial Audit as per the provisions of the Companies Act, 2013 for the year 2017-18 (Apr-17 to Mar-18).

M/s. M. C. Gupta & Co., Company Secretaries have carried out the Secretarial Audit of the Company for FY 2017-18 and the Report of Secretarial Auditors in Form MR-3, is annexed with this Report as **Annexure-E**. There were no qualification / observations in the report.

CORPORATE GOVERNANCE

As required by Regulation 34 read with Schedule V of the Listing Regulations, a separate Report on Corporate Governance forms part of the Annual Report. The report on Corporate Governance also contains certain disclosures required under the Companies Act, 2013. A certificate from the Statutory Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Clause E of Schedule V of the Listing Regulations forms part of this report as **Annexure - F**.

EXTRACT OF ANNUAL RETURN

As required under the provisions of Section 134(3)(a) and of Section 92(3) of the Companies Act, 2013 read with Rule 12 of the Companies (Management and Administration) Rules, 2014, the extracts of annual return in Form No. MGT-9 forms part of this report as **Annexure-G**.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, ETC.

A statement containing the necessary information on Conservation of energy, Technology absorption and Foreign exchange earnings and outgo stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 is annexed to this report as **Annexure-H**.

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, Governments of Gujarat, Himachal Pradesh, Sikkim, Madhya Pradesh and Andhra Pradesh, 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 the commitment shown by the employees of the Company.

For and on behalf of the Board

Ahmedabad
30th May, 2018

Samir Mehta
Executive Chairman

DIVIDEND DISTRIBUTION POLICY

BACKGROUND:

Each Company follows different methodology based on various parameters for deciding the quantum of profit to be distributed as dividend to the shareholders and the quantum of profit to be retained. Since the business considerations, the environmental factors and requirement of funds for the growth of any Company differ based on the type of business, the scale of operations and the movement of business and economic cycles, each Company follows a different policy for the distribution of profits.

To enable the shareholders to make reasonable estimate of quantum of dividend that they are likely to receive, it would be important for them to know and understand the parameters influencing the Company's decision making in the matter.

Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2016 notified on 8th July, 2016, have inserted Regulation 43A in the Listing Regulations requiring top 500 listed companies based on the market capitalization to frame and adopt a Dividend Distribution Policy. The Policy is also required to be disclosed in the Annual Report and placed on website of the company.

OBJECTIVE:

The Board of Directors of the Company has already formed broad guidelines for distribution of dividend, which have been disclosed in the Directors' Report. Now as required by the Listing Regulations, the Board has formally framed and adopted this Dividend Distribution Policy.

The policy lays down the parameters and different circumstances that needs to be considered by the Board at the time of taking the decision for distribution and / or retention of profits.

The Board in its meeting held on 26th October, 2016, had approved this Policy which has been revised by the Board in its meeting held on 08th February, 2018. Any subsequent amendment / modification in the applicable statutes in this regards shall automatically apply to this Policy.

This policy shall be put up on the website of the Company.

DEFINITION:

In the Policy, unless the context otherwise requires:

"**Act**" shall mean the Companies Act, 2013 and the Rules framed thereunder, including any modifications, amendments, clarifications, circulars or re-enactment thereof.

"**Applicable Laws**" shall mean the Act, Listing Regulations and such other acts, rules or regulations which govern the distribution of Dividend; as amended from time to time.

"**Board**" or "**Board of Directors**" means the collective body of the Directors of the Company.

"**Company**" means Torrent Pharmaceuticals Limited

"**Dividend**" means dividend on equity shares of the Company and includes interim dividend.

"**Listing Regulations**" means Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time or any re-enactment thereof.

"**Policy**" means this Dividend Distribution Policy of the Company.

All the words and expression used in this Policy, unless defined in the Policy, shall have the same meaning respectively assigned to them under the Applicable Laws.

DIVIDEND POLICY:

Subject to the compliance with Applicable Laws, the Company shall endeavor to distribute approximately 30% of its annual Consolidated Net Profit after tax without taking into account non-cash charges relating to business acquisitions as dividend (including applicable taxes on distribution of such dividend) subject to sufficiency of stand-alone profits available for distribution of dividend in the relevant year. The distribution of dividend can be by way of Interim (in one or more tranches) and / or Final Dividend.

In case of exceptional circumstances such as:

a) Inadequacy of profits in any year;

b) Absence of profit in any year;

c) Any special circumstance or event, including those which are significantly impacting or likely to significantly impact the operations, working and profits of the Company - both, positively and negatively;

d) Any exceptional event requiring large investment or commitment by the Company,

the Board may deviate from the aforesaid criteria, subject to compliance with the provisions of the Applicable Laws and shall disclose such changes along with the rationale for the same in its annual report and on its website.

The retained earnings shall be utilised for funding the Company's business and operations, meeting with investment requirement for organic and inorganic growth and such other purposes as may be deemed fit from time to time.

The payment of dividend for all other classes of shares shall be based on the respective rights attached to each class of shares as per the terms and conditions of their issue, subject to the Applicable Laws.

REVIEW OF THE POLICY

The Chairman of the Company is authorised to give appropriate directions and / or make changes in the policy for the purpose of resolving any doubts or difficulty that may arise in the implementation of the said Policy.

The Policy may be reviewed and revised from time to time by the Board.

*****

FORM NO. AOC – 2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts / arrangements entered into by the Company with Related Parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not on arm's length basis

   (a) Name(s) of the Related Party and nature of relationship – **NIL**

   (b) Nature of contracts / arrangements / transactions

   (c) Duration of the contracts / arrangements / transactions

   (d) Salient terms of the contracts or arrangements or transactions including the value, if any

   (e) Justification for entering into such contracts or arrangements or transactions

   (f) Date(s) of approval by the Board

   (g) Amount paid as advances, if any

   (h) Date on which the special resolution was passed in general meeting as required under first proviso to Section 188

2. Details of material contracts or arrangements or transactions at arm's length basis*

   (a) Name(s) of the Related Party and nature of relationship :

   Name - Torrent Pharma Inc., USA (TPI).

   Nature – Wholly owned subsidiary.

   (b) Nature of contracts / arrangements / transactions :

   The Company and TPI has entered into following contracts:

   i. Supply of pharmaceutical products by the Company to TPI.

   ii. Liaison and regulatory support by TPI to Company.

   (c) Duration of the contracts / arrangements / transactions:

   i. Product Supply Agreement – Valid from 1st April, 2014 till 31st March, 2019.

   ii. Liaison Support Agreement – Valid from 1st April, 2009 till 31st March, 2019.

   (d) Salient terms of the contracts or arrangements of transactions including the value, if any:

   i. Product Supply Agreement:

      a. Purpose – TPI to purchase its total requirements of the Products listed in the Agreement from the Company.

      b. Order – To be placed at least 16 weeks prior to expected delivery date.

      c. Delivery – To be on DDP (INCOTERMS 2010).

      d. Credit Term – 210 days.

      e. Supply Price – Mutually agreed between the Parties.

ii. Liaison Support Agreement:

a. Purpose – TPI to promote Company's business in USA and act as a legal agent on all matters related to the USFDA.

b. Compensation – Company follows Cost Plus Method for this arrangement.

During the financial year 2017-18, the net value of the transactions with TPI is ₹ 651.71 crores.

(e) Date (s) of approval by the Board, if any:

Approval of the Board is not required under Section 188(1) of the Companies Act, 2013.

(f) Amount paid as advance, if any: Nil

*Material contracts / transactions has been considered based on the definition of material transaction as mentioned under Explanation to Sub Regulation (1) of Regulation 23 of the Listing Regulations.

For and on behalf of the Board

Ahmedabad
30th May, 2018

Samir Mehta
Executive Chairman

ANNUAL REPORT FOR FY 2017-18 ON CSR ACTIVITIES

The Company strongly believes that sustainability of any business is related to the well-being and development of the society in which the business is embedded. Therefore, even before CSR spending became mandatory, the Company, as a good corporate citizen, was involved in several initiatives and programs focused on giving back to the society, for all the care, support and nurturance being bestowed upon it by the society. It has undertaken socially useful programs for the welfare & sustainable development of the less privileged sections of the society.

Torrent has consciously decided as a matter of policy:

1. to concentrate its efforts diligently in the following Thrust Areas: (i) Community Health Care, Sanitation and Hygiene, (ii) Education and Knowledge Enhancement and (iii) Social Care and Concern; and

2. to focus, as far as possible, its activities where Torrent headquarters is situated and at locations in and around its operations so that the twin objectives of service to neighbourhood and community and participation of employees along with necessary admin set up can be achieved.

In line with the provisions of Section 135 of the Companies Act, 2013 and Rules made thereunder, the CSR Committee of the Board consists of the following members:

Name of Director	Category of Directorship
Shri Pradeep Bhargava, Chairperson	Independent Director
Dr. Chaitanya Dutt	Whole time Director
Smt. Renu Challu	Independent Director

The Board of Directors had, at their meeting held on 9th May, 2014 approved the CSR Policy and subsequently approved revision of the same at its meeting held on 29th October, 2015. Brief outline of the Policy is as under:

- While the Company is eligible to undertake any suitable / rightful activity as specified in Schedule VII of the Companies Act, 2013, it proposes to undertake Projects in the Thrust Areas identified.

- The Company, in every financial year shall endeavor to spend the required amount for its CSR Projects and shall not be restricted by the statutory limit, whereby the minimum spend has to be 2% of the Company's average Net Profits for three immediately preceding financial years.

- The Policy specifies the mechanism for identification and implementation of the CSR Projects and approval thereof by the CSR Committee. The total expenditure in the CSR Annual Plan shall be approved by the Board upon recommendation by the CSR Committee.

- As per the Policy, the CSR Projects may be implemented as under:

    1. Direct Method, whereby the Company may implement the CSR Projects on its own or through its Trust / Society / Section 8 Company or Group Company Trust / Society / Section 8 Company and;

    2. Indirect Method, whereby the Company may implement the CSR Projects through an external Trust / Society / Section 8 Company fulfilling the criteria under the Act.

- The Policy also provides for monitoring of the CSR Projects and Plan by the CSR Officer and half-yearly monitoring of the implementation of the CSR Policy and Plan by the CSR Committee as per the monitoring mechanism stated in the Policy.

- The Policy further specified a) duties and responsibilities of the Board, the CSR Committee and the CSR Officer; b) provisions related to allocation of funds for CSR activities; and c) the periodicity of review and amendment of the CSR Policy and CSR Plan.

Overview of projects or programs undertaken

In line with the Thrust Areas, the Company has undertaken the following CSR Projects / Programs during the FY 2017-18:

1. REACH - Paediatric Healthcare Programme
2. Development of Public Parks
3. Preventive Healthcare Programme
4. Shiksha Setu – A quality education programme
5. Supporting Primary and Secondary school for urban slum children and community development work
6. Supporting the establishment of a Cancer Care Centre

The CSR Policy and the CSR Plan can be accessed at -

http://www.torrentpharma.com/pdf/investors/CSRPlan.pdf &
http://www.torrentpharma.com/pdf/investors/CSRPolicy.pdf respectively.

CSR Expenditure for FY 2017-18

(₹ in crores)

Average net profit of the Company for last three Financial Years	1384.00
Prescribed CSR Expenditure (2% of the above amount)	27.68
Total amount spent for the Financial Year 2017-18	27.70
Amount unspent, if any	Not Applicable

Manner in which the CSR amount was spent during the financial year 2017-18 is detailed below:-

(₹ in crores)

1	2	3	4	5	6	7	8
Sr. No.	**CSR Project or Activity Identified**	**Sector in which the Project is covered**	**Projects or programs: (1) Local area or other; (2) Specify the State and district where projects or programs were undertaken**	**Amount Outlay (Budget) Project or Program wise FY 2017-18**	**Amount spent on the projects or programs Subheads: (1) Direct expenditure on projects or programs, (2) Overheads FY 2017-18**	**Cumulative expenditure upto the reporting period***	**Amount Spent : Direct or through implementing agency**
1	**REACH - Paediatric Healthcare Programme**	Community Healthcare, Sanitation and Hygiene (Promoting healthcare including preventive healthcare)	(1) 36 Villages in Taluka Mandvi, Dist. Surat, Gujarat (2) 25 Villages in Taluka Mangrol, Dist. Surat, Gujarat (3) 16 Villages in Taluka Balasinor, Dist. Mahisagar, Gujarat (4) 14 Villages in Taluka Jotana, Dist. Mehsana, Gujarat	14.08	14.08	55.69	Directly: (1) Through Tornascent Care Institute (Section 8 Company of the Group) CIN: U85100GJ2015NPL082291 dated 16-02-2015 (2) By Company

(₹ in crores)

1	2	3	4	5	6	7	8
Sr. No.	**CSR Project or Activity Identified**	**Sector in which the Project is covered**	**Projects or programs: (1) Local area or other; (2) Specify the State and district where projects or programs were undertaken**	**Amount Outlay (Budget) Project or Program wise FY 2017-18**	**Amount spent on the projects or programs Subheads: (1) Direct expenditure on projects or programs, (2) Overheads FY 2017-18**	**Cumulative expenditure upto the reporting period***	**Amount Spent : Direct or through implementing agency**
			(5) 12 Villages in Taluka Bharuch, Dist. Bharuch, Gujarat (6) 7 Villages in Taluka Kadi, Dist. Mehsana, Gujarat (7) 6 Villages in Taluka Galteshwar, Dist. Kheda, Gujarat (8) 3 Villages in Taluka Amod, Dist. Bharuch, Gujarat (9) 2 Villages in Taluka Olpad, Dist. Surat, Gujarat (10) 1 Village in Taluka Kalol, Dist. Gandhinagar, Gujarat (11) 1 Village in Taluka Wadad, Dist. Kheda, Gujarat				
2	**Development of Public Park**	Social Care and Concern (Ensuring environmental sustainability, ecological balance and protection of flora and fauna)	6 Parks in Ahmedabad, Gujarat	4.50	4.50	4.50	Directly: Through UNM Foundation (Section 8 Company of the Group) CIN: U85110GJ2015NPL083340 dated 27-05-2015
3	**Preventive Health Care Programme**	Community Healthcare, Sanitation and Hygiene (Promoting healthcare including preventive healthcare)	Sabarmati Urban Slum, Sabarmati, Dist. Ahmedabad, Gujarat	0.02	0.02	0.53	Directly: (1) Through UNM Foundation (Section 8 Company of the Group) CIN: U85110GJ2015NPL083340 dated 27-05-2015 (2) By Company

(₹ in crores)

1	2	3	4	5	6	7	8
Sr. No.	**CSR Project or Activity Identified**	**Sector in which the Project is covered**	**Projects or programs:** **(1) Local area or other;** **(2) Specify the State and district where projects or programs were undertaken**	**Amount Outlay (Budget) Project or Program wise FY 2017-18**	**Amount spent on the projects or programs Subheads:** **(1) Direct expenditure on projects or programs,** **(2) Overheads FY 2017-18**	**Cumulative expenditure upto the reporting period***	**Amount Spent : Direct or through implementing agency**
4	**Shiksha Setu (Quality Education Programme) (Rural and Urban Slum Area)$**	Education and Knowledge Enhancement (Promoting education)	(1) Sabarmati Urban Slum, Sabarmati, Dist. Ahmedabad, Gujarat (2) At Villages: Akhakhol, Karjan, Navipardi, Dhoranpardi (Tribal Area), Taluka Kamrej, Dist. Surat, Gujarat (3) At Villages: Chhapi, Memadpur, Bharkawada, Kodrali (Rural Area), Taluka Vadgam, Dist. Banaskantha, Gujarat (4) At Villages: Indrad, Irana, Ankhol, Acharasan (Rural Areas), Taluka Kadi, Dist. Mehsana, Gujarat (12 Govt. schools and 1 Grant in Aid school)	0.65	0.65	6.00	Directly: Through UNM Foundation (Section 8 Company of the Group) CIN: U85110GJ2015NPL083340 dated 27-05-2015
5	**Primary School Education & Community Development work**	a) Education and Knowledge Enhancement (Promoting education) b) Community Development work	At Villages Bhud, (Rural Area, Baddi) Makhnu Majra, Ta Nalagarh, Dist Solan, Himachal Pradesh	0.34	0.34	0.50	Directly by Company
6	**Indrad School and Medical OPD**	Promoting education & healthcare	At Village Indrad, Taluka Kadi, Dist Mehsana, Gujarat	0.12	0.12	0.12	Directly by Company

(₹ in crores)

1	2	3	4	5	6	7	8
Sr. No.	**CSR Project or Activity Identified**	**Sector in which the Project is covered**	**Projects or programs: (1) Local area or other; (2) Specify the State and district where projects or programs were undertaken**	**Amount Outlay (Budget) Project or Program wise FY 2017-18**	**Amount spent on the projects or programs Subheads: (1) Direct expenditure on projects or programs, (2) Overheads FY 2017-18**	**Cumulative expenditure upto the reporting period***	**Amount Spent : Direct or through implementing agency**
7	**Supporting the establishment of a Cancer Care Centre**	Community Healthcare, Sanitation and Hygiene (Promoting healthcare including preventive healthcare)	Dist. Nagpur, Maharashtra	6.15	6.15	7.65	Indirectly through Implementing Agency: Dr. Abaji Thatte Seva Aur Anusandhan Sanstha Trust Regi. No. F-13603(N) dated 12-01-1998
8	**Others**						
	CSR capacity building cost including Administrative overhead			1.31	1.31	3.35	Directly by Company
	Miscellaneous			0.53	0.53	0.68	
	Total			**27.70**	**27.70**	**79.02**	

*Starting from 1st April, 2014.

$Amount of ₹ 1.15 Crore was contributed till 31st March, 2014.

Figures are rounded off to nearest lakh

In terms of Section 134(1)(o) of the Companies Act, 2013, in relation to the CSR Policy for FY 2017-18, the CSR Committee states that:

(a) the identification of the CSR Projects, with estimated expenditure and phase wise implementation schedules, has been done as per the approved CSR Policy;

(b) the CSR Projects were undertaken and monitored in compliance with the CSR Policy;

(c) the major portion of the CSR expenditure as identified in the CSR Annual Plan was incurred for the Projects in the Thrust Areas of the Company; and

(d) the implementation and monitoring of the CSR Policy were in compliance with CSR objectives and Policy of the Company.

Ahmedabad	**Samir Mehta**	**Pradeep Bhargava**
30th May, 2018	Executive Chairman	Chairperson, CSR Committee

FORM NO. MR - 3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2018

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9
of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Torrent Pharmaceuticals Limited,
Torrent House,
Off Ashram Road,
Ahmedabad – 380 009.

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Torrent Pharmaceuticals Limited (CIN: L24230GJ1972PLC002126) (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2018 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company, having its Registered Office at Torrent House, Off Ashram Road, Ahmedabad – 380 009 for the financial year ended on 31st March, 2018 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the Rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):

   (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

   (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

   (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

   (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; **(Not applicable to the Company during the Audit Period)**

   (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

   (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

   (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and **(Not applicable to the Company during the Audit Period)** and

   (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **(Not applicable to the Company during the Audit Period)**

(vi) The Company has complied with the following other specific applicable laws to the Company:

a) The Drugs and Cosmetics Act, 1940;

b) The Drugs and Magic Remedies (Objectionable Advertisement) Act, 1954;

c) The Drug and Price Control Order, 2013;

d) The Narcotics, Drugs & Psychotropics Substances Act, 1985;

e) The Patent Act, 1970;

f) The Prevention of Cruelty to Animals Act, 1960;

g) The Water (Prevention and Control of Pollution) Act, 1974;

h) The Water (Prevention and Control of Pollution) Cess Act, 1977;

i) Air (Prevention and Control of Pollution) Act, 1981;

We have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India.

(ii) Provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were usually sent seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All the decisions were taken unanimously in the Board & its Committees.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the Company has no specific events / actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc except the following:

1. The Company has acquired on a going concern basis by way of slump sale the branded business of Unichem Laboratories Limited for India and Nepal including Sikkim manufacturing facility on 14th December, 2017.

2. The Company had raised ₹ 300 Crores through Commercial Paper (CP) and issued NCD aggregating to ₹ 1,500 Crores, during the year under review.

For M C Gupta & Co.,
Company Secretaries
UCN: S1986GJ003400

Mahesh C Gupta
Proprietor
FCS: 2047 (CP: 1028)

Ahmedabad
30th May, 2018

Note: This Report is to be read with Our Letter of even date which is annexed as Annexure "A" and forms an integral part of this report.

Annexure: "A"

To,
The Members,
Torrent Pharmaceuticals Limited,
Torrent House,
Off Ashram Road,
Ahmedabad – 380 009

Our Report of even date is to be read along with this Letter;

1. Maintenance of Secretarial Record is the responsibility of the management of the Company. Our responsibility is to express an opinion on Secretarial Records based on our Audit.

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial Records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and books of accounts of the company.

4. Wherever required, we have obtained the Management Representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of the procedures on test basis.

6. The Secretarial Audit report is neither an assurance as to the future viability of the Company not of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For M C Gupta & Co.,
Company Secretaries
UCN: S1986GJ003400

Mahesh C Gupta
Proprietor
FCS: 2047 (CP: 1028)

Ahmedabad
30th May, 2018

ANNEXURE F TO THE DIRECTORS' REPORT

INDEPENDENT AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

TO THE MEMBERS OF
TORRENT PHARMACEUTICALS LIMITED

1. This certificate is issued in accordance with the terms of our agreement dated 22nd November, 2017.

2. This report contains details of compliance of conditions of Corporate Governance by Torrent Pharmaceuticals Limited ("the Company"), for the year ended on 31st March, 2018, as stipulated in Regulations 17 to 27, clauses (b) to (i) of Regulation 46(2) and paragraphs C, D and E of Schedule V of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), pursuant to the Listing Agreement of the Company with Stock Exchanges.

Management's Responsibility for compliance with the conditions of Listing Regulations

3. The compliance with the conditions of the Corporate Governance is the responsibility of the management of the Company, including the preparation and maintenance of all relevant supporting records and documents. This responsibility includes the design, implementation and maintenance of internal control and procedure to ensure the compliance with conditions of the Corporate Governance stipulated in the Listing Regulations.

Auditor's Responsibility

4. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the Financial Statements of the Company.

5. Pursuant to the requirements of the Listing Regulations, it is our responsibility to provide a reasonable assurance whether the Company has complied with the conditions of Corporate Governance as stipulated in Listing Regulations for the year ended 31st March, 2018.

6. We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes, Guidance Note on Certification of Corporate Governance, both issued by the Institute of Chartered Accountants of India ("the ICAI") and the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013, in so far as applicable for the purpose of this certificate. The Guidance Note on Reports or Certificates for Special Purposes requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

8. In our opinion, and to the best of our information and according to explanation given to us and the representation provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as specified in Regulation 17 to 27, clauses (b) to (i) of Regulation 46(2) and paragraphs C, D and E of Schedule V of the Listing Regulations, as applicable.

9. We 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.

Restriction on use

10. The certificate is addressed and provided to the members of the Company solely for the purpose to enable the Company to comply with the requirement of the Listing Regulations and it should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

For B S R & Co. LLP
Chartered Accountants
Firm's Reg. No. 101248W/W-100022

Jamil Khatri
Partner
Membership No. 102527

Ahmedabad
30th May, 2018

FORM NO. MGT - 9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March, 2018

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS :

i)	CIN	: L24230GJ1972PLC002126
ii)	Registration Date	: 15th July, 1972
iii)	Name of the Company	: Torrent Pharmaceuticals Limited
iv)	Category / Sub-Category of the Company	: Public Company limited by shares
v)	Address of the Registered Office and contact details	: Torrent House, Off Ashram Road, Ahmedabad 380 009 Phone: +91 79 26599000 Fax: +91 79 26582100
vi)	Whether listed company Yes / No	: Yes
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	: Karvy Computershare Private Limited Unit : Torrent Pharmaceuticals Limited Karvy Selenium Tower-B, Plot No. 31 & 32, Financial District, Gachibowli, Hyderabad 500 032 Phone: +91 40 67162222 Fax: +91 40 23001153

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY :

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sr. No.	Name and Description of main products / services	NIC Code of the product / service	% to total turnover of the Company
1	Pharmaceutical Products	21002	100.00%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sr. No.	Name and Address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
1	Torrent Private Limited, Torrent House, Off Ashram Road, Ahmedabad - 380 009, Gujarat, India.	U67120G-J1985PTC007573	Holding	71.25%	Section 2(46)
2	Heumann Pharma GmbH & Co. Generica KG, Germany Südwestpark 50, 90449 Nürnberg, Germany.	NA	Subsidiary	100%	Section 2(87)
3	Zao Torrent Pharma, Russia, 117418, Moscow, Russia 61, Novocheremyshkinskaya, Russian Fed.	NA	Subsidiary	100%	Section 2(87)
4	Torrent Do Brasil Ltda, Av. Doctor Chucri Zaidan 1240; Morumbi Corporate Towers - Golden Tower - 24th Floor, Santo Amaro, Sao Paulo - SP 04711 - 130, Brazil.	NA	Subsidiary	100%	Section 2(87)
5	Torrent Pharma GmbH, Germany, Südwestpark 50, 90449 Nürnberg, Germany.	NA	Subsidiary	100%	Section 2(87)
6	Torrent Pharma Inc., USA, `150 Allen Road, Suite 102 Basking Ridge, NJ, 07920.	NA	Subsidiary	100%	Section 2(87)
7	Torrent Pharma Philippines Inc., Philippines, Unit 3&4, 34th Floor, Zuellig Building, Makati Ave, Cor Paseo De Roxas, Makati City 1225, Phillippines.	NA	Subsidiary	100%	Section 2(87)
8	Laboratorios Torrent, S.A. de C.V., Mexico, AV Insurgentes Sur No. 2453, Piso 8, Oficina 805, Col. Tizapan C.P. 01090, Ciuded de Mexico.	NA	Subsidiary	100%	Section 2(87)

Sr. No.	Name and Address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
9	Torrent Australasia Pty. Ltd, Australia, Coleman and Greig, Level 9, 100 George Street, Parramatta, NSW – 2190, Australia.	NA	Subsidiary	100%	Section 2(87)
10	Heunet Pharma GmbH, Germany, Südwestpark 50, 90449 Nürnberg, Germany.	NA	Subsidiary	100%	Section 2(87)
11	Norispharm GmbH, Germany, Südwestpark 50, 90449 Nürnberg, Germany.	NA	Subsidiary	100%	Section 2(87)
12	Torrent Pharma (Thailand) Co. Ltd., Thailand 4th Floor, 1031/13, Phaholyothin Road, Kwaeng Samsen Nai, Khet Phayathai, Bangkok 10400.	NA	Subsidiary	100%	Section 2(87)
13	Torrent Pharma (UK) Ltd.,UK, Unit 4 Charlwood Court, Merlin Centre, County Oak Way, Crawley, West Sussex RH11 7XA, UK.	NA	Subsidiary	100%	Section 2(87)
14	Torrent Pharma S.R.L., Romania Romania, Bucharest, 1st District, 36, Stirbei Voda Street, 2nd Floor, Office A, ZIP Code 010113.	NA	Subsidiary	100%	Section 2(87)
15	Laboratories Torrent Malaysia Sdn. Bhd., Malaysia, E-08-08, Plaza Mont Kiara, No. 2 Jalan Kiara, Mont Kiara, 50480 Kuala Lumpur.	NA	Subsidiary	100%	Section 2(87)
16	Torrent Pharma France, France 15 Rue Taitbout 75009 Paris.	NA	Subsidiary	100%	Section 2(87)
17	Aptil Pharma Limited, UK Unit 4 Charlwood Court, Merlin Centre, County Oak Way, Crawley, West Sussex RH11 7XA, UK.	NA	Subsidiary	100%	Section 2(87)
18	Bio Pharma Inc., 2091 Hartel Street, Levittown, PA 19057, USA	NA	Subsidiary	100%	Section 2(87)
19	Tornascent Care Institute (Section 8 company) "Samanvay", 600, Tapovan, Ambawadi, Ahmedabad - 380015, Gujarat, India.	U85100GJ2015N-PL082291	Associate	50%	Section 2(6)
20	UNM Foundation (Section 8 company) "Samanvay", 600, Tapovan, Ambawadi, Ahmedabad - 380015, Gujarat, India.	U85110GJ2015N-PL083340	Associate	50%	Section 2(6)

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity) :

i) Category-wise Shareholding

Category of Shareholder	No. of the shares held at the beginning of the year 01/04/2017				No. of shares held at the end of the year 31/03/2018				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
PROMOTER AND PROMOTER GROUP									
INDIAN									
Individual / HUF	900	0	900	0.00	900	0	900	0.00	0.00
Central Government / State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
Bodies Corporate	120563720	0	120563720	71.25	120563720	0	120563720	71.25	0.00
Financial Institutions / Banks	0	0	0	0.00	0	0	0	0.00	0.00
Others	0	0	0	0.00	0	0	0	0.00	0.00
Sub - Total A(1) :	**120564620**	**0**	**120564620**	**71.25**	**120564620**	**0**	**120564620**	**71.25**	**0.00**

Category of Shareholder	No. of the shares held at the beginning of the year 01/04/2017				No. of shares held at the end of the year 31/03/2018				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
FOREIGN									
Individuals (NRIs / Foreign Individuals)	100	0	100	0.00	100	0	100	0.00	0.00
Other - Individuals	0	0	0	0.00	0	0	0	0.00	0.00
Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
Financial Institutions / Banks	0	0	0	0.00	0	0	0	0.00	0.00
Any other	0	0	0	0.00	0	0	0	0.00	0.00
Sub-Total A(2) :	**100**	**0**	**100**	**0.00**	**100**	**0**	**100**	**0.00**	**0.00**
Total A=A(1)+A(2)	**120564720**	**0**	**120564720**	**71.25**	**120564720**	**0**	**120564720**	**71.25**	**0.00**
PUBLIC SHAREHOLDING									
INSTITUTIONS									
Mutual Funds / UTI	12876991	800	12877791	7.61	16638979	400	16639379	9.83	2.22
Financial Institutions / Banks / AIFs / NBFC	516743	0	516743	0.31	642297	0	642297	0.38	0.07
Central Government / State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
Insurance Companies	36763	0	36763	0.02	36763	0	36763	0.02	0.00
Foreign Institutional Investors	16361534	0	16361534	9.67	14217603	0	14217603	8.40	(1.27)
Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00	0.00
Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
Others	0	0	0	0.00	0	0	0	0.00	0.00
Sub -Total B(1) :	**29792031**	**800**	**29792831**	**17.61**	**31535642**	**400**	**31536042**	**18.64**	**1.03**
NON-INSTITUTIONS									
Bodies Corporate	4440235	9560	4449795	2.63	4312602	9120	4321722	2.55	(0.08)
Individuals									
(i) Individuals holding nominal share capital upto ₹ 1 lac	7284704	821464	8106168	4.79	5880682	739310	6619992	3.91	(0.88)
(ii) Individuals holding nominal share capital in excess of ₹ 1 lac	2227452	0	2227452	1.32	2248492	0	2248492	1.33	0.01
Others									
CLEARING MEMBERS	181753	0	181753	0.11	139208	0	139208	0.08	(0.03)
DIRECTORS AND THEIR RELATIVES	3129162	0	3129162	1.85	3123162	0	3123162	1.85	0.00
HUF	247400	0	247400	0.15	204122	0	204122	0.12	(0.03)
IEPF	0	0	0	0.00	50903	0	50903	0.03	0.03
NON RESIDENT INDIANS (including NRI (Non Repatriation)	511592	0	511592	0.30	412702	0	412702	0.24	(0.06)
TRUSTS	11847	0	11847	0.01	1655	0	1655	0.00	(0.01)
Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
Sub-Total B(2) :	**18034145**	**831024**	**18865169**	**11.15**	**16373528**	**748430**	**17121958**	**10.12**	**(1.03)**
Total B = B(1)+B(2) :	**47826176**	**831824**	**48658000**	**28.75**	**47909170**	**748830**	**48658000**	**28.75**	**0.00**
Total (A+B) :	**168390896**	**831824**	**169222720**	**100.00**	**168473890**	**748830**	**169222720**	**100.00**	**0.00**
Shares held by custodians, for ADRs and GDRs	0	0	0	0.00	0	0	0	0.00	0.00
Total (C) :	**0**	**0**	**0**	**0.00**	**0**	**0**	**0**	**0.00**	**0.00**
GRAND TOTAL (A+B+C) :	**168390896**	**831824**	**169222720**	**100.00**	**168473890**	**748830**	**169222720**	**100.00**	**0.00**

(ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year 01/04/2017			Share holding at the end of the year 31/03/2018			% change in share holding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1	Samir U Mehta	100	0.00	0.00	100	0.00	0.00	0.00
2	Sudhir U Mehta	100	0.00	0.00	100	0.00	0.00	0.00
3	Sapna S Mehta	100	0.00	0.00	100	0.00	0.00	0.00
4	Anita S Mehta	100	0.00	0.00	100	0.00	0.00	0.00
5	Varun S Mehta	100	0.00	0.00	100	0.00	0.00	0.00
6	Samir Uttamlal Mehta (HUF)	100	0.00	0.00	100	0.00	0.00	0.00
7	Jinal S Mehta	100	0.00	0.00	100	0.00	0.00	0.00
8	Sudhir Uttamlal Mehta (HUF)	100	0.00	0.00	100	0.00	0.00	0.00
9	Aman Mehta	100	0.00	0.00	100	0.00	0.00	0.00
10	Shaan Mehta	100	0.00	0.00	100	0.00	0.00	0.00
11	Torrent Private Ltd.	120563720	71.25	0.00	120563720	71.25	0.00	0.00
	Total	**120564720**	**71.25**	**0.00**	**120564720**	**71.25**	**0.00**	**0.00**

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sr. No.	Particulars	Shareholding at the beginning of the year 01/04/2017		Increase / Decrease in Shareholding during the year		Cumulative Shareholding during the year / Shareholding at the end of the year 31/03/2018	
		No. of shares	% of total shares of the Company	Date	No. of shares	No. of shares	% of total shares of the Company
1	Total Promoters Shareholding	120564720	71.25	---	0.00	120564720	71.25

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year 01/04/2017		Increase / Decrease in Shareholding during the year*		Cumulative Shareholding during the year		Shareholding at the end of the year 31/03/2018	
		No. of shares	% of total shares of the Company	Date	No. of shares	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	HDFC Trustee Company Ltd - A/c HDFC MID - Cap Opportunities Fund	2256900	1.33	05-05-2017	50000	2306900	1.36	2777900	1.64
				02-03-2018	16000	2322900	1.37		
				09-03-2018	455000	2777900	1.64		
2	HDFC Standard Life Insurance Company Limited	1298329	0.77	07-04-2017	1350	1299679	0.77	1673859	0.99
				14-04-2017	(1549)	1298130	0.77		
				21-04-2017	13638	1311768	0.78		
				28-04-2017	10142	1321910	0.78		
				05-05-2017	24999	1346909	0.80		
				12-05-2017	25151	1372060	0.81		
				19-05-2017	(300)	1371760	0.81		
				26-05-2017	25000	1396760	0.83		
				02-06-2017	(80)	1396680	0.83		
				09-06-2017	(3418)	1393262	0.82		
				23-06-2017	3845	1397107	0.83		

Sr. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year 01/04/2017		Increase / Decrease in Shareholding during the year*		Cumulative Shareholding during the year		Shareholding at the end of the year 31/03/2018	
		No. of shares	% of total shares of the Company	Date	No. of shares	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
				30-06-2017	5379	1402486	0.83		
				14-07-2017	(39)	1402447	0.83		
				21-07-2017	(500)	1401947	0.83		
				04-08-2017	(29224)	1372723	0.81		
				11-08-2017	(24601)	1348122	0.80		
				25-08-2017	1500	1349622	0.80		
				01-09-2017	(150)	1349472	0.80		
				08-09-2017	69801	1419273	0.84		
				15-09-2017	19350	1438623	0.85		
				29-09-2017	(319)	1438304	0.85		
				06-10-2017	25000	1463304	0.86		
				13-10-2017	(2181)	1461123	0.86		
				20-10-2017	50	1461173	0.86		
				26-10-2017	(23)	1461150	0.86		
				03-11-2017	(540)	1460610	0.86		
				10-11-2017	(200)	1460410	0.86		
				17-11-2017	4745	1465155	0.87		
				01-12-2017	(20)	1465135	0.87		
				08-12-2017	10499	1475634	0.87		
				22-12-2017	9633	1485267	0.88		
				29-12-2017	14581	1499848	0.89		
				05-01-2018	24750	1524598	0.90		
				19-01-2018	(100)	1524498	0.90		
				26-01-2018	(170)	1524328	0.90		
				09-02-2018	25000	1549328	0.92		
				16-02-2018	(2371)	1546957	0.91		
				23-02-2018	45603	1592560	0.94		
				28-02-2018	28940	1621500	0.96		
				09-03-2018	2371	1623871	0.96		
				16-03-2018	25000	1648871	0.97		
				23-03-2018	24988	1673859	0.99		
3	T Rowe Price International Discovery Fund	0	0.00	17-11-2017	237612	237612	0.14	1353648	0.80
				24-11-2017	161290	398902	0.24		
				01-12-2017	101931	500833	0.30		
				08-12-2017	265184	766017	0.45		
				15-12-2017	587631	1353648	0.80		
4	Franklin Templeton Mutual Fund A/c Franklin India Prima Plus	1230062	0.73	19-05-2017	2984	1233046	0.73	1299664	0.77
				26-05-2017	16954	1250000	0.74		
				02-06-2017	110000	1360000	0.80		
				30-06-2017	27625	1387625	0.82		
				07-07-2017	12375	1400000	0.83		
				11-08-2017	20000	1420000	0.84		
				25-08-2017	20000	1440000	0.85		
				08-09-2017	10000	1450000	0.86		

Sr. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year 01/04/2017		Increase / Decrease in Shareholding during the year*		Cumulative Shareholding during the year		Shareholding at the end of the year 31/03/2018	
		No. of shares	% of total shares of the Company	Date	No. of shares	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
				29-09-2017	10000	1460000	0.86		
				10-11-2017	40000	1500000	0.89		
				09-03-2018	(200336)	1299664	0.77		
5	Lavender Investments Limited	2234120	1.32	10-11-2017	(612000)	1622120	0.96	1122120	0.66
				08-12-2017	(500000)	1122120	0.66		
6	Franklin Templeton Mutual Fund A/c Franklin India Prima Fund	724492	0.43	02-06-2017	100000	824492	0.49	867781	0.51
				14-07-2017	25000	849492	0.50		
				28-07-2017	20000	869492	0.51		
				18-08-2017	(21711)	847781	0.50		
				25-08-2017	20000	867781	0.51		
7	Mirae Asset Emerging Bluechip Fund	548164	0.32	07-04-2017	5000	553164	0.33	853631	0.50
				02-06-2017	36000	589164	0.35		
				09-06-2017	32349	621513	0.37		
				16-06-2017	13000	634513	0.37		
				23-06-2017	5019	639532	0.38		
				07-07-2017	29000	668532	0.40		
				14-07-2017	37500	706032	0.42		
				04-08-2017	33667	739699	0.44		
				15-09-2017	21457	761156	0.45		
				10-11-2017	102273	863429	0.51		
				17-11-2017	17139	880568	0.52		
				08-12-2017	12691	893259	0.53		
				29-12-2017	18000	911259	0.54		
				05-01-2018	7000	918259	0.54		
				16-03-2018	(64628)	853631	0.50		
8	Aditya Birla Sun Life Trustee Private Limited	526619	0.31	16-06-2017	153000	679619	0.40	842519	0.50
				23-06-2017	87400	767019	0.45		
				30-06-2017	75500	842519	0.50		
9	Vanguard Emerging Markets Stock Index Fund, Aseries of Vanguard International Equity Inde X Fund	661101	0.39	07-04-2017	8827	669928	0.40	714854	0.42
				28-04-2017	800	670728	0.40		
				05-05-2017	6400	677128	0.40		
				12-05-2017	2000	679128	0.40		
				19-05-2017	4320	683448	0.40		
				02-06-2017	1760	685208	0.40		
				07-07-2017	2800	688008	0.41		
				14-07-2017	2000	690008	0.41		
				04-08-2017	1760	691768	0.41		
				11-08-2017	2320	694088	0.41		
				01-09-2017	2880	696968	0.41		
				08-09-2017	4080	701048	0.41		
				15-09-2017	3680	704728	0.42		
				06-10-2017	2400	707128	0.42		
				13-10-2017	2480	709608	0.42		
				20-10-2017	1840	711448	0.42		

Sr. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year 01/04/2017		Increase / Decrease in Shareholding during the year*		Cumulative Shareholding during the year		Shareholding at the end of the year 31/03/2018	
		No. of shares	% of total shares of the Company	Date	No. of shares	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
				27-10-2017	1680	713128	0.42		
				22-12-2017	(988)	712140	0.42		
				26-01-2018	3572	715712	0.42		
				02-02-2018	3192	718904	0.42		
				23-03-2018	(4050)	714854	0.42		
10	UTI - Equity Fund	739809	0.44	09-06-2017	15000	754809	0.45	679809	0.40
				28-07-2017	(20000)	734809	0.43		
				26-01-2018	(55000)	679809	0.40		

* Change in shareholding is due to transfer of shares by way of sale / purchase

(V) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year 01/04/2017		Increase / (Decrease) in Shareholding during the year		Cumulative Shareholding during / at the end of the year 31/03/2018	
		No. of shares	% of total shares of the Company	Date	No. of shares	No. of shares	% of total shares of the Company
	At the beginning of the year						
	DIRECTORS:						
	Shri Sudhir Mehta*	200	0.00	-	0	200	0.00
	Shri Samir Mehta**	200	0.00	-	0	200	0.00
	Shri Shailesh Haribhakti	6000	0.00	-	0	0	0.00
	Dr. Chaitanya Dutt$	800	0.00	-	0	800	0.00
	KMP:						
	Shri Ashok Modi, Chief Financial Officer^	960	0.00	-	0	960	0.00
	Shri Mahesh Agrawal, Company Secretary	10	0.00	-	0	10	0.00

* Including 100 shares in the name of Sudhir Mehta (HUF)

** Including 100 shares in the name of Samir Mehta (HUF)

$ 400 shares held jointly along with Smt. Shobha Dutt & Shri Uttang Dutt and 400 shares held jointly along with Smt. Shobha Dutt and Shri Umang Dutt

^ 160 shares held jointly with Smt. Neelam Modi

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding / accrued but not due for payment

(₹ in crores)

	Secured Loans excluding deposits	Unsecured loans	Deposits	Total Indebtedness
Indebtedness at the begining of the financial year				
(i) Principal Amount	2,431.88	13.75	**Nil**	2,445.63
(ii) Interest due but not paid	0.00	0.00		0.00
(iii) Interest accrued but not due	61.24	0.36		61.60
Total (i+ii+iii)	**2,493.12**	**14.11**		**2,507.23**
Change in Indebtedness during the financial year				
- Addition	3,116.81	790.20		3,907.00
- Reduction	503.42	4.66		508.08
Net Change	**2,613.39**	**785.54**		**3,398.92**
Indebtedness at the end of the financial year				
(i) Principal Amount	5,045.27	799.29		5,844.56
(ii) Interest due but not paid	0.00	0.00		0.00
(iii) Interest accrued but not due	77.35	18.46		95.81
Total (i+ii+iii)	**5,122.62**	**817.75**		**5,940.37**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and / or Manager:

(₹ in lacs)

Sr. No.	Particulars of Remuneration	Name of MD / WTD / Manager		Total Amount
		Shri Samir Mehta	Dr. Chaitanya Dutt	
1	Gross Salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	0.00	571.20	571.20
	(b) Value of perquisites under Section 17(2) Income-tax Act, 1961$	0.40	0.40	0.80
	(c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	0.00	0.00	0.00
2	Stock Option	0.00	0.00	0.00
3	Sweat Equity	0.00	0.00	0.00
4	Commission			
	- as % of profit			
	- others specify (Note - 1)	1500.00	0.00	1500.00
5	Others, please specify			
	Provident Fund	0.00	42.84	42.84
	Superannuation	0.00	0.00	0.00
	Total (A)	1500.40	614.44	2114.84
	Ceiling as per the Act (5% of the Net Profit)	2885.03	2885.03	
	Cumulative Ceiling as per the Act (10% of the Net Profit)	5770.06		

$ Does not include premium for group personal accident and group mediclaim policy

Note - 1: As recommended by Nomination and Remuneration Committee and decided by the Board of Directors

B. **Remuneration to other Directors:**

(₹ in lacs)

Sr. No.	Particulars of Remuneration	Name of Directors							Total Amount
		Shri Shailesh Haribhakti	Shri Haigreve Khaitan	Shri Pradeep Bhargava	Smt Renu Challu	Prof. Ashish Nanda	Shri Sudhir Mehta	Shri Markand Bhatt	
	Independent Directors								
1	- Fee for attending Board / Committee meetings	18.00	14.00	17.00	19.00	2.00	0.00	0.00	70.00
2	- Commission	18.00	14.00	21.00	18.00	3.00	0.00	0.00	74.00
	Total (1)	36.00	28.00	38.00	37.00	5.00	0.00	0.00	144.00
	Other Non-Executive Directors								
	- Fee for attending Board / Committee meetings								
2	- Commission	0.00	0.00	0.00	0.00	0.00	500.00	0.00	500.00
	- Others, please specify	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Total (2)	0.00	0.00	0.00	0.00	0.00	500.00	0.00	500.00
	Total (B)=(1+2)	36.00	28.00	38.00	37.00	5.00	500.00	0.00	644.00
	Total Managerial Remuneration	2758.84							
	Overall Ceiling as per the Act (11% of the Net Profit, excluding sitting fees)	6347.07							

C. **Remuneration to Key Managerial Personnel other than MD / MANAGER / WTD**

(₹ in lacs)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		
		Shri Ashok Modi, CFO	Shri Mahesh Agrawal, CS	Total
1	Gross Salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	381.85	83.88	465.73
	(b) Value of perquisites under Section 17(2) Income-tax Act, 1961	0.29	0.44	0.73
	(c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	0.00	0.00	0.00
2	Stock Option	0.00	0.00	0.00
3	Sweat Equity	0.00	0.00	0.00
4	Commission			
	- as % of profit	0.00	0.00	0.00
	- others specify (Note - 1)	131.00	20.00	151.00
5	Others, please specify			
	- Provident Fund	31.95	6.98	38.93
	- Superannuation	1.50	1.50	3.00
	Total	**546.59**	**112.80**	**659.39**

Note - 1: As recommended by Nomination and Remuneration Committee and decided by the Board of Directors

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

There were no penalties / punishment / compounding of offences under any sections of the Companies Act, 2013 against the Company or its Directors or other Officers in default, if any, during the year.

PARTICULARS REQUIRED UNDER THE RULE 8(2) OF THE COMPANIES (ACCOUNTS OF COMPANIES) RULES, 2014

A. CONSERVATION OF ENERGY

a) **Steps taken or impact on conservation of energy**

- Power factor maintained nearer to Unity at Indrad Plant and received annual rebate of ₹ 55 lacs from UGVCL.
- Control and maintain Unity Power factor for Power distribution & night time rebate at Dahej Plant. Received annual rebate of ₹ 34 lacs.
- Use of Clean fuel - Natural Gas in place of Light Diesel Oil (LDO) fuel for Boiler resulting into cost saving of ₹ 51 lacs at Dahej.
- One High efficient cooling tower installed in place of three cooling towers for reduction in specific power consumption of chillier plant.
- Energy efficient chiller unit with auto tube cleaning system has been put in operation.

b) **Steps taken by the Company for utilizing alternate source of energy**

- 1 MW solar roof top plant put in operation in March - 2018, which will reduce power consumption @ 15 lacs unit per year. The expected savings of ₹ 1.20 crores per annum.
- 50 KWH solar roof top plant initiated for R&D Centre which is expected to be in operation in FY 2018-19.

c) **The capital investment on energy conservation equipment's**

- Indrad plant - New centrifugal compressor with Heat Recovery Unit - 2400 CFM is proposed in place of existing screw air compressor. New air compressor shall be commissioned by Dec - 2018. Annual saving will be @ ₹ 1.20 crores with investment of ₹ 1.70 crores.

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), development of new processes for known Active Pharmaceutical Ingredients (APIs) and development of value - added & differentiated formulations by leveraging our proprietary technologies for which patents have been filed.

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

   - During the year, the Company received 6 ANDAs approvals and till date have filed 107 ANDAs and 37 DMFs in US and 70 new products Dossiers & 27 DMFs submitted in the EU.
   - 1006 patents have been filed for NDDS technology and drug discovery projects and innovative processes of API & formulations for various geographies and 407 patents have been granted so far.
   - A New Discovery program, in therapeutic area of Psoriasis has been initiated. Another program in Atopic dermatitis has progressed to early pre-clinical stage and a program in COPD has progressed to late pre-clinical phase.
   - An Inflammatory Bowel Disease program has advanced to early clinical phase and the Company plans to initiate advance clinical trials with two programs one each in cardiovascular risk reduction and heart failure.

3. **Future plan of action**

   1. R&D has been working towards developing several value added and differentiated formulations through utilization of several proprietary technologies for developing long acting injectable, nasal sprays and foams which improves efficacy and therapeutic outcomes.

   2. The Development team is focusing on development of cost effective, sustainable and eco-friendly routes by utilizing Green Chemistry and Engineering for APIs. Furthermore, the Company is also investing in containment facilities for High-Potent APIs.

   3. The Company has initiated investment in the areas of Oncology, Dermatology, Ophthalmic, and Bio-similars. The Company is planning to invest approx 8% of sales in R&D activities in order to develop diversified dosage forms with high level of complexity.

4. **Expenditure on R&D**

Particulars	**2017-18** (₹ in crores)
Total R&D expenditure including Capital expenses	369.32
Total R&D expenditure as a percentage of turnover	8.92%

Technology absorption, adaptation and innovation

1. **Efforts made towards technology absorption:**

   The Company has developed certain technologies in-house in relation to development of Pharmaceutical Formulations, which resulted into development of new formulations for existing and new active drug substances. The Company has developed new processes / products for both local and international markets. Some of the new tools procured have already been implemented in the current operations. For e.g. Process Analytical Tools for measuring droplet size has been implemented for characterizing spray pattern in Fluid bed processors, Pan Coaters as well as for performing quality checks for actuators used in Nasal sprays.

2. **Benefits derived like product improvement, cost reduction, product development or import substitution:**

   The equipment's that have been introduced have helped us to develop robust quality products for e.g. the implementation of Process Analysis Techniques (PAT) tools has helped us build robust processes that helps us to reduce the number of trials and the time taken to complete the development process and the data generated is scalable up to commercial level.

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

Technology Imported	**Year of Import**	**Whether fully absorbed**
Laser based Tablet drilling machine This machine will deliver high quality drilling attributes leading to improved success of dissolution and bio-equivalence studies. The machine uses "on-the-fly" tracking of the tablets which results in better aperture quality over the range of aperture sizes. *Under process of absorption as received during last quarter of FY 2017-18	2017-18	No*
Mespack Sachet Pack Machine A fully automated machine equipped with vacuum transfer system, online camera system, printer and nitrogen purging facility for the oxygen sensitive products to fill powder, granules and pellets.	2017-18	Yes
Process Analytical Tool - Near Infra Red (PAT - NIR) PAT - NIR analyzer is used as real-time, blend monitoring system designed for measurement of dry powder blends to confirm blend uniformity. This technology has been implemented across all major manufacturing plants of the Company.	2017-18	Yes

Technology Imported	Year of Import	Whether fully absorbed
O'Hara Coater Latest model with some additional features more suitable for capability enhancement and better efficient as coating process time required for functional coating and drug coating shall be predominantly reduced	2017-18	Yes
Sterile powder filling / Sealing machine • The proposed machine is for the new injectable facility. It is required for precision filling and dosing of sterile powder into vials and cartridge. • It is required for filling of sterile powders between 2mg and 10g weight range into vials.	2017-18	Yes
Vial Filling Machine The proposed equipment is required for Vial filling at general Injectable facility and to avoid filling variability during continuous filling process.	2017-18	Yes
Advance flow Reactor Advance flow reactor added advantage in exploring the reaction chemistry in continuous manner due to its high heat and mass transfer efficiencies and low back mixing. This technology helps in handling of unstable intermediates and hazardous reagents in an inherently safer manner.	2017-18	Yes
Centrifugal extractor This technology utilized for separation of two liquid phases by consumption of lesser amount of solvent with faster separation rate in continuous mode compare to existing extraction process, which can enhance the productivity as well as safe operating condition.	2017-18	Yes
Agitated Thin Film Dryer (ATFD / ATFE) The thin film evaporator is used to concentrate, refine or recover a valued product through distillation or similar thermal separation processes. Due to its inherent design features, it is ideal for thermal treatment of viscous media and heat sensitive products where reduced operating temperature and vacuum are desired.	2017-18	Yes
High potent / Containment facility for APIs Objective of containment equipments are to prevent exposure of the operators to the drug as well as prevent the cross-contamination of other products during scientific research from potentially hazardous agents in the same facility. This facility is designed to handle potent APIs of OEB level 4 and 5.	2017-18	Yes
Compression Machine (Korsch Xm 12) New tablet compression machine with multilayer technology will lead to minimize the development time and get consistent batch result. This will minimize the process variables and scale up issues.	2017-18	Yes
Gastro Plus Software The software will help us in predicting the plasma concentration time of our test formulation and helping us in designing our formulation to be bio-equivalent with IFF. The chances of being non bio-equivalent will be minimized or erased. Reduced requirement of scale up trials will reduce the consumption of costly API, ingredients and overheads.	2017-18	Yes
Handheld Raman Analyzer Qualitative comparison of tablets with Innovator tablet and determination of coating thickness. Also, it is possible to do the Quantitative analysis of blends.	2017-18	Yes

Technology Imported	Year of Import	Whether fully absorbed
Ribbon Density Analyzer - Import It is used to measure the density of the material produced during compaction step / Roll compactor Operation.	2017-18	Yes
Jacketed reactor with homogenizer, vacuum and stirrer - Import Jacketed Glass Reactor with Dispersing & Mixing Element with Temperature controller shall be used for mixing, dispersing, wet milling, size reduction of particles / droplets in manufacturing of Injectable / Topical / Ophthalmic projects.	2017-18	Yes
Continuous Manufacturing System This is an Integrated Manufacturing System enabled to perform dispensing and mixing of raw materials, high and low shear granulation, drying, milling, compression and coating in a continuous manner with real time release through online Process Analytical Tools (PAT) for consistent product quality with improved productivity, operational flexibility and high degree of safety though self-containment.	2016-17	Yes
Tablet Processing Work Station This instrument performs fully automated sample preparation and analysis for the most common pharmaceutical tests in the development and quality functions. Assay workstations will increase laboratory productivity and analytical quality.	2016-17	Yes
Microniser with classifier This instrument is useful to handle processes such as wet grinding & dry grinding (size reduction), classifying and mixing for ultra-small scale batches.	2016-17	Yes
Micro Dissolution Profiler The Micro Dissolution Profiler used for solubility assessment and evaluates the various effects on solubility, intrinsic disc dissolution rate, dissolution profiles, super-saturation, precipitation profiles. The apparatus uses fibre optics, which enable direct concentration measurement of the compound in solution which avoids taking physical samples.	2016-17	Yes
Extruder & Spheroniser This technology is used for Pelletization process and requires less process time then routine Pelletization process and with the desired size and shaped spheres for further uniform functional coating.	2016-17	Yes
Online NIR analyzer for blending end point determination NIR analyzer is used as an on-line, real-time, blend monitoring system designed for measurement of dry powder blends to confirm blend uniformity.	2016-17	Yes
Insitu Particle Monitor This instrument is used for online particle and globule size monitoring of semi solid formulations like ointment, suspension, emulsion, etc. Automation and online monitoring will allow to get real time data without error which will give higher quality product within shorter duration of time viz. robust process development.	2016-17	Yes
Flash chromatography with Online Mass Spectrophotometer Used for fast and accurate separation of process impurities, diastereoisomers and purification of compounds along with the mass spectrum of all the compounds. The unique design of the system with TLC image reader and mass spectrometer allows for quick and versatile separation of the target compound.	2016-17	Yes
Sonocrystallization System The complete ultrasound system used for sonocrystallization, sonomilling and sonochemistry. The unique design of the ultrasound system with novel transducer based design and sonotrodes allows reproducible control of crystallizations and milling enabling selection of wide number of parameters like temperature etc.	2016-17	Yes

Technology Imported	Year of Import	Whether fully absorbed
Surface Dissolution Imaging This instrument provides the ability to look directly at the solid-liquid interface as the dissolution process is happening. Used to accelerate pre-formulations development, the SDI enables intrinsic dissolution rates to be obtained in a fraction of time compared with conventional dissolution systems.	2016-17	Yes
Mass Flow Meter Used to measure the throughput of fluid (gaseous or liquid phase) with high accuracy and fast response time. The unique design of the Coriolis sensor features unsurpassed performance, even with changing operating conditions in pressure, temperature, density, conductivity and viscosity.	2015-16	Yes
Pharmaceutical Analysis System This platform provides robust and easy-to-use characterization, integrating quantitative, qualitative and automated solutions for protein purity, charge isoform distribution and glycan analysis. It provides a comprehensive, automated and quantitative solution for the characterization and analysis of proteins.	2015-16	Yes
Differential Vaporsorption – DVS Used to screen prospective pharmaceutical active ingredients, excipients and drug formulations. This technique provides insights into characteristics such as polymorphism, amorphous / crystalline content, and thermal stability.	2015-16	Yes
Lumifuge Stability Analyser Used to evaluate stability (separation behavior and demixing phenomenon) and shelf life of emulsion and suspension projects and for development of stable suspension and emulsions, characterization, assessment of storage stability and shelf-life of dispersions.	2015-16	Yes
Ultra Performance Liquid Chromatography (UPLC) UPLC improves chromatographic resolution, speed and sensitivity by the use of fine particle chemistry which saves time, increase throughput and reduces solvent consumption.	2015-16	Yes
Thermogravimetric analysis (TGA) Used to study the solid-solid interaction in the formulation and APIs and helps to determine hydration and hygroscopicity.	2015-16	Yes
Powder Flow Meter Used to measure powder rheology / Flow properties identification for products.	2015-16	Yes

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

The Company used foreign exchange amounting to ₹ 359.99 crores and earned foreign exchange amounting to ₹ 1458.01 crores during the year ended 31st March, 2018 as compared to ₹ 530.41 crores and ₹ 2006.64 crores respectively for previous year.

For and on behalf of the Board

Samir Mehta
Executive Chairman

Ahmedabad
30th May, 2018

MANAGEMENT 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 Ltd. and its wholly owned subsidiaries and their businesses (jointly referred as Torrent or Company, hereinafter). Financial information presented in various sections of the Management Discussion and Analysis is classified under suitable heads, which may be different from the classification reported under the Consolidated Financial Statements. Some additional financial information is also included in this section, which may not be readily available from the Consolidated Financial Statements. Previous year's figures have been regrouped, wherever necessary, to make it comparable with the current year.

GLOBAL PHARMACEUTICALS MARKET

Global Economy:

Global economic growth in 2017 is estimated at 3.8% up from 3.2% in 2016 with a notable rebound in global trade. Growth in advanced economies increased from 1.7% in 2016 to 2.3% in 2017 and emerging economies increased from 4.4% in 2016 to 4.8% in 2017. Resurgent investment spending in advanced economies, continued strong growth in emerging Asia, a notable upswing in Europe and signs of recovery in several commodity exporters led to an upswing in global economic growth in 2017. In advanced economies, stronger gross fixed capital formation, an acceleration in stock building along with accommodative monetary policy and an improved outlook contributed to the pickup in investment and revival of demand for capital goods. In emerging market and developing economies, growth came primarily from acceleration in private consumption and an end to the investment contractions in commodity exporting countries. Amongst these, growth in China and India was supported by resurgent net exports and strong private consumption respectively, whereas improved commodity exports and easing of monetary policy were key drivers of the growth in Russia and Brazil. Increase in commodity prices was driven primarily by oil and natural gas prices apart from metals and agriculture commodity prices which also rose, although less rapidly than energy prices. Core inflation i.e. inflation rates excluding fuel and food prices, in most advanced economies remains below target but appears to be edging up in response to stronger demand. In many emerging market and developing economies, recent currency stability or appreciations against the US dollar have helped to keep a cap on core inflation. Global growth is projected to further strengthen to 3.9% in 2018 and 2019. This short term growth is anticipated in advanced economies by positive macroeconomic effects of the December 2017 US tax reform and stronger prospects in euro market countries and in emerging market and developing economies by improved prospects for commodity exporters, stronger private consumption and investment and nation-wide implementation of the goods and service tax in India[1].

Global Pharma Market:

Life sciences sector operates around the issues relating to cost and pricing, clinical and operational innovation, customer and consumer engagement and regulatory compliance and it is expected to have sales growth due to favorable demographic trends and significant unmet medical needs. The global pharmaceutical sales grew by around 3% in the year 2017 compared to the year 2016 and key growth drivers continue to be shift towards use of generic medicines accompanied by patent expiries mainly in the regulated market and higher growth in Pharmerging markets. During 2017, share of United States, Europe and Emerging markets in global pharmaceutical sales remained relatively static compared to 2016.

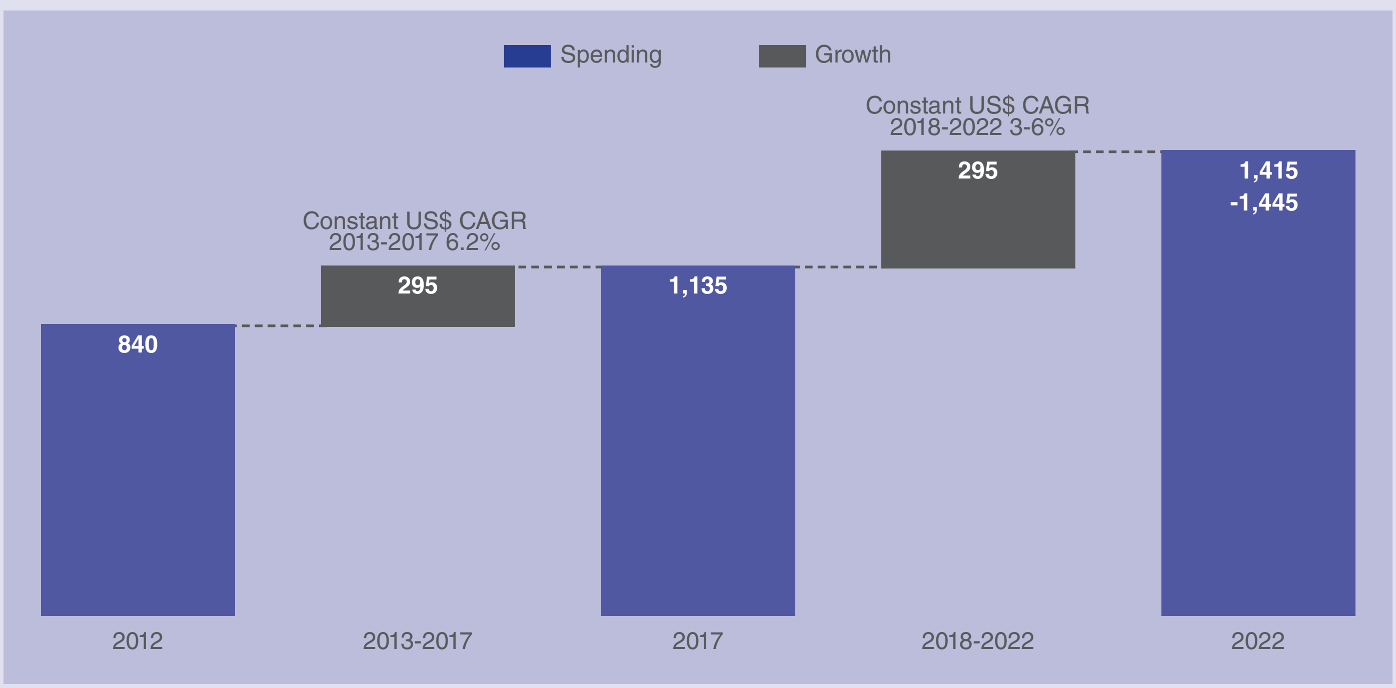
The largest pharmaceutical market, US is estimated to be approximately US$ 453 Bn in 2017 registering a growth of around 1.4% (compared to 5.8% in 2016). Lower price increases for the protected branded products, price erosion for generics along with lower growth from new product launches led to reduced growth rate in 2017. The market is expected to grow at a CAGR of 4 to 7% through 2022 due to launches of more innovative medicines, and be offset by slower price growth and the increasing impact of patent expiries[2].

The European market is estimated to be approximately US$ 154 Bn with a negligible growth of around 1% in 2017. Relatively weak economic growth in the region, budget concerns arising from adopting and paying for innovative medicines and mechanisms to control healthcare spending will lead to a slower CAGR of around 1 to 4% through 2022.

The Pharmerging markets mainly led by China, Brazil, India and Russia are estimated to be US$ 270 Bn and expected to grow slow at a CAGR of 6 to 9% through 2022, as compared to CAGR of around 10% of last five years. Slower growth is mainly due to reason that China, the largest Pharmerging market slows to 5 to 8% growth from an average of 9% in last five years. Medicine spending in these countries being predominantly out of pocket for consumers, spending growth can be tied up to their economic growth. Slowing macroeconomic growth along with delay in healthcare access expansion programs is impacting medicine usage in pharmerging markets. These markets will be primarily driven by volume changes and the use of generics. Volume usage growth is projected to slow to 3% from 2017-2022 compared to 4% from 2012-2017.

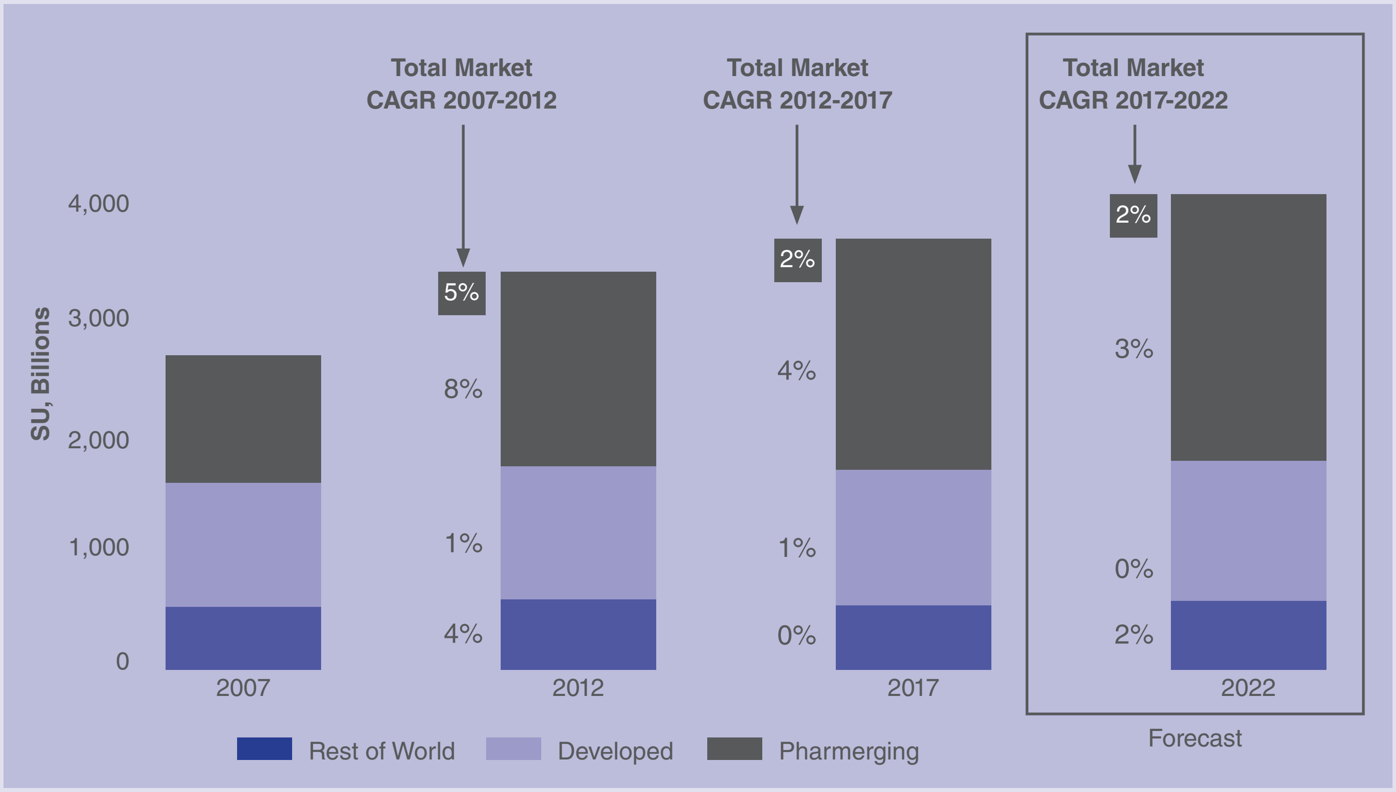
The global spending on medicines is forecasted to reach close to US$ 1.4 trillion by 2022, an increase of about 26% over the 2017 level, growing at 3 to 6% slower than 6.2% growth over prior five years. Developed market spending growth will be driven by original brands and innovation in specialty medicines while Pharmerging markets will continue to be driven by off patent generic products. Innovation in specialty medicines in developed markets will continue lifting the share of global spending driven by the adoption of new breakthrough medicines. In 2017, specialty represented 39% of spending in developed markets which is expected to rise to 48% by 2022[3].

Global Spending and Growth, 2012-2022 US$Bn[4]

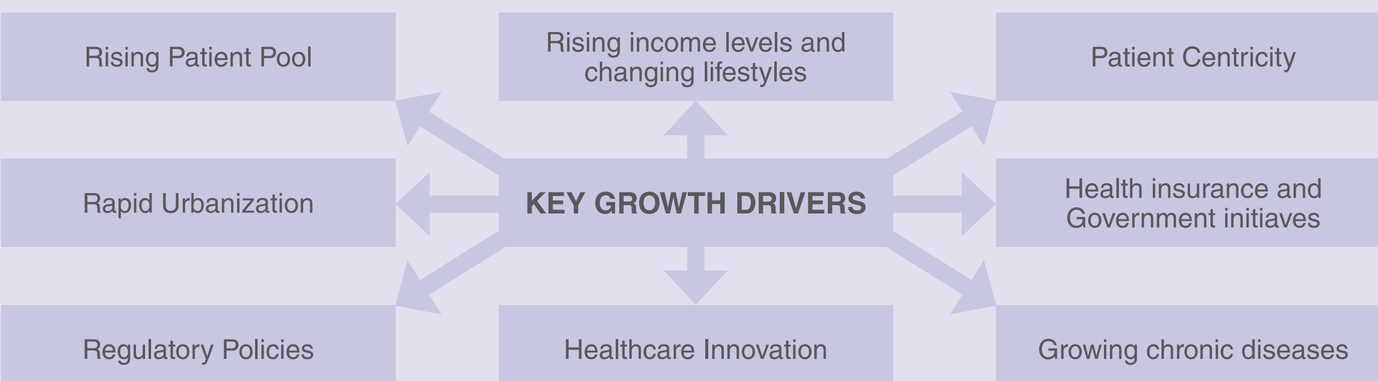


The volumes are projected to increase by 2% CAGR globally in the next five years compared to 5% from 2007-2012 and 2% from 2012-2017. The global volume is expected to be nearly 4.3 trillion doses of medicines (standard units) in 2022 with almost 2.4 trillion doses consumption from pharmerging countries, i.e more than half of the medicines used globally being consistent with the more than half of the world's population who live there[3].

Global Volume in Standard units, 2007-2022[3]



Growth Drivers:



Rising Patient pool: Globally the number of older people is growing faster than the number of people in younger age groups due to declining fertility and increasing longevity. The number of older people (representing aged 60 and older) is projected to increase from 13.3% in 2017 to 16.3% in 2030 and 21.4% in 2050. Global life expectancy is expected to improve from 71 years in 2010-2015 to 77 years in 2045-2050 due to declining infant mortality, enhanced living conditions, improved sanitation, better prevention of communicable diseases and growing access to medicines. These scenarios are expected to bolster healthcare spending[6].

Rising income levels and changing lifestyles: In emerging markets, increase in disposable income will result in rise of per capita spend on healthcare and simultaneous changes in lifestyles. This includes unhealthy eating habits, lack of exercise, stress which will lead to higher obesity, diabetes, poor digestion, cardiovascular diseases, hypertension, back and neck troubles and other ailments.

Patient Centricity: Since vast resource of information on drugs is available online, modern patients are far better informed about the medicines they are being prescribed than the previous generation. Enhanced knowledge and understanding amongst patients of their own health, wellbeing, needs and preferences will lead to effective health management. This patient-focused engagement amongst healthcare companies is expected to be a key constituent to leverage their growth.

Health insurance and Government initiatives: Penetration of health insurance is expected to surge with the government sponsored initiatives and programs. Increase in private sector insurance will also play an important role in affordability for higher cost.

Growing chronic diseases: Costly chronic care needs are growing and will exert a considerable demand on health systems. Chronic diseases such as hypertension, obesity, diabetes, cardiovascular diseases are widespread and persistent. There is a significant scope for increasing the accessibility and development pipeline for immune-oncology drugs. New drug delivery models, technology, advancements in precise detection and diagnoses of disease will have a key role to play to contain these costly long-term health problems.

Healthcare innovation: A new wave of innovation continues to replenish the product pipeline and will provide essential therapeutic advances for patients. On an average, 40-45 new active substances are forecasted to be launched per year from 2018 to 2022. In addition to novel medicines, there will be an ongoing flow of new mechanisms that will see their first human uses in areas such as genome-editing, microbiome as well as regenerative cell technologies that include stem cells harvested from one part of the body to use against a disease in another part.

Regulatory Policies: Regulatory agencies are defining approval process of such breakthrough therapies, which aid rapid drug availability to the target segment. The US FDA has increased its focus to further accelerate approval cycle of generics after having seen a significant improvement in the approval timelines under the Generic Drug User Fee Act (GDUFA).

Rapid Urbanization: It is estimated that by 2050 more than two-thirds of the world's population will live in cities. While the benefits of organized and efficient cities are well understood, rapid and unplanned urbanization invariably leads to unmanageable population densities, poverty of a growing under-class and the lack of infrastructure – which foster conditions for higher incidence of infections especially communicable and epidemiological diseases. That will create an increasing demand for anti-infective medicines and related prophylactics.

Global Medicine Spending Share and Growth by Region[4]

REGION	2017 SPENDING US$BN	2022 SPENDING US$BN	2018–2022 CAGR CONSTANT US$
Global	**1135.1**	**1,415-1,445**	**3-6%**
Developed	753.2	915-945	2-5%
Pharmerging	269.6	345-375	6-9%
Rest of World	112.3	125-155	2-5%

Note: Global growth in next five years will be driven mainly by volume-driven growth in pharmerging markets and in developed markets by specialty medicines offset by patent expiries.

Leading Therapy Areas Spending and Growth[5]

THERAPY AREAS	2017 CONST US$ SPENDING	2022 CONST US$ SPENDING	2017–2022 CONST US$ CAGR
Oncology	81.1	115-130	7-10%
Diabetes	72.2	105-115	8-11%
Pain	76.1	80-95	2-5%
Autoimmune	47.5	65-75	7-10%
Respiratory	38.5	40-50	2-5%
Antibiotics & Vaccines	38.3	40-48	1-4%
Cardiovascular	40.6	36-44	(-2)-1%
HIV	26.7	32-40	5-8%
Mental Health	36.1	32-38	(-2)-1%
Antivirals	23.8	16-20	(-7)-(-4%)
All Others	368.3	445-460	3-6%

Note: Innovations, more convenient formulations, combinations and delivery systems in Oncology, Autoimmune and Diabetes treatments will drive the growth through 2022.

To sum up, global pharmaceutical industry is at a juncture where it has to address certain inherent challenges to ride the wave of significant future opportunities. To cope with the ever-changing business regime, pharma companies attempt to establish superior variants such as portfolio enhancement, creation of more complex products, capability augmentation, entering new regions, targeting cost leadership and establishing lean structures.

Future of Generics:

In recent times, due to the patent expiry of leading drugs and the upcoming patent expiries there has been a growing focus on the generic drugs industry worldwide. Over the years, the global generic drugs industry has grown strongly partly due to the fact that the period for patent protection has grown shorter with major blockbuster drugs losing their patent protection. Furthermore, governments around the world have put in place many policies that are encouraging the growth of generic drug usage for chronic diseases and regulations have also established pricing systems to promote the development of the generic drugs sector. This trend along with creating huge opportunities for the generic medicines industry has also compelled them to have much broader numbers of development candidates, in order to push forward with refreshing product portfolios and maintaining revenue growth. Despite these challenges, the generic medicines industry has adapted its capabilities in formulation and delivery technology to open up new avenues of opportunity.

Global generic drug sales are expected to account for nearly USD 381 Bn by 2021, with a CAGR of around 10.8% between 2016 and 2021. In terms of value and volumes, generics now make up around 28% and 80% respectively, of drugs dispensed around the world and that percentage will continue to grow as more drugs lose patent protection. The market of the generic drugs consists of both branded generics and non-branded generics. Branded generic drugs are marketed under another company's brand name but they are bioequivalent to their generic counterparts. The global demand for non-branded generic drugs will continue to grow as governments, payers and consumers pursue avenues to reduce healthcare costs mainly in the developed economies. In emerging markets, branded generics will be the key drivers of growth for the overall generics market due to macroeconomic factors like rising per capita incomes, growing healthcare awareness, increasing medical insurance penetration and higher incidence of chronic ailments. Based on the therapeutic application, the market of generic drugs has been segmented as central nervous system, cardiovascular, dermatology, oncology, respiratory and others. Future development programs for the generic industry look positive, with significant opportunities across a wide range of therapies. Specialization and new technology will be required in certain areas to successfully deliver generic alternatives in the fields of oncology and hepatitis, but this is not a barrier for the industry.

US is currently dominating world's generic market. With 90% of prescriptions being dispensed in 2017 being generics, it currently represents a multi-billion dollar industry. The biggest catalysts of this industry being lower priced generics launched after patent expiries of branded drugs, rising ageing population, increasing prevalence of chronic diseases, continuous efforts by Government and health care service providers to control their healthcare expenditures, etc. are expected to fuel growth in coming years. Amongst emerging economies, China, India, Brazil and Russia are expected to exhibit a significant increase in generic volume growth.

Opportunities for generics remain strong and positive across the globe, with an increasing demand for affordable, safe, and effective medicines. Each region has specific needs and opportunities that will reflect the particular, and sometimes peculiar, requirements at a country level. The need to control costs remains a challenge for healthcare providers around the world. The availability of cost-effective, safe generic alternatives offers a tool that can be used to balance access to and affordability of many major therapies required to maintain a healthy population of patients across multiple disease areas.

Regulatory:

Pharmaceutical companies operate in one of the most regulated environments. Regulatory compliance applies at every stage of the product lifecycle, from pre-clinical research to market authorization and from market authorization to commercialization. To ensure that compliance is maintained at all times companies continuously update repository of regulatory requirements issued by each regulatory agency that's within the operational scope of the business, keep abreast of changes and quickly implement them and train the stakeholders to be aligned with applicable regulatory requirements including drug and device safety, counterfeit drugs, intellectual property protection, cybersecurity and corruption. Effective compliance management is becoming a source of competitive advantage amongst drug manufacturers. Global life science companies are increasing focus towards centralized regulatory operating model to integrate processes and information, better visibility, reduce duplication of regulatory software and cost reductions. Regulators need to re-align country specific regulatory frameworks to global standards enabling harmonization of standards to help companies drive efficiencies. “The 21st Century Cures Act” in the US which was signed into law in December 2016 is intended to address significant challenges within the life sciences industry such as reduction of barriers to research collaboration, patient-focused drug development, earlier identification of diseases through personalized medicine, modernization of clinical trials, elimination of regulatory uncertainty for the development of new medical applications and accelerate discovery of new cures.

Mergers & Acquisitions (M&A):

M & A activity is overall driven by strategy to improve competitiveness through access to innovative technologies, expand product pipelines and therapeutic expertise, generate cost saving synergies and reach both new patient populations and geographies. Numerous patent expirations, combined with increasing pricing pressures from governments and insurance companies have led to reduced revenues for many large pharmaceutical companies. For augmenting growth organically to enhance shareholder value is a challenge, leading to growth through acquisitions. Access to cheap financing of low interest rate to issue debt and potential tax savings are also important drivers. It is worth noting that rather than acquiring an early-stage company and take on the further development of unproven candidates, big companies form deals that include the option to acquire the target molecule if performance milestones are achieved.

Acquisitions of US-based companies dominated the M&A landscape in 2017. However, aggregate value of all M&A deals in life science sector signed in 2017 was US$ 175 Bn, a decline of 19% against 2016. This decline is partly a consequence of continuing political uncertainty, with potential acquirers waiting for US tax reforms to materialize before deciding on M&A strategy[7]. In December 2017, the US government passed legislation to reform the US tax code which is expected to drive the repatriation of offshore cash held by US companies. Opinions are conflicted as to the impact of US tax reform on deal making in the life sciences sector with some industry observers expecting spur in M & A activity as investors will encourage companies to utilize this cash for growth and others suggesting that companies may take a more conservative approach and channel repatriated cash towards share buybacks or dividends. Despite continued uncertainty, it appears that M&A activity in the pharmaceutical industry will remain reasonably strong and potentially increase.

PERFORMANCE SNAPSHOT

Torrent is one of the front-runners in the Indian pharmaceuticals industry having presence in Domestic as well as International markets. The Company has subsidiaries across the globe as under. The Company also has major commercial presence in Sri Lanka, Nepal and Myanmar.

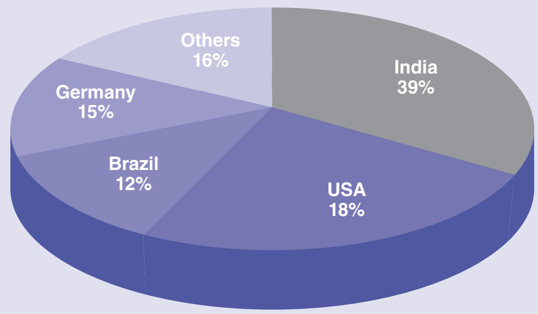
During the financial year 2017-18, the Company reported revenues of ₹ 6,002 crores, growth of 2% compared with ₹ 5,857 crores in the previous financial year. Previous period include exceptional revenues, primarily on account of the launch of a new product, which had limited competition.

The breakup of Revenues under key territories is as under:

Revenue (₹ in Crores)	2017-18		2016-17		Growth
	Amount	Share	Amount	Share	%
India	2,351	39%	1,976	34%	**19%**
USA	1,100	18%	1,346	23%	**-18%**
Germany	912	15%	811	14%	**12%**
Brazil	709	12%	700	12%	**1%**
Other countries	522	9%	478	8%	**9%**
CRAMs / Others	408	7%	545	9%	**-25%**
Total	**6,002**	**100%**	**5,857**	**100%**	**2%**

Torrent Pharma: Core Competencies

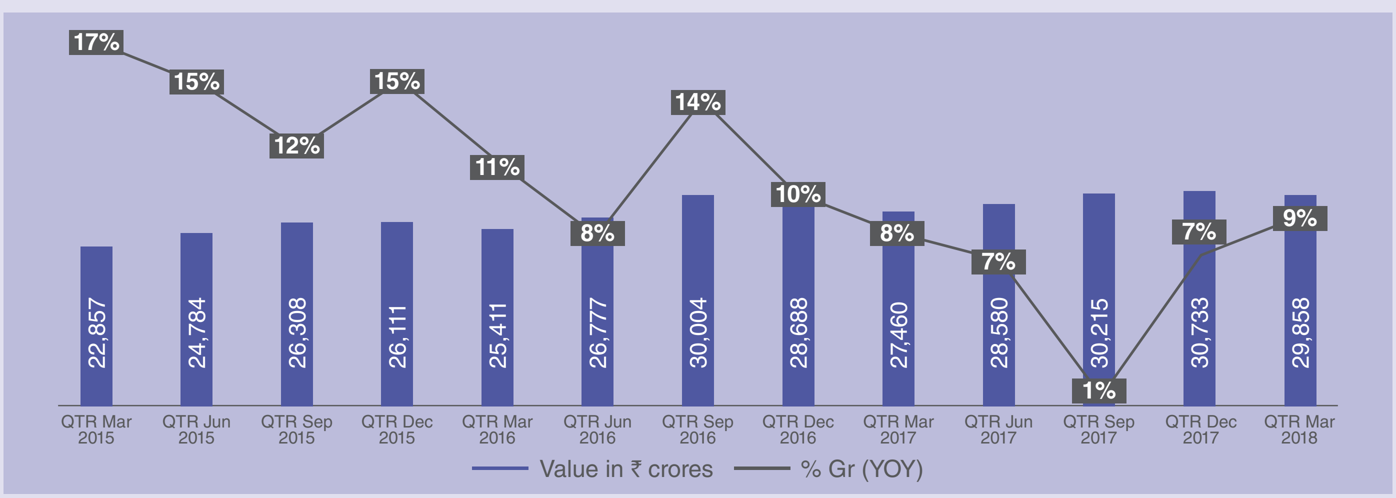
Torrent's major pharma markets are India, US, Germany and Brazil. The Company's strategic priorities in India and Brazil remains continuous focus on specialties, field force productivity and new product development. These markets remain a key priority for the Company and such markets offer higher visibility and sustainability to the business. In US and Germany, the Company focuses on strengthening new product pipeline through product innovation and developing complex products.



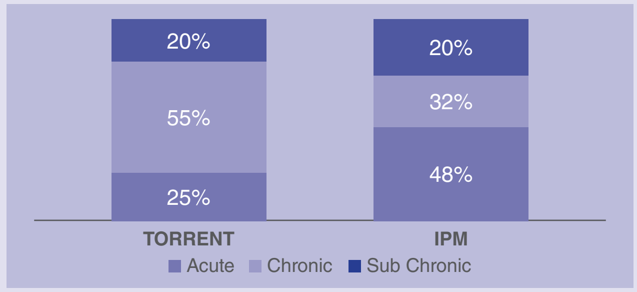
INDIA:

India is the largest provider of generic drugs globally with the Indian generics accounting for 20% of the global exports in terms of volume. Branded generics dominate the Indian pharmaceuticals market, constituting nearly 70 to 80% of the market. Of late, consolidation has become an important characteristic of the Indian Pharmaceutical Market (IPM) as the industry is highly fragmented. By 2022, India is likely to be the 9th largest market globally in absolute size. India enjoys an important position in the global pharmaceuticals sector[4].

The Indian pharmaceuticals market is valued at ₹ 1,19,386 crores in March 2018 MAT (Moving Annual Total) with growth of 6% over the same period last year. GST was implemented with effect from July 2017, which has impacted sales realization across pharma industry by 4-5% for FY 2017-2018 & resulted into single digit growth at overall IPM level. Market is projected to bounce back to double digit growth for FY 2018-2019 with normalization of GST impact. The key therapies for the IPM are chronic and sub-chronic segments like Cardiac, CNS, Gastro-intestinal, VMN, Anti-diabetic, Respiratory, Pain and Dermatology, which will continue to contribute in growth. There has been a consistent increase in the chronic therapy contribution[8].



The Company continues to focus on specialties, science and MR productivity for the India business. Consolidation across core specialties/therapies with focus on chronic/sub chronic segment remains the key business driver. Chronic / sub chronic therapy contributes 75% to the Company's portfolio compared to 52% contribution for the IPM.



The Company on 14th Dec, 2017 has completed the acquisition of branded business of Unichem Laboratories Limited for India and Nepal strengthening its position in key segments of Cardiology, Diabetology, Gastrointestinal and CNS therapies. The acquisition includes more than 120 brands including leading brand 'Losar' which is the 2nd largest anti-hypertensive brand in the IPM. The acquisition also facilitated the entry in fast growing OTC segment with the brand 'Unienzyme'. The Company is on track to achieve the synergy benefits from the acquired business integration; these synergies will be driven by a combination of revenue synergies, improvement in productivity, manufacturing rationalization & cost synergies. The Company is ranked 8th with 3.2% market share in the IPM & rank amongst the leaders in the therapeutic segments of Cardiovascular (CV), Central Nervous System (CNS) & Vitamin Minerals Nutrients (VMN) with significant presence in Gastro-intestinal, Diabetology and Pain management segments. The Company has more than 6000+ field force and wide distribution reach of 5000+ stockiest network and 23 C&Fs.

During the year, Company's thrust on building big brands was sustained. The Company's 18 brands are in top 500 brands of Indian pharmaceuticals market. Company has 15 brands with more than ₹ 50 crore sales including 7 brands with more than ₹ 100 crore sales.

The Company's growth in financial year 2017-18 has been better than IPM. Brands like Shelcal, Losar, Nexpro, Chymoral, Nebicard, Deplatt, Azulix, etc. have been contributing significantly to the India business sales and strengthening the Company's standing in therapies like Cardiology, Gastrointestinal, VMN and Diabetes. Regestrone, which was acquired from Novartis AG in May 2017, has registered growth of 22% compared to molecule growth of 8% for MAT Mar 18. Two of the new launches in the financial year 2017-18 viz. Shelcal XT and Pruvict have featured amongst the top 10 new launches in the IPM[8].

The Company fosters excellence through innovation supported by robust R&D capabilities. Significant resources are being allocated to strengthen the new product pipeline. The Company has a strong pipeline of molecules, which will further augment its growth in the next five years and provide competitive edge across the key therapeutic areas.

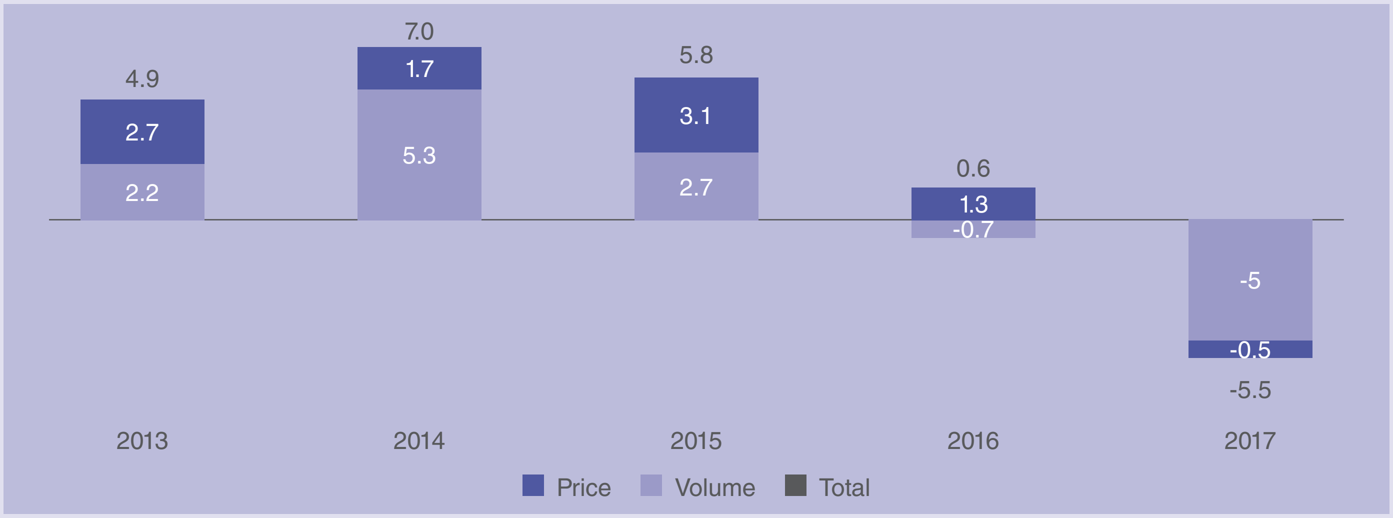
USA:

The US pharmaceutical market remains the world's largest market. US market growth in 2017 was at 1.4% compared to 5.8% in 2016. Spending growth slowed in 2017 due to lower price increases for protected branded products, price declines for generics and less growth from products despite a large increase in the number of new product launches. Biosimilars have begun to have an impact on usage and costs in the therapies where they are available. US spending on medicines could reach from $453 Bn in 2017 to $600 Bn by 2022, a 32% increase in spending over 2017 and a CAGR of 4 to 7%.

While medicine spending is rising, patient out-of-pocket costs for prescription drugs at pharmacies are expected to decline in next 5 years. This is driven by range of factors including that patients receive some form of copay assistance, declining out-of pocket cost due to greater generic availability.

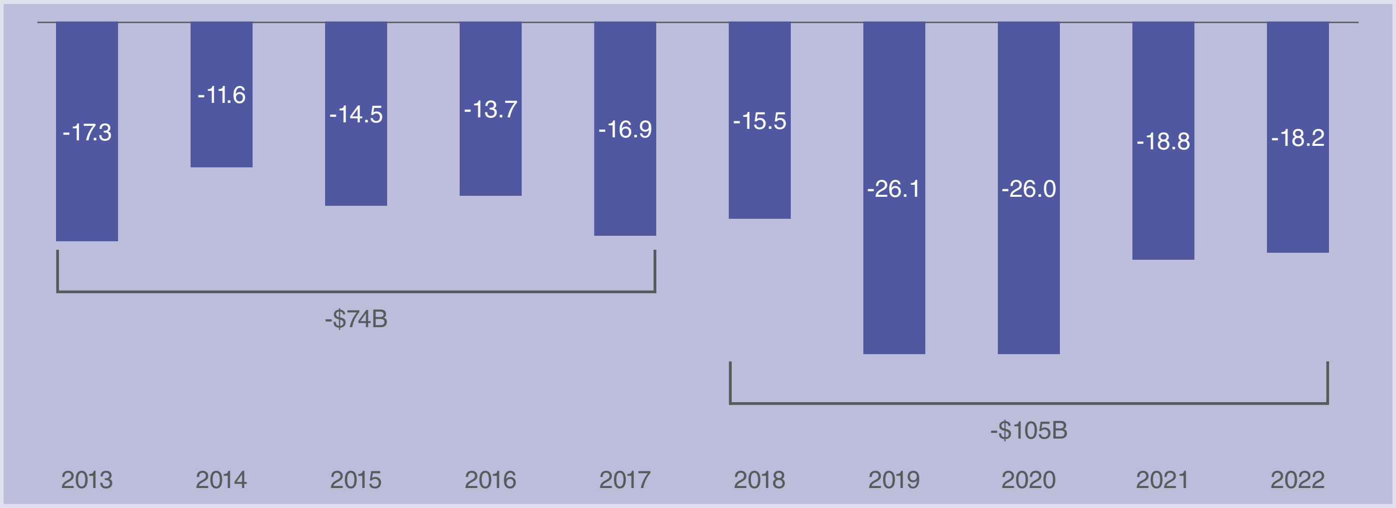
The net generic market has seen a de-growth of $5.5 Bn in 2017 from a growth of $5.8 Bn in 2015. The pricing trends for generic medicines have declined on average 6.3%, with significant variation based on the presence of new competition. Recent increases in generic approvals by the FDA and an enhanced competitive environment has resulted in a decline of $5.0 Bn due to associated price reductions. New generics have impacted price competition both directly in the same molecules they compete with and indirectly with others in the same therapy classes, especially when there have been large differences in price. The consolidation amongst the generic purchasers from different class of trade has enhanced the concentration of purchasing power and therefore requires the generic manufacturers to maintain their cost competitiveness as well as evolve their product portfolios to less competitive therapeutic areas and dosage forms.

Generic Net Spending Growth US$Bn[2]



In 2017, there was a notable 1.7% increase within chronic, 90-day prescriptions, which can be linked to efforts to improve adherence. Generic drugs now account for nearly 90% of prescriptions and it is projected to rise as more medicines lose patent protection and rapidly shift to generics. The vast majority of new therapy initiations and continuing prescriptions are with generics. Prescription growth has been driven mainly by aging population despite slowing per capita use in those over 65. Brand losses of exclusivity in the next 5 years, including biosimilars, are expected to have a 40% greater impact on spending as compared to the last 5 years. Lower brand spending due to patent expiries is expected to reduce overall spending by $105 Bn in the next five years, however, excluding the impact of biosimilars, the next five years will see $75.4 Bn of impact compared to $70.6 Bn in the last five years[2].

Impact of US Losses of Exclusivity on Brand Spending US$Bn[3]



The USFDA is on track to meet its objectives as outlined in the Generic Drug User Fee Act I. This will result in a larger number of generic approvals in a shorter duration thus further accentuating the competitive pressures in the US generic market.

Torrent is ranked No. 10 amongst the US generic Indian companies and has a market share of around 11% in its covered market. Revenues from US operations were ₹ 1,100 crores (US$ 170 Mn) during the financial year 2017-18 as compared to ₹ 1,346 crores (US$ 201 Mn) during the previous financial year showing a de-growth of 18% (constant currency de-growth of 15%) mainly due to price erosion in the generic market.

Given the future market moving towards complex products, Torrent is significantly ramping up its pipeline with products like Oral liquids, Ophthalmics, Ointments and Specialty (Oncology).

The Company received 4 ANDA approvals in 2017-18. The Company has 84 ANDA approvals (including 5 tentative approvals) and its pipeline consists of 39 pending approvals and 93 products under development. The US business is expected to contribute to the growth of international business in a significant way.

BRAZIL:

Brazil is the largest pharmaceutical market in the Latin America and the 6th largest in the World which is expected to become the 5th largest market by 2022. The Brazilian pharma market is estimated to be around US$ 33 Bn and it is forecasted to grow at 5 to 8% year on year until 2022 with improving macro-economic parameters[4].

Following a deep recession in 2015–16, Brazil's economy returned to growth of 1% in 2017 and is expected to improve to 2.3% in 2018 and 2.5% in 2019 on the back of stronger private consumption and investment. Headline inflation is expected to remain subdued in the range of 3-4% in 2018 as demand has been recovering, with growth continuing to recover from the recession of 2015-16[1]. This is expected to reduce unemployment level from 12.5% in 2016 to 11.5% by end of 2019. Government spending on health care is expected to slow down which will help enhance the demand for cheaper drugs in private market. It would also be dependent on the future health care policy of new Government which is likely to assume office in Jan 2019. In April 2018, Moody's has changed its outlook for Brazil's term sovereign credit rating to "stable" from "negative" in May 2017 and affirmed the country's long-term foreign credit rating at Ba2. On the regulatory front, the Brazilian government is taking measures for anti-counterfeiting by bringing in batch traceability regulation. Although the initial deadline for implementation was Dec 2016, the regulation has been deferred considering preparedness of various stakeholders. The pilot phase started in 2017 with some companies and full implementation is expected in April 2022. The Government has also implemented in 2017 a task force to reduce the queue related to generics and branded generics submitted in ANVISA. With these changes, outlook on approvals seem optimistic and more predictable. Out-of-pocket remains the key source for healthcare spending. Tender market which had grown steadily is now slowing down, the cost of healthcare insurance is rising and coverage is waning. Global MNCs have a strong hold in the market, followed by local companies (that operate primarily in the generics segment). Indian companies are also expanding their footprints in the Brazilian market.

During the year, Brazilian operations registered revenue of ₹ 709 crores (Reais 355 Mn) with the growth of 1% (constant currency 3%) over previous year. We intend to consolidate market shares of our operations in these markets by focusing on growth in specialty areas, enhancing field force productivity and introducing new products. We also plan to achieve growth in such markets by further developing our relationships with our customers and distribution network.

Among the Indian companies, in terms of market share, Torrent ranks No. 1, with the second largest less than half of the size of Torrent (Close-up dataset). The Company has 6 products under approval and has a development basket of 34 products. In terms of prescription share Torrent is ranked at 14th and has gained 3 ranks over last year.

The Company has been building its portfolio in the generics with parallel filings of branded generic products. It has approvals of 21 generic products and 24 branded generics.

GERMANY:

Medicine spending in Europe will increase from $154.4 billion in 2017 to $170 - $200 billion in 2022. Relatively weak economic growth in the region combined with focus on controlling healthcare spending by the European governments is expected to limit growth with a CAGR of 1% to 4% from 2018 to 2022. Policies to contain overall medicine spend include controlling price and access to specific innovative drugs, spending or growth caps or payback schemes, price negotiation collaborations with manufacturers and focus on evidence based assessment of the value of medicines which then influence their price and/or patient access to the medicines. These approaches are intended to balance desirable medical progress with a nation's ability to pay on a sustainable basis[4].

Top 5 European markets are UK, Germany, France, Italy and Spain. The Company's European business is mainly in Germany, where the Company has its direct presence. Germany is the fourth-largest pharmaceutical market in the world and the largest in Western Europe. It is valued around $45 Bn and is expected to grow at a CAGR of 2-5% till 2022. Majority of the market is tender driven and the share of tenders is expected to grow in foreseeable future putting pressure on the margins of the industry.

Among the generic players, Torrent holds 4th position with a market share of around 7% and is ranked No. 1 among Indian players in the German market.

Revenues from Germany operations during 2017-18 were ₹ 912 crores (~Euro 121 Mn) with a growth of 12% (constant currency 9%).

CONTRACT MANUFACTURING:

This mainly includes manufacturing of human insulins for Novo Nordisk, for their India market and revenues from dossier out licensing business. It registered revenues of ₹ 400 crores during the year showing a de-growth of 25% over previous year.

MANUFACTURING

Dahej:

The Company's state of art manufacturing facility has significantly contributed to meet the demand of high quality products and in sustaining its growth and success. This facility is designed to cater, the ever increasing global demand adhering to international quality standards. The facility is designed for Oral Solid Dosage Forms (Tablets and Capsules) as well as Active Pharmaceuticals Ingredients (APIs). Since April 2016, upon receipt of Establishment Inspection Report (EIR), the Company has commenced US commercial dispatches from its formulation manufacturing facility at Dahej SEZ in Gujarat. The facility has regulatory approvals from various regulatory authorities viz. USFDA, EU-Germany, ANVISA - Brazil, etc. In year 2017, the facility was inspected successfully by various regulatory agencies including USFDA and Germany (EU GMP). As a result, a scope for manufacturing of additional class of drug products from the formulation facility and commercial manufacturing of API has been extended for US market. Phase I of the Dahej facility has an installed capacity of about 750 crore tablets / capsules and 25 MT API per annum. Construction of Phase II will commence soon and once commissioned, the total capacity will increase to about 1400 crore tablets / capsules and 80 MT API per annum.

Sikkim:

Sikkim facility caters to the domestic market. An additional capacity of 250 crore tablets per annum has been set up by expansion of existing unit. In addition to that, a new facility with capacity of 100 crore tablets per annum has also been set up. Major brand like Shelcal is being manufactured at a new facility. After a recent acquisition of one of the operational units of Unichem Laboratories Ltd. with capacity of 100 crore tablets per annum, there are three units now with overall capacity of 800 crore tablets per annum.

NEW CAPITAL INVESTMENTS

Acquisition of Bio-pharm Inc.:

During the year, the Company has acquired Bio-Pharm, Inc. (BPI), a generic pharmaceuticals and OTC Company, based in Levittown Pennsylvania, USA established in 1992. BPI has a proven track record in the research & development and manufacturing of oral solutions, suspensions and suppositories. Its 75,000 sq. ft US FDA registered facility has manufacturing capabilities for controlled substances which can be manufactured in US only as per Government guidelines (DEA Schedule II-V). This acquisition was an important step for increasing the Company's presence in the United States, consistent with the Company's strategy of dosage form diversification, and provides the Company with new capabilities including manufacturing and R&D presence in the USA.

RESEARCH AND DEVELOPMENT

Discovery Research:

The Company is currently working on several in-house New Chemical Entities (NCE) projects within the areas of metabolic, cardiovascular, gastrointestinal, dermatological and respiratory disorders. The Company has cumulatively filed 637 patents for NCEs from these and earlier projects in all major markets of which, 288 patents have been granted / accepted so far. The most advanced discovery program of the Company is the NCE for the reduction of cardio vascular risk. This program is currently undergoing the pivotal Phase III clinical trial in key markets where the Company has presence. The Company believes that this program is uniquely positioned to address the consequences of relative chronic over-nutrition, which is assuming alarming proportions of health hazard in India and other emerging economies besides developed countries.

The next advanced discovery program of the Company is Advanced Glycation End-Products (AGE) Breaker, for which the Phase II clinical trial for diabetes associated heart failure in India and Europe is completed. Currently in this program the Company is optimizing the formulation, before embarking on the pivotal phase III clinical trial next year.

The regulatory filing for the Phase II study for the Company's third NCE being developed for inflammatory bowel disease is planned this year. The first NCE for the indication of COPD (Chronic Obstructive Pulmonary Disease), from the basket of drugs under development for respiratory disorders is completing the IND (Investigational New Drug) enabling toxicity studies to support first-in-human studies.

NDDS & Pipeline Augmentation:

A new era of science and technology has evolved in the pharmaceutical research area focused on development and repositioning of existing medication available in the market place with Novel Drug Delivery Systems (NDDS). The evolution of an existing drug from its traditional form to a novel delivery system may considerably improve its performance with respect to efficacy, safety and patient compliance through enhanced bio-availability and by reducing the dose and frequency of administration. In recent years, considerable advances in drug delivery systems have enabled more effective routes of administration, which has resulted in the medication being extended for new indications.

Company's pipeline includes several novel drug delivery systems projects for existing medications, which will give the Company an edge over its competitors through differentiation in a tough marketplace. Company is currently focusing its R&D efforts on several innovative projects in the area of complex generics with respect to oral solids, ointments/creams and injectables.

One of the program that the Company is currently working on is for the indication of acute pain management through nasal route of delivery. This program has advanced in to Phase I clinical development. The Company is also working on several programs based on long acting injectable, liquid implant technologies and topical foam formulations, which are currently awaiting regulatory approvals to undergo clinical development.

THREATS, RISKS AND CONCERNS

Drug Price Control:

The Health Ministry revised the National List of Essential Medicines (NLEM) to include 376 drugs in the new NLEM list 2015. It is likely that the Government may bring more drugs and formulations under price control or change the mechanism of calculating the ceiling price of the drugs, which are under the ambit of the revised policy, however impact on the Company should not be different from overall industry impact The Company manages its product portfolio so as to minimize the product weightage of drugs under price control.

The Ministry of Health and Family Welfare (MoH) in March 16 banned 344 Fixed Dose Combination (FDC) drugs including several antibiotics and analgesics. According to the notification, the Government, as per the recommendation of an expert committee, found that it is necessary and expedient in public interest to regulate by way of prohibition of manufacture for sale, sale and distribution for human use of the FDC drugs. Delhi High Court in Dec 16 has quashed the above mentioned order citing reasons that proper process was not followed whilst issuing the order banning FDC. The MoH had approached the Supreme Court against order of the Delhi High Court and Supreme Court has referred the matter to DTAB (Drugs Technical Advisory Board) for a fresh review based on safety, efficacy & therapeutic justification of such FDCs before recommending actions.

Generics:

The Government of India is continuously bringing in policies to shift the market towards generic products. The implementation of this process requires action by all stakeholders. This may have impact on future business strategies of the Company.

New product risk:

New product development and launch involves substantial expenditure, which may not be recovered due to several factors including development uncertainties, increased competition, regulatory delays lower than anticipated price realizations, delay in market launch and marketing failure.

In highly regulated business, the requirement to obtain regulatory approval based on a product's safety, efficacy and quality before it can be marketed for an indication in a particular country, as well as to maintain and comply with licenses and other regulations relating to its manufacture and marketing, are particularly important. The submission of an application to regulatory authorities (which vary, with different requirements, in each region or country) may or may not lead to the grant of marketing approval. Regulators can refuse to grant approval or may require additional data before approval is given, even though the medicine may already be launched in other countries. In some instances, regulatory authorities require the Company to develop plans to ensure safe use of a marketed product before a product is approved, or after approval, if a new and significant safety issue is established. The Industry is also subject to strict controls on the commercialization processes for products including their development, manufacture, distribution and marketing.

The Company manages the above risks related to the launch of new products and their regulatory approvals through careful market research for selection of new products, detailed project planning and continuous monitoring.

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 adequate insurance cover for product liability.

Litigation risks:

The Company may launch a generic product based on legal and commercial factors, even though patent litigation is pending. The outcome of such patent litigation could affect the Company's business adversely in case it is established by the court of law that there has been a patent infringement. In addition to the substantial liabilities for patent infringement, the Company may also incur high costs of litigation for defending against the infringement. This risk is sought to be managed by a careful patent analysis prior to development & launch of the generic products and strategy of early settlement with the patent holders on case-to-case basis, particularly in the US market.

Future Acquisition proposals:

The Company continuously looks for opportunities in order to expand its product line either through complimentary or strategic acquisitions of other companies, asset acquisition, licensing agreements or any other arrangement. Any such acquisitions, may involve significant challenges in terms of integration with existing operations, which may lead to requiring considerable amount of time, resources and effort. This may lead to temporary disruption of ongoing business, affect relations with the employees and customers with whom the Company has been dealing.

Manufacturing & Supplying Risk:

Although a major portion of the Company's finished formulations are being manufactured at in-house facilities, the Company also depend on third party suppliers for sourcing for some of the markets. Any significant disruption at in-house facilities or any third party manufacturing locations due to economic, political & social factors or any other event may impair the Company's ability to produce, procure and/or ship products to the markets on a timely basis and could expose the Company to penalties and claims from customers.

The Company purchases Active Pharmaceutical Ingredient (API) and other materials that it use in its manufacturing operations from foreign and domestic suppliers. Although the Company has a policy to actively develop alternate supply sources for key products subject to economic justification, there would be certain cases where the Company has listed only one supplier in its application with regulatory agencies. An interruption in the supply from single sourced material can impact the financial performance of the Company. In addition, the Company's manufacturing capabilities could be impacted by quality deficiencies in the products, which its suppliers provide, leading to impact on its financial performance.

New capital investments:

The Company continuously adds capacity to meet the increasing demand of pharma products from various markets. The Company faces risks arising out of delay in implementation, cost overrun and inappropriate implementation. The capacities are built in anticipation of demand and the Company runs the risk of under-utilization of capacities resulting in high manufacturing cost. The risks are sought to be mitigated by forming appropriate project management team and corporate management oversight.

Overseas markets:

The development of the business in overseas markets is a critical factor in determining future ability to sustain or increase global product revenues. This poses various challenges including volatile economic conditions, IP issues, developed market compliance standards, inadvertent breaches of local/ international law and interventions by national governments or regulators restricting access to market and/or introducing adverse price controls. However, the Company carefully monitors the business scenarios of these markets, prepares the business plan and undertakes various researches to reduce the risk at the minimal level.

In US, there is a continuing trend towards consolidation of certain customer groups such as wholesale drug distribution and retail pharmacies as well as emergence of large buying groups. The consolidation may result into these groups gaining additional purchasing leverage and consequently increasing the product pricing pressures. Additionally, the emergence of large buying groups representing independent retail pharmacies, prevalence and influence of managed care organizations and similar institutions potentially enable those groups to attempt to extract price discounts on the Company's products. The result of such developments could affect the sales volumes and price realizations of the Company's products on an overall basis.

In Brazil, where the Company sells branded generics, the pure generic competition could adversely affect development of branded business. Price erosion continues 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 analysis, improved management bandwidth, marketing alliances and corporate management oversight.

A significant portion of the revenue in various markets would be derived from sales to limited number of customers. In case of experiencing loss of business from one such customer or difficulties experienced by the customer in paying us on timely basis, it may impact the business performance.

Currency 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, expenditure in foreign currencies, foreign currency borrowings 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.

International Taxation:

The Company has potential tax exposure resulting from application of varying laws and interpretations, which include intercompany transactions with subsidiaries in relation to various aspects of business. Although the Company believes its cross border transactions between affiliates are based on internationally accepted practices, tax authorities in various jurisdictions may have different views or interpretations and subsequently challenge the amount of profits taxed in their jurisdiction resulting into increase in tax liability including interest and penalties causing the tax expenses to increase.

Finance Act 2016 had mandated Base Erosion Profit Shifting (BEPS) action plan and reporting formulated by the OECD (Organization of Economic Co-operation and Development) which is effective from 1st April, 2016. BEPS Action plan provides for revised standards for transfer pricing documentation and country-by-country reporting of income, earnings, taxes paid and certain measure of economic activities. Accordingly, the Company has done the filings as per prescribed guidelines. There may be issues with respect to the resolution of disputes arising due to interpretation by different tax jurisdictions in different countries. The Company has taken adequate measures to ensure compliances of these guidelines.

Goods and Services Tax (GST):

The Government of India has enacted GST Act making it effective from 1st July, 2017. The Act has merged all significant indirect taxes currently applicable to the Company's business operations into a single tax. This is expected to bring in greater transparency across all the economic activities and reduce multiple tax levies and administration. There was a significant short-term impact on the operations of the Company during the year mainly due to reduction of channel inventory which has now been back to the normal levels. The Company has augmented its IT systems to comply with the requirements of this Act.

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 for global markets. 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 while continuing to develop the NCE's for India. The Company is also evaluating the feasibility to extend the market outside India where it has a reasonable understanding of the branded products space.

Company undertakes clinical trials on an ongoing basis as part of its discovery research program. 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.

Dependence on information technology:

The Company is highly dependent on information technology systems and related infrastructure. Any breakdown, destruction or interruptions of this system could impact the day to day operations. There is also a risk of theft of information, reputational damage resulting from infiltration of a data center and data leakage of confidential information either internally or otherwise. The Company keeps on investing appropriately on the protection of data and information technology to reduce these risks.

HUMAN RESOURCES

The total employee strength of the Company at the end of financial year 2017-18 was 15,599 against 12,562 as at the end of financial year 2016-17, an increase of 3,037 employees. The field force increased by 2,566 employees from 4,208 at the end of financial year 2016-17 to 6,774 at the end of financial year 2017-18 mainly due to acquisition of domestic & Nepal business of Unichem Laboratories Ltd along with field force and employees. The R&D centre had 1,160 employees (of which 955 were scientists) at the end of financial year 2017-18 compared with 1,164 (of which 965 were scientists) as at the end of financial year 2016-17, a decrease of 4 employees. The worker strength at plant was 2,193 at the end of financial year 2017-18 compared with 2,224 at the end of financial year 2016-17. The remaining employee strength comprising mainly of head office personnel, nonworker employees at plants at Indrad, Baddi, Sikkim, Dahej, Pithampur, Vizag and branch & overseas offices employees increased to 5,472 at the end of financial year 2017-18 from 4,966 at the end of financial year 2016-17.

INTERNAL CONTROL SYSTEM

The Company has a reasonable system of internal controls 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 the 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 2017-18 COMPARED WITH FINANCIAL YEAR 2016-17

Summary Financial Information:

Particulars	**2017-18**		**2016-17**		**%**
	₹ crores	**% to Revenues**	**₹ crores**	**% to Revenues**	**Increase / (Decrease)**
Sales	5,877		5,713		3%
Operating Income	125		144		(13%)
Sales and Operating Income (Revenues)	**6,002**	**100%**	**5,857**	**100%**	**2%**
Gross Profit	**4,324**	**72%**	**4,036**	**69%**	**7%**
Selling, General and Admin expenses (SG&A)	2,460	41%	2,152	37%	14%
Research and development spend	460	8%	432	7%	6%
Forex Gain / (Loss)	237	4%	144	2%	65%
EBIDTA	**1,641**	**27%**	**1,596**	**27%**	**3%**
Depreciation/Amortization	409	7%	307	5%	33%
Net Interest expense/(Income)	301	5%	201	3%	50%
Profit before tax (PBT)	**931**	**16%**	**1,088**	**19%**	**(14%)**
Income Tax	253	5%	154	3%	64%
Profit after Tax (PAT)	**678**	**11%**	**934**	**16%**	**(27%)**

Net Sales and other operating income

Consolidated sales was higher by 3% to ₹ 5,877 crores from ₹ 5,713 crores in the previous year while the operating income was ₹ 125 crores compared to ₹ 144 crores in previous financial year.

EBIDTA

EBIDTA during the year stood at 27% same as per previous financial year. The SG&A and R&D expenses during the year have increased by 13% compared to the previous year.

During the year, the Company's expenses on discovery research amounted to ₹ 81 crores compared to ₹ 61 crores in the previous year.

Depreciation and amortization

Depreciation and amortization charge during the financial year 2017-18 was ₹ 409 crores as compared with ₹ 307 crores during the previous year.

Net interest expense

Net Interest Expenses amounted to ₹ 301 crores compared to ₹ 201 crores during the previous financial year.

Income Tax

The income tax charge for the financial year 2017-18 stood at ₹ 253 crores compared to ₹ 154 crores in financial year 2016-17. Average income tax rate as a percentage of profit before tax is 27% for the year 2017-18 as compared to 14% for the year 2016-17.

Net profit after taxes

The net profit after taxes for the financial year 2017-18 was ₹ 678 crores compared with ₹ 934 crores during the previous financial year.

CAPITAL & DEBT

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

The net long-term borrowing increased by ₹ 3,702 crores during the year, to ₹ 6,212 crores at the end of financial year 2017-18 from ₹ 2,510 crores at the end of financial year 2016-17. Outstanding working capital loans were ₹ 250 crores (previous year Nil). The total debt to net worth (including deferred tax liability) ratio as at the end of financial year 2017-18 was 1.40 (previous year 0.56).

FIXED ASSETS

The net addition in fixed assets during the year was ₹ 4,055 crores comprising of addition in gross assets of ₹ 4,428 crores reduced by increase in accumulated depreciation of ₹ 373 crores.

WORKING CAPITAL AND LIQUIDITY

The trade working capital i.e. the net working capital investment excluding cash and cash equivalents, short term borrowings, current maturity of long term debt, derivative financial instruments and accruals for health insurance contracts in Germany increased by ₹ 463 crores from ₹ 1,572 crores at the end of financial year 2016-17 to ₹ 2,034 crores at the end of financial year 2017-18. The number of days of net trade working capital has increased from 100 days in 2016-17 to 126 days in 2017-18.

The liquidity of the Company as reflected by cash and bank balances and current investments decreased by ₹ 366 crores to ₹ 702 crores from ₹ 1,068 crores at the end of financial year 2016-17. The Company generated net cash of ₹ 894 crores from operations (after working capital changes) and ₹ 3,422 crores was generated from financing activities comprising new loans, dividend, interest and loan re-payments and it spent a net amount of ₹ 4,707 crores in investing activities.

For and on behalf of the Board

Ahmedabad
30th May, 2018

Samir Mehta
Executive Chairman

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BUSINESS RESPONSIBILTY REPORT FOR THE FINANCIAL YEAR 2017-18

Pursuant to Regulation 34(2)(f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1	**Corporate Identity Number (CIN) of the Company:**	L24230GJ1972PLC002126
2	**Name of the Company:**	Torrent Pharmaceuticals Limited
3	**Registered address:**	Torrent House, Off Ashram Road, Ahmedabad - 380 009
4	**Website:**	www.torrentpharma.com
5	**E-mail id:**	investorservices@torrentpharma.com
6	**Financial Year reported:**	2017-18
7	**Sector(s) that the Company is engaged in (industrial activity code-wise):**	Pharma Sector under Group 210, Class 2100 as per the National Industrial Classification 2008
8	**List three key products / services that the Company manufactures / provides (as in balance sheet):**	Calcium Carbonate along with Vitamin D3, Minocycline and Rosuvastatin
9	**Total number of locations where business activity is undertaken by the Company:**	
	i. Number of International Locations (Provide details of major 5):	The Company has its presence throughout the globe through its seventeen subsidiaries and three representative offices.
	ii. Number of National Locations:	There are seven manufacturing units, one R&D unit, one project site and twenty three C&F agents in India.
10	**Markets served by the Company Local / State / National / International:**	In addition to pan India, more than sixty markets served across Asia, North America, Brazil, European Union & rest of world.

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1	**Paid up Capital (INR):**	₹ 84.62 Crores as on 31st March, 2018
2	**Total Turnover (INR) (Consolidated):**	₹ 6,002 Crores
3	**Total profit after taxes (INR) (Consolidated):**	₹ 678 Crores
4	**Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%) (Consolidated):**	4.09% Additionally, the Company also made donations for CSR activities.
5	**List of activities in which expenditure in 4 above has been incurred:**	The Company has undertaken the following CSR Projects / Programmes during FY 2017-18: 1. Paediatric Healthcare Programme - Reach Each Child ("REACH") 2. Development of Public Parks 3. Preventive Healthcare Programme 4. Shiksha Setu – A quality education programme 5. Supporting Primary and Secondary school for urban slum children 6. Supporting the establishment of a cancer care center The detailed list of activities in which CSR expenditure has been incurred is part of Directors' Report which forms part of Annual Report.

SECTION C: OTHER DETAILS

1	**Does the Company have any Subsidiary Companies?**	Yes. The Company has 17 subsidiaries.
2	**Do the Subsidiary Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary companies.**	All policies / practices to the extent relevant are also applicable to the subsidiaries in conformity with the applicable laws.
3	**Do any other entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entities?** **[Less than 30%, 30-60% More than 60%]**	The Company's contractors and suppliers do participate in the BR initiatives of the Company in terms of compliance with "Suppliers Code of Conduct" and "Conviction for Safety Policy".

SECTION D: BR INFORMATION

1. Details of Director / Directors responsible for BR

a) Details of the Director / Directors responsible for implementation of the BR policy / policies:

1) DIN Number : 00061903

2) Name : Shri Samir Mehta

3) Designation : Executive Chairman

b) Details of the BR Head:

Sr. No.	Particulars	Details	
1	DIN Number (if applicable)	00110312	-
2	Name	Dr. Chaitanya Dutt	Shri Jinesh Shah
3	Designation	Director (R&D)	Executive Director
4	Telephone number	079-26599000	
5	E-mail ID	investorservices@torrentpharma.com	

2. Principle-wise (as per NVGs) BR Policy / Policies (Reply in Y / N)

SEBI has now mandated to include Business Responsibility Report on the following principles as stated in the National Voluntary Guidelines (NVGs) on Social, Environmental and Economic Responsibilities of Business released by the Ministry of Corporate Affairs:

P1	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.
P2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.
P3	Businesses should promote the wellbeing of all employees.
P4	Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.
P5	Businesses should respect and promote human rights.
P6	Business should respect, protect and make efforts to restore the environment.
P7	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.
P8	Businesses should support inclusive growth and equitable development.
P9	Businesses should engage with and provide value to their customers and consumers in a responsible manner.

2 a. **Details of Compliances:**

<table>
<tr><th>Sr. No.</th><th>Questions</th><th>P1</th><th>P2</th><th>P3</th><th>P4</th><th>P5</th><th>P6</th><th>P7*</th><th>P8</th><th>P9</th></tr>
<tr><td>1</td><td>Do you have a policy / policies for....</td><td>Y</td><td>Y</td><td>Y</td><td>Y</td><td>Y</td><td>Y</td><td rowspan="3">NA</td><td>Y</td><td>Y</td></tr>
<tr><td>2</td><td>Has the policy being formulated in consultation with the relevant stakeholders?</td><td>Y</td><td>Y</td><td>Y</td><td>Y</td><td>Y</td><td>Y</td><td>Y</td><td>Y</td></tr>
<tr><td>3</td><td>Does the policy conform to any national / international standards? If yes, specify? (50 words)</td><td>Y</td><td>Y</td><td>Y</td><td>Y</td><td>Y</td><td>Y</td><td>Y</td><td>Y</td></tr>
<tr><td>4</td><td>Has the policy being approved by the Board? Is yes, has it been signed by MD / owner / CEO / appropriate Board Director?</td><td colspan="9">The policies have been either approved by the Board or senior functional head authorised by the Board in this respect.</td></tr>
<tr><td>5</td><td>Does the company have a specified committee of the Board / Director / Official to oversee the implementation of the policy?</td><td>Y</td><td>Y</td><td>Y</td><td>Y</td><td>Y</td><td>Y</td><td>NA</td><td>Y</td><td>Y</td></tr>
<tr><td>6</td><td>Indicate the link for the policy to be viewed online?</td><td colspan="9">Policies are available on the website of the Company www.torrentpharma.com and the policies which are internal to the Company are available on the intranet of the Company.</td></tr>
<tr><td>7</td><td>Has the policy been formally communicated to all relevant internal and external stakeholders?</td><td>Y</td><td>Y</td><td>Y</td><td>Y</td><td>Y</td><td>Y</td><td rowspan="4">NA</td><td>Y</td><td>Y</td></tr>
<tr><td>8</td><td>Does the company have in-house structure to implement the policy / policies.</td><td>Y</td><td>Y</td><td>Y</td><td>Y</td><td>Y</td><td>Y</td><td>Y</td><td>Y</td></tr>
<tr><td>9</td><td>Does the Company have a grievance redressal mechanism related to the policy / policies to address stakeholders' grievances related to the policy / policies?</td><td>Y</td><td>Y</td><td>Y</td><td>Y</td><td>Y</td><td>Y</td><td>Y</td><td>Y</td></tr>
<tr><td>10</td><td>Has the company carried out independent audit / evaluation of the working of this policy by an internal or external agency?</td><td>Y</td><td>Y</td><td>Y</td><td>Y</td><td>Y</td><td>Y</td><td>Y</td><td>Y</td></tr>
</table>

* To be read with Principle wise performance stated under Section E.

b. **If answer to Sr. No. 1 against any principle, is 'No', please explain why: (Tick up to 2 options)**

Not applicable

3. **Governance related to BR**

a) **Indicate the frequency with which the Board of Directors, Committees of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year.**

The Board of Directors / its Committees / Chairman or any authorised officials of the Company, as the case may be, assesses the BR Performance on quarterly, half yearly or annual basis depending upon the type of BR activities.

b) **Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?**

Company's Annual Report includes Business Responsibility Report. The copy of the same is available on the website of the Company www.torrentpharma.com.

SECTION E: PRINCIPLE – WISE PERFORMANCE

Principle 1: ETHICS, TRANSPARENCY & ACCOUNTABILITY

The Company has always believed that highest levels of Corporate Governance practices are pre-requisite for growing sustainable and successful business. This has helped the Company to gain the trust and confidence of all its stakeholders. The Company has built its Corporate Governance practices on the three inviolable principles of TRANSPARENCY, INTEGRITY and ACCOUNTABILTY.

1. **Does the policy relating to ethics, bribery and corruption cover only the Company? Yes / No. Does it extend to the Group /Joint Ventures / Suppliers /Contractors /NGOs / Others?**

   The Company firmly believes and adheres to transparent, fair and ethical governance practices to foster professionalism, honesty, integrity and ethical behaviour. The Board of Directors has formulated the Code of Business Conduct, which is applicable to all the employees and Board Members of the Company, and which lays down the important corporate and organisational standards that shape the Company's business practices and represents cherished values of the Company. The core values embedded in our functioning are Constant Learning, Customer and Family First, Excellence, Integrity, Responsibility and Teamwork.

   The Company has in place whistle blower policy providing the mechanism for the stakeholders to disclose their concerns and grievances on Unethical behaviour and improper / illegal practices and wrongful conduct for appropriate action by the Company.

   In order to protect investors' interest, the Company has adopted a Code of Conduct to regulate and monitor, the trading in the shares of the Company by the designated persons.

   The Related Party Transactions Policy of the Company provides the process for the approval of various types of Related Party Transactions (RPTs) and general principles governing RPTs. This brings the necessary transparency in the RPTs and the transactions are fair and in compliance with the applicable laws and regulations.

   The Policy on Materiality of Events or Information brings a consistency in the disclosure of various events or information in accordance with the thresholds determined disclosure to Stock Exchange.

2. **How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.**

   The Company encourages all its stakeholders to freely share their concerns and grievances. The Company has received 32 complaints from various stakeholders during FY 2017-18, which were promptly resolved except 4 which are under investigation.

Principle 2: PRODUCTS LIFE CYCLE SUSTAINABILITY

Drug Product quality and patient safety are the fundamental principles for Torrent.

1. **List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and / or opportunities. –**

   The Company continuously endeavours to develop environment friendly product processes and product designs in its effort to fulfill its obligations to the society.

   Company's following products help to address social or environmental concerns in their design:

   a) Lurasidone Hydrochloride is an atypical antipsychotic drug used for the treatment of Schizophrenia Depressive Episodes associated with Bipolar I disorder.

      The Lurasidone hydrochloride manufacturing process involves 3 stages, earlier process involved usage of highly hazardous solvents in stage-1 and stage-3 process and stage-2 process involved work-up procedures which resulted in more environmental load. The process was designed to avoid those hazardous solvents in stage-1 and stage-3 and replaced with less hazardous solvents and decreased the quantity of materials by ~50%, stage-2 intermediate was isolated directly, which resulted in higher yields with desired quality and less environmental load to minimize the waste generated from work-up procedures.

b) Dimethyl Fumarate is indicated for the treatment of patients with relapsing forms of multiple sclerosis. It was also used in oral therapy for psoriasis.

The Dimethyl fumarate manufacturing process involved a 2-stage synthesis, earlier process using highly hazardous reagents in esterification reaction, which were producing hazardous impurities and generates hazardous waste at plant scale leading to high environmental load. The process was optimized to avoid these hazardous reagents and controlled the formation of toxic impurities. The process was fine tuned to obtain higher yields which increased atom efficiency and reduced process time cycle resulting in less environmental load yields with desired quality due to minimizing number of washing and operations.

c) Sitagliptin Phosphate and Sitagliptin Tartrate are anti-diabetic drugs.

The Sitagliptin Phosphate and Sitagliptin Tartrate manufacturing process involved a 2-stage synthesis, against the earlier process of 3-stage which involves column chromatography for isolation of intermediates resulted in high consumption of solvents with lesser yields and more process time cycle. The manufacturing process was optimized to get complete reactions and changed the solvents, in-situ stages and column chromatography was eliminated to obtain intermediate by direct isolation with higher yields and less process time cycles leading to environmental waste minimization and energy saving by reducing process time cycle.

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):

(a) Reduction during sourcing / production / distribution achieved since the previous year throughout the value chain?

The Company is strengthening sustainable sourcing, production and distribution practices ensuring quality and safety of raw materials, API, intermediates and packaging materials procured from suppliers as well as of products manufactured, stored and distributed throughout the value chain. The Company has laid down a robust process for vendor evaluation and selection mechanism and prefer local suppliers wherever possible. The Company also emphasis on safe transportation, optimization of logistics and reduction of vehicular air emissions.

More than 10% waste is recycled through recovery system (solvent recovery system / waste sale for reprocessing and reuse by external approved agency).

(b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?

The Company promotes to improve systems to minimize the energy and water, by energy management system, which reduces the power and fuel consumption and thereby reduces related costs. On the environment front, Company has adopted principles of natural resource conservation, reuse, reduce, recycle and waste minimization.

Most of the Company's facilities have obtained certifications such as ISO-14001, OHSAS-18001 & ISO-50001 in conformation of structured and conscious efforts and processes for energy management and conservation.

3. Does the company have procedures in place for sustainable sourcing (including transportation)?

(a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

Sustainability in the operations is critically important if the Company is to deliver continued innovation. In the best interests of the patient, the Company endeavour to work with responsible suppliers who adhere to the same quality, social and environmental standards as Torrent.

The Company has standard operating procedures for the evaluation and selection of its vendors for sourcing of material. This includes the evaluation of the EHS resources and their compliance by suppliers and vendors for key raw material, intermediates and APIs. The Company has system of identifying or developing alternate vendors where single vendor is considered critical for business continuity.

4. **Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?**

   (a) **If yes, what steps have been taken to improve their capacity and capability of local and small vendors?**

   The Company consciously endeavours to sources its procurement of the goods and services from medium and small vendors from the local areas where feasible. It improves operational efficiency and saves on transportation cost and inventory management. Further, the Company fulfills its manpower requirement by employing the people from the nearby location where it has its business operation to the possible extent.

   The Company provides detailed specifications as well as technical knowhow to improve capacity and capability of local and small vendors.

5. **Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.**

   The Company promotes recycling and use of alternate materials. The waste generated in the Company's operation is either recycled or disposed off in environment friendly manner. Important raw materials and all the spent solvents are recovered and recycled to the extent possible. The manufacturing facilities have adequate effluent treatment facilities, which ensures zero discharge of waste water. The Company has installed ETP sludge dryer for reduction in hazardous waste disposal quantity to landfill site.

   More than 10% waste is recycled through recovery system (solvent recovery system / waste sale for reprocessing and reuse by external approved agency). The waste is also supplied to the cement plants for the purpose of generating alternate energy.

Principle 3: EMPLOYEES WELL-BEING*

Torrent believes that the success of the Company is possible only due to the cumulative contribution of its employees. Towards this, the Company constantly strives to create a conducive work environment, well defined and progressive policies providing the employees opportunities for all round development and growth - both professionally and personally.

1. **Please indicate the Total number of employees.**

   The total number of employees is 14,700 as on 31st March, 2018.

2. **Please indicate the Total number of employees hired on temporary / contractual / casual basis.**

   The total number of employees hired on temporary / contractual / casual basis is 1,776 as on 31st March, 2018.

3. **Please indicate the Number of permanent women employees.**

   The total number of permanent women employees is 1,216 as on 31st March, 2018.

4. **Please indicate the Number of permanent employees with disabilities**

   The total number of permanent employees with disabilities is 44 as on 31st March, 2018.

5. **Do you have an employee association that is recognized by management?**

   The Company do have the employees associations at certain manufacturing locations, which encourage the employees to participate freely in constructive dialogue with the management.

6. **What percentage of your permanent employees is members of this recognized employee association?**

   4.20% of permanent employees at manufacturing locations are the members of the employees association.

7. **Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.**

   The Company does not employ any child labour or forced / involuntary labour.

8. **What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?**

We continue to devote resources and efforts in encouraging people to upgrade their skills in general and safe working practices in particular. The details of such trainings are as follows:

Sr. No.	Particulars	Percentage
a.	Permanent Employees	91.96%
b.	Permanent Women Employees	81.91%
c.	Casual / Temporary / Contractual Employees	99.38%
d.	Employees with Disabilities	93.18%

*All the figures are on standalone basis.

Principle 4: STAKEHOLDER ENGAGEMENT

At Torrent, we believe that Stakeholders play a pivotal role in the growth of our Company.

Transparency, one of the Core Values of the Company, lead to more informed decision making and helps in creating enduring trust among all stakeholders.

1. **Has the company mapped its internal and external stakeholders? Yes / No**

Our key stakeholders include our Suppliers and Customers including Stockiest and Distributors, Healthcare professionals, Employees, Investors & Shareholders, Local communities and Government & Regulatory authorities.

Stakeholder's engagement helps in better understanding of the perspectives on key issues and builds a strong relationship with them. Many of the engagements take place during the routine course of business, in day to day interactions with the stakeholders. In addition, we also have formal engagements with the stakeholders in the following manner:

Stakeholders	Medium of Engagement
Suppliers and Customers including Stockiest and Distributors	Regular business meetings, Personal and electronic interactions etc.
Healthcare professionals	Sales representative meetings, Interactions during conferences etc.
Employees	Intranet, Meetings, trainings, various Company-wide celebrations and events.
Investors & Shareholders	Investor's meets, Roadshows, Quarterly results, Annual Reports, Annual General Meetings, Press releases etc.
Local communities	Conducting medical camps, setting up / running / supporting hospitals, schools, particularly in the areas where Torrent head quarters is situated and at locations in and around its operations.
Government & Regulatory authorities	Compliance of various statutory laws and regulations applicable to the Company.

2. **Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders?**

Yes. The Company has identified the disadvantaged, vulnerable & marginalized stakeholders.

3. **Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.**

The Company works actively to enhance the employment opportunities in the nearby locations whereby it operates, leading to income generation and economic empowerment in the marginalized sections of the communities.

Various initiatives have been taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders at locations in and around its operations in the areas of: (i) Community Health Care, Sanitation and Hygiene, (ii) Education and Knowledge Enhancement and (iii) Social Care and Concern.

For details of projects undertaken during the FY 2017-18, please refer the 'Annual Report on CSR Activities' attached as Annexure C to Directors Report.

Principle 5: HUMAN RIGHTS

HUMAN RIGHTS are fundamental in nature and applicable universally. Torrent respects the Human Rights Principle and has developed its policies which are aligned to such principles in all its day to day operations.

In fact, this principle is recognized in one of the Core Values of the Company i.e. Fairness with Care. According to this, the Company besides being fair towards all fellow members, treats them with care. Weaving the threads of equality, irrespective of caste, creed, religion and gender, into the day to day fabric, ensures fairness for each and every individual.

1. **Does the policy of the company on human rights cover only the company or extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?**

   The Company is committed to promotion of human rights, in spirit and deed. The Company strives to provide a non-discriminatory and harassment-free work place for all its employees and contractual staff.

2. **How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

   No complaints were received during the year in this regard.

Principle 6: ENVIRONMENT

At Torrent, we believe that Environment, Health & Safety are crucial and paramount pillars for sustainable growth of our business.

1. **Does the policy related to Principle 6 cover only the company or extends to the Group / Joint Ventures / Suppliers / Contractors / NGOs / others.**

   The Company has health, safety and environment policy covering all its India operations currently. The Company has a conviction for safety policy providing for compensation in case of accidents suffered by its employees and also other people working in the Company premises for Company's work.

2. **Does the company have strategies / initiatives to address global environmental issues such as climate change, global warming, etc? Y / N. If yes, please give hyperlink for webpage etc.**

   The Company is committed towards contributing to manage climate change. With an aim to use renewable energy and to reduce carbon footprint, the Company has installed 1 MW Solar Rooftop power plant at its Indrad manufacturing facility and is operationalized during the FY 2017-18. This plant shall generate 15 lac units per annum. The Company has also taken up several other steps directed towards conservation of energy. Please refer to Annexure H to the Directors' Report.

3. **Does the company identify and assess potential environmental risks? Y / N**

   Yes, as a policy, the Company designs its processes in an environment friendly manner by assessing the potential environmental risks and avoid / limit the usage of toxic and hazardous substances.

4. **Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?**

   Yes, Company has taken various actions to minimize GHG (Greenhouse Gases) like, all the high calorific waste are disposed off to cement industries as alternate fuel instead of disposal to incineration treatment, Installed ETP sludge dryer for reduction in hazardous waste disposal quantity to landfill site, usage of energy efficient equipments, switching over to usage of natural gas instead of FO / HSD, Conversion of HVAC system to available lowest ozone depleting substance and usage of natural lights and solar power.

   Yearly environment audits are conducted, wherever applicable, through schedule I auditor allotted by State Pollution Control Board.

5. **Has the company undertaken any other initiatives on - clean technology, energy efficiency, renewable energy, etc. Y / N. If yes, please give hyperlink for web page etc.**

   The Company has taken several initiatives on clean technology, energy efficiency and renewable energy. Please refer to Annexure H to the Director's Report.

6. **Are the Emissions / Waste generated by the company within the permissible limits given by CPCB / SPCB for the financial year being reported?**

   Yes.

7. **Number of show cause / legal notices received from CPCB / SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.**

   The Company has not received any such notices from CPCB / SPCB during FY 2017-18.

Principle 7: POLICY ADVOCACY

As a responsible organization, Torrent shares its views through the relevant Industries Associations on the policies related to its business for the benefit of its various stakeholders.

1. **Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:**

   The Company is a member of various trade / Industry associations like Indian Pharmaceutical Alliance (IPA), Indian Drug Manufacturing Association (IDMA), Confederation of Indian Industry (CII), Federation of Indian Chambers of Commerce and Industry (FICCI), Gujarat Chamber of Commerce and Industry (GCCI), etc.

2. **Have you advocated / lobbied through above associations for the advancement or improvement of public good?**

   Yes / No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others).

   The Company, through these trade and industry associations, provides inputs to key decision makers in framing and implementing policies for availability of quality medicines at affordable prices. It also learns from experience of others to educate the relevant people for initiating procedures for improvement in healthcare.

Principle 8: EQUITABLE DEVELOPMENT

The Company channelizes its CSR activities in light of its guiding principle as enumerated by its founder - ***Shri U. N. Mehta: "Giving back to the society, for all the years of care, support and nurturance that is being bestowed upon the organization."***

1. **Does the company have specified programmes / initiatives / projects in pursuit of the policy related to Principle 8? If yes details thereof.**

   Yes, the Company has identified specified programmes / projects in the pursuit of the policy related to Principle 8.

   For details of projects undertaken during the FY 2017-18, please refer the 'Annual Report on CSR Activities' attached as Annexure C to Directors Report.

2. **Are the programmes / projects undertaken through in-house team / own foundation / external NGO / government structures / any other organization?**

   The identified programmes / projects are carried out directly by the Company itself including through two of its Section 8 companies namely Tornacent Care Institute and UNM Foundation which have been promoted by the Company (together with one of its Group Company).

   Besides the above, it is also supplementing the efforts of the local institutions / NGOs / local Government / implementing agencies in the field of Education, Healthcare, Sanitation, Hygiene, Development of Public Parks etc. to meet priority needs of the underserved communities with the aim to help them to become self-reliant.

   For the details of such programmes / projects been implemented either on its own or through an external agency, please refer the 'Annual Report on CSR Activities' attached as Annexure C to Directors Report.

3. **Have you done any impact assessment of your initiative?**

   Yes, the Company undertakes timely impact assessments of projects under implementation for ensuring their desired impact and continued sustenance. The impact assessment is also presented to the CSR committee.

4. **What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?**

   During the year under review the Company had contributed ₹ 27.70 crores to various community development programmes / projects as part of its CSR initiatives. The details of projects undertaken are mentioned elsewhere in the Business Responsibility Report and "Annual Report on CSR Activities" attached as Annexure-C to the Directors Report.

   Over and above this, the Company also made donations of ₹ 6.61 crores to various organisations involved in activities related to education, health, socio-economic development, culture, integrated development of tribes, relief to disaster victims, promotion of social welfare etc.

5. **Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.**

   The Company undertakes need assessment surveys in villages and community before undertaking CSR initiatives.

   Community needs are understood and evaluated and their views are taken before project plans are finalized and executed. Community members are continuously consulted with during implementation of initiatives. Further, the Company, ensures that community members participate in the initiatives being undertaken / implemented and that they take responsibility for maintenance and sustenance of projects in future.

Principle 9: CUSTOMER VALUE

Torrent's commitment towards its Customers are enunciated in its Core Values, which are timeless and well founded and ensures our longevity. The Company being in the business of healthcare, the nature of its business requires the utmost attention to the quality of its products. The Company has in place strong Pharmaco vigilance system through which all the stakeholders can access the adverse event / product complaint reporting form on the website of the Company or dedicated phone line and a dedicated mailbox.

1. **What percentage of customer complaints / consumer cases are pending as on the end of financial year?**

   Nil

2. **Does the company display product information on the product label, over and above what is mandated as per local laws? Yes / No / N.A. / Remarks (additional information).**

   The Company displays all the product information on the product label, which are mandatory. Besides, the Company also displays general information for patients in order to guide them with respect to usage of the certain products. We adhere to national and international standards with respect to product safety.

3. **Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and / or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.**

   Madhya Pradesh Chemist and Distributors Federation has alleged contravention of Section 3 of the Competition Act, 2002 by Madhya Pradesh Chemist and Druggist Association ("MPCDA"), two other associations and several pharmaceutical companies before the Competition Commission of India ("CCI") in the year 2014. The Director General, CCI has reported tacit understanding of the Company with MPCDA to create entry barrier to the new entrants with respect to distribution of the pharmaceuticals products. The matter is pending with CCI for disposal after further hearing.

4. **Did your company carry out any consumer survey / consumer satisfaction trends?**

   The marketing team of the Company regularly interacts with the Doctors and other Healthcare professionals and takes their feedback on the Company's products.

*****

MAXIMUM GOVERNANCE – THE TORRENT WAY

The Securities and Exchange Board of India (SEBI) has been continuously fine tuning and upgrading the standards of Corporate Governance applicable to Indian Companies. Torrent has built its Corporate Governance practices on the three inviolable principles of TRANSPARENCY, INTEGRITY (comprehensive all round disclosure plus financial controls) and ACCOUNTABILTY. This report sets out the governance systems and processes of the Company, as set out in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") for the financial year ended 31st March, 2018. The Company is in full compliance with the Corporate Governance norms as stipulated in Listing Regulations.

Torrent believes that while implementation of the minimum framework is a prerequisite, superior governance practices are vital for growing a sustainable and successful business.

1. BOARD OF DIRECTORS

Diversity, to encourage the emergence of full, frank and comprehensive discussions is the guiding principle in selecting the DNA of the Board. Your Company has an accomplished Professional, a leading Legal Professional, an Accounting Professional and an accomplished Banker as Independent Directors. The Research & Development focus, sharp entrepreneurial ability and years of experience are represented in the rest of the Board. The Board of Directors (Board) comprises of eight directors as on 31st March, 2018 of which six are Non-Executive Directors (NEDs) (75% of the Board strength) and four are Independent Non-Executive Directors (IDs) (50% of the Board strength).

An annual calendar of meetings is established after consulting all Directors to facilitate their physical presence and meaningful participation. It has been the Company's endeavour to have meetings at various plants / locations of the Company too, apart from the Corporate Office of the Company to get Directors to witness the practices and to get under the skin of the Company's business model.

During the financial year, the Board of the Company met six times on 26th May, 2017, 31st July, 2017, 3rd November, 2017, 18th January, 2018, 25th January, 2018 and 8th February, 2018. Time elapsed between any two consecutive meetings never exceeded 120 days.

Details of the composition of the Board, the Board meetings held during the year, attendance of Directors at Board meetings and other related matters are as under:

Name & Designation of the Director[3]	Category[1]	No. of other Directorship Held[2]	No. of other Board Committees of which Member / Chairperson[2]	No. of Board Meetings held during the tenure	Board meetings attended	Attendance at the last AGM
Shri Sudhir Mehta, Chairman Emeritus	NED	1	Nil	6	5	Yes
Shri Samir Mehta, Executive Chairman	Executive Chairman	2	1 (Member)	6	5	Yes
Shri Markand Bhatt	NED	1	1 (Member)	6	5	Yes
Shri Shailesh Haribhakti	ID	9	4 (Chairperson) 4 (Member)	6	4	Yes
Shri Haigreve Khaitan	ID	8	3 (Chairperson) 3 (Member)	6	3	Yes
Shri Pradeep Bhargava	ID	2	1 (Chairperson) 1 (Member)	6	5	Yes
Smt. Renu Challu	ID	9	2 (Chairperson) 5 (Member)	6	4	Yes
Dr. Chaitanya Dutt, Director (Research & Development)	WTD	Nil	Nil	6	6	Yes

Notes:

1 NED – Non-Executive Director (other than ID); ID – Independent Director; WTD – Whole-time Director.

2 These numbers exclude the Directorship / Committee Membership held in the Company and in private limited companies, foreign companies, companies registered under Section 8 of the Companies Act, 2013. Further, it includes only the Chairmanship / Membership of the Audit Committee and Stakeholders' Relationship Committee. All Directors have informed the Company about the committee positions they occupy in other companies as per Regulation 26 of Listing Regulations, which were placed before the Board.

3 Prof. Ashish Nanda ceased to be a Director of the Company due to his resignation with effect from 21st July, 2017. He attended one meeting that was held during his tenure in the year.

Except Shri Sudhir Mehta and Shri Samir Mehta, who are related to each other as brothers, none of the other Directors are related to any other Director on the Board in term of definition of 'relative' as per the Companies Act, 2013.

Shri Sudhir Mehta, Non-Executive Director of the Company holds 200 shares (including shares held as Karta of HUF) as on 31st March, 2018.

Smt. Renu Challu shall complete her tenure as an Independent Director on 26th July, 2018. Shri Markand Bhatt is liable to retire by rotation at the forthcoming Annual General Meeting. Shri Bhatt has expressed his intention to retire and not getting re-appointed.

The Board has recommended the re-appointment of Shri Shailesh Haribhakti and Shri Haigreve Khaitan as an Independent Director for a second term of 5 (five) consecutive years effective from 1st April, 2019.

Ms. Ameera Shah was recommended by the Board in its meeting held on 8th February, 2018 for appointment as an Independent Director of the Company at the AGM of the Company scheduled to be held on 2nd August, 2018 for a term of 3 (three) consecutive years effective from the date of this Annual General Meeting.

All IDs of the Company have furnished declarations that they qualify the conditions of being independent as per Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the Listing Regulations. These were placed before the Board.

The IDs of the Company met on 8th February, 2018 under the chairmanship of Shri Pradeep Bhargava without the presence of Non-Independent Directors or management personnel to review the performance of Non-Independent Directors, the Board, Committees and the Chairperson. The meeting also reviewed the quality, quantity and timeliness of flow of information between the Company and the Board.

The terms and conditions of appointment of Independent Directors have been placed on the website of the Company www.torrentpharma.com. The details of familiarisation programmes for Independent Directors have been provided in the Directors' Report and posted on the website of the Company and can be accessed at the web link http://www.torrentpharma.com/pdf/cms/Familiarisation_Programme_2017-18.pdf

Shri Mahesh Agrawal, VP (Legal) & Company Secretary acts as Secretary to all the Committees of the Board and provided secretarial support to the Committees.

2. AUDIT AND RISK MANAGEMENT COMMITTEE

The constitution of the Committee is in compliance with the provisions of Section 177 of the Companies Act, 2013 and Regulation 18 of the Listing Regulations.

During the year under review, six meetings of the Committee were held on 1st May, 2017, 26th May, 2017, 31st July, 2017, 3rd November, 2017, 28th November, 2017 and 8th February, 2018. Time elapsed between two meetings never exceeded 120 days.

The composition of the Committee as well as the particulars of attendance at the Committee meetings during the year and other related details are given in the table below:

Name & Designation	Category of Directorship	Qualification	No. of meetings held during the tenure	No. of meetings attended
Shri Shailesh Haribhakti, Chairman	ID	F.C.A.	6	6
Shri Pradeep Bhargava	ID	B. Sc. (Honours), B.E. (EC), MBA (IIMA)	6	6
Shri Haigreve Khaitan	ID	LL. B.	6	5
Smt. Renu Challu	ID	MA Economics	6	6

The Chairman of the Committee attended the last AGM of the Company.

The Committee meetings are attended by the Chief Financial Officer and Vice President (Finance). The Statutory Auditors, Internal Auditors, Cost Auditors and other related functional executives of the Company also attended the meeting when required.

The Committee holds meetings with Statutory Auditors and Internal Auditors on one to one basis and has ascertained that they have no unexpressed concerns. During the year, two special Audit Committee meetings, in addition to the quarterly meetings, were held to brief the members on important regulatory and legal updates, key business risks including their mitigation plan, as well as to review the internal audit process.

The principal terms of reference of the Committee as approved by the Board and as revised / updated from time to time by the Board are:

1. FINANCIAL INFORMATION REVIEW

i. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.

ii. To examine the financial statement and the auditors' report thereon.

iii. Reviewing, with the management, the annual financial statements and auditor's report thereon 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;

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; and

G. Modified opinion(s) in the draft audit report.

iv. Reviewing with the management, the quarterly financial statements before submission to the Board for approval.

v. Reviewing with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue and making appropriate recommendations to the Board to take steps in this matter.

vi. To review the following details mandatorily:

A. Management discussion and analysis of financial condition 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 if any;

D. Internal audit reports relating to internal control weaknesses.

E. The appointment, removal and terms of remuneration of the Chief Internal Auditor.

F. Statement of deviations:

a. Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of Listing Regulations.

b. Annual statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice in terms of Regulation 32(7) of Listing Regulations.

vii. To review the financial statements of unlisted subsidiary companies, and in particular, the investments made by them.

2. INTERNAL CONTROLS AND POLICIES FOR MAINTAINING VIGIL

i. Scrutiny of inter-corporate loans and investments.

ii. Valuation of undertaking's or assets of the company, wherever it is necessary.

iii. Evaluation of Internal Financial Controls and Risk Management systems.

iv. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.

v. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.

vi. To review the functioning of the Whistle Blower (Vigil) mechanism.

vii. To approve the appointment of Chief Financial Officer (i.e., the Whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate.

viii. Investigate any activity within its terms of reference and any matters referred to it by the Board.

ix. To review the frauds reported by the Statutory Auditors, Cost Auditors and Secretarial Auditors, if any.

x. Monitoring the end use of funds raised through public offers and related matters.

xi. Reviewing with the Auditors and Management, if required, about internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before their submission to the Board and any related issues there with.

3. RELATIONSHIP WITH STATUTORY, INTERNAL & COST AUDITORS

i. Recommend to the Board for appointment, remuneration and terms of appointment of Auditors of the Company.

ii. Approval of payments to Statutory Auditors for any other services rendered by them.

iii. Review and monitor the auditor's independence and performance and effectiveness of audit process.

iv. Discussion with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.

v. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.

vi. Discussion with Internal Auditors of any significant findings and follow up there on.

vii. Reviewing, with the management, performance of Statutory and Internal Auditors adequacy of the internal control systems.

4. **RISK MANAGEMENT**

i. Review procedures for risk assessment and minimization for informing the same to the Board.

ii. Framing and recommending to the Board the Risk Management Policy and Plan.

iii. Monitoring and reviewing the risk management plan.

5. **RELATED PARTY TRANSACTIONS**

i. Approval or any subsequent modification of transactions of the Company with related parties.

ii. To lay down the criteria for granting the omnibus approval in line with the policy on related party transactions.

iii. To review, at least on a quarterly basis, the details of related party transactions entered into by the Company pursuant to each of the omnibus approvals given.

The Committee has full access to information and records of the Company and can seek information from any employee of the Company and may invite such executives, as it considers appropriate, to be present at the meetings of Committee. The Committee may access external professionals and obtain legal advice, if so required, and secure attendance of outsiders with relevant expertise, if it considers necessary, in discharge of its functions.

In addition to the above, the Committee shall have such functions / role / powers as may be specified in the terms of reference of the Audit Committee under applicable laws or as required by any statute.

3. SECURITIES TRANSFER AND STAKEHOLDERS RELATIONSHIP COMMITTEE

The Securities Transfer & Stakeholders Relationship Committee considers and oversees resolution of grievances of security holders and investors of the Company.

During the year, the Committee met five times on 26th May, 2017, 31st July, 2017, 3rd November, 2017, 14th December, 2017 and 8th February, 2018.

The composition of the Committee as well as the particulars of attendance at the Committee meetings during the year and other related details are given in the table below:

Name & Designation of Director	Category	No. of meetings held during the tenure	No. of meetings attended
Smt. Renu Challu, Chairperson	ID	5	5
Shri Shailesh Haribhakti	ID	5	5
Shri Haigreve Khaitan	ID	5	4

Shri Mahesh Agrawal, Vice President (Legal) & Company Secretary is designated as the Compliance Officer.

99.56% of the equity shares of the Company are held in dematerialised form & the handling of physical transfer of shares are minimal. No transfer of equity shares is pending as on 31st March, 2018.

Pursuant to Section 124 of the Companies Act, 2013 read with Rule 6 of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the Company had transferred 50,903 equity shares of 294 shareholders to the demat account of Investor Education and Protection Fund (IEPF) Authority.

During the year, the Company has received 8 (eight) complaints from shareholders which were attended within a reasonable period of time. No complaint was pending as on 31st March, 2018.

4. APPOINTMENT & REMUNERATION OF DIRECTORS

Nomination and Remuneration Committee

The Nomination and Remuneration Committee recommends the appointment of Directors and remuneration of such Directors other than Independent Directors. The level and structure of remuneration of senior management of the Company as per the Remuneration Policy is also overseen by this Committee.

During the year, two meetings of the Committee were held on 26th May, 2017 and 8th February, 2018.

The composition of the Committee as well as the particulars of attendance at the Committee meetings during the year and other related details are given in the table below:

Name & Designation of Director	Category	No. of meetings held during the tenure	No. of meetings attended
Prof. Ashish Nanda[1]	ID	1	1
Shri Shailesh Haribhakti, Chairman[2]	ID	1	1
Shri Markand Bhatt	NED	2	2
Shri Pradeep Bhargava	ID	2	2

1. Prof. Ashish Nanda ceased to be Member and Chairman of the Committee due to his resignation from the Board with effect from 21st July, 2017.

2. Shri Shailesh Haribhakti was appointed as the Member of the Committee with effect from 3rd November, 2017 and was selected as the Chairman of the Committee on 8th February, 2018.

The Committee was expanded by the Board at their meeting held on 30th May, 2018 by appointing Shri Samir Mehta as its Member.

Pursuant to Section 178 of the Companies Act, 2013 and Regulation 19 of the Listing Regulations, Nomination and Remuneration Committee has the following principal terms of reference:

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

2. To identify persons who are qualified to become Directors and who may be appointed in senior management positions in accordance with the criteria laid down, recommend to the Board their appointment and removal.

3. To determine whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors.

4. To formulate a criteria for performance evaluation of Directors and the Board and to carry out evaluation of every Director's performance.

5. Devising a Policy on Board Diversity.

6. Formulate the criteria for determining qualifications, positive attributes and independence of a Director.

7. To recommend a Policy to the Board relating to the remuneration for the Directors, KMP and other employees, for its approval.

8. The Committee shall, while formulating the policy, ensure the following:

   (a) The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully;

   (b) Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

(c) Remuneration to Directors, KMP and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

Senior Management for the above purpose shall mean personnel of the Company who are members of its core management team excluding Board of Directors comprising all members of management one level below the Executive Directors, including the functional heads.

9. To seek information from management and have full access to the Company's records relevant to its functioning in discharge of its obligations.

10. To make recommendations to the Board on any matter within its purview, by passing appropriate resolutions.

11. To note information on recruitment and remuneration of Senior Officers just below the level of Board of Directors, including appointment or removal of Chief Financial Officer and the Company Secretary.

12. To undertake related activities, functions and duties as the Board of Directors may from time to time, after deliberations, prescribe or as may be required to be undertaken in terms of any statutory or regulatory provisions.

According to clause 4 above, the Board has, inter alia, approved the following evaluation criteria for the Independent Directors based on the recommendation of the Committee:

- Participation in Board in terms of adequacy (time & content);
- Contribution at meetings;
- Guidance / support to Management outside Board / Committee meetings;
- Fulfilment of functions;
- Independent views and judgement.

Remuneration Policy, details of remuneration and other terms of appointment of Directors

The Remuneration Policy of the Company is directed towards rewarding performance, based on review of achievements on a periodic basis. The Company endeavours to attract, retain, develop and motivate the high-caliber executives and to incentivize them to develop and implement strategy, thereby enhancing the business value and maintaining a high performance workforce. The policy ensures that the level and composition of remuneration of the Whole-time Directors / Executive Directors are optimum. Remuneration package for Executive Directors are designed with optimum combination of fixed component and / or performance linked pay reflecting the physical (quantitative and qualitative) and financial performance of the Company. The salient features of the Remuneration Policy form a part of the Director's Report.

Appointment & Remuneration of Executive Chairman / Whole-time Director

The appointment and remuneration of Shri Samir Mehta as Executive Chairman of the Company was decided by the Board and approved by the shareholders at their meeting held on 30th July, 2014. This appointment was for a period of five years effective from the conclusion of the said meeting.

Re-appointment and fixation of remuneration of Dr. Chaitanya Dutt, Director (Research & Development) was decided by the Board and approved by the shareholders at their meeting held on 31st July, 2017 effective from 1st January, 2018 for a period of three years up to 31st December, 2020.

Remuneration of Non-Executive Directors including Independent Directors

1. The shareholders at the AGM held on 27th July, 2015 approved the payment of commission to the Non-Executive Directors (NEDs), in accordance with and upto the limit laid down under the provisions of the Companies Act, 2013 and authorised the Board of Directors or any Committee of the Board, specifically authorized for the purpose, to decide the actual amount of commission for each year. The commission is determined based on the participation of the directors in the meetings of the Board and / or Committees thereof, as well as on industry practice, performance of the Company and contribution by the Directors, etc. Further, the Board has approved the payment of sitting fees at the rate of ₹ 1 lac per meeting to the INEDs for each Board and Committee meeting attended by them.

2. In case of absence or inadequacy of profits in any financial year, the NEDs shall be paid such remuneration as approved by the Board or its Committee authorised for the purpose, subject to such approval as may be necessary.

3. The commission for any financial year shall be paid on its approval by the Board.

Details of remuneration of Directors for the year ended 31st March, 2018 are as under:

(₹ in lacs)

Name & Designation of Director$	Salary & Perquisites	Commission##	Sitting Fees++	Total
Shri Sudhir Mehta, Chairman Emeritus	Nil	500.00	Nil	500.00
Shri Samir Mehta, Executive Chairman	0.40**	1500.00	Nil	1500.40
Shri Markand Bhatt$$	Nil	Nil	Nil	Nil
Shri Shailesh Haribhakti	Nil	18.00	18.00	36.00
Shri Haigreve Khaitan	Nil	14.00	14.00	28.00
Shri Pradeep Bhargava	Nil	21.00	17.00	38.00
Prof. Ashish Nanda	Nil	3.00	2.00	5.00
Smt. Renu Challu	Nil	18.00	19.00	37.00
Dr. Chaitanya Dutt, Director (Research & Development)	614.44#**	Nil	Nil	614.44
Total	**614.84**	**2074.00**	**70.00**	**2758.84**

Notes:

$ The terms of appointment of Executive Chairman / Whole-time Director are governed by the resolutions of the shareholders and applicable rules of the Company.

Includes house rent allowance, contribution to provident fund & approved perquisites.

Commission as approved by the Board pursuant to the shareholders' approval and subject to maximum limit specified in the Companies Act, 2013.

++ Sitting Fees as approved by the Board under Rule 4 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

** In addition they are covered under group personal accident and group mediclaim policy as per Company's Rules.

$$ Shri Markand Bhatt though eligible for commission and sitting fees, waived his right to receive the same.

Khaitan & Co. and Khaitan & Co. LLP., the law firms in which Shri Haigreve Khaitan, an Independent Director, is a partner, were paid ₹ 1.49 crores as professional fees for legal services provided during the year. Apart from above, there were no other pecuniary relationships / transactions with the Independent Directors vis-à-vis the Company.

5. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Pursuant to Section 135 of the Companies Act, 2013, the Company has constituted Corporate Social Responsibility Committee, interalia, to formulate Corporate Social Responsibility (CSR) Policy, to recommend the amount of expenditure to be incurred on social activities and to monitor the CSR Policy.

During the year, two meetings of the Committee were held on 26th May, 2017 and 3rd November, 2017.

The composition of the Committee as well as the particulars of attendance at the Committee meetings during the year and other related details are given in the table below:

Name & Designation of Director	Category	No. of meetings held during the tenure	No. of meetings attended
Shri Pradeep Bhargava, Chairman	ID	2	2
Smt. Renu Challu	ID	2	2
Dr. Chaitanya Dutt	WTD	2	2

6. GENERAL BODY MEETINGS

Details of the AGM held during last three years are as under:

AGM	Date	Time	Venue	No. of special resolutions passed
42nd AGM	27th July, 2015	09.30 AM	J. B. Auditorium, Torrent AMA Centre, Ground Floor, Ahmedabad Management Association, Vastrapur, Ahmedabad	2
43rd AGM	27th July, 2016	09.30 AM		-
44th AGM	31st July, 2017	04.00 PM		2

During the year, the Company sought approval from the shareholders by postal ballot for the following proposals, result of which was declared on 28th February, 2018:

Date of Notice	Proposal	No. & % of votes cast in favour	No. & % of votes cast against
25th January, 2018	Ordinary Resolution No. 1 for Increase in Authorised Share Capital from ₹ 125 crores to ₹ 150 crores and amendment in capital clause of the Memorandum of Association	152851681 (99.99%)	9620 (0.01%)
	Special Resolution No. 2 for Enhancement of borrowing limits from ₹ 10,000 crores to ₹ 15,000 crores	144497706 (94.53%)	8363595 (5.47%)
	Special Resolution No. 3 for Creation of charge on Company's properties / assets	144454992 (94.53%)	8363660 (5.47%)
	Special Resolution No. 4 for Issuance of Unsecured / Secured Redeemable Non-Convertible Debentures / Bonds by way of Private Placement for an amount not exceeding ₹ 12,500 crores	144497643 (94.53%)	8363632 (5.47%)
	Special Resolution No. 5 for Issuance of Equity Shares including Convertible Bonds / Debentures through Qualified Institutional Placement (QIP) and / or Depository Receipts or any other modes for an amount not exceeding ₹ 5000 crores	141843146 (92.81%)	10995129 (7.19%)

Shri Rajesh Parekh, Practising Company Secretary, was appointed as Scrutinizer and has conducted the postal ballot for the aforesaid proposals.

The procedures prescribed under Section 110 of the Companies Act, 2013 read with Rule 22 of the Companies (Management and Administration) Rules, 2014 were duly followed for conducting the postal ballot process for approving the resolutions mentioned above.

All of the aforesaid resolutions were passed by the shareholders by overwhelming and requisite majority.

At present, there is no further proposal to pass any resolution through postal ballot.

7. 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 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

Code of Business Conduct (Code) adopted by the Company has been posted on the website of the Company. The members of the Board and Senior Management of the Company have submitted their affirmation on compliance with the Code for the effective period. The declaration by the Executive Chairman to that effect forms part of this report as Annexure 1.

c. Prevention of Insider Trading

In compliance with the SEBI Regulations on Prevention of Insider Trading, the Company has in place the Code of Conduct to Regulate, Monitor and Report Trading by Insiders to avoid any insider trading and it is applicable to all the designated persons who are expected to have access to the unpublished price sensitive information relating to the Company. The Company lays down the guidelines, which advises them on procedures to be followed and disclosures to be made, while dealing in shares of the Company.

d. Related Party Transactions

Pursuant to Regulation 23 of the Listing Regulations and applicable provisions of the Companies Act, 2013, the Company has formulated Related Party Transaction Policy for dealing with related party transactions. All the related party transactions are entered in compliance to the provisions of the law and the Related Party Transactions Policy. A copy of the Related Party Transactions Policy for dealing with related party transactions is available on the website http://www.torrentpharma.com/pdf/investors/Related_Party_Transactions_Policy.pdf

The Company has also formulated Policy on Determining Material Subsidiaries as required under Listing Regulations. A copy of this policy is available on the website http://www.torrentpharma.com/pdf/investors/Policy_for_determining_Material_Subsidiaries.pdf

All the related party transactions are duly approved by Audit and Risk Management Committee / Board as required under the provisions of the Companies Act, 2013 and Listing Regulations as well as the Related Party Transaction Policy of the Company. The only material related party transactions of the Company were with its wholly owned subsidiary in US, whose accounts are consolidated with the Company's accounts. Please refer to Note 40 of Standalone Financial Statements, forming part of the Annual Report for details of the related party transactions during the year.

e. CEO / CFO Certification

The Executive Chairman and Chief Financial Officer (CFO) of the Company give an annual certificate on financial reporting and internal controls to the Board in terms of Regulation 17(8) of the Listing Regulations. The Executive Chairman and CFO also give quarterly certificate on financial results while placing the financial results before the Board in terms of Regulation 33(2)(a) of the Listing Regulations.

f. Reconciliation of Share Capital Audit

As required by the Securities and Exchange Board of India (SEBI), quarterly audit of the Company's share capital is being carried out by a Practicing Company Secretary to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) (collectively Depositories) and held in physical form, with the total issued and listed capital. The Auditor's Certificate confirming the same is submitted to BSE Limited and the National Stock Exchange of India Limited on a quarterly basis and is also placed before the Board of Directors.

g. Details of unclaimed shares as per Listing Regulations

In terms of Regulation 39(4) of the Listing Regulations, the Company reports the following details in respect of equity shares transferred from the "Torrent Pharmaceuticals Limited – Unclaimed Suspense Account" during the year and the balance in the same at the beginning and at the end of the year:

Particulars	Number of shareholders	Number of Equity shares
Aggregate number of shareholders and the outstanding shares lying in the unclaimed suspense account at the beginning of the year i.e. 1st April, 2017	190	1,04,240
Number of shareholders who approached the Company / Registrars and Transfer Agents (RTA) for transfer of shares from unclaimed suspense account during the year ended 31st March, 2018	14	9,680
Number of shareholders to whom shares were transferred from Unclaimed Suspense Account during the year ended 31st March, 2018	14	9,680
Number of shares transferred to IEPF authority from Unclaimed Suspense Account during the year ended 31st March, 2018	-	36,680
Aggregate number of shareholders and the outstanding shares lying in the unclaimed suspense account at the end of the year i.e. as on 31st March, 2018	176	57,880

The voting rights on such shares shall remain frozen till the rightful owner claims the shares.

h. Whistle Blower Policy

The Company is committed to high standards of integrity, honesty and openness in all its operations. Therefore, the Company has adopted a Whistle Blower Policy as a part of vigil mechanism to provide a platform to its employees and stakeholders to report to the management, directly, any unethical, inappropriate and unjust happenings or behavior, which conflict with the Company's Code of Business Conduct. The Policy is available on the website of the Company www.torrentpharma.com. The Policy has also been extended to various external stakeholders including Company's stockiest who can also reveal and report malpractices and wrongdoing, if any.

The Company is committed to the culture wherein the confidentiality of all the whistle blowers are maintained. The investigations are conducted in a fair manner and after the conclusion of the investigation, a written report of the finding is prepared. The outcome of the investigation is informed to all the concerned parties. The Audit and Risk Management Committee (ARMC) reviews the functioning of the Whistle Blower mechanism on a quarterly basis.

The Company continuously reinforces the importance of Whistle Blower Policy amongst the employees through awareness campaigns. Implementation of the policy has helped the Company in rectifying several misconducts and wrongdoings.

Under the Whistle Blower Policy, Protected Disclosures relating to financial matters are to be reported to the Chief Financial Officer (CFO) of the Company, while non-financial matters are to be reported to the Chief Executive Officer (CEO) of the Company, with a copy to the Chairman of the ARMC. In cases where the Protected Disclosure involves the CFO or CEO or any Director of the Company, such disclosures are to be made directly to the Chairman of the ARMC. Protected Disclosures can be made through a phone call, E-mail or in writing. During the year under review, no person was denied access to the ARMC.

i. Commodity price risk and hedging activities

The Company purchases Active Pharmaceutical Ingredient (API) and other materials that are used in the manufacturing operations from foreign and domestic suppliers. Most of these materials are sourced from the domestic market and therefore do not have significant foreign exchange fluctuation risks. The Company has Risk Management framework to pro-actively mitigate the impact through measures like cost based price increases, cost reduction measures, portfolio rationalization, renegotiating procurement contracts etc. The Company also develops on an ongoing basis alternate supply sources for key products subject to economic justification.

The Company has significant revenues emanating from overseas countries, which are subject to currency risk, in addition to financing activities. Exchange rate fluctuations could significantly impact earnings and net equity because of invoicing in foreign currencies, expenditures in foreign currencies, foreign currency borrowings and translation of financial statement of overseas subsidiaries into Indian Rupees. The Board of Directors has defined the exchange risk management framework to manage these risks excluding the translation risks, pursuant to which, the Company hedges 100% of its foreign exchange risk exposure on exports and financing by way of forward exchange contracts.

j. Policy on Protection of Women against Sexual Harassment at Workplace

The Company has in place Policy on Protection of Women against Sexual Harassment at Workplace to ensure a safe and harassment free work place for its women employees. This encourages the women employees to pursue their career without any fear of prejudice, gender bias, sexual harassment and / or any such orientation in implicit or explicit form. Complaint Redressal Committees are formed at all the administrative units / offices for this purpose.

k. Mandatory & Non-Mandatory Clauses

The Company has complied with all mandatory requirements laid down by Listing Regulations including those specified in Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46. The non-mandatory requirements complied with have been disclosed at the relevant places.

8. COMMUNICATION TO SHAREHOLDERS

During the year, audited quarterly and audited annual financial results on standalone basis and un-audited quarterly and audited annual financial results on a consolidated basis of the Company were submitted to the stock exchanges soon after the Board meeting approved these and were published in leading newspapers viz The Financial Express and The Indian Express in all edition of English language and The Financial Express in Gujarati language. These were also promptly put on the Company's website www.torrentpharma.com. All official news release of relevance, quarterly results and presentations made by the Company to investors / analysts were also made available on the Company's website. The Company sends soft copies of Annual Report to those shareholders whose E-mail IDs are registered with the Depository Participants and / or with the Company's Registrars and Transfer Agents, unless opted by them to get the physical copy, to support the "Green Initiative in Corporate Governance", of the Ministry of Corporate Affairs.

9. GENERAL SHAREHOLDER INFORMATION

a. 45th AGM

Date & Time	Thursday, 2nd August, 2018 at 09:30 AM
Venue	J. B. Auditorium, Torrent AMA Centre, Ground Floor, Ahmedabad Management Association, Vastrapur, Ahmedabad

b. Tentative Financial Calendar for the year 2018-19

Financial year	1st April to 31st March
First Quarter results	First week of August 2018
Half Yearly results	First week of November 2018
Third Quarter results	Fourth week of January 2019
Results for year-end	Second week of May 2019

c. Date of Book Closure

20th June, 2018 to 22nd June, 2018 (both days inclusive)

d. Dividend payment date

The proposed dividend, if approved at the ensuing AGM will be distributed around 7th August, 2018.

e. **Listing on Stock Exchanges and Security Codes**

Name of Stock Exchange		Security Code
A.	**Equity shares**	
	BSE Limited, Mumbai (BSE)	500420
	National Stock Exchange of India Limited, Mumbai (NSE)	TORNTPHARM
B.	**Non-Convertible Debentures**	
	National Stock Exchange of India Limited, Mumbai (NSE)	

The Company has paid the annual listing fees for the year 2018-19 to both the above stock exchanges.

f. **Market Price Data**

The closing market price of equity share on 28th March, 2018 (last trading day of the year) was ₹ 1,247.90 on BSE & ₹ 1,249.75 on NSE.

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

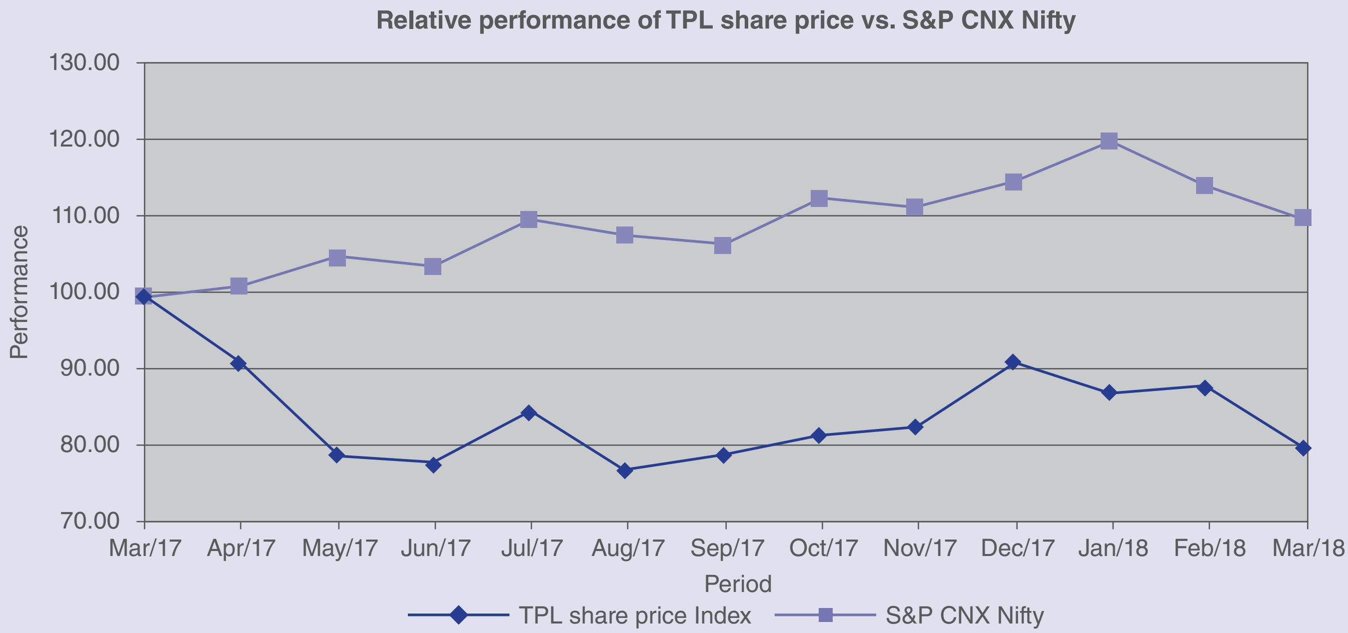
Monthly Share Price movement during the financial year ended 31st March, 2018 at BSE & NSE

(share price in ₹)

Month	BSE			NSE		
	High	Low	Volume	High	Low	Volume
Apr-17	1,550.00	1,395.40	479,852	1,550.00	1,394.00	2,075,349
May-17	1,433.80	1,143.50	419,816	1,438.10	1,141.95	3,020,004
Jun-17	1,250.00	1,151.60	296,924	1,250.00	1,151.05	3,507,568
Jul-17	1,366.90	1,205.10	389,732	1,370.00	1,170.00	4,520,000
Aug-17	1,328.00	1,192.00	210,301	1,334.60	1,191.10	3,165,913
Sep-17	1,364.75	1,149.05	319,245	1,364.20	1,147.30	4,306,038
Oct-17	1,411.45	1,235.05	203,078	1,413.70	1,230.00	3,655,039
Nov-17	1,375.70	1,206.00	326,796	1,385.00	1,204.20	5,062,426
Dec-17	1,434.75	1,261.90	213,847	1,431.85	1,258.80	3,471,294
Jan-18	1,472.75	1,343.50	201,082	1,474.80	1,340.00	2,989,370
Feb-18	1,449.35	1,270.00	1,141,147	1,450.00	1,271.55	2,999,468
Mar-18	1,374.10	1,223.75	142,495	1,375.95	1,221.20	5,169,095
Total			**4,344,315**			**43,941,564**
% of volume traded to outstanding shares			**2.57%**			**25.97%**

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-17	1,552.60	9,173.75	100.00	100.00
Apr-17	1,418.75	9,304.05	91.38	101.42
May-17	1,233.20	9,621.25	79.43	104.88
Jun-17	1,220.55	9,520.90	78.61	103.78
Jul-17	1,318.05	10,077.10	84.89	109.85
Aug-17	1,203.50	9,917.90	77.52	108.11
Sep-17	1,230.95	9,788.60	79.28	106.70
Oct-17	1,269.85	10,335.30	81.79	112.66
Nov-17	1,286.15	10,226.55	82.84	111.48
Dec-17	1,418.55	10,530.70	91.37	114.79
Jan-18	1,362.40	11,027.70	87.75	120.21
Feb-18	1,368.65	10,492.85	88.15	114.38
Mar-18	1,249.75	10,113.70	80.49	110.25
** data as on closing of the month				



g. Distribution of shareholding as at 31st March, 2018

By size of shareholding:

Category (Shares)	Mode of Holding	No. of Shares	% to Equity	No. of Holders	% to Holders
1 - 1,000	Electronic	4,197,823	2.48	36,769	93.50
	Physical	610,030	0.36	1,333	3.39
1,001 - 2,000	Electronic	857,025	0.51	565	1.44
	Physical	76,400	0.05	48	0.12
2,001 - 10,000	Electronic	1,525,609	0.90	356	0.91
	Physical	62,400	0.04	16	0.04
10,001 - 20,000	Electronic	755,204	0.45	56	0.14
	Physical	0	0.00	0	0.00
Above 20,000	Electronic	161,138,229	95.22	182	0.46
	Physical	0	0.00	0	0.00
	Electronic	**168,473,890**	**99.56**	**37,928**	**96.45**
	Physical	**748,830**	**0.44**	**1,397**	**3.55**
	Total:	**169,222,720**	**100.00**	**39,325**	**100.00**

By category of shareholders:

Category	No. of Shares		Total Shares	% of Holding
	Electronic	Physical		
Promoter's Group	120,564,720	0	120,564,720	71.25
Mutual Fund and UTI	16,638,979	400	16,639,379	9.83
Bank, FIs, AIFs & Insurance Companies	679,060	0	679,060	0.40
Foreign Institutional Investors / QFIs / NRIs	14,630,305	0	14,630,305	8.65
Other Bodies Corporate	4,312,602	9,120	4,321,722	2.55
Indian Public	11,597,321	739,310	12,336,631	7.29
IEPF	50,903	0	50,903	0.03
Total	**168,473,890**	**748,830**	**169,222,720**	**100.00**

h. Dematerialisation of securities

The equity shares of the Company are traded compulsorily in the dematerialised segment of all the stock exchanges and are under rolling settlement. Approximately 99.56% of the shares have been dematerialised. Shares held by promoters are all in dematerialised form. 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 RTA and 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 transferee within fifteen days. The details of transfers / transmission approved by the delegatees are noted by the Securities Transfer and Stakeholders Relationship Committee at its next meeting. The Company obtains from a Company Secretary in Practice half-yearly certificate of compliance with the share transfer formalities as required under Regulation 40(9) of the Listing Regulations and files a copy of the certificate with the Stock Exchanges.

The Company has signed necessary agreements with two depositories currently functional in India viz. National Securities Depository Limited & Central Depository Services (India) Limited. The transfer of shares in electronic 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, Gujarat, India
Phone: + 91 79 26599000
Fax: + 91 79 26582100

l. Plant Locations

1. Village Indrad, Taluka Kadi, Dist. Mehsana (Gujarat)
2. Village Bhud, Baddi, Teh. Nalagarh, Dist. Solan (Himachal Pradesh)
3. 32 No. Middle Camp, NH-10, East District, Gangtok (Sikkim) – Unit I & Unit II
4. NH-10, Bagheykhola Village, Majhitar, Rangpo, East Sikkim (Sikkim) – Unit III
5. Plot No 810, Sector III, Industrial area, Pithampur, Dist - Dhar (Madhya Pradesh)
6. Plot No.77, J N Pharma City, Thanam Village, Parawada-Mandal, Vizag (Andhra Pradesh)
7. Dahej SEZ, Plot No. Z104-106, Dahej SEZ Phase II, Taluka Vagra, Dist. Bharuch (Gujarat)
8. Bio-Pharm Inc. - 2091 Hartel Street, Pennsylvania 19057, U.S.A.

m. Project Site

Bileshwarpura, Taluka Kalol, District, Gandhinagar (Gujarat).

n. Research & Development Facility

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

o. Compliance Officer

Shri Mahesh Agrawal
VP (Legal) & Company Secretary
Torrent House, Off Ashram Road, Ahmedabad – 380 009, Gujarat, India
Phone: + 91 79 26599000 Fax: + 91 79 26582100
E-mail ID: maheshagrawal@torrentpharma.com

p. Investor services

E-mail ID: investorservices@torrentpharma.com

q. Registrars & Transfer Agents (RTA)

KARVY COMPUTERSHARE PRIVATE LIMITED
Unit: Torrent Pharmaceuticals Limited
Karvy Selenium Tower-B, Plot No. 31 & 32, Financial District,
Gachibowli, Hyderabad - 500 032, India
Tel No: +91 40 67162222
Fax No: +91 40 23001153
Contact person: Mr. K. S. Reddy
E-mail ID: einward.ris@karvy.com

r. Debenture Trustee

IDBI TRUSTEESHIP SERVICES LIMITED
Asian Building, Ground Floor,
17, R. Kamani Marg, Ballard Estate,
Mumbai - 400 001.
Website: http://www.idbitrustee.com
E-mail ID: ajit.guruji@idbitrustee.com
Tel No: +91 22 4080 7001
Mob No: +91 98203 43679
Fax No: +91 22 6631 1776

For and on behalf of the Board

Ahmedabad
30th May, 2018

Samir Mehta
Executive Chairman

ANNEXURE 1 TO CORPORATE GOVERNANCE REPORT

To
The Shareholders,

Affirmation of Compliance with Code of Business Conduct

I, Samir Mehta, Executive Chairman, declare that the Board of Directors of the Company has received affirmation on compliance with the Code of Business Conduct for the period from 1st April, 2017 or the date of their joining the Company, whichever is later, to 31st March, 2018 from all Members of the Board and employees under Senior Management Cadre comprising CEO / Executive Directors (not a Member of the Board), Vice Presidents and General Managers.

Ahmedabad
30th May, 2018

Samir Mehta
Executive Chairman

Standalone Financial Statements 2017-18

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

TORRENT PHARMACEUTICALS LIMITED

Report on the Audit of the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of Torrent Pharmaceuticals Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2018, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and summary of the significant accounting policies and other explanatory information (herein after referred to as "standalone Ind AS financial statements").

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the state of affairs, profit (including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We are also responsible to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at 31st March, 2018, its profit (including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

Other Matters

The audited standalone Ind AS financial statements of the Company for the corresponding year ended 31st March, 2017 prepared in accordance with Ind AS included in these standalone Ind AS financial statements, have been audited by the predecessor auditors whose audit report dated 26th May, 2017 expressed an unmodified opinion on those audited standalone Ind AS financial statements. Our opinion is not modified in respect of these matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143 (3) of the Act, we report that:

   (a) We have sought and 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 Statement of Profit and Loss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

   (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.

   (e) On the basis of the written representations received from the directors as on 31st March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164(2) of the Act.

   (f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

   (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 41 to the standalone Ind AS financial statements;

      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

      iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company;

      iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8th November, 2016 to 30th December, 2016 have not been made since they do not pertain to the financial year ended 31st March, 2018.

For B S R & Co. LLP
Chartered Accountants
(Firm's Registration No. 101248W/W-100022)

Jamil Khatri
Partner
Membership No. 102527

Ahmedabad
30th May, 2018

(Referred to in our report of even date)

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

(b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified by the management in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.

(c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed / transfer deed / conveyance deed provided to us, we report that, the tittle deeds of immovable properties are held in the name of the Company. Immovable properties of land and building whose tittle have been pledged as security for loans are held in the name of the Company based on the confirmations received from parties. In respect of immovable properties of land and buildings that have been taken on lease and disclosed as fixed asset in the financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.

(ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been appropriately dealt with in the books of accounts.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, paragraphs 3 (iii) (a), (b) and (c) of the Order are not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, the Company has not granted any loans, or provided any guarantees or security to the parties covered under Section 185 of the Act during the year. The Company has complied with the provisions of Section 186 of the Act, in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

(v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public in accordance with the provisions of section 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

(vi) We have broadly reviewed the records maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under sub-section 1 of section 148 of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records with a view to determine whether they are accurate or complete.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-Tax, Sales-Tax, Service Tax, Goods and Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and other material statutory dues have been generally regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-Tax, Sales-Tax, Service Tax, Goods and Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and other material statutory dues were in arrears as at 31st March, 2018 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of Income-tax, Sales tax, Service tax, Goods and Service Tax, Duty of customs, Duty of excise, Value added tax and Cess as at 31st March, 2018, which have not been deposited with the appropriate authorities on account of any dispute other than those mentioned in Enclosure I to this report.

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to its bankers, government, financial institution and its debenture holders.

(ix) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not raised any money by way of initial public offer, further public offer (including debt instruments) during the year. In our opinion and according to information and explanations given to us, the term loans have been applied by the Company during the year for the purposes for which they were raised.

(x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.

(xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company as prescribed under section 406 of the Act. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with the provisions of Sections 177 and 188 of the Act where applicable. The details of such related party transactions have been disclosed in the Standalone Ind AS financial statements as required by the applicable Indian Accounting Standards.

(xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.

(xvi) In our opinion and according to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable to the Company.

For B S R & Co. LLP
Chartered Accountants
(Firm's Registration No. 101248W/W-100022)

Jamil Khatri
Partner
Membership No. 102527

Ahmedabad
30th May, 2018

ENCLOSURE 1-

Name of the Statute	Nature of Dues	Forum where dispute is pending	Period to which the amount relates	Amount demanded (₹ in crores)	Amount unpaid (₹ in crores)
The E.S.I. Act,1948	E.S.I. Contribution	Gujarat High Court	1993-94 to 2017-18	11.96	11.96
The Central Excise Act, 1944	Cenvat Credit/Input service tax/ demand of duty and penalty	CESTAT- Ahmedabad	2005-06 to 2010-11	0.55	0.33
The Central Excise Act, 1944	Cenvat Credit/Input service tax/ demand of duty and penalty	CESTAT- Kolkata	2011-12	2.26	2.20
The Central Excise Act, 1944	Cenvat Credit/Input service tax/ demand of duty and penalty	Commissioner (Appeals) Central Excise and CGST, Ahmedabad	2006-07	0.02	0.02
The Central Excise Act, 1944	Cenvat Credit/Input service tax/ demand of duty and penalty	Commissioner (Appeals) Central Excise and CGST, Siliguri	2014-15	0.37	0.37
The Central Excise Act, 1944	Cenvat Credit/Input service tax/ demand of duty and penalty	Commissioner (Appeals) Central Excise and CGST, Indore	2005-06 to 2015-16	0.22	0.22
Finance Act, 1994	Demand of Service Tax/Interest/ Penalty	CESTAT- Ahmedabad	2013-14 to 2016-17	5.53	5.53
Finance Act, 1994	Demand of Penalty	CESTAT- Ahmedabad	2006-07 to 2011-12	0.51	0.31
Finance Act, 1994	Demand of Service Tax/Interest/ Penalty	Deputy Commissioner Of Central Excise & CGST, Ahmedabad	2011-12 to 2013-14	0.63	0.63
Finance Act, 1994	Demand of Service Tax/Interest/ Penalty	Supreme Court of India	2007-08 to 2012-13	51.72	51.72
Kerala Value Added Tax Act , 2003	Demand of Tax	Deputy Commissioner Appeals	2005-06 to 2007-08	0.69	0.69
Kerala Value Added Tax Act , 2003	Demand of Tax	Deputy Commissioner Appeals	2009-10 to 2010-11	0.07	0.07
Kerala Value Added Tax Act , 2003	Demand of Tax	Deputy Commissioner Appeals	2012-13 to 2015-16	0.04	0.04
Orissa Value Added Tax Act, 2004	Demand of Tax	Additional Commissioner of Sales Tax, Orrisa	2004-05 to 2008-09, 2012-13 to 2013-14	0.53	0.53
The West Bengal Sales Tax Act,1994	Demand of Tax	Taxation Tribunal, West Bengal	2004-05	0.10	0.10
Uttar Pradesh Trade Tax Act, 1948	Demand of Tax	Joint Commissioner Commercial Tax, Uttar Pradesh	2003-04 and 2005-06	0.41	0.41
Uttar Pradesh Trade Tax Act, 2008	Demand of Tax	Joint Commissioner Commercial Tax, Uttar Pradesh	2012-13	1.12	1.12
West Bengal Value Added Tax Act,2003	Demand of Tax	Additional Commissioner of Commercial Tax , West Bengal	2005-06, 2007-08 to 2008-09	1.31	1.31
West Bengal Value Added Tax Act,2003	Demand of Tax	Joint Commissioner Commercial Tax, West Bengal	2010-11	0.47	0.47
The Income Tax Act, 1961	Demand of Tax and Interest	Commissioner (Appeals), Income Tax	A.Y. 2013-14 to 2014-15	13.60	13.60

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

Report on the Internal Financial Controls under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Torrent Pharmaceuticals Limited ("the Company") as of 31st March, 2018 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the "Guidance Note on Audit of Internal Financial Controls Over Financial Reporting" issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For B S R & Co. LLP
Chartered Accountants
(Firm's Registration No. 101248W/W-100022)

Jamil Khatri
Partner
Membership No. 102527

Ahmedabad
30th May, 2018

BALANCE SHEET

(₹ in crores)

	Notes	As at 31-Mar-2018	As at 31-Mar-2017
ASSETS			
Non-current assets			
Property, plant and equipment	6	**2,299.28**	1,832.87
Capital work-in-progress	6	**422.77**	462.44
Goodwill	7	**243.96**	143.63
Other intangible assets	8	**4,885.29**	1,546.99
Intangible assets under development	8	**24.61**	10.63
Financial assets			
Investments	9	**149.83**	148.41
Loans	10	**2.48**	108.82
Other financial assets	11	**10.01**	94.55
		162.32	351.78
Non-current tax assets (net)		**52.50**	41.37
Deferred tax assets (net)	20	**0.82**	-
Other non-current assets	12	**89.38**	115.62
		8,180.93	4,505.33
Current assets			
Inventories	13	**1,299.40**	1,032.29
Financial assets			
Investments	9	**475.22**	787.43
Trade receivables	14	**1,108.04**	1,018.47
Cash and cash equivalents	15	**53.10**	74.77
Bank balances other than cash and cash equivalents		**4.02**	3.45
Loans	10	**110.12**	42.69
Other financial assets	11	**151.65**	296.20
		1,902.15	2,223.01
Other current assets	12	**437.50**	290.19
		3,639.05	3,545.49
Non-current assets held for sale		**0.09**	0.09
TOTAL ASSETS		**11,820.07**	8,050.91
EQUITY AND LIABILITIES			
Equity			
Equity share capital	16	**84.62**	84.62
Other equity	17	**4,471.87**	4,369.09
		4,556.49	4,453.71
Non-current liabilities			
Financial liabilities			
Borrowings	18	**4,111.46**	2,208.74
Other financial liabilities	22	**13.05**	6.87
		4,124.51	2,215.61
Provisions	19	**149.10**	126.34
Deferred tax liabilities (net)	20	**-**	100.73
Other non-current liabilities	23	**2.42**	0.01
		4,276.03	2,442.69
Current liabilities			
Financial liabilities			
Borrowings	18	**1,040.20**	-
Trade payables	21	**775.72**	547.95
Other financial liabilities	22	**969.53**	495.45
		2,785.45	1,043.40
Provisions	19	**80.06**	55.40
Other current liabilities	23	**122.04**	55.71
		2,987.55	1,154.51
TOTAL EQUITY AND LIABILITIES		**11,820.07**	8,050.91
Notes forming part of the Standalone Financial Statements	1-44		

In terms of our report attached

For and on behalf of the Board of Directors

For B S R & Co. LLP
Chartered Accountants
(Firm's Registration No. 101248W/W-100022)

Samir Mehta
Executive Chairman

Jamil Khatri
Partner
Membership No. 102527

Ashok Modi
Executive Director
& Chief Financial Officer

Mahesh Agrawal
VP (Legal) & Company Secretary

Ahmedabad
30th May, 2018

Ahmedabad
30th May, 2018

STATEMENT OF PROFIT AND LOSS

(₹ in crores)

	Notes	Year ended 31-Mar-2018	Year ended 31-Mar-2017
REVENUE			
Revenue from operations	24	**4,248.24**	4,592.68
Other income	25	**332.31**	299.60
Total Revenue		**4,580.55**	4,892.28
EXPENSES			
Cost of materials consumed	26	**995.25**	1,176.40
Purchases of stock-in-trade		**352.79**	220.99
Changes in inventories of finished goods, work-in-progress and stock-in-trade	27	**(232.35)**	(10.95)
Employee benefits expense	28	**826.07**	699.04
Finance costs	29	**293.68**	202.38
Depreciation and amortisation expense	30	**383.88**	269.36
Other expenses	31	**1,399.10**	1,380.05
Total Expenses		**4,018.42**	3,937.27
PROFIT BEFORE TAX		**562.13**	955.01
TAX EXPENSE			
Current tax	20	**121.15**	222.08
Deferred tax credit	20	**(41.06)**	(121.29)
		80.09	100.79
PROFIT FOR THE YEAR		**482.04**	854.22
Other comprehensive income, net of taxes			
Items that will not be reclassified to profit or loss			
Re-measurement gains / (losses) on defined benefit plans		**(3.45)**	(11.10)
Equity instruments through other comprehensive income		**(0.03)**	0.07
Income tax relating to items that will not be reclassified to profit or loss			
Re-measurement gains / (losses) on defined benefit plans		**1.20**	3.84
Equity instruments through other comprehensive income		**0.01**	(0.02)
Items that will be reclassified to profit or loss			
Effective portion on gains and loss on hedging instruments in a cash flow hedge		**(171.50)**	157.60
Income tax relating to items that will be reclassified to profit or loss			
Effective portion on gains and loss on hedging instruments in a cash flow hedge		**59.28**	(54.54)
		(114.49)	95.85
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**367.55**	950.07
Earnings per share [Nominal value per equity share of ₹ 5]			
Basic and diluted	33	**28.48**	50.48
Notes forming part of the Standalone Financial Statements	1-44		

In terms of our report attached

For and on behalf of the Board of Directors

For B S R & Co. LLP
Chartered Accountants
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Executive Director
& Chief Financial Officer

Mahesh Agrawal
VP (Legal) & Company Secretary

Ahmedabad
30th May, 2018

Ahmedabad
30th May, 2018

(A) EQUITY SHARE CAPITAL

(₹ in crores)

	As at 31-Mar-2018	As at 31-Mar-2017
Balance at the beginning of the year	**84.62**	84.62
Changes during the year	**-**	-
Balance at the end of the year	**84.62**	84.62

(B) OTHER EQUITY

(₹ in crores)

	Reserves and surplus				Other comprehensive income		Total
	Retained earnings	General reserve	Debenture redemption reserve	Securities premium account	Equity instruments through other comprehensive income	Effective portion of cash flow hedges	
Balance as at 01-Apr-2017	1,613.29	2,252.52	372.50	4.34	0.05	126.39	4,369.09
Profit for the year	482.04	-	-	-	-	-	482.04
Other comprehensive income	(2.25)	-	-	-	(0.02)	(112.22)	(114.49)
Dividends	(219.99)	-	-	-	-	-	(219.99)
Tax on dividend	(44.78)	-	-	-	-	-	(44.78)
Transfer to / (from) retained earnings	(375.00)	-	375.00	-	-	-	-
Transfer from debenture redemption reserve	-	22.80	(22.80)	-	-	-	-
Balance as at 31-Mar-2018	**1,453.31**	**2,275.32**	**724.70**	**4.34**	**0.03**	**14.17**	**4,471.87**
Balance as at 01-Apr-2016	1,620.00	1,852.52	122.50	4.34	-	23.33	3,622.69
Profit for the year	854.22	-	-	-	-	-	854.22
Other comprehensive income	(7.26)	-	-	-	0.05	103.06	95.85
Dividends	(169.22)	-	-	-	-	-	(169.22)
Tax on dividend	(34.45)	-	-	-	-	-	(34.45)
Transfer to/(from) retained earnings	(650.00)	400.00	250.00	-	-	-	-
Balance as at 31-Mar-2017	**1,613.29**	**2,252.52**	**372.50**	**4.34**	**0.05**	**126.39**	**4,369.09**

In terms of our report attached

For and on behalf of the Board of Directors

For B S R & Co. LLP
Chartered Accountants
(Firm's Registration No. 101248W/W-100022)

Samir Mehta
Executive Chairman

Jamil Khatri
Partner
Membership No. 102527

Ashok Modi
Executive Director
& Chief Financial Officer

Mahesh Agrawal
VP (Legal) & Company Secretary

Ahmedabad
30th May, 2018

Ahmedabad
30th May, 2018

(₹ in crores)

		Notes	Year ended 31-Mar-2018	Year ended 31-Mar-2017
A	**CASH FLOW FROM OPERATING ACTIVITIES**			
	PROFIT BEFORE TAX		**562.13**	955.01
	Adjustments for :			
	Depreciation and amortisation expense		**383.88**	269.36
	Allowance for doubtful trade receivables (net)		**2.41**	61.87
	Provision for impairment of investment in subsidiary		**-**	(6.36)
	Allowance for doubtful loan and interest		**-**	18.77
	Unrealised foreign exchange loss / (gain), net		**19.57**	(87.16)
	Share of profit from partnership firm		**(0.91)**	(0.86)
	Loss / (Gain) on sale / discard / write-off of property, plant & equipments		**2.57**	0.80
	Net gain on sale of investments		**(65.21)**	(72.83)
	Finance costs		**293.68**	202.38
	Interest income		**(13.45)**	(16.48)
	OPERATING CASH FLOWS BEFORE WORKING CAPITAL CHANGES		**1,184.67**	1,324.50
	Adjustments for changes in working capital :			
	Trade receivables, loans and other assets		**(158.26)**	(187.29)
	Inventories		**(183.29)**	(53.34)
	Trade payables, liabilities and provisions		**230.24**	(149.31)
	CASH GENERATED FROM OPERATIONS		**1,073.36**	934.56
	Direct taxes paid		**(132.28)**	(255.18)
	NET CASH FROM OPERATING ACTIVITIES		**941.08**	679.38
B	**CASH FLOW FROM INVESTING ACTIVITIES**			
	Acquisition of business / undertaking	36	**(3,515.00)**	(129.78)
	Purchase of property, plant and equipments and intangible assets		**(755.70)**	(477.76)
	Proceeds from sale of property, plant and equipments and intangible assets		**1.14**	0.59
	Long-term investment in subsidiary		**(0.51)**	-
	Purchase of investments		**(15.25)**	-
	Net gain on sale of investments		**65.21**	72.83
	Investment in bank balances other than cash and cash equivalents		**(0.03)**	-
	Interest received		**1.24**	1.52
	NET CASH USED IN INVESTING ACTIVITIES		**(4,218.90)**	(532.60)
C	**CASH FLOW FROM FINANCING ACTIVITIES**			
	Proceeds from long-term borrowings		**2,859.16**	1,368.61
	Repayment of long-term borrowings		**(488.06)**	(1,129.87)
	Proceeds from short term borrowings		**1,040.20**	-
	Proceeds from loan repaid by subsidiary		**45.88**	21.78
	Dividend paid (including tax on dividend)		**(264.77)**	(203.67)
	Finance cost paid		**(263.69)**	(188.10)
	NET CASH FROM / (USED IN) FINANCING ACTIVITIES		**2,928.72**	(131.25)
	NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		**(349.10)**	15.53
	CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**862.12**	846.59
	CASH AND CASH EQUIVALENTS AT END OF YEAR		**513.02**	862.12

	Notes	Year ended 31-Mar-2018	Year ended 31-Mar-2017
			(₹ in crores)
Notes:			
(1) Cash and cash equivalents as at end of year			
Cash and cash equivalents	15	**53.10**	74.77
Current investment in mutual funds	9	**459.92**	787.35
		513.02	862.12
(2) Changes in liabilities arising from financing activities :			
Long-term borrowings :			
Opening balance		**2,445.63**	2,249.38
Amount borrowed during the year		**2,859.16**	1,368.61
Amount repaid during the year		**(488.06)**	(1,129.87)
Amortised cost adjustment		**(4.22)**	1.64
Foreign exchange difference		**(8.15)**	(44.13)
Closing balance		**4,804.36**	2,445.63
Short-term borrowings :			
Opening balance		**-**	-
Amount borrowed during the year		**1,040.20**	-
Closing balance		**1,040.20**	-
Finance Cost :			
Opening balance		**61.60**	47.09
Finance Cost during the year		**293.68**	202.38
Amount paid during the year		**(263.69)**	(188.10)
Amortised cost adjustment		**4.22**	0.23
Closing balance		**95.81**	61.60

In terms of our report attached

For and on behalf of the Board of Directors

For B S R & Co. LLP
Chartered Accountants
(Firm's Registration No. 101248W/W-100022)

Samir Mehta
Executive Chairman

Jamil Khatri
Partner
Membership No. 102527

Ashok Modi
Executive Director
& Chief Financial Officer

Mahesh Agrawal
VP (Legal) & Company Secretary

Ahmedabad
30th May, 2018

Ahmedabad
30th May, 2018

1. CORPORATE INFORMATION

Torrent Pharmaceuticals Limited ("the Company") is a public limited company incorporated and domiciled in India. The address of its registered office is Torrent House, Off Ashram Road, Ahmedabad – 380 009, Gujarat, India. The Company is one of the leading Indian Pharmaceutical Company engaged in research, development, manufacturing and marketing of generic pharmaceutical formulations. The Company's research and development facility is located in the state of Gujarat, India and its manufacturing facilities are located in the states of Gujarat, Himachal Pradesh, Madhya Pradesh, Andhra Pradesh and Sikkim.

2. STATEMENT OF COMPLIANCE

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

3. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

3.1. Basis of preparation and presentation

The financial statements have been prepared and presented under the historical cost convention on an accrual basis of accounting except for the following material items which have been measured at fair value.

- Derivative financial instrument
- Investments in mutual funds & equity investments
- Defined benefit plan – plan assets measured at fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if the market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value measurement and/or disclosure purposes in the financial statements is determined on such a basis except for leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included in Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

3.2. Functional and presentation currency

The financial statements are presented in Indian Rupees, the currency of the primary economic environment in which the Company operates. All the amounts are stated in the nearest rupee crores.

3.3. Use of estimates

The preparation of financial statements are in conformity with the recognition and measurement principles of Ind AS which requires management to make critical judgments, estimates and assumptions that affect the reporting of assets, liabilities, income and expenditure. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis and any revisions to the estimates are recognised in the period in which the estimates are revised and future periods are affected.

Key source of estimation of uncertainty at the date of financial statements, which may cause material adjustment to the carrying amount of assets and liabilities within the next financial year, is in respect of:

- Useful lives of property, plant and equipment (refer note no. 4.1)
- Valuation of assets acquired as part of business combination (refer note no. 4.2.1)
- Useful lives of intangible assets (refer note no. 4.3)
- Impairment of investments in subsidiaries (refer note no. 4.5.3)
- Valuation of inventories (refer note no. 4.7)
- Impairment of intangible assets and goodwill (refer note no. 4.8)
- Employee benefits (refer note no. 4.9)
- Provisions & contingent liabilities (refer note no. 4.11)
- Sales returns (refer note no. 4.12)
- Valuation of deferred tax assets (refer note no. 4.13)

4. SIGNIFICANT ACCOUNTING POLICIES

4.1. Property, plant and equipment

Property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation and any accumulated impairment losses. The cost of fixed assets comprises of its purchase price, non-refundable taxes & levies, freight and other incidental expenses related to the acquisition and installation of the respective assets. Borrowing cost attributable to financing of acquisition or construction of the qualifying fixed assets is capitalized to respective assets when the time taken to put the assets to use is substantial.

When major items of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment. The cost of replacement of any property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefit associated with the item will flow to the Company and its cost can be measured reliably.

Pre-operative expenditure comprising of revenue expenses incurred in connection with project implementation during the period upto commencement of commercial production are treated as part of the project costs and are capitalized. Such expenses are capitalized only if the project to which they relate, involve substantial expansion of capacity or upgradation.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from its use. Difference between the sales proceeds and the carrying amount of the asset is recognized in statement of profit and loss.

Freehold land is carried at historical cost and not depreciated. Depreciation on property, plant and equipment is provided using straight-line method based on useful life of the assets estimated by the management. The estimated useful lives, residual values and depreciation method are reviewed at each financial year-end and changes in estimates, if any are accounted for on a prospective basis.

The estimated useful lives of property, plant and equipments are as under:

Type of property, plant and equipment	Useful life
Office buildings*	58 years
Factory buildings*	28 years
Plant and equipments*	10 to 20 years
Laboratory equipment*	5 to 20 years
Electrical equipment*	10 to 20 years
Furniture & Fixtures	10 years
Office equipment*	10 years
Computer equipment	3 years
Vehicles	10 years

*For these classes of assets, the useful life of assets is different than the prescribed life as per Part C of Schedule II of the Companies Act, 2013. The different useful life is based on internal technical evaluation by the Company and historical usage of assets.

4.2. Business combinations and goodwill

4.2.1. Business combinations

Business Combinations are accounted for using the acquisition method of accounting. Transaction costs incurred in connection with business combination are expensed out in statement of profit and loss. The identifiable assets and liabilities that meet the condition for recognition is recognized at their fair values at the acquisition date.

In case of bargain purchase where the fair value of identifiable assets and liabilities exceed the cost of acquisition, the excess is recognised in other comprehensive income on the acquisition date and accumulate the same in equity as capital reserve after reassessing the fair values of the net assets and contingent liabilities.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

Business combinations arising from transfers of interests in entities that are under the common control are accounted for using the pooling of interests method. The assets and liabilities of the combining entities are reflected at their carrying amounts and no adjustments are made to reflect their fair values or recognise any new assets or liabilities. The difference between any consideration given and the aggregate historical carrying amounts of assets and liabilities of the acquired entity are recorded in capital reserve and presented separately from other capital reserves with disclosure of its nature and purpose.

4.2.2. Goodwill

Goodwill represents the excess of the consideration paid to acquire a business over underlying fair value of the identified assets acquired. Goodwill is carried at cost less accumulated impairment losses, if any. Goodwill is deemed to have an indefinite useful life and is tested for impairment annually or when events or circumstances indicate that the implied fair value of goodwill is less than its carrying amount.

For the purposes of impairment testing, goodwill is allocated to each of the Company's cash-generating units (CGUs) that is expected to benefit from the synergies of the combination. Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

4.3. Intangible assets

Intangible assets acquired separately are measured at cost of acquisition. Intangible assets acquired under business combination are measured at fair value as of the date of business combination. Following initial recognition, intangible assets are carried at cost less accumulated amortization and impairment losses, if any.

Intangible assets are amortized over their respective estimated useful life using straight-line method. The estimated useful life of amortizable intangibles is reviewed at the end of each reporting period and change in estimates if any are accounted for on a prospective basis.

The estimated useful lives of intangible assets are as mentioned below:

Type of intangible asset	Useful life
Software	3 to 5 years
Product license	10 to 15 years
Brands	Upto 15 years
Non-compete fees	Upto 5 years
Drug master files	10 years

4.4. Foreign currency transaction and translation

Foreign currency transactions are recorded at exchange rates prevailing on the date of the transaction. The net gain or loss on account of exchange differences arising on settlement of foreign currency transactions are recognized as income or expense of the period in which they arise. Monetary assets and liabilities denominated in foreign currency as at the balance sheet date are translated at the closing rate. The resultant exchange rate differences are recognized in the statement of profit and loss. Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance costs. Non-monetary assets and liabilities are carried at the rates prevailing on the date of transaction.

4.5. Financial instruments

4.5.1. Derivative financial instruments and hedge accounting

The Company enters into derivative financial instruments to manage its foreign exchange rate risk. Derivatives are initially recognized at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in statement of profit and loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in statement of profit and loss depends on the nature of the hedging relationship and nature of hedged items.

Derivative financial instruments that hedges foreign currency risk associated with highly probable forecasted transactions are designated as cash flow hedges and valued at fair value. The effective portion of such hedges is recorded in cash flow hedge reserve, as a component of equity, and re-classified to the statement of profit and loss as in the period corresponding to the occurrence of the forecasted transactions. The ineffective portion of such hedges is recorded in statement of profit and loss immediately.

Hedge effectiveness testing is assessed both at the inception of the hedge relationship as well as on an ongoing basis. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised or no longer qualifies for hedge accounting.

4.5.2. Cash and cash equivalents

Cash and cash equivalents consists of cash on hand, short demand deposits and highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value. Short term means investments with original maturities / holding period of three months or less from the date of investments. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalent for the purpose of statement of cash flow.

4.5.3. Investments

Investments in mutual funds are primarily held for the Company's temporary cash requirements and can be readily convertible in cash. These investments are initially recorded at fair value and classified as fair value through profit or loss.

The Company measures investment in subsidiaries at cost less provision for impairment, if any.

The Company has made an irrevocable election to present subsequent changes in the fair value of equity investments, not held for trading, in other comprehensive income.

4.5.4. Trade receivables

Trade receivables are amounts due from customers for sale of goods or services performed in the ordinary course of business. Trade receivables are initially recognized at its transaction price which is considered to be its fair value and are classified as current assets as it is expected to be received within the normal operating cycle of the business.

4.5.5. Borrowings

Borrowings are initially recorded at fair value and subsequently measured at amortized costs using effective interest method. Transaction costs are charged to statement of profit and loss as financial expenses over the term of borrowing.

4.5.6. Trade payables

Trade payables are amounts due to vendors for purchase of goods or services acquired in the ordinary course of business and are classified as current liabilities to the extent it is expected to be paid within the normal operating cycle of the business.

4.5.7. Other financial assets and liabilities

Other non-derivative financial instruments are initially recognized at fair value and subsequently measured at amortized costs using the effective interest method.

4.5.8. De-recognition of financial assets and liabilities

The Company derecognizes a financial asset when the contractual right to the cash flows from the asset expires or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction which substantially all the risk and rewards of ownership of the financial asset are transferred. If the Company retains substantially all the risk and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired; the difference between the carrying amount of derecognized financial liability and the consideration paid is recognized as profit or loss.

4.6. Leases – Company as lessee

Finance lease

Leases where the Company assumes substantially all the risks and rewards of ownership are classified as finance lease. Such leases are capitalized at the inception of the lease at lower of the fair value or the present value of the minimum lease payments and a liability is recognized for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year.

Land acquired on long-term leases

The Company classifies leasehold land as finance lease where:

- Initial amount paid is substantially all of the fair value of land
- The company has option to purchase the land at a price that is sufficiently lower than fair value at the date option is exercisable
- Lessor has agreed to renew lease on expiry of lease term.

Leasehold land is recognized as an asset at the value of the upfront premium / charges paid to acquire lease.

Operating lease

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor, are recognized as operating lease. Operating lease payments are recognized as an expense on a straight line basis over the lease term unless the payments are structured to increase in line with the expected general inflation so as to compensate for the Lessor's expected inflationary cost increases.

4.7. Inventories

Inventories are carried at the lower of cost and net realizable value.

The cost incurred in bringing the inventory to their existing location and conditions are determined as follows:

a. Raw material and packing material - Purchase cost of materials on a moving average basis.

b. Finished goods (manufactured) and work in progress - Cost of purchase, conversion cost and other costs on a weighted average cost method.

c. Finished Goods (traded) - Purchase cost on a moving average basis.

The cost of purchase of inventories comprise the purchase price, import duties and other taxes (other than those subsequently recovered by the Company from taxing authorities), and transport, handling and other costs directly attributable to bringing the inventory to their existing location and conditions. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sales.

The Company considers various factors like shelf life, ageing of inventory, product discontinuation, price changes and any other factor which impact the Company's business in determining the allowance for obsolete, non-saleable and slow moving inventories. The Company considers the above factors and adjusts the inventory provision to reflect its actual experience on a periodic basis.

4.8. Impairment of assets

Financial assets

At each balance sheet date, the Company assesses whether a financial asset is to be impaired. Ind AS 109 requires expected credit losses to be measured through loss allowance. The Company measures the loss allowance for financial assets at an amount equal to lifetime expected credit losses if the credit risk on that financial asset has increased significantly since initial recognition. If the credit risk on a financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for financial assets at an amount equal to 12-month expected credit losses. The Company uses both forward-looking and historical information to determine whether a significant increase in credit risk has occurred.

Non-financial assets

Tangible and intangible assets

Property, plant and equipment and intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognized in the statement of profit and loss to such extent. When an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, such that the increase in the carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or CGU) in prior years. A reversal of an impairment loss is recognised immediately in statement of profit and loss.

Goodwill

CGUs to which goodwill has been allocated are tested for impairment annually or more frequently when there is indication for impairment. If the recoverable amount of a CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

Determination of recoverable amount of CGU requires the management to estimate the future cash flows expected to arise and a suitable discount rate in order to calculate the present value. An impairment loss recognised for goodwill is not reversed in subsequent periods.

4.9. Employee benefits

4.9.1. Short term employee benefits

Short term benefits payable before twelve months after the end of the reporting period in which the employees have rendered service are accounted as expense in statement of profit and loss.

4.9.2. Long term employment benefits

Defined contribution plans :

Contributions to defined contribution plans (provident fund, superannuation and other social security schemes) are recognized as expense when employees have rendered services entitling them to such benefits.

Defined benefit plans :

The Company's net obligation in respect of an approved gratuity plan, which is defined benefit plan, is calculated using the projected unit credit method and the same is carried out by qualified actuary. The current service cost and interest on the net defined benefit liability / (asset) is recognized in the statement of profit and loss. Past service cost are immediately recognized in the statement of profit and loss. Actuarial gains and losses net of deferred taxes arising from experience adjustment and changes in actuarial assumptions are recognized in other comprehensive income in the period in which they arise.

Termination benefits :

Termination benefits are recognized as an expense when the Company is committed without any possibility of withdrawal of an offer made to either terminate employment before the normal retirement date or as a result of an offer made to encourage voluntary retirement.

Compensated absences and earned leaves :

The Company's current policy permits eligible employees to accumulate compensated absences up to a prescribed limit and receive cash in lieu thereof in accordance with the terms of the policy. The Company measures the expected cost of accumulating compensated absences as the additional amount that the Company expects to pay as a result of unused entitlement that has accumulated as at the reporting date. The expected cost of these benefits is calculated using the projected unit credit method by qualified actuary every year. Actuarial gains and losses arising from experience adjustment and changes in actuarial assumptions are recognized in the statement of profit and loss in the period in which they arise. The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

4.10. Government grants

Government grants are recognized when there is reasonable assurance that the grant will be received and all attached conditions for receiving such grant have been and will be fulfilled.

Government grants related to asset are recognized as deferred income and charged to statement of profit and loss on a systematic basis over expected useful life of the related asset.

Government grants are recognized in statement of profit and loss on a systematic basis over the period in which Company recognizes as expenses the related costs for which the grants are intended to compensate. Government grants that are receivable as compensation for expenses already incurred are recognised in statement of profit and loss in the period in which they become receivable.

When loans received from the government or related institutions with below-market interest rate, the benefit of below-market interest rate is treated as government grant measured as the difference between the proceeds received and the fair value of loan based on prevailing market interest rate.

4.11. Provisions, contingent liabilities and contingent assets

Contingent liability :

A possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or; present obligation that arises from past events where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability are disclosed as contingent liability and not provided for.

Contingent assets :

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are not recognised and disclosed only when an inflow of economic benefits is probable.

Provisions :

A provision is recognized when as a result of a past event, the Company has a present obligation whether legal or constructive that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. If the obligation is expected to be settled more than 12 months after the end of reporting date or has no definite settlement date, the provision is recorded as non-current liabilities after giving effect for time value of money, if material. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

4.12. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue from sale of goods includes excise duty and are net of discounts, applicable taxes, rebates and estimated returns.

Provision for sales returns are estimated on the basis of historical experience, market conditions and specific contractual terms and provided for in the year of sale as reduction from revenue. The methodology and assumptions used to estimate returns are monitored and adjusted regularly in line with contractual and legal obligations, trade practices, historical trends, past experience and projected market conditions.

The revenue is recognized when the significant risks and rewards of ownership of goods are transferred to the buyer, recoverability of consideration is probable, the amount of revenue and cost incurred or to be incurred in respect of the transaction can be measured reliably and there is no continuing managerial involvement over the goods sold.

Income from services is recognized when the services are rendered or when contracted milestones have been achieved.

Revenue from arrangements which includes performance of obligations is recognized in the period in which the Company completes all its performance obligations.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset’s net carrying amount on initial recognition.

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.

Dividend income is recognized when the Company's right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company and the amount of dividend can be measured reliably.

4.13. Income taxes

Income tax expense comprises current and deferred tax expense. Income tax expenses are recognized in statement of profit and loss, except when they relate to items recognized in other comprehensive income or directly in equity, in which case, income tax expenses are also recognized in other comprehensive income or directly in equity respectively.

Current tax is the tax payable on the taxable profit for the year, using tax rates enacted or substantively enacted by the end of reporting period by the governing taxation laws, and any adjustment to tax payable in respect of previous periods. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred taxes arising from deductible and taxable temporary differences between the tax base of assets and liabilities and their carrying amount in the financial statements are recognized using substantively enacted tax rates and laws expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled. The deferred tax arising from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction are not recognized.

Deferred tax asset are recognized only to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilized. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax assets to be utilized.

Deferred tax assets and liabilities are offset when the Company has a legally enforceable right to do the same.

For units which enjoy tax holiday benefit, deferred tax assets and liabilities have been provided for the tax consequences of those temporary differences between the carrying values of assets and liabilities and their respective tax bases that reverse after the tax holiday ends.

Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, which gives rise to future economic benefits in the form of adjustment of future income tax liability. Accordingly, MAT is recognized as deferred tax asset in the balance sheet when the assets can be measured reliably and it is probable that the future economic benefit associated with the asset will be realized.

Dividend distribution tax arising out of payment of dividends to shareholders under the Indian Income Tax Act regulation are recognized in statement of changes in equity as part of associated dividend payment.

4.14. Earnings per share

Basic earnings per share is computed by dividing profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

4.15. Research and development

Revenue expenditure on research and development activities is recognized as expense in the period in which it is incurred.

4.16. Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of these assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in statement of profit and loss in the period in which they are incurred.

4.17. GST input credit

Goods and service tax (GST) input credit is accounted on an accrual basis on purchase of eligible inputs, capital goods and services. The balance of GST input credit is reviewed at the end of each year and amount estimated to be un-utilizable is charged to the statement of profit and loss for the year.

5. RECENT IND AS

The Company has not applied the following new and revised Ind ASs that have been issued but are not yet effective :

a) In March 2018, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2018, notifying Ind AS 115 Revenue from Contracts with Customers and consequential amendments to other standards. The amendments are applicable to the Company from 1st April, 2018.

   Ind AS 115 'Revenue from Contracts with Customers' outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further, the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. The company does not expect Ind AS 115 to significantly change the timing or the amount of revenue recognised under these contracts. The Company's analysis is preliminary and subject to change.

b) In March 2018, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2018, amending Ind AS 21- The Effect of Changes in Foreign Exchange Rates. The amendment clarifies on the accounting of transactions that include the receipt or payment of advance consideration in a foreign currency. The appendix explains that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. The Company is evaluating the impact of this amendment on its financial statements.

NOTE - 6 : PROPERTY, PLANT AND EQUIPMENT

(₹ in crores)

	Freehold land	Leasehold land	Buildings	Plant and equipments	Furniture and fixtures	Vehicles	Office equipments	Electrical equipments	Total
Gross carrying amount as at 1-Apr-2017	151.23	7.51	817.10	1,268.89	51.73	11.31	69.81	165.64	2,543.22
Additions during the year	224.01	11.62	60.66	245.95	4.60	3.02	21.70	23.44	595.00
Acquisition through business combinations	-	8.52	14.73	6.58	0.07	0.08	0.03	1.73	31.74
Deductions during the year	-	-	8.35	5.52	0.47	1.09	4.58	1.71	21.72
Gross carrying amount as at 31-Mar-2018	375.24	27.65	884.14	1,515.90	55.93	13.32	86.96	189.10	3,148.24
Accumulated depreciation as at 1-Apr-2017	-	-	110.16	464.59	29.58	3.66	41.76	60.60	710.35
Depreciation for the year	-	-	25.38	107.10	3.54	1.22	10.76	8.62	156.62
Deductions during the year	-	-	6.66	4.31	0.44	0.78	4.28	1.54	18.01
Accumulated depreciation as at 31-Mar-2018	-	-	128.88	567.38	32.68	4.10	48.24	67.68	848.96
Net carrying amount as at 31-Mar-2018	**375.24**	**27.65**	**755.26**	**948.52**	**23.25**	**9.22**	**38.72**	**121.42**	**2,299.28**
Capital work-in-progress									422.77
Total									**2,722.05**
Gross carrying amount as at 1-Apr-2016	122.51	7.51	393.67	798.84	40.02	9.36	51.37	111.94	1,535.22
Additions during the year	21.31	-	406.07	451.12	11.56	2.83	20.78	53.07	966.74
Acquisition through business combinations	7.41	-	17.49	23.93	0.38	0.11	0.99	1.16	51.47
Deductions during the year	-	-	0.13	5.00	0.23	0.99	3.33	0.53	10.21
Gross carrying amount as at 31-Mar-2017	151.23	7.51	817.10	1,268.89	51.73	11.31	69.81	165.64	2,543.22
Accumulated depreciation as at 1-Apr-2016	-	-	88.50	384.01	25.40	3.07	37.63	52.85	591.46
Depreciation for the year	-	-	21.70	85.16	4.40	0.97	7.26	8.22	127.71
Deductions during the year	-	-	0.04	4.58	0.22	0.38	3.13	0.47	8.82
Accumulated depreciation as at 31-Mar-2017	-	-	110.16	464.59	29.58	3.66	41.76	60.60	710.35
Net carrying amount as at 31-Mar-2017	**151.23**	**7.51**	**706.94**	**804.30**	**22.15**	**7.65**	**28.05**	**105.04**	**1,832.87**
Capital work-in-progress									462.44
Total									**2,295.31**

(i) Certain property, plant and equipments hypothecated/mortgaged as security for borrowings as disclosed under note 18.

(ii) Capital work-in-progress includes expenditure of ₹ 9.00 crores (previous year : ₹ 40.28 crores) incurred in the course of construction.

(iii) The amount of capital commitments is disclosed in note 41.

(iv) Additions include borrowing costs capitalised of ₹ Nil (previous year: ₹27.27 crores). The weighted average rate of interest considered for capitalisation of interest cost is Nil (previous year : 8.90 %).

(v) Additions to research and development assets during the year are as under:

(₹ in crores)

	Year ended 31-Mar-2018	Year ended 31-Mar-2017
Buildings	**2.84**	0.16
Plant and equipment [including laboratory equipment]	**42.78**	49.90
Electrical equipment	**0.57**	1.02
Furniture and fixtures	**1.38**	1.72
Office equipment	**3.77**	0.25
Vehicles	**0.30**	-
Intangibles being softwares	**3.54**	2.53
Total	**55.18**	55.58

(vi) Pro-rata cost of assets owned jointly with Torrent Power Limited, a Company under same management are as under:

(₹ in crores)

	Proportion of holding	As at 31-Mar-2018	As at 31-Mar-2017
Freehold Land	50%	**23.79**	23.79
Freehold Land	30%	**35.69**	35.69
Buildings	30%	**0.65**	0.65

(₹ in crores)

	As at 31-Mar-2018	As at 31-Mar-2017
NOTE - 7 : GOODWILL		
Cost:		
Balance at beginning of year	**143.63**	109.01
Goodwill arising on business combinations during the year	**100.33**	34.62
Balance at end of year	**243.96**	143.63

The Company tests goodwill for impairment annually and provides for impairment if the carrying amount of goodwill exceeds its recoverable amount. The recoverable amount is determined based on "value in use" calculations which is calculated as the net present value of forecasted cash flows of cash generating unit (CGU) to which the goodwill is related.

Key assumptions for CGUs with significant amount of goodwill are as follows :

a) Projected cash flows for five years based on financial budgets / forecasts in line with the past experience. The perpetuity value is taken based on the long term growth rate depending on macro economic growth factors.

b) Discount rate applied to projected cash flow is 13.00% to 15.60%.

Acquired brands are considered as CGU for testing of impairment of goodwill amounting to ₹ 209.34 crores generated on acquisition of brands.

The Company believes that any reasonably possible change in the key assumptions on which a recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash generating unit.

NOTE - 8 : OTHER INTANGIBLE ASSETS

(₹ in crores)

	Acquired intangible assets					
	Computer softwares	Product licenses	Brands	Non - compete fees	Drug master files	Total
Gross carrying amount as at 1-Apr-2017	61.42	11.26	1,814.70	30.50	29.46	1,947.34
Additions during the year	19.16	26.27	158.59	-	-	204.02
Acquisition through business combinations	-	-	3,293.51	68.03	-	3,361.54
Gross carrying amount as at 31-Mar-2018	80.58	37.53	5,266.80	98.53	29.46	5,512.90
Accumulated amortisation as at 1-Apr-2017	35.47	1.69	333.44	28.03	1.72	400.35
Amortisation for the year	15.12	7.24	195.45	6.50	2.95	227.26
Accumulated amortisation as at 31-Mar-2018	50.59	8.93	528.89	34.53	4.67	627.61
Net carrying amount as at 31-Mar-2018	**29.99**	**28.60**	**4,737.91**	**64.00**	**24.79**	**4,885.29**
Intangible assets under development						24.61
Total						**4,909.90**
Gross carrying amount as at 1-Apr-2016	30.87	11.26	1,814.70	30.50	-	1,887.33
Additions during the year	30.54	-	-	-	-	30.54
Acquisition through business combinations	0.02	-	-	-	29.46	29.48
Deductions during the year	0.01	-	-	-	-	0.01
Gross carrying amount as at 31-Mar-2017	61.42	11.26	1,814.70	30.50	29.46	1,947.34
Accumulated amortisation as at 1-Apr-2016	27.83	0.56	212.46	17.86	-	258.71
Amortisation for the year	7.65	1.13	120.98	10.17	1.72	141.65
Deductions during the year	0.01	-	-	-	-	0.01
Accumulated amortisation as at 31-Mar-2017	35.47	1.69	333.44	28.03	1.72	400.35
Net carrying amount as at 31-Mar-2017	**25.95**	**9.57**	**1,481.26**	**2.47**	**27.74**	**1,546.99**
Intangible assets under development						10.63
Total						**1,557.62**

Material intangible assets to the Company's financial statement :

Description of intangible assets	Brands
Net Carrying amount	₹ 4737.91 crores as at 31-Mar-2018 (₹ 1481.26 crores as at 31-Mar-2017)
Remaining amortisation period	11 years to 15 years as at 31-Mar-2018 (12 years as at 31-Mar-2017)

(₹ in crores)

	No. of units	As at 31-Mar-2018	As at 31-Mar-2017
NOTE - 9 : INVESTMENTS			
Non-current			
At Cost			
Investments in subsidiaries			
Equity instruments of :			
Zao Torrent Pharma (Russia)	23802	**58.80**	58.80
fully paid-up equity shares of Russian Roubles 100 each			
Less : Provision for impairment		**(23.08)**	(23.08)
		35.72	35.72
Torrent Do Brasil Ltda. (Brazil)	19144418	**31.11**	31.11
fully paid-up equity shares (Quotas) of Brazilian Reai 1 each			
Torrent Pharma Gmbh (Germany) : equity capital	-	**23.37**	23.37
Torrent Pharma Inc. (USA)	12000	**4.99**	4.99
fully paid-up common Stock of USD 100 each			
Torrent Pharma Philippines Inc. (Philippines)	192732	**4.75**	4.75
fully paid-up equity shares of Philippines Pesos 200 each			
Laboratorios Torrent, S.A. De C.V. (Mexico)	74741	**27.99**	27.99
fully paid-up equity shares of Mexican Pesos 1000 each			
Torrent Australasia Pty Ltd (Australia)	675000	**0.30**	0.30
partly paid-up common stock of Australian Dollar (AUD) 1 each, AUD 0.1282 paid each			
Torrent Pharma S.R.L. (Romania)	97000	**6.27**	6.27
fully paid-up equity shares of Euro 10 each			
Less : Provision for impairment		**(6.27)**	(6.27)
		-	-
Torrent Pharma (UK) Ltd (United Kingdom)	225000	**1.68**	1.68
fully paid-up equity shares of United Kingdom's Sterling 1 each			
Torrent Pharma (Thailand) Co., Ltd. (Thailand)	2380000	**2.10**	1.59
fully paid-up equity shares of 5 Thai baht each	(1880000)		
Torrent Pharma France S.A.S. (France)	1	**0.09**	0.09
fully paid-up equity share of 1 Euro each			
Less : Provision for impairment		**(0.09)**	(0.09)
		-	-
Laboratories Torrent (Malaysia) SDN. BHD. (Malaysia)	1000000	**0.77**	0.77
fully paid-up equity shares of 1 Malaysian Ringgit each	(500000)		
		132.78	132.27
Investment in partnership firm			
Torrent Pharmaceuticals (Sikkim) (India)		**16.96**	16.05

	No. of units	As at 31-Mar-2018	(₹ in crores) As at 31-Mar-2017
NOTE - 9 : INVESTMENTS (contd)			
At fair value through other comprehensive income			
Equity instruments of :			
Shivalik Solid Waste Limited	20000	**0.02**	0.02
fully paid-up equity shares of ₹ 10 each			
Tornascent Care Institute	25000	**0.03**	0.03
fully paid-up equity shares of ₹ 10 each			
UNM Foundation	25000	**0.03**	0.03
fully paid-up equity shares of ₹ 10 each			
Saraswat Co-Op Bank Ltd.	1000	**0.00**	0.00
fully paid-up equity shares of ₹ 10 each			
At amortised cost			
National savings certificates		**0.01**	0.01
		149.83	148.41
Current			
At fair value through other comprehensive income			
Equity instruments of :			
Corporation Bank	15500	**0.05**	0.08
fully paid-up equity shares of ₹ 2 each			
At fair value through profit or loss			
Mutual funds		**459.92**	787.35
At amortised cost			
Government of India Securities		**15.25**	-
		475.22	787.43
		625.05	935.84
(i) Aggregate amount of unquoted investments		**165.08**	148.41
(ii) Aggregate amount of quoted investments		**0.05**	0.08
(iii) Aggregate NAV of investment in mutual funds		**459.92**	787.35
(iv) Aggregate impairment in value of investment		**29.44**	29.44

(v) Disclosures in respect of investment in partnership firms:

Name of the Firm	Name of the Partners	Share in partnership	Capital as at 31-Mar-2018	Capital as at 31-Mar-2017
Torrent Pharmaceuticals (Sikkim)	Torrent Pharmaceuticals Limited	97%	**16.96**	16.05
	Torrent Pharma Employees Welfare Trust	3%	**0.52**	0.49

(vi) Ownership interest in all subsidiaries is 100% except in case of Torrent Pharmaceuticals (Sikkim) is 97%.

(vii) Number of shares in bracket represents shares held in previous year.

	As at 31-Mar-2018	(₹ in crores) As at 31-Mar-2017
NOTE - 10 : LOANS		
[Unsecured and considered good, unless otherwise stated]		
Non-current		
Loans to related parties	-	106.66
Employee loans	2.48	2.16
	2.48	108.82
Current		
Loans to related parties (Net of impairment of ₹ Nil as at 31-Mar-2018; ₹ 16.19 crores as at 31-Mar-2017)	107.00	40.52
Employee loans	3.12	2.17
	110.12	42.69
	112.60	151.51
NOTE - 11 : OTHER FINANCIAL ASSETS		
Non-current		
Derivative financial instruments	2.42	87.08
Security deposits	7.45	7.31
Fixed deposit with more than 12 months maturity	0.14	0.16
	10.01	94.55
Current		
Derivative financial instruments	120.84	271.53
Interest accrued on loans and deposits (Net of impairment of ₹ Nil as at 31-Mar-2018; ₹ 2.58 crores as at 31-Mar-2017)	8.80	10.10
Security deposits	0.54	0.55
Other receivables	21.47	14.02
	151.65	296.20
	161.66	390.75
NOTE - 12 : Other assets		
Non-current		
Capital advances	38.20	80.46
Pre-paid expenses	51.18	35.16
	89.38	115.62
Current		
Export benefits receivable	97.66	103.44
Claims receivable : indirect tax / insurance / others		
Considered good	110.90	60.97
Considered doubtful	0.11	0.11
Less : Allowance for doubtful claims receivable	0.11	0.11
	110.90	60.97
Employee advances	5.64	4.33
Pre-paid expenses	22.89	13.89
Indirect taxes recoverable	121.38	36.28
Advances to supplier	67.00	62.49
Other receivables	12.03	8.79
	437.50	290.19
	526.88	405.81

	As at 31-Mar-2018	(₹ in crores) As at 31-Mar-2017
NOTE - 13 : INVENTORIES		
[At lower of cost or net realisable value]		
Raw materials	**585.72**	552.27
Packing materials	**44.24**	42.93
Work-in-progress	**212.83**	137.79
Finished goods	**315.28**	216.03
Stock-in-trade	**141.33**	83.27
	1,299.40	1,032.29

(i) The Company charged inventory write-down (net) of ₹ 21.73 crores and ₹ 25.17 crores to statement of profit and loss for the year ended 31-Mar-2018 and 31-Mar-2017 respectively.

(ii) Inventories are hypothecated as security for borrowings as disclosed under note 18.

NOTE - 14 : TRADE RECEIVABLES		
Unsecured		
Considered good	**1,108.04**	1,018.47
Considered doubtful	**87.36**	76.12
Less : Allowance for doubtful trade receivables	**87.36**	76.12
	1,108.04	1,018.47

(i) Trade receivables are non-interest bearing and are generally on terms of 60-180 Days.

(ii) Movements in allowance for doubtful trade receivables :

Opening balance	**76.12**	16.50
Add : Provision made during the year (net)	**2.41**	61.87
Less: Provision used during the year	**(0.68)**	-
Add / (less): Translation exchange difference	**9.51**	(2.25)
Closing balance	**87.36**	76.12

NOTE - 15 : CASH AND CASH EQUIVALENTS		
Cash on hand	**0.20**	0.20
Balances with banks	**52.87**	74.54
Fixed deposit	**0.03**	0.03
	53.10	74.77

	As at 31-Mar-2018	(₹ in crores) As at 31-Mar-2017
NOTE - 16 : EQUITY SHARE CAPITAL		
Authorised		
250,000,000 (previous year 200,000,000) equity shares of ₹ 5 each	**125.00**	100.00
2,500,000 (previous year 2,500,000) preference shares of ₹ 100 each	**25.00**	25.00
	150.00	125.00
Issued		
169,236,720 (previous year 169,236,720) equity shares of ₹ 5 each	**84.62**	84.62
Subscribed and fully paid-up		
169,222,720 (previous year 169,222,720) equity shares of ₹5 each	**84.62**	84.62
Forfeited shares		
Amount originally paid up on 14,000 (previous year 14,000) equity shares of ₹ 5 each forfeited * Amount ₹ 35,000/- (previous year ₹ 35,000/-)	*	*
	84.62	84.62

(i) Reconciliation of equity shares outstanding at the beginning and at the end of the reporting year:

Particulars	**As at 31-Mar-2018**		As at 31-Mar-2017	
	Numbers	**₹ in crores**	Numbers	₹ in crores
As at the beginning of the year	**169,222,720**	**84.62**	169,222,720	84.62
Outstanding at the end of the year	**169,222,720**	**84.62**	169,222,720	84.62

(ii) Details of shares allotted for consideration other than cash, bonus shares and shares bought back in previous five financial years is as under:

The Company allotted 84,611,360 equity shares as fully paid up bonus shares of ₹ 5 each, pursuant to the shareholders' resolution passed on 12th July, 2013.

(iii) Torrent Private Limited, the holding Company, holds 120,563,720 (previous year 120,563,720) equity shares of ₹ 5 each, equivalent to 71.25% (previous year 71.25%) of the total number of subscribed & paid up equity shares, which is the only shareholder holding more than 5 % of total equity shares.

(iv) The Company has one class of equity shares having par value of ₹ 5 each. Each shareholder is eligible for one vote per share held. The final dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amount, in proportion to shareholding.

	As at 31-Mar-2018	(₹ in crores) As at 31-Mar-2017
NOTE - 17 : OTHER EQUITY		
Reserves and Surplus		
Retained earnings	**1,453.31**	1,613.29
General reserve	**2,275.32**	2,252.52
Debenture redemption reserve	**724.70**	372.50
Securities premium account	**4.34**	4.34
	4,457.67	4,242.65
Other comprehensive income		
Equity instruments through other comprehensive income	**0.03**	0.05
Effective portion of cash flow hedges	**14.17**	126.39
	14.20	126.44
	4,471.87	4,369.09

Nature and purpose of reserves :

Retained earnings : Retained earnings are the profits earned till date, less any transfers to other reserves and dividends distributed.

General reserve : The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes.

Debenture redemption reserve : The company is required to create a debenture redemption reserve out of the profits in accordance with Companies Act, 2013.

Securities premium account : Securities premium account comprises of the premium on issue of shares. The reserve is utilised in accordance with the specific provision of the Companies Act, 2013.

Equity instruments through other comprehensive income : This represents the cumulative gains and losses arising on revaluation of equity instruments measured at fair value through other comprehensive income.

Effective portion of cash flow hedges : This represents the cumulative effective portion of gains or losses arising on changes in fair value of designated portion of hedging instruments entered into for cash flow hedges. The cumulative gain or loss arising on changes in fair value of the designated portion of the hedging instruments that are recognised and accumulated under the heading of effective portion of cash flow hedges will be reclassified to statement of profit and loss only when the hedged items affect the profit or loss.

(₹ in crores)

	As at 31-Mar-2018	As at 31-Mar-2017
NOTE - 18 : BORROWINGS		
Non-current		
Secured non-convertible debentures	**1,953.10**	1,395.24
Secured term loans from banks	**2,152.21**	802.24
Unsecured term loans from others	**6.15**	11.26
	4,111.46	2,208.74
Current maturities of long-term debt (Refer note 22)		
Secured non-convertible debentures	**441.85**	91.20
Secured term loans from banks	**248.11**	143.20
Unsecured term loans from others	**2.94**	2.49
	692.90	236.89
Current		
Secured loans from banks	**250.00**	-
Unsecured commercial paper from banks	**290.20**	-
Unsecured non-convertible debentures	**500.00**	-
	1,040.20	-
	5,844.56	2,445.63

Notes:

(i) Term Loans from banks referred above to the extent of :

(a) ₹ 43.12 crores (Previous year ₹ 376.14 crores) are secured by first pari-passu mortgage/ charge on immovable as well as tangible movable assets, present and future, located at village Indrad (Manufacturing facility on identified land), Bhat (Research facility), Corporate office, Ahmedabad, all in Gujarat, and village Baddi (Manufacturing facility) in Himachal Pradesh.

(b) ₹ 266.68 crores (Previous year ₹ 32.42 crores) are secured by first pari-passu mortgage/ charge on immovable as well as tangible movable assets, present and future, located at village Indrad (Manufacturing facility on identified land), Bhat (Research facility), Corporate office, Ahmedabad, all in Gujarat, and village Baddi (Manufacturing facility) in Himachal Pradesh.

(c) ₹ 172.18 crores (Previous year ₹ 212.68 crores) are secured by first pari passu mortgage/ charge on immovable and tangible movable assets, present and future located at Dahej (SEZ) in Gujarat (Manufacturing facility) and Gangtok in Sikkim (Manufacturing facility) as well as on certain identified trademarks of the Company including its future line extensions.

(d) ₹ 325.22 crores (Previous year ₹ 324.20 crores) from bank is secured by first charge on certain identified trademarks of the Company including its future line extensions.

(e) ₹ 1,593.12 crores (Previous year ₹ Nil) are secured by first pari-passu mortgage/ charge on immovable as well as tangible movable assets, present and future, located at village Indrad (Manufacturing facility on identified land), Bhat (Research facility), Corporate office, Ahmedabad, all in Gujarat, and village Baddi (Manufacturing facility) in Himachal Pradesh as well as on certain identified trademarks of the Company including its future line extensions., in respect of which Company is in the process of creating charge.

(ii) (a) Non Convertible Debentures referred above to the extent of ₹ 1,396.88 crores (Previous year ₹ 487.82 crores) are secured by first pari passu mortgage/ charge on immovable and tangible movable assets, present and future located at Dahej (SEZ) in Gujarat (Manufacturing facility) and Gangtok in Sikkim (Manufacturing facility) as well as on certain identified trademarks of the Company including its future line extensions.

(b) Non Convertible Debentures referred above to the extent of ₹ Nil (Previous year ₹ 998.62 crores) will be secured by first pari passu mortgage/ charge on immovable and tangible movable assets, present and future located at Dahej (SEZ) in Gujarat (Manufacturing facility) and Gangtok in Sikkim (Manufacturing facility) as well as on certain identified trademarks of the Company including its future line extensions. The Company is in the process of creating charge.

(c) Non Convertible Debentures referred above to the extent of ₹ 998.07 crores (Previous year ₹ Nil) are secured by first pari-passu mortgage/ charge on immovable as well as tangible movable assets, present and future, located at village Indrad (Manufacturing facility on identified land), Bhat (Research facility), Corporate office, Ahmedabad, all in Gujarat, and village Baddi (Manufacturing facility) in Himachal Pradesh as well as on certain identified trademarks of the Company including its future line extensions., in respect of which Company is in the process of creating charge.

(iii) Short term borrowings from banks are in nature of working capital facilities which are secured by hypothecation of inventories and book debts.

(iv) The terms of repayment of loan obligations on principal amount repayable in yearly instalments, for the secured and unsecured long-term loans are as under:

(₹ in crores)

Financial year	Secured	Unsecured
2018-19	689.96	2.94
2019-20	1,045.78	2.64
2020-21	986.20	1.95
2021-22	671.46	1.56
2022-23	381.84	-
2023-24	371.43	-
2024-25	371.43	-
2025-26	292.84	-
	4,810.94	9.09
Less : Amortised cost adjustment	15.67	-
Total	4,795.27	9.09

(v) Maturity profile and rate of interest of non-convertible debentures are set out as below:

(₹ in crores)

Effective Rate of Interest	2025-26	2024-25	2023-24	2022-23	2021-22	2020-21	2019-20	2018-19	Total repayment	Amortised cost adjustment	Closing balance
7.00% to 9.30%	142.84	142.86	142.86	142.86	292.86	542.56	550.11	941.85	2,898.80	3.85	2,894.95

(₹ in crores)

	As at 31-Mar-2018	As at 31-Mar-2017
NOTE - 19 : PROVISIONS		
Non-current		
Provision for employee benefits		
Post-retirement benefits (Refer note 38)	-	18.78
Leave benefits	76.67	61.72
	76.67	80.50
Provision for sales returns	72.43	45.84
	149.10	126.34
Current		
Provision for employee benefits		
Leave benefits	12.02	9.39
Provision for sales returns	68.04	46.01
	80.06	55.40
	229.16	181.74

	As at 31-Mar-2018	(₹ in crores) As at 31-Mar-2017
NOTE - 19 : PROVISIONS (Contd.)		
Provision for sales returns :		
The Company, as a trade practice, accepts returns from market which are primarily in the nature of expired or near expiry products. Provision is made for such returns on the basis of historical experience, market conditions and specific contractual terms.		
Opening balance	**91.85**	78.42
Add: Provision made during the year	**56.27**	52.35
Less: Provision utilised during the year	**45.65**	38.92
Add: Recognised in business combination	**38.00**	-
Closing balance	**140.47**	91.85
Non-current provision	**72.43**	45.84
Current provision	**68.04**	46.01
Total	**140.47**	91.85

	Year ended 31-Mar-2018	(₹ in crores) Year ended 31-Mar-2017
NOTE - 20 : INCOME TAXES		
(a) Expense / (benefit) recognised in the statement of profit and loss:		
Current tax:		
Expense for current year	**121.15**	222.08
Deferred tax:		
Deferred tax benefit for current year	**(41.06)**	(121.29)
	80.09	100.79
(b) Expense / (benefit) recognised in statement of other comprehensive income		
Re-measurement gains / (losses) on defined benefit plans	**1.20**	3.84
Equity instruments through other comprehensive income	**0.01**	(0.02)
Effective portion on gains and loss on hedging instruments in a cash flow hedge	**59.28**	(54.54)
	60.49	(50.72)
(c) Reconciliation of Effective Tax Rate :		
Profit before income taxes	**562.13**	955.01
Enacted tax rate in India	**34.608%**	34.608%
Expected income tax expenses	**194.54**	330.51
Adjustments to reconcile expected income tax expense to reported income tax expense:		
Weighted deduction allowed in respect of research and development expenses	**(68.99)**	(144.37)
Effect of expenses not deductible in determining taxable profit	**34.75**	24.04
Effect of income exempt from taxation	**(0.31)**	(82.86)
MAT Credit entitlement recognised	**(120.36)**	-
Others (net)	**40.46**	(26.53)
Adjusted income tax expenses	**80.09**	100.79
Effective Tax Rate	**14.25%**	10.55%

(₹ in crores)

	As at 31-Mar-2018	As at 31-Mar-2017
(d) Deferred tax relates to:		
Deferred tax liabilities :		
Property, plant and equipments and intangible assets	**599.45**	347.07
Amortised cost adjustment on borrowings	**5.48**	-
Fair valuation of investment in mutual funds	**2.59**	6.89
Fair valuation of investment in equity instruments	**0.01**	0.02
Cash flow hedge reserve	**7.61**	66.89
	615.14	420.87
Deferred tax assets :		
Provision for employee benefit expense	**(30.99)**	(31.11)
Valuation of inventories	**(5.24)**	(5.19)
Allowance for doubtful trade receivables	**(30.53)**	(26.24)
Allowance for doubtful claim receivables	**-**	(0.10)
MAT credit entitlement	**(482.89)**	(257.50)
Unabsorbed depreciation	**(66.31)**	-
	(615.96)	(320.14)
Deferred tax liabilities / (assets) net	**(0.82)**	100.73

Amount of ₹ 66.31 crores pertains to deferred tax asset created on unabsorbed depreciation. The Company, based on future taxable income generation projections, expects to realise the same in future periods.

(e) Movement of deferred tax liabilities / (assets) during the year:

(₹ in crores)

Year ended 31-Mar-2018	**Opening balance as at 01-Apr-2017**	**Recognised in statement of profit and loss**	**Recognised in other comprehensive income**	**Acquired in business combination**	**Closing balance as at 31-Mar-2018**
Deferred tax liabilities / (assets) in relation to:					
Property, plant and equipments and intangible assets	347.07	252.38	-	-	**599.45**
Amortised cost adjustment on borrowings	-	5.48	-	-	**5.48**
Fair valuation of investment in mutual funds	6.89	(4.30)	-	-	**2.59**
Cash flow hedge reserve	66.89	-	(59.28)	-	**7.61**
Fair valuation of investments in equity instruments	0.02	-	(0.01)	-	**0.01**
Provision for employee benefit expense	(31.11)	1.32	(1.20)	-	**(30.99)**
Valuation of inventories	(5.19)	(0.05)	-	-	**(5.24)**
Allowance for doubtful trade receivables	(26.24)	(4.29)	-	-	**(30.53)**
Allowance for doubtful claim receivables	(0.10)	0.10	-	-	**-**
MAT credit entitlement	(257.50)	(225.39)	-	-	**(482.89)**
Unabsorbed depreciation	-	(66.31)	-	-	**(66.31)**
Deferred tax liabilities / (assets) net	**100.73**	**(41.06)**	**(60.49)**	**-**	**(0.82)**

(₹ in crores)

Year ended 31-Mar-2017	Opening balance as at 01-Apr-2016	Recognised in statement of profit and loss	Recognised in other comprehensive income	Acquired in business combination	Closing balance as at 31-Mar-2017
Deferred tax liabilities / (assets) in relation to:					
Property, plant and equipments and intangible assets	270.25	76.82	-	-	347.07
Fair valuation of derivatives	0.02	(0.02)	-	-	-
Fair valuation of investment in mutual funds	6.57	0.32	-	-	6.89
Cash flow hedge reserve	12.35	-	54.54	-	66.89
Fair valuation of investments in equity instruments	-	-	0.02	-	0.02
Provision for employee benefit expense	(36.79)	9.52	(3.84)	-	(31.11)
Valuation of inventories	(10.38)	5.19	-	-	(5.19)
Allowance for doubtful trade receivables	(5.71)	(20.53)	-	-	(26.24)
Allowance for doubtful claim receivables	(0.02)	(0.08)	-	-	(0.10)
MAT credit entitlement	(64.99)	(192.51)	-	-	(257.50)
Deferred tax liabilities / (assets) net	**171.30**	**(121.29)**	**50.72**	**-**	**100.73**

(₹ in crores)

	As at 31-Mar-2018	As at 31-Mar-2017
NOTE - 21 : TRADE PAYABLES		
Due to micro and small enterprises	**7.34**	1.43
Due to others	**768.38**	546.52
	775.72	547.95
Disclosures required by the Micro, Small and Medium Enterprises Development [MSMED] Act, 2006 are as under :		
(a) (i) The principal amount remaining unpaid at the end of the year	**7.34**	1.43
(ii) Interest due on principal remaining unpaid at the end of the year	**-**	-
(b) (i) The delayed payments of principal amount paid beyond the appointed date during the year	**4.42**	3.69
(ii) Interest actually paid under Section 16 of the MSMED Act	**0.02**	0.00
(c) Normal interest due and payable during the year, for all the delayed payments, as per the agreed terms	**0.03**	0.02
(d) Total interest accrued during the year and remaining unpaid	**0.03**	0.02
The above information regarding Micro, Small and Medium Enterprises has been determined on the basis of information available with the Company.		
NOTE - 22 : OTHER FINANCIAL LIABILITIES		
Non-Current		
Creditors for capital goods	**4.65**	5.98
Security deposits	**0.22**	0.26
Derivative financial instruments	**8.18**	0.63
	13.05	6.87
Current		
Current maturities of long-term debt (Refer note 18)	**692.90**	236.89
Creditors for capital goods	**41.26**	76.81
Interest accrued but not due on borrowings	**95.81**	61.60
Payables for employee benefits	**83.13**	69.29
Book overdraft	**17.08**	16.83
Unclaimed dividend	**3.98**	3.44
Derivative financial instruments	**22.45**	25.54
Other payables	**12.92**	5.05
	969.53	495.45
	982.58	502.32

	As at 31-Mar-2018	(₹ in crores) As at 31-Mar-2017
NOTE - 23 : OTHER LIABILITIES		
Non-Current		
Government grant	**2.42**	0.01
	2.42	0.01
Current		
Payables to statutory and other authorities	**32.47**	25.18
Trade advances	**54.13**	12.98
Government grant	**0.70**	0.03
Other payables	**34.74**	17.52
	122.04	55.71
	124.46	55.72

	Year ended 31-Mar-2018	(₹ in crores) Year ended 31-Mar-2017
NOTE - 24 : REVENUE FROM OPERATIONS		
Sales		
Sales in India	**2,570.89**	2,337.96
Sales outside India	**1,571.01**	2,123.70
	4,141.90	4,461.66
Operating income		
Export benefits	**60.31**	82.81
Income from product registration dossiers	**2.81**	6.51
Compensation and settlement income	**-**	30.47
Government grant income	**3.77**	0.91
Other operating income	**39.45**	10.32
	106.34	131.02
	4,248.24	4,592.68
NOTE - 25 : OTHER INCOME		
Interest income	**13.45**	16.48
Net gain on sale of investments (including gain/(loss) on fair valuation ₹ (12.48) crores and ₹ 0.95 crores for year ended 31-Mar-2018 and 31-Mar-2017 respectively)	**52.73**	73.78
Share of profit from partnership firms	**0.91**	0.86
Net foreign exchange gain	**255.54**	201.02
Other non-operating income	**9.68**	7.46
	332.31	299.60
NOTE - 26 : COST OF MATERIALS CONSUMED		
Raw materials	**856.95**	1,014.40
Packing materials	**138.30**	162.00
	995.25	1,176.40

	Year ended 31-Mar-2018	(₹ in crores) Year ended 31-Mar-2017
NOTE - 27 : CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE		
Opening inventory :		
Finished goods	**216.03**	193.46
Work-in-progress	**137.79**	153.45
Stock-in-trade	**83.27**	79.23
	437.09	426.14
Less : Closing inventory :		
Finished goods	**315.28**	216.03
Work-in-progress	**212.83**	137.79
Stock-in-trade	**141.33**	83.27
	669.44	437.09
Net (increase) / decrease in inventory	**(232.35)**	(10.95)
NOTE - 28 : EMPLOYEE BENEFITS EXPENSE		
Salaries, wages and bonus	**724.90**	617.50
Contribution to provident and other funds	**60.01**	47.96
Gratuity cost	**16.55**	12.12
Staff welfare expenses	**24.61**	21.46
	826.07	699.04
NOTE - 29 : FINANCE COSTS		
Interest expenses	**290.23**	199.91
Other borrowing cost	**3.45**	2.47
	293.68	202.38
NOTE - 30 : DEPRECIATION AND AMORTISATION EXPENSE		
Depreciation of tangible assets	**156.62**	127.71
Amortisation of intangible assets	**227.26**	141.65
	383.88	269.36
NOTE - 31 : OTHER EXPENSES		
Selling, publicity and medical literature expenses	**445.26**	388.99
Laboratory goods and testing expenses	**139.77**	180.92
Power and fuel	**117.86**	107.17
Travelling, conveyance and vehicle expenses	**71.75**	64.22
Stores and spares consumed	**103.35**	96.91
Allowance for doubtful trade receivable (net)	**2.41**	61.87
Allowance for doubtful loan and interest	**-**	18.77
Compensation expenses	**6.00**	29.05
Professional and legal fees	**99.52**	42.63
Cost of outsourced manpower	**42.87**	43.55
Excise duties / GST	**19.81**	41.23
Auditors remuneration and expenses (Refer note 34)	**1.57**	1.65
Donation	**16.61**	16.12
Corporate social responsibility expenses	**26.39**	27.06
Commission to non-executive directors	**6.57**	9.11
General charges	**299.36**	250.80
	1,399.10	1,380.05

	Year ended 31-Mar-2018	(₹ in crores) Year ended 31-Mar-2017
NOTE - 32 : RESEARCH AND DEVELOPMENT EXPENSES		
(a) Break-up of research and development expenses included in statement of profit and loss under below heads:		
Operating income		
Government grant income	-	0.88
Material cost - Exhibit batches	39.70	52.19
Employee benefits expense		
Salaries, wages and bonus	99.24	87.75
Contribution to provident and other funds	9.53	8.32
Gratuity cost	3.97	4.30
Staff welfare expenses	2.54	2.42
	115.28	102.79
Other expenses		
Power and fuel	5.79	5.42
Stores and spares consumed	22.79	19.33
Laboratory goods and testing expenses	72.44	120.78
Travelling, conveyance and vehicle expenses	5.02	4.81
General charges	83.47	54.12
	344.49	358.56
(b) Depreciation and amortisation includes ₹ 15.88 crores (previous year ₹ 13.44 crores) pertaining to research and development fixed assets.		
(c) Capital work in progress and advances for capital expenditure on research and development assets are as under :		
Capital work in progress	42.49	55.91
Advances for capital expenditure	1.47	18.40
Total	43.96	74.31

NOTE - 33 : EARNINGS PER SHARE

The basic and diluted earnings per share [EPS] are:

		Year ended 31-Mar-2018	Year ended 31-Mar-2017
Net profit for the year [a]	(₹ in crores)	482.04	854.22
Weighted average number of equity shares [b]	(Nos.)	169,222,720	169,222,720
EPS (basic and diluted) [a] / [b]	₹	28.48	50.48
Nominal value per equity share	₹	5.00	5.00

NOTE - 34 : AUDITORS REMUNERATION

	Year ended 31-Mar-2018	Year ended 31-Mar-2017
(a) As audit fees		
Statutory audit fees	0.84	1.00
(b) For quarterly limited reviews of subsidiaries financials	0.21	0.24
(c) For other services	0.50	0.41
(d) For reimbursement of expenses	0.02	-
	1.57	1.65

NOTE - 35 : DONATION TO POLITICAL PARTIES

Donation includes political contributions as under:

	Year ended 31-Mar-2018	Year ended 31-Mar-2017
Prudent Electoral Trust (formerly Satya Electoral Trust)	10.00	10.50
	10.00	10.50

NOTE - 36 : BUSINESS COMBINATIONS AND ACQUISITIONS

(a) The Company had entered into Business Transfer Agreement with Unichem Laboratories Limited ('Unichem') for the acquisition of branded business of Unichem for India and Nepal, including its Sikkim manufacturing facility, on a going concern basis by way of slump sale, which has been completed on 14-Dec-2017.

The total purchase consideration of ₹ 3,515.00 crores has been paid in cash. The Company has accounted for the transaction under Ind AS 103, "Business Combinations", and allocated the aggregate purchase consideration to identifiable assets acquired and liabilities assumed based on purchase price allocation as follows:

Particulars	₹ in crores
Assets acquired	
- Working capital (Net)	21.10
- Identified intangible assets	3,361.54
- Property plant and equipments (including capital work-in-progress)	32.03
- Goodwill	100.33
Total consideration paid	**3,515.00**

The acquisition costs incurred till the date of financial statement of ₹ 7.75 crores have been included in other expenses in the statement of profit and loss.

(b) The Company on 03-Sep-2016 acquired API manufacturing unit of Glochem Industries at Vizag on a going concern slump sales basis. The acquisition has been accounted for using the acquisition method of accounting.

Particulars	₹ in crores
Fair value of net assets acquired	65.70
Add : Intangibles identified on acquisition	29.46
	95.16
Less : Purchase consideration	129.78
Goodwill	**34.62**

NOTE - 37 : LOANS TO GROUP COMPANIES

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

(₹ in crores)

Name of the Subsidiary	Loan given		Maximum amount outstanding during the year	Balance as at	
	2017-18	2016-17		**31-Mar-2018**	31-Mar-2017
Torrent Do Brasil Ltda.	**-**	-	147.18	**107.00**	147.18

(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 no interest is charged or interest is below the rate specified in section 186 of the Companies Act, 2013, wherever applicable.

NOTE - 38 : DEFINED BENEFIT PLANS

The accruing liability on account of retirement benefit plans (in the nature of defined benefits plan) is accounted as per Ind-AS 19 "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.

		Year ended 31-Mar-2018	(₹ in crores) Year ended 31-Mar-2017
(a)	**Reconciliation of opening and closing balances of the present value of the defined benefit obligation :**		
	Obligations at the beginning of the year	**132.94**	102.96
	Current service cost	**15.40**	11.97
	Interest cost	**9.60**	8.03
	Liability transferred in / acquisitions	**8.99**	0.60
	Liability transferred out	**(0.01)**	(0.44)
	Actuarial (gains) / losses	**3.81**	16.39
	Benefits paid directly by the employer	**(0.27)**	(0.12)
	Benefits paid from the fund	**(6.03)**	(6.45)
	Obligations at the end of the year	**164.43**	132.94
(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	**114.16**	86.50
	Assets transferred in / acquisitions	**-**	1.10
	Interest income	**8.25**	6.72
	Return on plan assets, excluding interest income	**0.36**	5.29
	Contributions	**50.12**	21.00
	Benefits paid	**(6.03)**	(6.45)
	Plan assets at the end of the year, at fair value	**166.86**	114.16
	Actual return on plan assets	**8.61**	12.01
(c)	**Expense recognised in the statement of profit and loss for the year :**		
	Current service cost	**15.40**	11.97
	Net interest on net defined benefit liability	**1.35**	1.31
	Net gratuity cost	**16.75**	13.28
(d)	**Expense recognised in other comprehensive income for the year :**		
	Actuarial (gains) / losses	**3.81**	16.39
	Return on plan assets, excluding interest income	**(0.36)**	(5.29)
		3.45	11.10
(e)	**Reconciliation of the present value of the defined benefit obligation and fair value of plan assets :**		
	Obligations at the end of the year	**164.43**	132.94
	Plan assets at the end of the year, at fair value	**166.86**	114.16
	(Asset) / Liability recognised in balance sheet	**(2.43)**	18.78

(₹ in crores)

		Year ended 31-Mar-2018	Year ended 31-Mar-2017
(f)	**Remeasurement of net defined benefit liability / (asset) :**		
	Actuarial (gains) / losses from changes in financial assumptions	**(6.70)**	5.17
	Experience adjustments	**10.51**	11.22
	Remeasurement of defined benefit liability	**3.81**	16.39
	Remeasurement of return on plan assets	**(0.36)**	(5.29)
	Total	**3.45**	11.10
(g)	**Expected contribution for the next year**	**16.49**	25.74
(h)	**Assumptions :**		
	Discount rate	**7.80%**	7.22%
	Salary escalation rate	**10.00%**	10.00%
	Weighted average duration of defined benefit obligation	**9 years**	8 years

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

Future mortality rates are obtained from relevant table of Indian Assured Lives Mortality (2006-08) Ultimate.

(i) Sensitivity Analysis for each significant actuarial assumption :

The significant actuarial assumptions for the determination of the defined benefit obligations are discount rate and expected salary increase. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

(₹ in crores)

	Year ended 31-Mar-2018	Year ended 31-Mar-2017
Impact of increase in discount rate by 1 %	**(10.45)**	(8.68)
Impact of decrease in discount rate by 1 %	**11.89**	9.90
Impact of increase in salary escalation rate by 1 %	**11.52**	9.54
Impact of decrease in salary escalation rate by 1 %	**(10.34)**	(8.54)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligations as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligations has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

(j) 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 which has invested the funds substantially as under :

	As at 31-Mar-2018	As at 31-Mar-2017
Equity instruments	**11.20%**	14.58%
Corporate bonds	**60.22%**	53.32%
Government securities	**22.61%**	22.02%
Fixed deposits with banks	**0.32%**	2.45%
Other current assets	**5.65%**	7.63%

(k) Maturity profile :

The defined benefit obligations shall mature after year ended 31st March, 2018 as follows:

(₹ in crores)

	Undiscounted values
1st following year	15.61
2nd following year	14.55
3rd following year	19.30
4th following year	16.08
Thereafter	91.47

(l) Asset-liability matching strategies :

The Company contributes to the insurance fund based on estimated liability of the next financial year end. The projected liability statement is obtained from the actuarial valuer.

NOTE - 39 : FINANCIAL INSTRUMENTS

(i) Financial assets and liabilities

Accounting classification and fair values:

Carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy, are presented below.

(₹ in crores)

As at 31-Mar-2018	Carrying Value	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets :					
Amortised cost * :					
Cash and cash equivalents	**53.10**	-	-	-	-
Bank balances other than cash and cash equivalents	**4.02**	-	-	-	-
Trade receivables	**1,108.04**	-	-	-	-
Investments	**15.26**	-	-	-	-
Loans	**112.60**	-	-	-	-
Other financial assets	**38.40**	-	-	-	-
Fair value through other comprehensive income :					
Investment in equity instruments (Other than investment in subsidiaries)	**0.13**	**0.05**	-	**0.08**	**0.13**
Fair value through profit or loss :					
Investment in mutual funds	**459.92**	**459.92**	-	-	**459.92**
Derivatives instruments :					
Designated as cash flow hedge	**21.79**	-	**21.79**	-	**21.79**
Fair value through profit and loss	**101.47**	-	**101.47**	-	**101.47**
Total	**1,914.73**	**459.97**	**123.26**	**0.08**	**583.31**
Financial liabilities :					
Amortised cost * :					
Borrowings	**5,844.56**	-	-	-	-
Trade payables	**775.72**	-	-	-	-
Other financial liabilities	**259.05**	-	-	-	-
Derivatives instruments :					
Fair value through profit and loss	**30.63**	-	**30.63**	-	**30.63**
Total	**6,909.96**	-	**30.63**	-	**30.63**

(₹ in crores)

As at 31-Mar-2017	Carrying Value	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets :					
Amortised cost * :					
Cash and cash equivalents	74.77	-	-	-	-
Bank balances other than cash and cash equivalents	3.45	-	-	-	-
Trade receivables	1,018.47	-	-	-	-
Investments	0.01	-	-	-	-
Loans	151.51	-	-	-	-
Other financial assets	32.14	-	-	-	-
Fair value through other comprehensive income :					
Investment in equity instruments (Other than investment in subsidiaries)	0.16	0.08	-	0.08	0.16
Fair value through profit or loss :					
Investment in mutual funds	787.35	787.35	-	-	787.35
Derivatives instruments :					
Designated as cash flow hedge	193.29	-	193.29	-	193.29
Fair value through profit and loss	165.32	-	165.32	-	165.32
Total	2,426.47	787.43	358.61	0.08	1,146.12
Financial liabilities :					
Amortised cost * :					
Borrowings	2,445.63	-	-	-	-
Trade payables	547.95	-	-	-	-
Other financial liabilities	239.26	-	-	-	-
Derivatives instruments :					
Fair value through profit and loss	26.17	-	26.17	-	26.17
Total	3,259.01	-	26.17	-	26.17

* The Company has not disclosed the fair value of financial instruments, because their carrying amount are a reasonable approximation of fair value.

Determination of fair values:

The following are the basis of assumptions used to estimate the fair value of financial assets and liabilities that are measured at fair value on recurring basis :

Investment in mutual funds : The fair values represent net asset value as stated by the issuers of these mutual fund units in the published statements. Net asset values represent the price at which the issuer will issue further units in the mutual fund and the price at which issuers will redeem such units from the investors.

Equity investments : Equity investments traded in an active market determined by reference to their quoted market prices. Other equity investments where quoted prices are not available, fair values are determined by reference to the expected discounted cash flows from the underlying net assets or current market value of net assets.

Derivative instruments: For forward contracts and cross currency interest rate swaps, future cash flows are estimated based on forward exchange rates and forward interest rates (from observable forward exchange rates / yield curves at the end of the reporting period) and contract forward exchange rates and forward interest rates, discounted at a rate that reflects the credit risk of respective counterparties.

(ii) Derivative financial instruments

Cash flow hedges :

Derivatives are taken to cover foreign exchange risk of highly probable forecasted sales transactions occurring in foreign currencies and foreign currency borrowings. The following are outstanding derivative contracts designated as cash flow hedges :

Currency	Nature of derivative contracts	Buy / Sell	Net Position (Amount in crores)		Fair value Gain / (Loss) (₹ in crores)	
			31-Mar-2018	31-Mar-2017	**31-Mar-2018**	31-Mar-2017
USD	Forward contracts	Sell	**32.95**	41.19	**57.97**	182.52
EUR	Forward contracts	Sell	**4.23**	6.29	**(13.71)**	17.97
GBP	Forward contracts	Sell	**0.89**	0.64	**(4.98)**	2.53
MXN	Forward contracts	Sell	**1.55**	1.54	**(0.27)**	(0.66)
MYR	Forward contracts	Sell	**1.42**	-	**(2.03)**	-
RUB	Forward contracts	Sell	**64.15**	-	**(3.92)**	-
USD	Cross Currency Interest Rate Swaps	Buy	**4.10**	4.50	**(11.27)**	(9.07)
					21.79	193.29
Less : Deferred tax					**7.62**	66.90
Balance in cash flow hedge reserve					**14.17**	126.39

The movement of cash flow hedges in other comprehensive income is as follows:

(₹ in crores)

Particulars	**Year ended 31-Mar-2018**	Year ended 31-Mar-2017
Balance at the beginning of the year	**126.39**	23.33
(Gain) / losses reclassified to profit or loss	**(138.91)**	(187.16)
Deferred tax on (gains) / losses reclassified to profit or loss	**48.54**	64.78
Change in the fair value of effective portion of cash flow hedges	**(33.59)**	344.77
Deferred tax on fair value of effective portion of cash flow hedges	**11.74**	(119.33)
Balance at the end of the year	**14.17**	126.39

Net foreign currency outstanding positions of recognised assets and liabilities are as under:

	Hedged item / nature of derivative contracts	Buy/Sell	Currency	Net Position under derivative contracts (Amount in crores)	
				31-Mar-2018	31-Mar-2017
1	**Foreign currency loan - payable**				
	Currency cum interest rate swap	Buy	USD	**9.77**	11.33
	Foreign currency interest - payable	Buy	USD	**0.03**	0.05
	Foreign currency loan - receivable				
	Loan to group companies	Sell	USD	**1.65**	2.27
	Foreign currency interest - receivable	Sell	USD	**0.13**	0.15
2	**Foreign currency trade payables**				
	Forward exchange contracts	Buy	EUR	**0.06**	0.03
		Buy	USD	**0.09**	-
3	**Foreign currency receivables**				
	Forward exchange contracts	Sell	USD	**11.77**	11.77
		Sell	EUR	**0.80**	1.02
		Sell	RUB	**23.63**	18.65
		Sell	GBP	**0.57**	0.35
		Sell	MXN	**0.79**	1.53
		Sell	MYR	**0.95**	-

(iii) Financial risk management

The Company's activities are exposed to variety of financial risks. These risks include market risk (including foreign exchange risk and interest rate risks), credit risks and liquidity risk. The Company's overall risk management program seeks to minimize potential adverse effects on the financial performance of the Company through established policies and processes which are laid down to ascertain the extent of risks, setting appropriate limits, controls, continuous monitoring and its compliance.

(a) Market risk :

Market risk refers to the possibility that changes in the market rates may have impact on the Company's profits or the value of its holding of financial instruments. The Company is exposed to market risks on account of foreign exchange rates, interest rates and underlying equity prices.

a1 Foreign currency exchange rate risk :

The Company's foreign currency risk arises from its foreign operations, investments in foreign subsidiaries, foreign currency transactions and foreign currency borrowings. The fluctuation in foreign currency exchange rates may have potential impact on the income statement and equity, where any transaction references more than one currency or where assets/liabilities are denominated in a currency other than the functional currency of the Company.

Since a major part of the Company's revenue is in foreign currency and major part of the costs are in Indian Rupees, any movement in currency rates would have impact on the Company's performance. Consequently, the overall objective of the foreign currency risk management is to minimize the short term currency impact on its revenue and cash-flow in order to improve the predictability of the financial performance.

The major foreign currency exposures for the Company are denominated in USD & EURO. Additionally, there are transactions which are entered into in other currencies and are not significant in relation to the total volume of the foreign currency exposures. The Company hedges all trade receivables and future cash flows upto a maximum of 24 months forward based on historical trends, budgets and monthly sales estimates. The Company enters into cross-currency swaps to hedge all foreign currency borrowings. Hedge effectiveness is assessed on a regular basis.

The following table sets forth information relating to foreign currency exposure from non-derivative financial instruments:

(₹ in crores)

As at 31-Mar-2018	US Dollar	Euro	Others*	Total
Assets :				
Cash and cash equivalents	0.07	-	0.03	0.10
Loans	107.00	-	-	107.00
Trade receivables	765.78	78.70	106.85	951.33
Other assets	31.74	9.15	1.66	42.55
Total	904.59	87.85	108.54	1,100.98
Liabilities :				
Borrowings	635.26	-	-	635.26
Trade payables	50.36	36.31	7.69	94.36
Other liabilities	12.01	96.12	1.73	109.86
Total	697.63	132.43	9.42	839.48
Net assets / (liabilities)	206.96	(44.58)	99.12	261.50

(₹ in crores)

As at 31-Mar-2017	US Dollar	Euro	Others*	Total
Assets :				
Cash and cash equivalents	0.04	-	0.91	0.95
Loans	147.18	-	-	147.18
Trade receivables	763.38	74.68	63.62	901.68
Other assets	47.01	8.25	6.49	61.75
Total	957.61	82.93	71.02	1,111.56
Liabilities :				
Borrowings	734.84	-	-	734.84
Trade payables	80.92	46.50	7.94	135.36
Other liabilities	9.94	46.66	1.14	57.74
Total	825.70	93.16	9.08	927.94
Net assets / (liabilities)	131.91	(10.23)	61.94	183.62

*Others mainly includes currencies namely British Pound, Japanese Yen, Mexican Peso, Russian Rouble.

With respect to the Company's derivative financial instruments which is in the form of forward contracts, currency swap, a 5% increase / decrease in relation to USD & EUR of each of the currencies underlying such contracts would have resulted in increase /decrease of ₹ 33.49 crores (₹ 48.78 crores) in the Company's net profit and ₹ 110.74 crores (₹ 143.18 crores) in cash flow hedge reserve from such contracts as at 31-Mar-2018 and 31-Mar-2017 respectively.

With respect to the Company's non-derivative financial instruments (as given above), a 5% increase / decrease in relation to USD & EUR on the underlying would have resulted in increase /decrease of ₹ 8.11 crores (₹ 6.10 crores) in the Company's net profit for the year ended 31-Mar-2018 and 31-Mar-2017 respectively.

a2 Interest rate risk :

Interest rate risk refers to the possibility that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rate. The Company is exposed to fluctuations in interest rates in respect of foreign currency loans and rupee loans carrying a floating rate of interest.

In respect of foreign currency loans, the Company has outstanding borrowing of USD 97.67 millions. As per the Company's risk management policy to minimize the interest rate cash flow risk exposure on foreign currency long term borrowings, interest rate swaps are taken to convert the variable interest rate risk into rupee fixed interest rate. There is no interest rate risks associated with foreign currency loans. In respect of rupee loans, the outstanding loan with variable rate of interest is not significant as compared to total amount of borrowings and hence interest rate sensitivity has not been performed.

(b) Credit risk :

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Financial instruments that are subject to concentrations of credit risk materially consists of trade receivables, investments and derivative financial instruments.

All trade receivables are subject to credit risk exposure. The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country, in which the customer operates, also has an influence on credit risk assessment. Credit risk is managed through established policies, controls relating to credit approvals and procedures for continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. The Company does not have significant concentration of credit risk related to trade receivables. No single third party customer contributes to more than 10 % of outstanding accounts receivable (excluding outstanding from subsidiaries) as at 31-Mar-2018 and 31-Mar-2017.

With respect to investments, the Company limits its exposure to credit risk by investing in liquid securities with counterparties depending on their Composite Performance Rankings (CPR) published by CRISIL. The Company's investment policy lays down guidelines with respect to exposure per counterparty, rating, processes in terms of control and continuous monitoring. The Company therefore considers credit risks on such investments to be negligible.

With respect to derivatives, the Company's forex management policy lays down guidelines with respect to exposure per counter party i.e. with banks with high credit rating, processes in terms of control and continuous monitoring. The fair value of the derivatives are credit adjusted at the period end.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk is ₹ 1,914.40 crores and ₹ 2,426.11 crores as at 31-Mar-2018 and 31-Mar-2017 respectively, being the total of the carrying amount of balances with banks, bank deposits, trade receivables, other financial assets and investments excluding equity investments, and these financial assets are of good credit quality including those that are past due.

(c) Liquidity risk :

Liquidity risk refers to the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company generates cash flows from operations to meet its financial obligations, maintains adequate liquid assets in the form of cash & cash equivalents and has undrawn short term line of credits from banks to ensure necessary liquidity.

Contractual maturities of significant financial liabilities are as below:

(₹ in crores)

As at 31-Mar-2018	Due in Year 0 to 1	Due in Year 1 to 2	Due in Year 3 to 5	Due after Year 5	Total
Trade payables	775.72	-	-	-	775.72
Borrowings*	1,733.10	1,048.42	2,043.01	1,035.70	5,860.23
Other financial liabilities	254.18	4.87	-	-	259.05
Derivative financial liabilities	22.45	8.18	-	-	30.63
Total	2,785.45	1,061.47	2,043.01	1,035.70	6,925.63

(₹ in crores)

As at 31-Mar-2017	Due in Year 0 to 1	Due in Year 1 to 2	Due in Year 3 to 5	Due after Year 5	Total
Trade payables	547.95	-	-	-	547.95
Borrowings*	236.89	614.36	1,593.82	12.00	2,457.07
Other financial liabilities	233.02	6.24	-	-	239.26
Derivative financial liabilities	25.54	0.63	-	-	26.17
Total	1,043.40	621.23	1,593.82	12.00	3,270.45

*Excluding amortised cost adjustment.

(iv) Capital management

The capital structure of the Company consists of equity, debt, cash and cash equivalents. The Company's objective for capital management is to maintain the capital structure which will support the Company's strategy to maximize shareholder's value, safeguarding the business continuity and help in supporting the growth of the Company.

NOTE - 40 : RELATED PARTIES AND TRANSACTIONS

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

(₹ in crores)

Particulars	Holding Company		Subsidiaries		Enterprises controlled by the Company		Key Management Personnel		Other related parties		Total	
(A) Nature of Transactions	**2017-18**	2016-17	**2017-18**	2016-17	**2017-18**	2016-17	**2017-18**	2016-17	**2017-18**	2016-17	**2017-18**	2016-17
Sale of finished goods	-	-	**1,243.12**	1,787.50	-	-	-	-	-	(0.08)	**1,243.12**	1,787.42
Sale of dossiers	-	-	-	0.06	-	-	-	-	-	-	-	0.06
Purchase of material, consumables etc	-	-	**0.30**	0.79	-	-	-	-	**2.88**	-	**3.18**	0.79
Remuneration to key management personnel (including independent directors)	-	-	-	-	-	-	**27.72**	29.36	-	-	**27.72**	29.36
Contribution to Gratuity / Superannuation funds	-	-	-	-	-	-	-	-	**63.83**	31.72	**63.83**	31.72
Advance given	-	-	-	-	-	-	-	-	**0.99**	1.45	**0.99**	1.45
Lease rent paid	**0.02**	0.02	-	-	-	-	-	-	**1.23**	1.52	**1.25**	1.54
Services received	-	-	**13.56**	15.78	-	-	-	-	**15.08**	16.54	**28.64**	32.32
Commission & interest paid to carrying & forwarding agents	-	-	-	-	-	-	-	-	-	1.13	-	1.13
CSR expenses	-	-	-	-	-	-	-	-	**19.19**	25.31	**19.19**	25.31
Interest income	-	-	**11.70**	14.92	-	-	-	-	**0.13**	0.05	**11.83**	14.97
Expenses reimbursement	-	-	**14.10**	27.90	-	-	-	-	-	-	**14.10**	27.90
Purchase of property, plant and equipment	-	-	-	-	-	-	-	-	**45.02**	0.07	**45.02**	0.07
Equity contribution	-	-	**0.51**	-	-	-	-	-	-	-	**0.51**	-
Share of profit/(loss) from partnership firm	-	-	-	-	**0.91**	0.86	-	-	-	-	**0.91**	0.86
Repayment of loan	-	-	**45.88**	21.78	-	-	-	-	-	-	**45.88**	21.78
Allowance for doubtful loan & interest	-	-	-	18.77	-	-	-	-	-	-	-	18.77
Provision for impairment in value of investment	-	-	-	6.36	-	-	-	-	-	-	-	6.36
Allowance for doubtful trade receivables / other receivables	-	-	-	59.96	-	-	-	-	-	-	-	59.96
Deposits given	-	-	-	-	-	-	-	-	-	0.17	-	0.17
Deposits refund received	-	-	-	-	-	-	-	-	**1.56**	-	**1.56**	-
Recovery of expenses	-	-	**7.69**	8.41	-	-	-	-	-	-	**7.69**	8.41
Transfer value of employees (net)	-	-	-	-	-	-	-	-	**0.05**	0.34	**0.05**	0.34
(B) Balances at the end of the year	**31-Mar-18**	31-Mar-17	**31-Mar-18**	31-Mar-17	**31-Mar-18**	31-Mar-17	**31-Mar-18**	31-Mar-17	**31-Mar-17**	31-Mar-17	**31-Mar-18**	31-Mar-17
Trade receivables	-	-	**815.19**	788.45	-	-	-	-	-	-	**815.19**	788.45
Other receivables	-	-	**3.94**	1.89	-	-	-	-	-	-	**3.94**	1.89
Loans	-	-	**107.00**	163.37	-	-	-	-	-	-	**107.00**	163.37
Interest receivable on loan to subsidiary	-	-	**8.17**	12.56	-	-	-	-	-	-	**8.17**	12.56
Advances recoverable	-	-	-	-	-	-	-	-	**0.70**	2.22	**0.70**	2.22
Trade advances	-	-	**46.04**	4.62	-	-	-	-	-	-	**46.04**	4.62
Investments in equities	-	-	**162.22**	161.71	-	-	-	-	**0.06**	0.06	**162.28**	161.77
Investments in partnership firm	-	-	-	-	**16.96**	16.05	-	-	-	-	**16.96**	16.05
Provision for impairment in value of investment	-	-	**29.44**	29.44	-	-	-	-	-	-	**29.44**	29.44
Allowance for doubtful trade receivables / other receivables	-	-	**67.50**	57.98	-	-	-	-	-	-	**67.50**	57.98
Allowance for doubtful loan & interest	-	-	-	18.77	-	-	-	-	-	-	-	18.77
Trade & services payables	**0.02**	0.02	**21.19**	33.08	-	-	-	-	**1.20**	1.43	**22.41**	34.53
Other payables	-	-	-	-	-	-	**21.87**	23.84	-	-	**21.87**	23.84
Guarantees given	-	-	**313.84**	351.75	-	-	-	-	-	-	**313.84**	351.75

Names of holding Company, subsidiaries and enterprises controlled by the Company :

1	**Holding Company**	Torrent Private Limited
2	**Subsidiaries and step down subsidiaries**	Zao Torrent Pharma, Torrent Pharma Gmbh, Torrent Do Brasil Ltda., Torrent Pharma Inc., Torrent Pharma Philippines Inc., Heumann Pharma Gmbh & Co. Generica KG, Torrent Australasia Pty Ltd, Torrent Pharma S.R.L., Laboratorios Torrent, S.A. De C.V., Heunet Pharma Gmbh, Norispharm Gmbh, Torrent Pharma (Thailand) Co., Ltd., Torrent Pharma (UK) Ltd, Laboratories Torrent (Malaysia) SDN.BHD., Torrent Pharma France S.A.S., Aptil Pharma Limited, Bio-Pharm, Inc.
3	**Enterprises controlled by the Company**	Torrent Pharmaceuticals (Sikkim)

Terms and conditions of transactions with related parties

All related party transactions entered during the year were in ordinary course of the business and are on arm's length basis.

(C) Remuneration to Key Management Personnel :

(₹ In crores)

	Year ended 31-Mar-2018	Year ended 31-Mar-2017
Salaries and other benefits	**5.72**	4.88
Contribution to defined contribution plan	**0.43**	0.36
Commission	**20.87**	23.51
Sitting Fees	**0.70**	0.61
Total	**27.72**	29.36

(₹ in crores)

	As at 31-Mar-2018	As at 31-Mar-2017
NOTE - 41 : COMMITMENTS AND CONTINGENCIES		
Commitments:		
Estimated amount of contracts remaining unexecuted on capital account (net of advances) not provided for	**188.05**	282.30
Uncalled liability on partly paid shares of Torrent Australasia Pty Ltd., a wholly owned subsidiary. [Australian Dollar (AUD) 0.06 crores (previous year AUD 0.06 crores)]	**2.93**	2.92
	190.98	285.22
Contingent liabilities:		
Claims against the Company not acknowledged as debts:		
Disputed demand of income tax for which appeals have been preferred	**3.39**	3.39
Disputed employee state insurance contribution liability under E.S.I. Act, 1948	**11.96**	10.44
Disputed demand of excise and service tax	**100.15**	90.05
Disputed demand of local sales tax and C.S.T.	**0.46**	0.99
Disputed demand of stamp duty	**2.19**	-
Disputed cases at labour court / industrial court	**4.00**	3.90
Disputed bonus liability under Payment of Bonus (Amendment) Act, 2015	**0.40**	0.40
	122.55	109.17

Against the claims not acknowledged as debts, the Company has paid ₹ 0.18 crores (previous year ₹ 0.23 crores). The expected outflow will be determined at the time of final outcome in respect of the concerned matter. No amount is expected to be reimbursed.

NOTE - 42 : PROPOSED DIVIDEND

The Board of Directors in their meeting held on 30th May, 2018, proposed a final equity dividend of ₹ 5.00 per equity share of ₹ 5.00 each fully paid up for the year 2017-18. The aggregate amount of final equity dividend proposed to be distributed is ₹ 102.00 crores including dividend distribution tax of ₹ 17.39 crores.

NOTE - 43

The financial statements for the year ended 31-Mar-2018 were approved for issue by the Board of Directors on 30th May, 2018.

NOTE - 44

The figures for the previous year have been restated/regrouped wherever necessary, to make them comparable.

In terms of our report attached

For and on behalf of the Board of Directors

For B S R & Co. LLP
Chartered Accountants
(Firm's Registration No. 101248W/W-100022)

Samir Mehta
Executive Chairman

Jamil Khatri
Partner
Membership No. 102527

Ashok Modi
Executive Director
& Chief Financial Officer

Mahesh Agrawal
VP (Legal) & Company Secretary

Ahmedabad
30th May, 2018

Ahmedabad
30th May, 2018

Consolidated Financial Statements 2017-18

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

TORRENT PHARMACEUTICALS LIMITED

Report on the Audit of Consolidated Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of Torrent Pharmaceuticals Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") which comprise the Consolidated Balance Sheet as at 31st March, 2018, the Consolidated Statement of Profit and Loss, Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement, for the year then ended, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated state of affairs, consolidated profit (including other comprehensive income), consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143 (10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements.

We are also responsible to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Group to cease to continue as a going concern.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph 2 (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March, 2018, and their consolidated profit (including other comprehensive income), consolidated statement of changes in equity and consolidated cash flows for the year ended on that date.

Other Matters

1. The audited consolidated Ind AS financial statements of the Group for the corresponding year ended 31st March, 2017 prepared in accordance with Ind AS included in these consolidated Ind AS financial statements, have been audited by the predecessor auditor whose audit report dated 26th May, 2017 expressed an unmodified opinion on those audited consolidated Ind AS financial statements.

2. We did not audit the financial statements/ financial information of 11 subsidiaries, whose financial statements/ financial information reflect total assets of ₹309.57 crores as at 31st March, 2018, total revenues of ₹341.13 crores and net cash outflows amounting to ₹12 crores for the year ended on that date, as considered in the consolidated financial statements. These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-section (3) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.

   Our opinion above on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements as noted in the 'other matter' paragraph, we report, to the extent applicable, that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

   b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

   c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

   d) In our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards specified under section 133 of the Act.

   e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2018 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, incorporated in India, none of the directors of the Group companies, incorporated in India is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A", which is based on the auditors' reports of the Parent company, being the only company in the group to which such requirements of the Act are applicable.

g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements, as noted in the 'Other matter' paragraph:

   i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group. Refer Note 39 to the consolidated financial statements.

   ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended 31st March, 2018.

   iii. There has been no delay in transferring amounts to the Investor Education and Protection Fund by the Parent Company during the year ended 31st March, 2018, being the only company in the group to which such requirements of the Act are applicable.

   iv. The disclosures in the consolidated financial statements regarding holdings as well as dealings in specified bank notes during the period from 8th November, 2016 to 30th December, 2016 have not been made since they do not pertain to the financial year ended 31st March, 2018.

For B S R & Co. LLP
Chartered Accountants
(Firm's Registration No. 101248W/W-100022)

Jamil Khatri
Partner
Membership No. 102527

Ahmedabad
30th May, 2018

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31st March, 2018, we have audited the internal financial controls over financial reporting of Torrent Pharmaceuticals Limited (hereinafter referred to as "the Parent Company") being the only company in the group to which requirement of the Act are applicable.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Parent Company, being the only company in the group to which requirement of the act are applicable, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting of the Parent Company, being the only company in the group to which requirement of the Act are applicable.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Parent Company has in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For B S R & Co. LLP
Chartered Accountants
(Firm's Registration No. 101248W/W-100022)

Jamil Khatri
Partner
Membership No. 102527

Ahmedabad
30th May, 2018

CONSOLIDATED BALANCE SHEET

(₹ in crores)

	Notes	As at 31-Mar-2018	As at 31-Mar-2017
ASSETS			
Non-current assets			
Property, plant and equipment	6	**2,416.80**	1,871.41
Capital work-in-progress	6	**423.21**	462.90
Goodwill	7	**398.52**	159.50
Other intangible assets	8	**5,039.36**	1,657.53
Intangible assets under development	8	**223.73**	56.59
Financial assets			
Investments	9	**0.09**	0.09
Loans	10	**2.48**	2.16
Other financial assets	11	**21.04**	105.12
		23.61	107.37
Non-current tax assets (net)		**90.28**	81.82
Deferred tax assets (net)	20	**275.92**	309.88
Other non-current assets	12	**89.38**	115.62
		8,980.81	4,822.62
Current assets			
Inventories	13	**1,966.30**	1,559.15
Financial assets			
Investments	9	**492.27**	803.55
Trade receivables	14	**1,253.45**	950.89
Cash and cash equivalents	15	**241.14**	279.13
Bank balances other than cash and cash equivalents		**626.12**	614.59
Loans	10	**3.12**	2.15
Other financial assets	11	**159.28**	326.96
		2,775.38	2,977.27
Other current assets	12	**520.64**	342.96
		5,262.32	4,879.38
Non-current assets held for sale		**0.09**	0.09
TOTAL ASSETS		**14,243.22**	9,702.09
EQUITY AND LIABILITIES			
Equity			
Equity share capital	16	**84.62**	84.62
Other equity	17	**4,537.57**	4,265.51
Equity attributable to owners of the Company		**4,622.19**	4,350.13
Non-controlling interests		**0.52**	0.49
		4,622.71	4,350.62
Non-current liabilities			
Financial liabilities			
Borrowings	18	**4,111.46**	2,240.83
Other financial liabilities	22	**17.76**	7.92
		4,129.22	2,248.75
Provisions	19	**286.66**	263.04
Deferred tax liabilities (net)	20	**0.04**	101.41
Other non-current liabilities	23	**2.42**	0.01
		4,418.34	2,613.21
Current liabilities			
Financial liabilities			
Borrowings	18	**1,625.60**	-
Trade payables	21	**2,048.24**	1,749.32
Other financial liabilities	22	**1,052.07**	614.47
		4,725.91	2,363.79
Provisions	19	**327.40**	238.82
Liabilities for current tax (net)		**49.25**	62.98
Other current liabilities	23	**99.61**	72.67
		5,202.17	2,738.26
TOTAL EQUITY AND LIABILITIES		**14,243.22**	9,702.09
Notes forming part of the Consolidated Financial Statements	1 - 43		

In terms of our report attached

For and on behalf of the Board of Directors

For B S R & Co. LLP
Chartered Accountants
(Firm's Registration No. 101248W/W-100022)

Samir Mehta
Executive Chairman

Jamil Khatri
Partner
Membership No. 102527

Ashok Modi
Executive Director
& Chief Financial Officer

Mahesh Agrawal
VP (Legal) & Company Secretary

Ahmedabad
30th May, 2018

Ahmedabad
30th May, 2018

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(₹ in crores)

	Notes	Year ended 31-Mar-2018	Year ended 31-Mar-2017
REVENUE			
Revenue from operations	24	**6,002.07**	5,856.92
Other income	25	**298.84**	223.30
Total Revenue		**6,300.91**	6,080.22
EXPENSES			
Cost of materials consumed	26	**1,039.01**	1,180.33
Purchases of stock-in-trade		**996.66**	751.06
Changes in inventories of finished goods, work-in-progress and stock-in-trade	27	**(362.20)**	(139.73)
Employee benefits expense	28	**1,135.25**	993.41
Finance costs	29	**308.48**	205.56
Depreciation, amortisation and impairment expense	30	**408.60**	306.92
Other expenses	31	**1,844.10**	1,694.58
Total Expenses		**5,369.90**	4,992.13
PROFIT BEFORE TAX		**931.01**	1,088.09
TAX EXPENSE			
Current tax	20	**199.09**	293.83
Deferred tax credit	20	**(8.56)**	(147.57)
Short provision for tax of earlier years	20	**62.34**	8.25
		252.87	154.51
PROFIT FOR THE YEAR		**678.14**	933.58
Other comprehensive income, net of taxes			
Items that will not be reclassified to profit or loss			
Re-measurement gains / (losses) on defined benefit plans		**(0.39)**	(11.73)
Equity instruments through other comprehensive income		**(0.03)**	0.07
Income tax relating to items that will not be reclassified to profit or loss			
Re-measurement gains / (losses) on defined benefit plans		**1.71**	3.85
Equity instruments through other comprehensive income		**0.01**	(0.02)
Items that will be reclassified to profit or loss			
Exchange differences on translation of financial statements of foreign operations		**(30.36)**	30.92
Effective portion on gains and loss on hedging instruments in a cash flow hedge		**(171.50)**	157.60
Income tax relating to items that will be reclassified to profit or loss			
Effective portion on gains and loss on hedging instruments in a cash flow hedge		**59.28**	(54.54)
		(141.28)	126.15
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**536.86**	1,059.73
PROFIT FOR THE YEAR ATTRIBUTABLE TO :			
Owners of the Company		**678.11**	933.55
Non-controlling interests		**0.03**	0.03
		678.14	933.58
TOTAL COMPREHESIVE INCOME ATTRIBUTABLE TO :			
Owners of the Company		**536.83**	1,059.70
Non-controlling interests		**0.03**	0.03
		536.86	1,059.73
Earnings per share [Nominal value per equity share of ₹ 5]			
Basic and diluted	32	**40.07**	55.17
Notes forming part of the Consolidated Financial Statements	1 - 43		

In terms of our report attached

For and on behalf of the Board of Directors

For B S R & Co. LLP
Chartered Accountants
(Firm's Registration No. 101248W/W-100022)

Samir Mehta
Executive Chairman

Jamil Khatri
Partner
Membership No. 102527

Ashok Modi
Executive Director
& Chief Financial Officer

Mahesh Agrawal
VP (Legal) & Company Secretary

Ahmedabad
30th May, 2018

Ahmedabad
30th May, 2018

(A) EQUITY SHARE CAPITAL

(₹ in crores)

	As at 31-Mar-2018	As at 31-Mar-2017
Balance at the beginning of the year	**84.62**	84.62
Changes during the year	**-**	-
Balance at the end of the year	**84.62**	84.62

(B) OTHER EQUITY

(₹ in crores)

	Reserves and surplus					Other comprehensive income			Attributable to owners of the Company	Non-controlling interests	Total
	Retained earnings	General reserve	Debenture redemption reserve	Capital reserve	Securities premium account	Equity instruments through other comprehensive income	Effective portion of cash flow hedges	Foreign currency translation reserve			
Balance as at 01-Apr-2017	1,514.09	2,252.61	372.50	5.56	4.34	0.05	126.39	(10.03)	4,265.51	0.49	4,266.00
Profit for the year	678.11	-	-	-	-	-	-	-	678.11	0.03	678.14
Other comprehensive income	1.32	-	-	-	-	(0.02)	(112.22)	(30.36)	(141.28)	-	(141.28)
Dividends	(219.99)	-	-	-	-	-	-	-	(219.99)	-	(219.99)
Tax on dividend	(44.78)	-	-	-	-	-	-	-	(44.78)	-	(44.78)
Transfer to / (from) retained earnings	(375.00)	-	375.00	-	-	-	-	-	-	-	-
Transfer from debenture redemption reserve	-	22.80	(22.80)	-	-	-	-	-	-	-	-
Balance as at 31-Mar-2018	**1,553.75**	**2,275.41**	**724.70**	**5.56**	**4.34**	**0.03**	**14.17**	**(40.39)**	**4,537.57**	**0.52**	**4,538.09**
Balance as at 01-Apr-2016	1,442.09	1,852.61	122.50	5.56	4.34	-	23.33	(40.95)	3,409.48	0.46	3,409.94
Profit for the year	933.55	-	-	-	-	-	-	-	933.55	0.03	933.58
Other comprehensive income	(7.88)	-	-	-	-	0.05	103.06	30.92	126.15	-	126.15
Dividends	(169.22)	-	-	-	-	-	-	-	(169.22)	-	(169.22)
Tax on dividend	(34.45)	-	-	-	-	-	-	-	(34.45)	-	(34.45)
Transfer to / (from) retained earnings	(650.00)	400.00	250.00	-	-	-	-	-	-	-	-
Balance as at 31-Mar-2017	**1,514.09**	**2,252.61**	**372.50**	**5.56**	**4.34**	**0.05**	**126.39**	**(10.03)**	**4,265.51**	**0.49**	**4,266.00**

In terms of our report attached

For B S R & Co. LLP
Chartered Accountants
(Firm's Registration No. 101248W/W-100022)

Jamil Khatri
Partner
Membership No. 102527

Ahmedabad
30th May, 2018

For and on behalf of the Board of Directors

Samir Mehta
Executive Chairman

Ashok Modi
Executive Director
& Chief Financial Officer

Mahesh Agrawal
VP (Legal) & Company Secretary

Ahmedabad
30th May, 2018

CONSOLIDATED CASH FLOW STATEMENT

(₹ in crores)

		Notes	Year ended 31-Mar-2018	Year ended 31-Mar-2017
A	**CASH FLOW FROM OPERATING ACTIVITIES**			
	PROFIT BEFORE TAX		**931.01**	1,088.09
	Adjustments for :			
	Depreciation, amortisation and impairment expense		**408.60**	306.92
	Allowance for doubtful trade receivables (net)		**(8.20)**	16.27
	Unrealised foreign exchange gain (net)		**(41.17)**	(23.05)
	Loss / (Gain) on sale / discard / write-off of property, plant & equipments		**11.10**	2.48
	Net gain on sale of investments		**(65.23)**	(73.06)
	Finance cost		**308.48**	205.56
	Interest income		**(6.66)**	(4.85)
	OPERATING CASHFLOWS BEFORE WORKING CAPITAL CHANGES		**1,537.93**	1,518.36
	Adjustments for changes in working capital :			
	Trade receivables, loans and other assets		**(343.92)**	404.12
	Inventories		**(306.04)**	(192.35)
	Trade payables, liabilities and provisions		**289.83**	(336.98)
	CASH GENERATED FROM OPERATIONS		**1,177.80**	1,393.15
	Direct taxes paid		**(283.62)**	(384.31)
	NET CASH FROM OPERATING ACTIVITIES		**894.18**	1,008.84
B	**CASH FLOW FROM INVESTING ACTIVITIES**			
	Acquisition of business / undertaking	33	**(3,961.92)**	(129.78)
	Purchase of property, plant and equipment and intangible assets		**(791.25)**	(486.81)
	Proceeds from sale of property, plant and equipment and intangible assets		**2.10**	0.92
	Net gain on sale of investments		**65.23**	73.06
	Investment in corporate deposits		**(1.01)**	(1.03)
	Purchase of investments		**(15.25)**	-
	Investment in bank deposits other than cash and cash equivalents		**(10.99)**	(248.40)
	Interest received		**6.14**	5.13
	NET CASH USED IN INVESTING ACTIVITIES		**(4,706.95)**	(786.91)
C	**CASH FLOW FROM FINANCING ACTIVITIES**			
	Proceeds from long-term borrowings		**2,859.16**	1,368.61
	Repayment of long-term borrowings		**(520.44)**	(1,163.25)
	Proceeds from / (Repayment of) short term borrowings		**1,619.10**	(3.32)
	Dividend paid (including tax on dividend)		**(264.77)**	(203.67)
	Finance cost paid		**(275.66)**	(191.28)
	NET CASH FROM / (USED IN) FINANCING ACTIVITIES		**3,417.39**	(192.91)
	NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		**(395.38)**	29.02
	Effect of exchange rate changes on foreign currency cash and cash equivalents		**24.64**	(11.31)
	Cash and cash equivalents transferred on acquisition		**5.24**	-
	CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**1,067.57**	1,049.86
	CASH AND CASH EQUIVALENTS AT END OF YEAR		**702.07**	1,067.57

(₹ in crores)

	Notes	Year ended 31-Mar-2018	Year ended 31-Mar-2017
Notes:			
(1) Cash and cash equivalents as at end of year			
Cash and cash equivalents	15	**241.14**	279.13
Current investments in mutual funds	9	**460.93**	788.44
		702.07	1,067.57
(2) Changes in liabilities arising from financing activities :			
Long-term borrowings :			
Opening balance		**2,510.13**	2,348.36
Amount borrowed during the year		**2,859.16**	1,368.61
Amount repaid during the year		**(520.44)**	(1,163.25)
Amortised cost adjustment		**(4.06)**	1.82
Foreign exchange difference		**(8.07)**	(45.41)
Closing balance		**4,836.72**	2,510.13
Short-term borrowings :			
Opening balance		**-**	3.32
Amount borrowed during the year		**1,619.10**	-
Amount repaid during the year		**-**	(3.32)
Amortised cost adjustment		**-**	-
Foreign exchange difference		**6.50**	-
Closing balance		**1,625.60**	-
Finance Cost :			
Opening balance		**61.60**	47.09
Finance Cost during the year		**308.48**	205.56
Amount paid during the year		**(275.66)**	(191.28)
Amortised cost adjustment		**4.06**	0.56
Foreign exchange difference		**0.20**	(0.33)
Closing balance		**98.68**	61.60

In terms of our report attached

For and on behalf of the Board of Directors

For B S R & Co. LLP
Chartered Accountants
(Firm's Registration No. 101248W/W-100022)

Samir Mehta
Executive Chairman

Jamil Khatri
Partner
Membership No. 102527

Ashok Modi
Executive Director
& Chief Financial Officer

Mahesh Agrawal
VP (Legal) & Company Secretary

Ahmedabad
30th May, 2018

Ahmedabad
30th May, 2018

1. GROUP INFORMATION

Torrent Pharmaceuticals Limited, the Parent Company ("the Company") is a public limited company incorporated and domiciled in India. The address of its registered office is Torrent House, Off Ashram Road, Ahmedabad – 380 009, Gujarat, India. The Company is one of the leading Indian Pharmaceutical Company engaged in research, development, manufacturing and marketing of generic pharmaceutical formulations. The company's research and development facility is located in the state of Gujarat, India and its manufacturing facilities are located in the states of Gujarat, Himachal Pradesh, Madhya Pradesh, Andhra Pradesh and Sikkim.

The consolidated financial statements comprise the financial statements of the Parent Company Torrent Pharmaceuticals Limited (TPL) and the following subsidiaries / step-down subsidiaries / partnership entity (together referred to as "Group"):

Entity	Country of Incorporation
Subsidiaries [having 100% proportion of ownership interest]	
Zao Torrent Pharma	Russia
Torrent Do Brasil Ltda.	Brazil
Torrent Pharma Gmbh (TPG)	Germany
Torrent Pharma Inc. (TPI)	USA
Torrent Pharma Philippines Inc.	Philippines
Laboratories Torrent, S.A. de C.V.	Mexico
Torrent Australasia Pty Ltd	Australia
Torrent Pharma (Thailand) Co., Ltd.	Thailand
Torrent Pharma S.R.L.	Romania
Torrent Pharma (UK) Ltd (TPUK)	United Kingdom
Laboratorios Torrent (Malaysia) SDN.BHD.	Malaysia
Torrent Pharma France S.A.S.	France
Step-down subsidiaries of TPG [having 100% proportion of ownership interest]	
Heumann Pharma Gmbh & Co. Generica KG	Germany
Heunet Pharma Gmbh	Germany
Norispharm Gmbh	Germany
Step-down subsidiaries of TPUK [having 100% proportion of ownership interest]	
Aptil Pharma Limited	United Kingdom
Step-down subsidiaries of TPI [having 100% proportion of ownership interest]	
Bio-Pharm, Inc.	USA
Partnership Firm [having 97% proportion of ownership interest]	
Torrent Pharmaceuticals (Sikkim)	India

2. STATEMENT OF COMPLIANCE

The consolidated financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

3.1. Basis of preparation and presentation

The consolidated financial statements have been prepared and presented under the historical cost convention on an accrual basis of accounting except for the following material items which have been measured at fair value.

- Derivative financial instrument
- Investments in mutual funds & equity investments
- Defined benefit plan – plan assets measured at fair value
- Contingent consideration in business combination

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if the market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value measurement and/or disclosure purposes in the consolidated financial statements is determined on such a basis except for leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included in Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

3.2. Functional and presentation currency

The consolidated financial statements are presented in Indian Rupees, which is the functional currency of the Parent Company. All the amounts are stated in the nearest rupee crores.

3.3. Use of estimates

The preparation of consolidated financial statements are in conformity with the recognition and measurement principles of Ind AS which requires management to make critical judgments, estimates and assumptions that affect the reporting of assets, liabilities, income and expenditure. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis and any revisions to the estimates are recognised in the period in which the estimates are revised and future periods are affected.

Key source of estimation of uncertainty at the date of financial statements, which may cause material adjustment to the carrying amount of assets and liabilities within the next financial year, is in respect of:

- Useful lives of property, plant and equipment (refer note no. 4.2)
- Valuation of assets acquired as part of business combination and contingent consideration (refer note 4.3.1)
- Useful lives of intangible assets (refer note no. 4.4)

- Valuation of inventories (refer note no. 4.8)
- Impairment of intangible assets and goodwill (refer note no. 4.9)
- Employee benefits (refer note no. 4.10)
- Provisions & contingent liabilities (refer note no. 4.12)
- Sales returns, rebates, chargeback and medicaid (refer note no. 4.13)
- Valuation of deferred tax assets (refer note no. 4.14)

4. SIGNIFICANT ACCOUNTING POLICIES

4.1. Basis of consolidation

The Company consolidates all entities which it controls. Control is established when the Company has power over the entity, is exposed, or has rights to variable returns from its involvement with the entity and has ability to affect the entity's returns by using its power over the entity.

Subsidiaries are consolidated from the date control commences and until the date control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

4.2. Property, plant and equipment

Property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation and any accumulated impairment losses. The cost of fixed assets comprises of its purchase price, non-refundable taxes & levies, freight and other incidental expenses related to the acquisition and installation of the respective assets. Borrowing cost attributable to financing of acquisition or construction of the qualifying fixed assets is capitalized to respective assets when the time taken to put the assets to use is substantial.

When major items of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment. The cost of replacement of any property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefit associated with the item will flow to the Group and its cost can be measured reliably.

Pre-operative expenditure comprising of revenue expenses incurred in connection with project implementation during the period upto commencement of commercial production are treated as part of the project costs and are capitalized. Such expenses are capitalized only if the project to which they relate, involve substantial expansion of capacity or upgradation.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from its use. Difference between the sales proceeds and the carrying amount of the asset is recognized in statement of profit and loss.

Freehold land is carried at historical cost and not depreciated. Depreciation on property, plant and equipments is provided using straight-line method based on useful life of the assets estimated by the management. The estimated useful lives, residual values and depreciation method are reviewed at each financial year-end and changes in estimates, if any are accounted for on a prospective basis.

The estimated useful lives of property, plant and equipments are as under:

Type of property, plant and equipments	Useful life
Office buildings*	58 years
Factory buildings*	28 years
Plant and equipments*	10 to 20 years
Laboratory equipment*	5 to 20 years
Electrical equipment*	5 to 20 years
Furniture and fixtures*	3 to 10 years
Office equipment*	10 years
Computer equipment*	2 to 5 years
Vehicles*	5 to 10 years

* For these classes of assets, the useful life of assets is different than the prescribed life as per Part C of Schedule II of the Companies Act, 2013. The different useful life is based on internal technical evaluation by the Group and historical usage of assets.

4.3. Business combinations and goodwill

4.3.1. Business combinations

Business Combinations are accounted for using the acquisition method of accounting. Transaction costs incurred in connection with business combination are expensed out in statement of profit and loss. The identifiable assets and liabilities that meet the condition for recognition is recognized at their fair values at the acquisition date.

In case of bargain purchase where the fair value of identifiable assets and liabilities exceed the cost of acquisition, the excess is recognised in other comprehensive income on the acquisition date and accumulate the same in equity as capital reserve after reassessing the fair values of the net assets and contingent liabilities.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise subsequent changes in the fair value of the contingent consideration are recognised in the statement of profit and loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

The interest of non-controlling shareholders is initially measured either at fair value or at the non-controlling interests' proportionate share of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity of subsidiaries.

Business combinations arising from transfers of interests in entities that are under the common control are accounted for using the pooling of interests method. The assets and liabilities of the combining entities are reflected at their carrying amounts and no adjustments are made to reflect their fair values or recognise any new assets or liabilities. The difference between any consideration given and the aggregate historical carrying amounts of assets and liabilities of the acquired entity are recorded in capital reserve and presented separately from other capital reserves with disclosure of its nature and purpose.

4.3.2. Goodwill

Goodwill represents the excess of the consideration paid to acquire a business over underlying fair value of the identified assets acquired. Goodwill is carried at cost less accumulated impairment losses, if any. Goodwill is deemed to have an indefinite useful life and is tested for impairment annually or when events or circumstances indicate that the implied fair value of goodwill is less than its carrying amount.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (CGUs) that is expected to benefit from the synergies of the combination. Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

4.4. Intangible assets

Intangible assets acquired separately are measured at cost of acquisition. Intangible assets acquired under business combination are measured at fair value as of the date of business combination. Following initial recognition, intangible assets are carried at cost less accumulated amortization and impairment losses, if any.

Intangible assets are amortized over their respective estimated useful life using straight-line method. The estimated useful life of amortizable intangibles is reviewed at the end of each reporting period and change in estimates if any are accounted for on a prospective basis.

The estimated useful lives of intangibles are as mentioned below:

Type of intangible asset	Useful life
Software	3 to 5 years
Product license	10 to 15 years
Brands	Upto 15 years
Non-compete fees	Upto 5 years
Drug master files	10 years

4.5. Foreign currency transaction, translation and foreign operations

Foreign currency transactions are recorded at exchange rates prevailing on the date of the transaction. The net gain or loss on account of exchange differences arising on settlement of foreign currency transactions are recognized as income or expense of the period in which they arise. Monetary assets and liabilities denominated in foreign currency as at the balance sheet date are translated at the closing rate. The resultant exchange rate differences are recognized in the statement of profit and loss. Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance costs. Non-monetary assets and liabilities are carried at the rates prevailing on the date of transaction.

Foreign operations

Assets and liabilities of entities with functional currency other than presentation currency have been translated to the presentation currency using exchange rates prevailing on the balance sheet date. Statement of profit and loss has been translated using weighted average exchange rates. Translation adjustments have been reported as foreign currency translation reserve in the statement of changes in equity.

4.6. Financial instruments

4.6.1. Derivative financial instruments and hedge accounting

The Group enters into derivative financial instruments to manage its foreign exchange rate risk. Derivatives are initially recognized at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in statement of profit and loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in statement of profit and loss depends on the nature of the hedging relationship and nature of hedged items.

Derivative financial instruments that hedges foreign currency risk associated with highly probable forecasted transactions are designated as cash flow hedges and valued at fair value. The effective portion of such hedges is recorded in cash flow hedge reserve, as a component of equity, and re-classified to the statement of profit and loss as in the period corresponding to the occurrence of the forecasted transactions. The ineffective portion of such hedges is recorded in statement of profit and loss immediately.

Hedge effectiveness testing is assessed both at the inception of the hedge relationship as well as on an ongoing basis. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised or no longer qualifies for hedge accounting.

4.6.2. Cash and cash equivalents

Cash and cash equivalents consists of cash on hand, short demand deposits and highly liquid investments, that are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value. Short term means investments with original maturities / holding period of three months or less from the date of investments. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalent for the purpose of statement of cash flow.

4.6.3. Investments

Investments in mutual funds are primarily held for the Group's temporary cash requirements and can be readily convertible in cash. These investments are initially recorded at fair value and classified as fair value through profit or loss.

Investments in corporate deposits are carried at amortised cost.

The Group has made an irrevocable election to present subsequent changes in the fair value of equity investments, not held for trading, in other comprehensive income.

4.6.4. Trade receivables

Trade receivables are amounts due from customers for sale of goods or services performed in the ordinary course of business. Trade receivables are initially recognized at its transaction price which is considered to be its fair value and are classified as current assets as it is expected to be received within the normal operating cycle of the business.

4.6.5. Borrowings

Borrowings are initially recorded at fair value and subsequently measured at amortized costs using effective interest method. Transaction costs are charged to statement of profit and loss as financial expenses over the term of borrowing.

4.6.6. Trade payables

Trade payables are amounts due to vendors for purchase of goods or services acquired in the ordinary course of business and are classified as current liabilities to the extent it is expected to be paid within the normal operating cycle of the business.

4.6.7. Other financial assets and liabilities

Other non-derivative financial instruments are initially recognized at fair value and subsequently measured at amortized costs using the effective interest method.

4.6.8. De-recognition of financial assets and liabilities

The Group derecognizes a financial asset when the contractual right to the cash flows from the asset expires, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction which substantially all the risk and rewards of ownership of the financial asset are transferred. If the Group retains substantially all the risk and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

The group derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired; the difference between the carrying amount of derecognized financial liability and the consideration paid is recognized as profit or loss.

4.7. Leases – Group as lessee

Finance lease

Leases where the Group assumes substantially all the risks and rewards of ownership are classified as finance lease. Such leases are capitalized at the inception of the lease at lower of the fair value or the present value of the minimum lease payments and a liability is recognized for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year.

Land acquired on long-term leases

The Group classifies leasehold land as finance lease where:

- Initial amount paid is substantially all of the fair value of land
- The group has option to purchase the land at a price that is sufficiently lower than fair value at the date option is exercisable
- Lessor has agreed to renew lease on expiry of lease term.

Leasehold land is recognized as an asset at the value of the upfront premium / charges paid to acquire lease.

Operating lease

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognized as operating lease. Operating lease payments are recognized as an expense on a straight line basis over the lease term unless the payments are structured to increase in line with the expected general inflation so as to compensate for the lessor's expected inflationary cost increases.

4.8. Inventories

Inventories are carried at the lower of cost and net realizable value.

The cost incurred in bringing the inventory to their existing location and conditions are determined as follows:

a. Raw material and packing material - Purchase cost of materials on a moving average basis.

b. Finished goods (manufactured) and work in progress - Cost of purchase, conversion cost and other costs on a weighted average cost method.

c. Finished goods (traded) - Purchase cost on a moving average basis.

The cost of purchase of inventories comprise the purchase price, import duties and other taxes (other than those subsequently recovered by the Group from taxing authorities), and transport, handling and other costs directly attributable to bringing the inventory to their existing location and conditions. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sales.

The Group considers various factors like shelf life, ageing of inventory, product discontinuation, price changes and any other factor which impact the Group's business in determining the allowance for obsolete, non-saleable and slow moving inventories. The Group considers the above factors and adjusts the inventory provision to reflect its actual experience on a periodic basis.

4.9. Impairment of assets

Financial assets

At each balance sheet date, the Group assesses whether a financial asset is to be impaired. Ind AS 109 requires expected credit losses to be measured through loss allowance. The Group measures the loss allowance for financial assets at an amount equal to lifetime expected credit losses if the credit risk on that financial asset has increased significantly since initial recognition. If the credit risk on a financial asset has not increased significantly since initial recognition, the Group measures the loss allowance for financial assets at an amount equal to 12-month expected credit losses. The Group uses both forward-looking and historical information to determine whether a significant increase in credit risk has occurred.

Non-financial Assets

Tangible and intangible assets

Property, plant and equipment and intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognized in the statement of profit and loss to such extent. When an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, such that the increase in the carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or CGU) in prior years. A reversal of an impairment loss is recognised immediately in statement of profit and loss.

Goodwill

CGUs to which goodwill has been allocated are tested for impairment annually or more frequently when there is indication for impairment. If the recoverable amount of a CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

Determination of recoverable amount of CGU requires the management to estimate the future cash flows expected to arise and a suitable discount rate in order to calculate the present value. An impairment loss recognised for goodwill is not reversed in subsequent periods.

4.10. Employee benefits

4.10.1. Short term employee benefits

Short term benefits payable before twelve months after the end of the reporting period in which the employees have rendered service are accounted as expense in statement of profit and loss.

4.10.2. Long term employment benefits

Defined contribution plans :

Contributions to defined contribution plans (provident fund, superannuation and other social security schemes) are recognized as expense when employees have rendered services entitling them to such benefits.

Defined benefit plans :

The Group's net obligation in respect of defined benefit plans (gratuity, pension and other retirement benefit plans) is calculated using the projected unit credit method and the same is carried out by qualified actuary. The current service cost and interest on the net defined benefit liability / (asset) is recognized in the statement of profit and loss. Past service cost are immediately recognized in the statement of profit and loss. Actuarial gains and losses net of deferred taxes arising from experience adjustment and changes in actuarial assumptions are recognized in other comprehensive income in the period in which they arise.

Termination benefits :

Termination benefits are recognized as an expense when the Group is committed without any possibility of withdrawal of an offer made to either terminate employment before the normal retirement date or as a result of an offer made to encourage voluntary retirement.

Compensated absences and earned leaves :

The Group's current policy permits eligible employees to accumulate compensated absences up to a prescribed limit and receive cash in lieu thereof in accordance with the terms of the policy. The Group measures the expected cost of accumulating compensated absences as the additional amount that the Group expects to pay as a result of unused entitlement that has accumulated as at the reporting date. The expected cost of these benefits is calculated using the projected unit credit method by qualified actuary every year. Actuarial gains and losses arising from experience adjustment and changes in actuarial assumptions are recognized in the statement of profit and loss in the period in which they arise. The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

4.11. Government grants

Government grants are recognized when there is reasonable assurance that the grant will be received and all attached conditions for receiving such grant have been and will be fulfilled.

Government grants related to asset are recognized as deferred income and charged to statement of profit and loss on a systematic basis over expected useful life of the related asset.

Government grants are recognized in statement of profit and loss on a systematic basis over the period in which Group recognizes as expenses the related costs for which the grants are intended to compensate. Government grants that are receivable as compensation for expenses already incurred are recognised in statement of profit and loss in the period in which they become receivable.

When loans received from the government or related institutions with below-market interest rate, the benefit of below-market interest rate is treated as government grant measured as the difference between the proceeds received and the fair value of loan based on prevailing market interest rate.

4.12. Provisions, contingent liabilities and contingent assets

Contingent liability :

A possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or; present obligation that arises from past events where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability are disclosed as contingent liability and not provided for.

Contingent assets :

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. Contingent assets are not recognised and disclosed only when an inflow of economic benefits is probable.

Provisions :

A provision is recognized when as a result of a past event, the Group has a present obligation whether legal or constructive that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. If the obligation is expected to be settled more than 12 months after the end of reporting date or has no definite settlement date, the provision is recorded as non-current liabilities after giving effect for time value of money, if material. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

4.13. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue from sale of goods includes excise duty and are net of discounts, applicable taxes, rebates, chargeback, medicaid payments and estimated returns.

A chargeback claim is made by the wholesaler for the difference between the price at which the product is initially invoiced to the wholesaler and the net price at which it is agreed to be sold to the third parties. Provision / accruals for chargeback, rebates, returns and medicaid payments are estimated on the basis of historical experience, market conditions and specific contractual terms. The methodology and assumptions used to estimate rebates and returns are monitored and adjusted regularly in line with contractual and legal obligations, trade practices historical trends, past experience and projected market conditions.

The revenue is recognized when the significant risks and rewards of ownership of goods are transferred to the buyer, recoverability of consideration is probable, the amount of revenue and cost incurred or to be incurred in respect of the transaction can be measured reliably and there is no continuing managerial involvement over the goods sold.

Income from services is recognized when the services are rendered or when contracted milestones have been achieved.

Revenue from arrangements which includes performance of obligations is recognized in the period in which the Group completes all its performance obligations.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

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.

Dividend income is recognized when the Group's right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of dividend can be measured reliably.

4.14. Income taxes

Income tax expense comprises current and deferred tax expense. Income tax expenses are recognized in statement of profit and loss, except when they relate to items recognized in other comprehensive income or directly in equity, in which case, income tax expenses are also recognized in other comprehensive income or directly in equity respectively.

Current tax is the tax payable on the taxable profit for the year, using tax rates enacted or substantively enacted by the end of reporting period by the governing taxation laws, and any adjustment to tax payable in respect of previous periods. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred taxes arising from deductible and taxable temporary differences between the tax base of assets and liabilities and their carrying amount in the financial statements are recognized using substantively enacted tax rates and laws expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled. The deferred tax arising from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction are not recognized.

Deferred tax asset are recognized only to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilized. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax assets to be utilized.

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to do the same.

For units which enjoy tax holiday benefit, deferred tax assets and liabilities have been provided for the tax consequences of those temporary differences between the carrying values of assets and liabilities and their respective tax bases that reverse after the tax holiday ends.

Any deferred tax asset or liability arising from deductible or taxable temporary differences in respect of unrealized inter-company profit or loss on inventories held by the Group in different tax jurisdictions is recognised using the tax rate of jurisdiction in which such inventories are held.

Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, which gives rise to future economic benefits in the form of adjustment of future income tax liability. Accordingly, MAT is recognized as deferred tax asset in the balance sheet when the assets can be measured reliably and it is probable that the future economic benefit associated with the asset will be realized.

Dividend distribution tax arising out of payment of dividends to shareholders under the Indian Income Tax Act regulation are recognized in statement of changes in equity as part of associated dividend payment.

4.15. Earnings per share

Basic earnings per share is computed by dividing profit or loss attributable to equity shareholders of the Group by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

4.16. Research and development

Revenue expenditure on research and development activities is recognized as expense in the period in which it is incurred.

4.17. Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of these assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in statement of profit and loss in the period in which they are incurred.

4.18. GST input credit

Goods and service tax (GST) input credit is accounted on an accrual basis on purchase of eligible inputs, capital goods and services. The balance of GST input credit is reviewed at the end of each year and amount estimated to be un-utilizable is charged to the statement of profit and loss for the year.

5. RECENT IND AS

The Group has not applied the following new and revised Ind ASs that have been issued but are not yet effective :

a) In March 2018, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2018, notifying Ind AS 115 Revenue from Contracts with Customers and consequential amendments to other standards. The amendments are applicable to the Group from 1st April, 2018.

Ind AS 115 ‘Revenue from Contracts with Customers’ outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further, the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity’s contracts with customers. The Group does not expect Ind AS 115 to significantly change the timing or the amount of revenue recognised under these contracts. The Group’s analysis is preliminary and subject to change.

b) In March 2018, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2018, amending Ind AS 21- The Effect of Changes in Foreign Exchange Rates. The amendment clarifies on the accounting of transactions that include the receipt or payment of advance consideration in a foreign currency. The appendix explains that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. The Group is evaluating the impact of this amendment on its financial statements.

NOTE 6 : PROPERTY, PLANT AND EQUIPMENT

(₹ in crores)

	Freehold land	Leasehold land	Buildings	Plant and equipments	Furniture and fixtures	Vehicles	Office equipments	Electrical equipments	Total
Gross carrying amount as at 1-Apr-2017	151.23	7.51	820.88	1,287.41	65.32	12.60	77.91	177.31	2,600.17
Additions during the year	224.00	11.62	60.79	247.46	4.81	3.00	23.08	23.65	598.41
Acquisition through business combinations	27.57	8.52	44.66	29.11	0.07	0.36	0.29	1.73	112.31
Deductions during the year	-	-	8.41	5.52	0.62	1.97	4.69	1.72	22.93
Translation exchange difference	0.52	-	0.92	0.58	0.76	(0.01)	0.26	(0.52)	2.51
Gross carrying amount as at 31-Mar-2018	403.32	27.65	918.84	1,559.04	70.34	13.98	96.85	200.45	3,290.47
Accumulated depreciation as at 1-Apr-2017	-	-	110.78	470.77	33.12	4.50	46.62	62.97	728.76
Depreciation for the year	-	-	25.90	109.47	4.94	1.33	12.08	9.74	163.46
Deductions during the year	-	-	6.67	4.31	0.45	1.50	4.39	1.54	18.86
Translation exchange difference	-	-	0.10	0.11	0.07	(0.01)	0.17	(0.13)	0.31
Accumulated depreciation as at 31-Mar-2018	-	-	130.11	576.04	37.68	4.32	54.48	71.04	873.67
Net carrying amount as at 31-Mar-2018	**403.32**	**27.65**	**788.73**	**983.00**	**32.66**	**9.66**	**42.37**	**129.41**	**2,416.80**
Capital work-in-progress									423.21
Total									**2,840.01**
Gross carrying amount as at 1-Apr-2016	122.51	7.51	396.08	816.41	47.65	10.60	59.46	121.96	1,582.18
Additions during the year	21.31	-	408.01	451.88	18.65	2.83	22.10	53.67	978.45
Acquisition through business combinations	7.41	-	17.49	23.93	0.38	0.11	0.99	1.16	51.47
Deductions during the year	-	-	0.55	5.62	1.01	1.04	4.55	0.53	13.30
Translation exchange difference	-	-	(0.15)	0.81	(0.35)	0.10	(0.09)	1.05	1.37
Gross carrying amount as at 31-Mar-2017	151.23	7.51	820.88	1,287.41	65.32	12.60	77.91	177.31	2,600.17
Accumulated depreciation as at 1-Apr-2016	-	-	89.30	388.86	28.54	3.74	42.59	54.00	607.03
Depreciation for the year	-	-	21.84	86.82	5.72	1.16	8.44	9.32	133.30
Deductions during the year	-	-	0.31	5.02	1.08	0.44	4.27	0.47	11.59
Translation exchange difference	-	-	(0.05)	0.11	(0.06)	0.04	(0.14)	0.12	0.02
Accumulated depreciation as at 31-Mar-2017	-	-	110.78	470.77	33.12	4.50	46.62	62.97	728.76
Net carrying amount as at 31-Mar-2017	**151.23**	**7.51**	**710.10**	**816.64**	**32.20**	**8.10**	**31.29**	**114.34**	**1,871.41**
Capital work-in-progress									462.90
Total									**2,334.31**

(i) Certain property, plant and equipments hypothecated / mortgaged as security for borrowings as disclosed under note 18.

(ii) Capital work-in-progress includes expenditure of ₹ 9.00 crores (previous year : ₹ 40.28 crores) incurred in the course of construction.

(iii) The amount of capital commitments is disclosed in note 39.

(iv) Additions include borrowing costs capitalised of ₹ Nil (previous year: ₹ 27.27 crores). The weighted average rate of interest considered for capitalisation of interest cost is Nil (previous year : 8.90%).

(v) Pro-rata cost of assets owned jointly with Torrent Power Limited, a Company under same management are as under:

(₹ in crores)

	Proportion of holding	As at 31-Mar-2018	As at 31-Mar-2017
Freehold land	50%	**23.79**	23.79
Freehold land	30%	**35.69**	35.69
Buildings	30%	**0.65**	0.65

	As at 31-Mar-2018	(₹ in crores) As at 31-Mar-2017
NOTE - 7 : GOODWILL		
Cost:		
Balance at beginning of year	**159.50**	124.88
Goodwill arising on business combinations during the year	**237.91**	34.62
Translation exchange difference	**1.11**	-
Balance at end of year	**398.52**	159.50

The Group tests goodwill for impairment annually and provides for impairment if the carrying amount of goodwill exceeds its recoverable amount. The recoverable amount is determined based on "value in use" calculations which is calculated as the net present value of forecasted cash flows of cash generating unit (CGU) to which the goodwill is related.

Key assumptions for CGUs with significant amount of goodwill are as follows :

a) Projected cash flows for five years based on financial budgets / forecasts in line with the past experience. The perpetuity value is taken based on the long term growth rate depending on macro economic growth factors.

b) Discount rate applied to projected cash flow is 12.00% to 15.60%.

Acquired brands are considered as CGU for testing of impairment of goodwill amounting to ₹ 209.34 crores generated on acquisition of brands.

Acquired entity is considered as CGU for testing of impairment of goodwill arising on consolidation amounting to ₹ 140.17 crores.

The Group believes that any reasonably possible change in the key assumptions on which a recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash generating unit.

NOTE - 8 : OTHER INTANGIBLE ASSETS

(₹ in crores)

	Acquired intangible assets					
	Computer softwares	**Product licenses**	**Brands**	**Non - compete fees**	**Drug master files**	**Total**
Gross carrying amount as at 1-Apr-2017	71.08	204.39	1,814.70	30.50	29.46	2,150.13
Additions during the year	19.86	34.84	158.59	-	-	213.29
Acquisition through business combinations	-	42.77	3,293.51	72.50	-	3,408.78
Deductions during the year	-	4.51	-	-	-	4.51
Translation exchange difference	0.31	(7.59)	-	0.08	-	(7.20)
Gross carrying amount as at 31-Mar-2018	91.25	269.90	5,266.80	103.08	29.46	5,760.49
Accumulated amortisation and impairment as at 1-Apr-2017	40.21	89.20	333.44	28.03	1.72	492.60
Amortisation for the year	17.13	22.94	195.45	6.67	2.95	245.14
Deductions during the year	-	3.52	-	-	-	3.52
Translation exchange difference	0.13	(13.22)	-	-	-	(13.09)
Accumulated amortisation and impairment as at 31-Mar-2018	57.47	95.40	528.89	34.70	4.67	721.13
Net carrying amount as at 31-Mar-2018	**33.78**	**174.50**	**4,737.91**	**68.38**	**24.79**	**5,039.36**
Intangible assets under development						223.73
Total						**5,263.09**
Gross carrying amount as at 1-Apr-2016	40.06	201.21	1,814.70	30.50	-	2,086.47
Additions during the year	34.23	13.29	-	-		47.52
Acquisition through business combinations	0.02	-	-	-	29.46	29.48
Deductions during the year	3.03	0.01	-	-	-	3.04
Translation exchange difference	(0.20)	(10.10)	-	-	-	(10.30)
Gross carrying amount as at 31-Mar-2017	71.08	204.39	1,814.70	30.50	29.46	2,150.13
Accumulated amortisation as at 1-Apr-2016	34.36	62.74	212.46	17.86	-	327.42
Amortisation / impairment for the year	8.96	31.79	120.98	10.17	1.72	173.62
Deductions during the year	3.02	-	-	-	-	3.02
Translation exchange difference	(0.09)	(5.33)	-	-	-	(5.42)
Accumulated amortisation and impairment as at 31-Mar-2017	40.21	89.20	333.44	28.03	1.72	492.60
Net carrying amount as at 31-Mar-2017	**30.87**	**115.19**	**1,481.26**	**2.47**	**27.74**	**1,657.53**
Intangible assets under development						56.59
Total						**1,714.12**

Material intangible assets to the Group's financial statement :

Description of intangible assets	Brands
Net Carrying amount	₹ 4737.91 crores as at 31-Mar-2018 (₹ 1481.26 crores as at 31-Mar-2017)
Remaining amortisation period	11 years to 15 years as at 31-Mar-2018 (12 years as at 31-Mar-2017)

	No. of units	As at 31-Mar-2018	(₹ in crores) As at 31-Mar-2017
NOTE - 9 : INVESTMENTS			
Non-current			
At fair value through other comprehensive income			
Equity Instruments of :			
Shivalik Solid Waste Limited	20000	**0.02**	0.02
fully paid-up equity shares of ₹ 10 each			
Tornascent Care Institute	25000	**0.03**	0.03
fully paid-up equity shares of ₹ 10 each			
UNM Foundation	25000	**0.03**	0.03
fully paid-up equity shares of ₹ 10 each			
Saraswat Co-Op Bank Ltd.	1000	**0.00**	0.00
fully paid-up equity shares of ₹ 10 each			
At amortised cost			
National savings certificates		**0.01**	0.01
		0.09	0.09
Current			
At fair value through other comprehensive income			
Equity Instruments of :			
Corporation Bank	15500	**0.05**	0.08
fully paid-up equity shares of ₹ 2 each			
At fair value through profit or loss			
Mutual funds		**460.93**	788.44
At amortised cost			
Corporate deposit with HDFC Limited		**16.04**	15.03
Government of India securities		**15.25**	-
		492.27	803.55
		492.36	803.64
(i) Aggregate amount of unquoted investments		**31.38**	15.12
(ii) Aggregate amount of quoted investments		**0.05**	0.08
(iii) Aggregate NAV of investment in mutual funds		**460.93**	788.44
NOTE - 10 : LOANS			
[Unsecured and considered good, unless otherwise stated]			
Non-current			
Employee loans		**2.48**	2.16
		2.48	2.16
Current			
Employee loans		**3.12**	2.15
		3.12	2.15
		5.60	4.31

	As at 31-Mar-2018	(₹ in crores) As at 31-Mar-2017
NOTE - 11 : OTHER FINANCIAL ASSETS		
Non-current		
Derivative financial instruments	**2.42**	87.08
Security deposits	**18.48**	17.88
Fixed deposit with more than 12 months maturity	**0.14**	0.16
	21.04	105.12
Current		
Derivative financial instruments	**123.55**	271.53
Security deposits	**0.85**	0.78
Interest accrued on deposits	**0.87**	0.35
Other receivables	**34.01**	54.30
	159.28	326.96
	180.32	432.08
NOTE - 12 : OTHER ASSETS		
Non-current		
Capital advances	**38.20**	80.46
Pre-paid expenses	**51.18**	35.16
	89.38	115.62
Current		
Export benefits receivable	**97.66**	103.44
Claims receivable : indirect tax / insurance / others		
Considered good	**159.72**	91.04
Considered doubtful	**0.11**	0.11
Less : Allowance for doubtful claims receivable	**0.11**	0.11
	159.72	91.04
Employees advances	**6.98**	5.94
Pre-paid expenses	**37.01**	23.72
Indirect taxes recoverable	**121.95**	36.28
Advances to suppliers	**85.29**	73.75
Other receivables	**12.03**	8.79
	520.64	342.96
	610.02	458.58
NOTE - 13 : INVENTORIES		
[At lower of cost or net realisable value]		
Raw materials	**604.45**	567.43
Packing materials	**50.86**	42.93
Work-in-progress	**213.23**	137.79
Finished goods	**678.52**	547.65
Stock-in-trade	**419.24**	263.35
	1,966.30	1,559.15

(i) The Group charged inventory write-down (net) of ₹ 16.27 crores and ₹ 56.28 crores to statement of profit and loss for the year ended 31-Mar-2018 and 31-Mar-2017 respectively.

(ii) Inventories are hypothecated as security for borrowings as disclosed under note 18.

(₹ in crores)

	As at 31-Mar-2018	As at 31-Mar-2017
NOTE - 14 : TRADE RECEIVABLES		
Unsecured		
Considered good	**1,253.45**	950.89
Considered doubtful	**38.72**	46.92
Less : Allowance for doubtful trade receivables	**38.72**	46.92
	1,253.45	950.89
(i) Trade receivables are non-interest bearing and are generally on terms of 60-180 Days.		
(ii) Movements in allowance for doubtful trade receivables :		
Opening balance	**46.92**	26.93
Add: Provision made / (reversed) during the year (net)	**(8.20)**	16.27
Less: Provision used during the year	**(3.14)**	-
Add : Transfer from other provision	**-**	4.19
Add / (less): Translation exchange difference	**3.14**	(0.47)
Closing balance	**38.72**	46.92
NOTE - 15 : CASH AND CASH EQUIVALENTS		
Cash on hand	**0.36**	0.30
Balances with banks	**237.97**	278.03
Fixed deposit	**2.81**	0.80
	241.14	279.13
NOTE - 16 : EQUITY SHARE CAPITAL		
Authorised		
250,000,000 (previous year 200,000,000) equity shares of ₹ 5 each	**125.00**	100.00
2,500,000 (previous year 2,500,000) preference shares of ₹ 100 each	**25.00**	25.00
	150.00	125.00
Issued		
169,236,720 (previous year 169,236,720) equity shares of ₹ 5 each	**84.62**	84.62
Subscribed and fully paid-up		
169,222,720 (previous year 169,222,720) equity shares of ₹5 each	**84.62**	84.62
Forfeited shares		
Amount originally paid up on 14,000 (previous year 14,000) equity shares of ₹ 5 each forfeited	*	*
* Amount ₹ 35,000/- (previous year ₹ 35,000/-)		
	84.62	84.62

(i) Reconciliation of equity shares outstanding at the beginning and at the end of the reporting year:

Particulars	As at 31-Mar-2018		As at 31-Mar-2017	
	Numbers	**₹ in crores**	Numbers	₹ in crores
As at the beginning of the year	**169,222,720**	**84.62**	169,222,720	84.62
Outstanding at the end of the year	**169,222,720**	**84.62**	169,222,720	84.62

(ii) Details of shares allotted for consideration other than cash, bonus shares and shares bought back in previous five financial years is as under:

The Company allotted 84,611,360 equity shares as fully paid up bonus shares of ₹ 5 each, pursuant to the shareholders' resolution passed on 12th July, 2013.

(iii) Torrent Private Limited, the holding Company, holds 120,563,720 (previous year 120,563,720) equity shares of ₹ 5 each, equivalent to 71.25% (previous year 71.25%) of the total number of subscribed & paid up equity shares, which is the only shareholder holding more than 5 % of total equity shares.

(iv) The Company has one class of equity shares having par value of ₹ 5 each. Each shareholder is eligible for one vote per share held. The final dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amount, in proportion to shareholding.

(₹ in crores)

	As at 31-Mar-2018	As at 31-Mar-2017
NOTE - 17 : OTHER EQUITY		
Reserves and Surplus		
Retained earnings	**1,553.75**	1,514.09
General reserve	**2,275.41**	2,252.61
Debenture redemption reserve	**724.70**	372.50
Capital reserve	**5.56**	5.56
Securities premium account	**4.34**	4.34
	4,563.76	4,149.10
Other comprehensive income		
Equity instruments through other comprehensive income	**0.03**	0.05
Effective portion of cash flow hedges	**14.17**	126.39
Foreign currency translation reserve	**(40.39)**	(10.03)
	(26.19)	116.41
	4,537.57	4,265.51

Nature and purpose of reserves :

Retained earnings : Retained earnings are the profits earned till date, less any transfers to other reserves and dividends distributed.

General reserve : The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes.

Debenture redemption reserve : The company is required to create a debenture redemption reserve out of the profits in accordance with Companies Act, 2013.

Capital reserve : Capital reserve arising on consolidation represents the excess of net assets acquired over the consideration paid.

Securities premium account : Securities premium account comprises of the premium on issue of shares. The reserve is utilised in accordance with the specific provision of the Companies Act, 2013.

Equity instruments through other comprehensive income : This represents the cumulative gains and losses arising on revaluation of equity instruments measured at fair value through other comprehensive income.

Effective portion of cash flow hedges : This represents the cumulative effective portion of gains or losses arising on changes in fair value of designated portion of hedging instruments entered into for cash flow hedges. The cumulative gain or loss arising on changes in fair value of the designated portion of the hedging instruments that are recognised and accumulated under the heading of effective portion of cash flow hedges will be reclassified to statement of profit and loss only when the hedged items affect the profit or loss.

Foreign currency translation reserve : This reserve represents exchange differences arising on account of conversion of foreign operations to Company's functional currency.

	As at 31-Mar-2018	(₹ in crores) As at 31-Mar-2017
NOTE - 18 : BORROWINGS		
Non-current		
Secured non-convertible debentures	**1,953.10**	1,395.24
Secured term loans from banks	**2,152.21**	834.33
Unsecured term loans from others	**6.15**	11.26
	4,111.46	2,240.83
Current maturities of long-term debt (Refer note 22)		
Secured non-convertible debentures	**441.85**	91.20
Secured term loans from banks	**280.47**	175.61
Unsecured term loans from others	**2.94**	2.49
	725.26	269.30
Current		
Secured term loans from banks	**835.40**	-
Unsecured commercial paper from banks	**290.20**	-
Unsecured non-convertible debentures	**500.00**	-
	1,625.60	-
	6,462.32	2,510.13

Notes:

(i) Term Loans from banks referred above to the extent of :

(a) ₹ 43.12 crores (Previous year ₹ 376.14 crores) are secured by first pari-passu mortgage/ charge on immovable as well as tangible movable assets, present and future, located at village Indrad (Manufacturing facility on identified land), Bhat (Research facility), Corporate office, Ahmedabad, all in Gujarat, and village Baddi (Manufacturing facility) in Himachal Pradesh.

(b) ₹ 266.68 crores (Previous year ₹ 32.42 crores) are secured by first pari-passu mortgage/ charge on immovable as well as tangible movable assets, present and future, located at village Indrad (Manufacturing facility on identified land), Bhat (Research facility), Corporate office, Ahmedabad, all in Gujarat, and village Baddi (Manufacturing facility) in Himachal Pradesh.

(c) ₹ 172.18 crores (Previous year ₹ 212.68 crores) are secured by first pari passu mortgage/ charge on immovable and tangible movable assets, present and future located at Dahej (SEZ) in Gujarat (Manufacturing facility) and Gangtok in Sikkim (Manufacturing facility) as well as on certain identified trademarks of the Company including its future line extensions.

(d) ₹ 1,593.12 crores (Previous year Nil) are secured by first pari-passu mortgage/ charge on immovable as well as tangible movable assets, present and future, located at village Indrad (Manufacturing facility on identified land), Bhat (Research facility), Corporate office, Ahmedabad, all in Gujarat, and village Baddi (Manufacturing facility) in Himachal Pradesh as well as on certain identified trademarks of the Company including its future line extensions., in respect of which Company is in the process of creating charge.

(e) ₹ 325.22 crores (Previous year ₹ 324.20 crores) from bank is secured by first charge on certain identified trademarks of the Company including its future line extensions.

(f) ₹ 32.36 crores (previous year ₹ 64.50 crores) from bank is secured by negative lien on the acquired brand and inter-corporate guarantee.

(ii) (a) Non Convertible Debentures referred above to the extent of ₹ 1,396.88 crores (Previous year ₹ 487.82 crores) are secured by first pari passu mortgage/ charge on immovable and tangible movable assets, present and future located at Dahej (SEZ) in Gujarat (Manufacturing facility) and Gangtok in Sikkim (Manufacturing facility) as well as on certain identified trademarks of the Company including its future line extensions.

(b) Non Convertible Debentures referred above to the extent of ₹ Nil (Previous year ₹ 998.62 crores) will be secured by first pari passu mortgage/ charge on immovable and tangible movable assets, present and future located at Dahej (SEZ) in Gujarat (Manufacturing facility) and Gangtok in Sikkim (Manufacturing facility) as well as on certain identified trademarks of the Company including its future line extensions. The Company is in the process of creating charge.

(c) Non Convertible Debentures referred above to the extent of ₹ 998.07 crores (Previous year ₹ Nil) are secured by first pari-passu mortgage/ charge on immovable as well as tangible movable assets, present and future, located at village Indrad (Manufacturing facility on identified land), Bhat (Research facility), Corporate office, Ahmedabad, all in Gujarat, and village Baddi (Manufacturing facility) in Himachal Pradesh as well as on certain identified trademarks of the Company including its future line extensions., in respect of which Company is in the process of creating charge.

(iii) Short term borrowings from banks are in nature of working capital facilities which are secured by hypothecation of inventories and book debts.

(iv) The terms of repayment of loan obligations on principal amount repayable in yearly instalments, for the secured and unsecured long-term loans are as under:

(₹ in crores)

Financial year	**Secured**	**Unsecured**
2018-19	**722.48**	**2.94**
2019-20	**1,045.78**	**2.64**
2020-21	**986.20**	**1.95**
2021-22	**671.46**	**1.56**
2022-23	**381.84**	**-**
2023-24	**371.43**	**-**
2024-25	**371.43**	**-**
2025-26	**292.84**	**-**
	4,843.46	**9.09**
Less : Amortised cost adjustment	**15.83**	**-**
Total	**4,827.63**	**9.09**

(v) Maturity profile and rate of interest of non-convertible debentures are set out as below :

(₹ in crores)

Effective Rate of Interest	2025-26	2024-25	2023-24	2022-23	2021-22	2020-21	2019-20	2018-19	Total repayment	Amortised cost adjustment	Closing balance
7.00% to 9.30%	142.84	142.86	142.86	142.86	292.86	542.56	550.11	941.85	2,898.80	3.85	2,894.95

(₹ in crores)

	As at 31-Mar-2018	As at 31-Mar-2017
NOTE - 19 : PROVISIONS		
Non-Current		
Provision for employee benefits		
Post-retirement benefits (Refer note 35)	**81.96**	91.72
Leave benefits	**76.67**	61.72
	158.63	153.44
Provision for sales returns	**107.68**	83.86
Provision for expenses	**20.35**	25.74
	286.66	263.04
Current		
Provision for employee benefits		
Post-retirement benefits (Refer note 35)	**2.21**	1.76
Leave benefits	**12.18**	9.52
	14.39	11.28
Provision for sales returns	**165.55**	119.41
Provision for failure to supply	**122.32**	90.61
Provision for medicaid	**25.14**	17.52
	327.40	238.82
	614.06	501.86

(₹ in crores)

		As at 31-Mar-2018	As at 31-Mar-2017
(i)	**Provision for sales returns :**		
	The Group, as a trade practice, accepts returns from market which are primarily in the nature of expired or near expiry products. Provision is made for such returns on the basis of historical experience, market conditions and specific contractual terms.		
	Opening balance	**203.27**	190.65
	Add: Provision made during the year	**194.01**	137.56
	Add: Recognised in business combination	**38.00**	-
	Less: Provision utilised during the year	**(163.28)**	(121.69)
	Add / (Less): Translation exchange difference	**1.23**	(3.25)
	Closing balance	**273.23**	203.27
	Non-current provision	**107.68**	83.86
	Current provision	**165.55**	119.41
	Total	**273.23**	203.27
(ii)	**Provision for expenses :**		
	Provision for expenses includes estimated amount of liability pertaining to administrative and judicial proceedings disputed with past employees pending at various labour courts in Brazil.		
	Opening balance	**25.74**	20.58
	Add: Additional provision (net of reversal)	**(4.27)**	3.15
	Add / (Less): Translation exchange difference	**(1.12)**	2.01
	Closing balance	**20.35**	25.74
(iii)	**Provision for failure to supply :**		
	The Group has a contractual obligation to pay compensation against failure to supply in certain cases. Provisions are estimated based on evaluation of likely claims on short supplies by the Group.		
	Opening balance	**90.61**	131.49
	Add: Additional provision (net of reversal)	**18.50**	(7.70)
	Less: Utilisation during the year	**(0.75)**	(26.28)
	Add / (Less): Translation exchange difference	**13.96**	(6.90)
	Closing balance	**122.32**	90.61
(iv)	**Provision for medicaid :**		
	Pharmaceutical manufacturers whose products are covered by the Medicaid program of the USA are required to provide rebate to each state a percentage of the average manufacturer's price for the products dispensed. Medicaid rebates are estimated based on historical trends of rebates paid.		
	Opening balance	**17.52**	15.27
	Add: Additional provision (net of reversal)	**23.41**	17.67
	Less: Utilization during the year	**(15.92)**	(14.98)
	Add / (Less): Translation exchange difference	**0.13**	(0.44)
	Closing balance	**25.14**	17.52

(₹ in crores)

	Year ended 31-Mar-2018	Year ended 31-Mar-2017
NOTE - 20 : INCOME TAXES		
(a) Expense / (benefit) recognised in the statement of profit and loss:		
Current tax:		
Expense for current year	**199.09**	293.83
Expense pertaining to prior years	**62.34**	8.25
Deferred tax:		
Deferred tax benefit for current year	**(8.56)**	(147.57)
	252.87	154.51
(b) Expense / (benefit) recognised in statement of other comprehensive income:		
Re-measurement gains / (losses) on defined benefit plans	**1.71**	3.85
Equity instruments through other comprehensive income	**0.01**	(0.02)
Effective portion on gains and loss on hedging instruments in a cash flow hedge	**59.28**	(54.54)
	61.00	(50.71)
(c) Reconciliation of Effective Tax Rate :		
Profit before income taxes	**931.01**	1,088.09
Enacted tax rate in India	**34.608%**	34.608%
Expected income tax expenses	**322.20**	376.57
Adjustments to reconcile expected income tax expense to reported income tax expense:		
Weighted deduction allowed in respect of research and development expenses	**(68.99)**	(144.37)
Effect of income exempt from taxation	**(0.31)**	(82.86)
Recognition of previously unrecognised deferred tax asset (net)	**(1.20)**	10.34
Effect of change in tax rate*	**40.65**	-
Effect of expenses not deductible in determining taxable profit	**6.54**	24.73
Foreign exchange difference	**2.01**	1.10
Effect of difference between Indian tax rate and foreign tax rate	**15.84**	(4.87)
Tax adjustments of prior periods	**62.34**	8.25
Deferred tax created on tax adjustments of prior periods	**(40.76)**	-
MAT credit entitlement recognised	**(120.36)**	-
Others (net)	**34.91**	(34.38)
Adjusted income tax expenses	**252.87**	154.51
Effective Tax Rate	**27.16%**	14.20%

*Corporate tax rate is changed in US from 35% to 21% w.e.f. 01-Jan-2018.

	As at 31-Mar-2018	(₹ in crores) As at 31-Mar-2017
(d) Deferred tax relates to:		
Deferred tax liabilities :		
Property, plant and equipments and intangible assets	**597.73**	345.43
Amortised cost adjustment on borrowings	**5.48**	-
Fair valuation of investments in mutual fund	**2.63**	6.92
Cash flow hedge reserve	**7.61**	66.89
Fair valuation of investment in equity instruments	**0.01**	0.02
	613.46	419.26
Deferred tax assets :		
Provision for employee benefit expense	**(49.07)**	(51.13)
Valuation of inventories	**(38.51)**	(100.94)
Provision for expenses	**(62.79)**	(23.12)
Provision for chargebacks	**(77.31)**	(35.93)
Allowance for doubtful trade receivables	**(30.65)**	(26.44)
Unrealized foreign exchange loss	**4.36**	(1.02)
Allowance for doubtful claim receivables	**-**	(0.10)
Unabsorbed depreciation / Tax losses of subsidiaries	**(96.00)**	(26.99)
MAT credit entitlement	**(482.89)**	(257.50)
Unrealised profit in inventory	**(56.48)**	(104.56)
	(889.34)	(627.73)
Deferred tax liabilities / (assets) net	**(275.88)**	(208.47)
The deferred tax liabilities / assets are off-set, where the Group has a legally enforceable right to set-off assets against liabilities, and are presented in balance sheet as follows:		
Deferred tax liabilities	**0.04**	101.41
Deferred tax assets	**275.92**	309.88
	(275.88)	(208.47)

Amount of ₹ 96.00 crores pertains to deferred tax asset created on unabsorbed depreciation and tax losses of subsidiaries. The Group, based on future taxable income generation projections, expects to realise the same in future periods.

Amount of unused tax losses for which deferred tax asset not recognised is ₹ 5.32 crores as at 31-Mar-2018.

(e) Movement of deferred tax liabilities / (assets) during the year:

(₹ in crores)

Year ended 31-Mar-2018	Opening balance as at 01-Apr-2017	Recognised in statement of profit and loss	Recognised in other comprehensive income	Acquired in business combination	Foreign exchange difference	Closing balance as at 31-Mar-2018
Deferred tax liabilities / (assets) in relation to:						
Property, plant and equipments and intangible assets	345.43	252.31	-	-	(0.01)	**597.73**
Amortised cost adjustment on borrowings	-	5.48	-	-	-	**5.48**
Fair valuation of investment in mutual fund	6.92	(4.29)	-	-	-	**2.63**
Cash flow hedge reserve	66.89	-	(59.28)	-	-	**7.61**
Fair valuation of investment in equity instruments	0.02	-	(0.01)	-	-	**0.01**
Provision for employee benefit expense	(51.13)	3.12	(1.71)	-	0.65	**(49.07)**
Valuation of inventories	(100.94)	61.79	-	-	0.64	**(38.51)**
Provision for expenses	(23.12)	(39.59)	-	-	(0.08)	**(62.79)**
Provision for chargebacks	(35.93)	(40.87)	-	-	(0.51)	**(77.31)**
Allowance for doubtful trade receivables	(26.44)	(4.22)	-	-	0.01	**(30.65)**
Unrealized foreign exchange loss	(1.02)	5.25	-	-	0.13	**4.36**
Allowance for doubtful claim receivables	(0.10)	0.10	-	-	-	**-**
Unabsorbed depreciation / Tax losses of subsidiaries	(26.99)	(70.33)	-	-	1.32	**(96.00)**
MAT credit entitlement	(257.50)	(225.39)	-	-	-	**(482.89)**
Unrealised profit in Inventory	(104.56)	48.08	-	-	-	**(56.48)**
Deferred tax liabilities / (assets) net	**(208.47)**	**(8.56)**	**(61.00)**	**-**	**2.15**	**(275.88)**

(₹ in crores)

Year ended 31-Mar-2017	Opening balance as at 01-Apr-2016	Recognised in statement of profit and loss	Recognised in other comprehensive income	Acquired in business combination	Foreign exchange difference	Closing balance as at 31-Mar-2017
Deferred tax liabilities / (assets) in relation to:						
Property, plant and equipments and intangible assets	269.61	75.77	-	-	0.05	345.43
Fair valuation of investment in mutual fund	6.57	0.35	-	-	-	6.92
Cash flow hedge reserve	12.35	-	54.54	-	-	66.89
Fair valuation of investment in equity instruments	-	-	0.02	-	-	0.02
Provision for employee benefit expense	(52.85)	6.60	(3.85)	-	(1.03)	(51.13)
Valuation of inventories	(76.92)	(25.31)	-	-	1.29	(100.94)
Provision for expenses	(18.00)	(6.08)	-	-	0.96	(23.12)
Provision for chargebacks	(65.69)	29.42	-	-	0.34	(35.93)
Allowance for doubtful trade receivables	(5.84)	(20.59)	-	-	(0.01)	(26.44)
Unrealized foreign exchange loss	7.79	(9.27)	-	-	0.46	(1.02)
Allowance for doubtful claim receivables	(0.02)	(0.08)	-	-	-	(0.10)
Unabsorbed depreciation / Tax losses of subsidiaries	(38.26)	13.50	-	-	(2.23)	(26.99)
MAT credit entitlement	(64.99)	(192.51)	-	-	-	(257.50)
Unrealised profit in Inventory	(85.19)	(19.37)	-	-	-	(104.56)
Deferred tax liabilities / (assets) net	**(111.44)**	**(147.57)**	**50.71**	**-**	**(0.17)**	**(208.47)**

	As at 31-Mar-2018	(₹ in crores) As at 31-Mar-2017
NOTE - 21 : TRADE PAYABLES		
Due to micro and small enterprises	**7.34**	1.43
Due to others	**2,040.90**	1,747.89
	2,048.24	1,749.32
NOTE - 22 : OTHER FINANCIAL LIABILITIES		
Non-Current		
Creditors for capital goods	**5.42**	7.03
Security deposits	**0.45**	0.26
Derivative financial instruments	**8.18**	0.63
Other payables	**3.71**	-
	17.76	7.92
Current		
Current maturities of long-term debt (Refer note 18)	**725.26**	269.30
Creditors for capital goods	**41.30**	76.90
Interest accrued but not due on borrowings	**98.68**	61.60
Payables for employee benefits	**123.43**	104.00
Book overdraft	**17.08**	16.83
Unclaimed dividend	**3.98**	3.44
Derivative financial instruments	**28.45**	72.94
Other payables	**13.89**	9.46
	1,052.07	614.47
	1,069.83	622.39
NOTE - 23 : OTHER LIABILITIES		
Non-Current		
Government grant	**2.42**	0.01
	2.42	0.01
Current		
Payables to statutory and other authorities	**54.18**	45.31
Trade advances	**9.99**	9.81
Government grant	**0.70**	0.03
Other payables	**34.74**	17.52
	99.61	72.67
	102.03	72.68

	Year ended 31-Mar-2018	(₹ in crores) Year ended 31-Mar-2017
NOTE - 24 : REVENUE FROM OPERATIONS		
Sales		
Sales in India	**2,570.89**	2,337.96
Sales outside India	**3,306.19**	3,375.44
	5,877.08	5,713.40
Operating income		
Export benefits	**60.31**	82.81
Income from product registration dossiers	**2.81**	6.91
Compensation and settlement income	**-**	30.47
Government grant income	**3.77**	0.91
Other operating income	**58.10**	22.42
	124.99	143.52
	6,002.07	5,856.92
NOTE - 25 : OTHER INCOME		
Interest income	**6.66**	4.85
Net gain on sale of investments (including gain/(loss) on fair valuation ₹ (12.42) crores and ₹ 0.65 crores for year ended 31-Mar-2018 and 31-Mar-2017 respectively)	**52.81**	73.71
Net foreign exchange gain	**237.14**	144.31
Other non-operating income	**2.23**	0.43
	298.84	223.30
NOTE - 26 : COST OF MATERIALS CONSUMED		
Raw materials	**900.71**	1,018.33
Packing materials	**138.30**	162.00
	1,039.01	1,180.33
NOTE - 27 : CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE		
Opening inventory :		
Finished goods	**547.65**	387.81
Work-in-progress	**137.79**	153.45
Stock-in-trade	**263.35**	267.80
	948.79	809.06
Less : Closing inventory :		
Finished goods	**678.52**	547.65
Work-in-progress	**213.23**	137.79
Stock-in-trade	**419.24**	263.35
	1,310.99	948.79
Net (increase) / decrease in inventory	**(362.20)**	(139.73)
NOTE - 28 : EMPLOYEE BENEFITS EXPENSE		
Salaries, wages and bonus	**966.93**	849.69
Contribution to provident and other funds	**108.28**	94.43
Gratuity and other retirement benefit cost	**20.02**	14.68
Staff welfare expenses	**40.02**	34.61
	1,135.25	993.41

(₹ in crores)

		Year ended 31-Mar-2018	Year ended 31-Mar-2017
NOTE - 29 : FINANCE COSTS			
Interest expenses		**304.79**	202.91
Other borrowing cost		**3.69**	2.65
		308.48	205.56
NOTE - 30 : DEPRECIATION, AMORTISATION AND IMPAIRMENT EXPENSE			
Depreciation of tangible assets		**163.46**	133.30
Amortisation of intangible assets		**245.14**	160.11
Impairment of intangible assets		**-**	13.51
		408.60	306.92
NOTE - 31 : OTHER EXPENSES			
Selling, publicity and medical literature expenses		**633.06**	567.70
Laboratory goods and testing expenses		**168.26**	201.85
Power and fuel		**118.77**	107.98
Travelling, conveyance and vehicle expenses		**103.19**	92.74
Stores and spares consumed		**103.35**	96.91
Allowance for doubtful trade receivables (net)		**(8.20)**	16.27
Compensation expenses		**24.04**	22.43
Professional and legal fees		**137.59**	88.84
Cost of outsourced manpower		**47.67**	41.40
Excise duties / GST		**19.81**	41.23
Auditors remuneration and expenses		**3.70**	3.90
Donation		**16.61**	16.13
Corporate social responsibility expenses		**26.39**	27.06
Commission to non-executive directors		**6.57**	9.11
General charges		**443.29**	361.03
		1,844.10	1,694.58
NOTE - 32 : EARNINGS PER SHARE			
The basic and diluted earnings per share [EPS] are:			
Net profit for the year [a]	(₹ in crores)	**678.11**	933.55
Weighted average number of equity shares [b]	(Nos.)	**169,222,720**	169,222,720
EPS (basic and diluted) [a] / [b]	₹	**40.07**	55.17
Nominal value per equity share	₹	**5.00**	5.00

NOTE - 33 : BUSINESS COMBINATIONS AND ACQUISITIONS

(a) The Company had entered into Business Transfer Agreement with Unichem Laboratories Limited ('Unichem') for the acquisition of branded business of Unichem for India and Nepal, including its Sikkim manufacturing facility, on a going concern basis by way of slump sale, which has been completed on 14-Dec-2017.

The total purchase consideration of ₹ 3,515.00 crores has been paid in cash. The Group has accounted for the transaction under Ind AS 103, "Business Combinations", and allocated the aggregate purchase consideration to identifiable assets acquired and liabilities assumed based on purchase price allocation as follows:

Particulars	**₹ in crores**
Assets acquired	
- Working capital (net)	21.10
- Identified intangible assets	3,361.54
- Property plant and equipments (including capital work-in-progress)	32.03
- Goodwill	100.33
Total consideration paid	**3,515.00**

The acquisition costs incurred till the date of financial statement of ₹ 7.75 crores have been included in other expenses in the consolidated statement of profit and loss.

(b) The Company has, through its wholly owned subsidiary Torrent Pharma Inc., acquired 100% equity shares of Bio-Pharm, Inc., a generic pharmaceutical and OTC company having a USFDA-registered manufacturing facility in United States of America on 18-Jan-2018.

The total purchase consideration was ₹ 448.70 crores. (₹ 446.92 crores paid in cash and consideration payable of ₹1.78 crores, net). The Group has accounted for the transaction under Ind AS 103, “Business Combinations”, and allocated the aggregate purchase consideration to identifiable assets acquired and liabilities assumed based on purchase price allocation as follows:

Particulars	**₹ in crores**
Assets acquired	
- Working capital (net)	30.08
- Identified intangible assets (including intangibles under development)	200.47
- Property plant and equipments	80.57
- Goodwill	137.58
Total consideration	**448.70**

The acquisition costs incurred till the date of financial statement of ₹ 4.03 crores have been included in other expenses in the consolidated statement of profit and loss.

(c) The Company on 03-Sep-2016 acquired API manufacturing unit of Glochem Industries at Vizag on a going concern slump sales basis. The acquisition has been accounted for using the acquisition method of accounting.

Particulars	**₹ in crores**
Fair value of net assets acquired	65.70
Add : Intangibles identified on acquisition	29.46
	95.16
Less : Purchase consideration	129.78
Goodwill	**34.62**

NOTE - 34 : Operating Lease

The Group leases office spaces on non-cancellable operating lease at various subsidiaries location. The total future minimum lease payments under this non-cancellable lease are as below:

(₹ in crores)

	As at 31-Mar-2018	As at 31-Mar-2017
Not later than 1 year	**5.94**	3.20
Later than 1 year and not later than 5 years	**6.43**	8.84
Total	**12.37**	12.04

Lease rentals on the above lease amounting to ₹ 3.11 crores (previous year ₹ 2.37 crores) are charged to statement of profit and loss.

NOTE - 35 : DEFINED BENEFIT PLANS

The accruing liability on account of retirement benefit plans (in the nature of defined benefits plan) is accounted as per Ind-AS 19 "Employee Benefits".

General description of the plan :

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

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

(iii) **Retirement Benefit Plan:** Philippines subsidiary has a non-contributory defined benefit retirement plan covering all of its regular employees. The benefits are based on respective employee's salary and the tenure of employment.

(iv) **Retirement Benefit and Seniority Premium Plan:** The retirement benefit and seniority premium plan in Mexico is the liability which accrues and gets discharged as per the terms and conditions of Mexican federal labour laws. It is a defined benefit plan which provides benefits to eligible employees post retirement / termination.

(₹ in crores)

		Year ended 31-Mar-2018				Year ended 31-Mar-2017			
		Gratuity	Pension	Retirement Benefit Plan	Retirement Benefit and Seniority Premium Plan	Gratuity	Pension	Retirement Benefit Plan	Retirement Benefit and Seniority Premium Plan
(a)	**Reconciliation of opening and closing balances of the present value of the defined benefit obligation :**								
	Obligations at the beginning of the year	**132.94**	**71.21**	**2.51**	**0.98**	102.96	76.14	2.21	0.90
	Current service cost	**15.40**	**0.46**	**0.51**	**0.32**	11.97	0.49	0.46	0.40
	Interest cost	**9.60**	**1.45**	**0.13**	**0.08**	8.03	1.42	0.12	0.06
	Liability transferred in / acquisitions	**8.99**	**-**	**-**	**-**	0.60	-	-	-
	Liability transferred out	**(0.01)**	**-**	**-**	**-**	(0.44)	-	-	-
	Actuarial (gains) / losses	**3.81**	**(2.53)**	**(0.51)**	**(0.02)**	16.39	0.48	0.01	0.14
	Benefits paid directly by the employer	**(0.27)**	**(1.82)**	**-**	**(0.72)**	(0.12)	(1.36)		(1.17)
	Benefits paid from the fund	**(6.03)**	**-**	**-**	**-**	(6.45)	-	-	-
	Curtailments / settlements	**-**	**-**	**-**	**0.51**	-	-	-	0.72
	Translation exchange difference	**-**	**11.70**	**(0.11)**	**0.02**	-	(5.96)	(0.29)	(0.07)
	Obligations at the end of the year	**164.43**	**80.47**	**2.53**	**1.17**	132.94	71.21	2.51	0.98

(₹ in crores)

		Year ended 31-Mar-2018				Year ended 31-Mar-2017			
		Gratuity	Pension	Retirement Benefit Plan	Retirement Benefit and Seniority Premium Plan	Gratuity	Pension	Retirement Benefit Plan	Retirement Benefit and Seniority Premium Plan
(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	114.16	-	-	-	86.50	-	-	-
	Assets transferred in / acquisitions	-	-	-	-	1.10	-	-	-
	Interest income	8.25	-	-	-	6.72	-	-	-
	Return on plan assets, excluding interest income	0.36	-	-	-	5.29	-	-	-
	Contributions	50.12	-	-	-	21.00	-	-	-
	Benefits paid	(6.03)	-	-	-	(6.45)	-	-	-
	Plan assets at the end of the year, at fair value	166.86	-	-	-	114.16	-	-	-
	Actual return on plan assets	8.61	-	-	-	12.01	-	-	-
(c)	**Expense recognised in the statement of profit and loss for the year :**								
	Current service cost	15.40	0.46	0.51	0.32	11.97	0.49	0.46	0.40
	Net Interest on net defined benefit liability	1.35	1.45	0.13	0.08	1.31	1.42	0.12	0.06
	Net gratuity and other retirement benefit cost	16.75	1.91	0.64	0.40	13.28	1.91	0.58	0.46
(d)	**Expense recognised in other comprehensive income for the year :**								
	Actuarial (gains) / losses	3.81	(2.53)	(0.51)	(0.02)	16.39	0.48	0.01	0.14
	Return on plan assets, excluding interest income	(0.36)	-	-	-	(5.29)	-	-	-
		3.45	(2.53)	(0.51)	(0.02)	11.10	0.48	0.01	0.14
(e)	**Reconciliation of the present value of the defined benefit obligation and fair value of plan assets :**								
	Obligations at the end of the year	164.43	80.47	2.53	1.17	132.94	71.21	2.51	0.98
	Plan assets at the end of the year, at fair value	166.86	-	-	-	114.16	-	-	-
	(Asset) / Liability recognised in balance sheet	(2.43)	80.47	2.53	1.17	18.78	71.21	2.51	0.98
(f)	**Remeasurement of net defined benefit liability / (asset) :**								
	Actuarial (gains) / losses :								
	Changes in financial assumptions	(6.70)	(2.69)	(0.52)	(0.02)	5.17	1.84	-	(0.05)
	Experience adjustments	10.51	0.16	0.01	0.00	11.22	(1.36)	0.01	0.19
	Remeasurement of defined benefit liability	3.81	(2.53)	(0.51)	(0.02)	16.39	0.48	0.01	0.14
	Remeasurement of return on plan assets	(0.36)	-	-	-	(5.29)	-	-	-
	Total	3.45	(2.53)	(0.51)	(0.02)	11.10	0.48	0.01	0.14
(g)	**Expected contribution for the next year**	16.49	2.21	-	0.28	25.74	1.76	-	0.26
(h)	**Assumptions :**								
	Discount rate	7.80%	2.05%	6.50%	9.50%	7.22%	1.85%	5.25%	9.00%
	Salary escalation rate	10.00%	2.50%	6.00%	4.50%	10.00%	2.50%	6.00%	3.50%
	Weighted average duration of defined benefit obligation	9 years	16.80 years	16.24 years	4.55 years	8 years	17.50 years	18.16 years	4.40 years

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

For gratuity plan, future mortality rates are obtained from relevant table of Indian Assured Lives Mortality (2006-08) Ultimate.

(i) Sensitivity Analysis for each significant actuarial assumption :

The significant actuarial assumptions for the determination of the defined benefit obligations are discount rate and expected salary increase. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

	Year ended 31-Mar-2018				Year ended 31-Mar-2017			
	Gratuity	Pension	Retirement Benefit Plan	Retirement Benefit and Seniority Premium Plan	Gratuity	Pension	Retirement Benefit Plan	Retirement Benefit and Seniority Premium Plan
Impact of increase in discount rate by 1 %	(10.45)	(11.72)	(0.34)	(0.04)	(8.68)	(10.82)	(0.38)	(0.04)
Impact of decrease in discount rate by 1 %	11.89	15.01	0.41	0.05	9.90	13.96	0.47	0.04
Impact of increase in salary escalation rate by 1 %	11.52	0.38	0.41	0.05	9.54	0.35	0.46	0.04
Impact of decrease in salary escalation rate by 1 %	(10.34)	(0.36)	(0.34)	(0.04)	(8.54)	(0.33)	(0.38)	(0.04)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligations as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligations has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

(j) **Investment details of plan assets (Gratuity) :**

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

(₹ in crores)

	As at 31-Mar-2018	As at 31-Mar-2017
Equity instruments	**11.20%**	14.58%
Corporate bonds	**60.22%**	53.32%
Government securities	**22.61%**	22.02%
Fixed deposits with banks	**0.32%**	2.45%
Other current assets	**5.65%**	7.63%

(k) **Maturity profile :**

The defined benefit obligations shall mature after year ended 31st March, 2018 as follows:

(₹ in crores)

	Undiscounted values			
	Gratuity	**Pension**	**Retirement Benefit Plan**	**Retirement Benefit and Seniority Premium Plan**
1st following year	15.61	2.21	-	0.28
2nd following year	14.55	2.42	-	0.28
3rd following year	19.30	2.50	0.29	0.28
4th following year	16.08	2.60	0.08	0.28
Thereafter	91.47	18.68	1.61	2.17

(l) **Asset-liability matching strategies :**

In respect of gratuity plan, Company contributes to the insurance fund based on estimated liability of the next financial year end. The projected liability statement is obtained from the actuarial valuer.

NOTE - 36 : SEGMENT REPORTING

Operating segment are components of the Group whose operating results are regularly reviewed by the Chief Operating Decision Maker [CODM] to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

Generic Formulation Business is identified as single operating segment for the purpose of making decision on allocation of resources and assessing its performance.

Entity - wide disclosures :

(i) **Revenues from external customers:**

(₹ in crores)

	Year ended 31-Mar-18	Year ended 31-Mar-17
India	**2,596.82**	2,348.17
Outside India:		
USA	**1,099.74**	1,345.55
Germany	**912.25**	811.41
Brazil	**709.45**	700.07
Other countries	**683.81**	651.72
Total	**6,002.07**	5,856.92

Revenue from external customers is allocated based on the location of the customer.

(ii) Non-current assets:

(₹ in crores)

	As at 31-Mar-2018	As at 31-Mar-2017
India	**7,965.12**	4,112.02
Outside India:		
USA	**496.88**	82.86
Germany	**48.66**	48.73
Brazil	**21.02**	24.33
Other countries	**59.32**	55.61
Total	**8,591.00**	4,323.55

Non-current assets include property, plant and equipment, intangible assets, capital advances and pre-paid expenses. It is allocated based on the geographic location of the respective assets.

(iii) Major customers :

The Group has no external customer which accounts for more than 10% of the Group's total revenue for the year ended 31-Mar-2018 and 31-Mar-2017.

NOTE - 37 : FINANCIAL INSTRUMENTS

(i) Financial assets and liabilities

Accounting classification and fair values:

Carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy, are presented below.

(₹ in crores)

As at 31-Mar-2018	Carrying Value	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets :					
Amortised cost * :					
Cash and cash equivalents	241.14	-	-	-	-
Bank balances other than cash and cash equivalents	626.12	-	-	-	-
Trade receivables	1,253.45	-	-	-	-
Loans	5.60	-	-	-	-
Investments	31.30	-	-	-	-
Other financial assets	54.35	-	-	-	-
Fair value through other comprehensive income :					
Investment in equity instruments	0.13	0.05	-	0.08	0.13
Fair value through profit or loss :					
Investment in mutual funds	460.93	460.93	-	-	460.93
Derivatives instruments :					
Designated as cash flow hedge	21.79	-	21.79	-	21.79
Fair value through profit and loss	104.18	-	104.18	-	104.18
Total	2,798.99	460.98	125.97	0.08	587.03
Financial liabilities :					
Amortised cost * :					
Borrowings	6,462.32	-	-	-	-
Trade payables	2,048.24	-	-	-	-
Other financial liabilities	304.23	-	-	-	-
Fair value through profit or loss :					
Other financial liabilities **	3.71	-	-	3.71	3.71
Derivatives instruments :					
Fair value through profit and loss	36.63	-	36.63	-	36.63
Total	8,855.13	-	36.63	3.71	40.34

(₹ in crores)

As at 31-Mar-2017	Carrying Value	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets :					
Amortised cost * :					
Cash and cash equivalents	279.13	-	-	-	-
Bank balances other than cash and cash equivalents	614.59	-	-	-	-
Trade receivables	950.89	-	-	-	-
Loans	4.31	-	-	-	-
Investments	15.04	-	-	-	-
Other financial assets	73.47	-	-	-	-
Fair value through other comprehensive income :					
Investment in equity instruments	0.16	0.08	-	0.08	0.16
Fair value through profit or loss :					
Investment in mutual funds	788.44	788.44	-	-	788.44
Derivatives instruments :					
Designated as cash flow hedge	193.29	-	193.29	-	193.29
Fair value through profit and loss	165.32	-	165.32	-	165.32
Total	3,084.64	788.52	358.61	0.08	1,147.21
Financial liabilities :					
Amortised cost * :					
Borrowings	2,510.13	-	-	-	-
Trade payables	1,749.32	-	-	-	-
Other financial liabilities	279.52	-	-	-	-
Derivatives instruments :					
Fair value through profit and loss	73.57	-	73.57	-	73.57
Total	4,612.54	-	73.57	-	73.57

* The Group has not disclosed the fair value of financial instruments, because their carrying amount are a reasonable approximation of fair value.

** Management does not expect any significant change in liability on settlement.

Determination of fair values:

The following are the basis of assumptions used to estimate the fair value of financial assets and liabilities that are measured at fair value on recurring basis :

Investment in mutual funds : The fair values represent net asset value as stated by the issuers of these mutual fund units in the published statements. Net asset values represent the price at which the issuer will issue further units in the mutual fund and the price at which issuers will redeem such units from the investors.

Equity investments : Equity investments traded in an active market determined by reference to their quoted market prices. Other equity investments where quoted prices are not available, fair values are determined by reference to the expected discounted cash flows from the underlying net assets or current market value of net assets.

Derivative instruments : For forward contracts and cross currency interest rate swaps, future cash flows are estimated based on forward exchange rates and forward interest rates (from observable forward exchange rates / yield curves at the end of the reporting period) and contract forward exchange rates and forward interest rates, discounted at a rate that reflects the credit risk of respective counterparties.

(ii) Derivative financial instruments

Cash flow hedges :

Derivatives are taken to cover foreign exchange risk of highly probable forecasted sales transactions occurring in foreign currencies and foreign currency borrowings. The following are outstanding derivative contracts designated as cash flow hedges :

Currency	Nature of derivative contracts	Buy / Sell	Net Position (Amount in crores)		Fair value Gain / (Loss) (₹ in crores)	
			31-Mar-2018	31-Mar-2017	**31-Mar-2018**	31-Mar-2017
USD	Forward contracts	Sell	**32.95**	41.19	**57.97**	182.52
EUR	Forward contracts	Sell	**4.23**	6.29	**(13.71)**	17.97
GBP	Forward contracts	Sell	**0.89**	0.64	**(4.98)**	2.53
MXN	Forward contracts	Sell	**1.55**	1.54	**(0.27)**	(0.66)
MYR	Forward contracts	Sell	**1.42**	-	**(2.03)**	-
RUB	Forward contracts	Sell	**64.15**	-	**(3.92)**	-
USD	Cross Currency Interest Rate Swaps	Buy	**4.10**	4.50	**(11.27)**	(9.07)
					21.79	193.29
Less : Deferred tax					**7.62**	66.90
Balance in cash flow hedge reserve					**14.17**	126.39

The movement of cash flow hedges in other comprehensive income is as follows:

(₹ in crores)

Particulars	**Year ended 31-Mar-2018**	Year ended 31-Mar-2017
Balance at the beginning of the year	**126.39**	23.33
(Gain) / losses reclassified to profit or loss	**(138.91)**	(187.16)
Deferred tax on (gains) / losses reclassified to profit or loss	**48.54**	64.78
Change in the fair value of effective portion of cash flow hedges	**(33.59)**	344.77
Deferred tax on fair value of effective portion of cash flow hedges	**11.74**	(119.33)
Balance at the end of the year	**14.17**	126.39

(iii) Financial risk management

The Group's activities are exposed to variety of financial risks. These risks include market risk (including foreign exchange risk and interest rate risks), credit risks and liquidity risk. The Group's overall risk management program seeks to minimize potential adverse effects on the financial performance of the Group through established policies and processes which are laid down to ascertain the extent of risks, setting appropriate limits, controls, continuous monitoring and its compliance.

(a) Market risk :

Market risk refers to the possibility that changes in the market rates may have impact on the Group's profits or the value of its holding of financial instruments. The Group is exposed to market risks on account of foreign exchange rates, interest rates and underlying equity prices.

a1 Foreign currency exchange rate risk :

The Group's foreign currency risk arises from its foreign operations, investments in foreign subsidiaries, foreign currency transactions and foreign currency borrowings. The fluctuation in foreign currency exchange rates may have potential impact on the income statement and equity, where any transaction references more than one currency or where assets/ liabilities are denominated in a currency other than the functional currency of the respective consolidated entities.

Since a major part of the Group's revenue is in foreign currency and major part of the costs are in Indian Rupees, any movement in currency rates would have impact on the Group's performance. Consequently, the overall objective of the foreign currency risk management is to minimize the short term currency impact on its revenue and cash-flow in order to improve the predictability of the financial performance.

The major foreign currency exposures for the Group are denominated in USD & EURO. Additionally, there are transactions which are entered into in other currencies and are not significant in relation to the total volume of the foreign currency exposures. The Group hedges trade receivables and future cash flows upto a maximum of 24 months forward based on historical trends, budgets and monthly sales estimates. The parent company enters into cross-currency swaps to hedge all foreign currency borrowings. Hedge effectiveness is assessed on a regular basis.

The following table sets forth information relating to foreign currency exposure from non-derivative financial instruments:

(₹ in crores)

As at 31-Mar-2018	US Dollar	Euro	Others*	Total
Assets :				
Cash and cash equivalents	**36.34**	**91.86**	**59.93**	**188.13**
Trade receivables	**439.25**	**273.98**	**349.34**	**1,062.57**
Bank balances other than cash and cash equivalents	**-**	**622.11**	**-**	**622.11**
Other assets	**22.73**	**21.41**	**24.28**	**68.42**
Total	**498.32**	**1,009.36**	**433.55**	**1,941.23**
Liabilities :				
Borrowings	**1,220.66**	**-**	**-**	**1,220.66**
Trade payables	**104.83**	**1,194.33**	**93.02**	**1,392.18**
Other liabilities	**64.41**	**11.48**	**26.35**	**102.24**
Total	**1,389.90**	**1,205.81**	**119.37**	**2,715.08**
Net assets / (liabilities)	**(891.58)**	**(196.45)**	**314.18**	**(773.85)**

(₹ in crores)

As at 31-Mar-2017	US Dollar	Euro	Others*	Total
Assets :				
Cash and cash equivalents	31.79	122.66	50.83	205.28
Trade receivables	611.53	272.21	306.25	1,189.99
Bank balances other than cash and cash equivalents	-	611.14	-	611.14
Other assets	35.95	47.42	26.24	109.61
Total	679.27	1,053.43	383.32	2,116.02
Liabilities :				
Borrowings	766.93	-	-	766.93
Trade payables	530.88	1,245.21	64.31	1,840.40
Other liabilities	57.98	12.71	66.53	137.22
Total	1,355.79	1,257.92	130.84	2,744.55
Net assets / (liabilities)	(676.52)	(204.49)	252.48	(628.53)

*Others mainly includes currencies namely British Pound, Japanese Yen, Mexican Peso, Russian Rouble.

With respect to the Group's derivative financial instruments which is in the form of forward contracts and currency swap, a 5% increase / decrease in relation to USD & EUR of each of the currencies underlying such contracts would have resulted in increase /decrease of ₹ 45.19 crores (₹ 27.12 crores) in the Group's net profit and ₹ 110.74 crores (₹143.18 crores) in cash flow hedge reserve from such contracts as at 31-Mar-2018 and 31-Mar-2017 respectively.

With respect to the parent company's non-derivative financial instruments, a 5% increase / decrease in relation to USD & EUR on the underlying would have resulted in increase /decrease of ₹ 8.11 crores (₹6.10 crores) in the Group's net profit for the year ended 31-Mar-2018 and 31-Mar-2017 respectively.

With respect to the subsidiary's non-derivative financial instruments, a 5% increase / decrease in relation to the underlying currency would have resulted in increase /decrease of ₹ 21.96 crores (₹ 28.26 crores) in the Group's foreign currency translation reserve at 31-Mar-2018 and 31-Mar-2017 respectively.

a2 Interest rate risk :

Interest rate risk refers to the possibility that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rate. The Group is exposed to fluctuations in interest rates in respect of foreign currency loans and rupee loans carrying a floating rate of interest.

In respect of foreign currency loans, the Group has outstanding borrowing of USD 192.67 millions. As per the Group's risk management policy to minimize the interest rate cash flow risk exposure on foreign currency long term borrowings, interest rate swaps are taken to convert the variable interest rate risk into rupee fixed interest rate. Therefore there is no interest rate risks associated on such foreign currency loans taken by the parent company. An amount of USD 95 million borrowing at US subsidiary is at a floating rate of interest. Since the borrowing at floating rate of interest both on account of rupee loans and USD loan at subsidiary is not significant, interest rate sensitivity has not been performed.

(b) Credit risk :

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Financial instruments that are subject to concentrations of credit risk materially consist of trade receivables, investments and derivative financial instruments.

All trade receivables are subject to credit risk exposure. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country, in which the customer operates, also has an influence on credit risk assessment. Credit risk is managed through established policies, controls relating to credit approvals and procedures for continuously monitoring the creditworthiness of customers to which the Group grants credit terms in the normal course of business. The Group does not have significant concentration of credit risk related to trade receivables. There is 1 customer with outstanding balances of more than 10% of outstanding accounts receivable as at 31-Mar-2018 and 31-Mar-2017.

With respect to investments, the Group limits its exposure to credit risk by generally investing in liquid securities with counterparties depending on their Composite Performance Rankings (CPR) published by CRISIL. Bank deposits are placed with banks with high credit rating. The Group's investment policy lays down guidelines with respect to exposure per counterparty, rating, processes in terms of control and continuous monitoring. The Group therefore considers credit risks on such investments and bank deposits to be negligible.

With respect to derivatives, the Group's forex management policy lays down guidelines with respect to exposure per counter party i.e. with banks with high credit rating, processes in terms of control and continuous monitoring. The fair value of the derivatives are credit adjusted at the period end.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was ₹ 2,798.50 crores and ₹ 3,084.18 crores as at 31-Mar-2018 and 31-Mar-2017 respectively, being the total of the carrying amount of balances with banks, bank deposits, trade receivables, other financial assets and investments excluding equity investments and such financial assets are of good credit quality including those that are past due.

(c) Liquidity risk :

Liquidity risk refers to the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Group generates cash flows from operations to meet its financial obligations, maintains adequate liquid assets in the form of cash & cash equivalents and has undrawn short term line of credits from banks to ensure necessary liquidity.

Contractual maturities of significant financial liabilities are as below:

(₹ in crores)

As at 31-Mar-2018	Due in Year 0 to 1	Due in Year 1 to 2	Due in Year 3 to 5	Due after Year 5	Total
Trade payables	2,048.24	-	-	-	2,048.24
Borrowings*	2,351.02	1,048.42	2,043.01	1,035.70	6,478.15
Other financial liabilities	298.36	5.87	0.39	3.32	307.94
Derivative financial liabilities	28.45	8.18	-	-	36.63
Total	4,726.07	1,062.47	2,043.40	1,039.02	8,870.96

(₹ in crores)

As at 31-Mar-2017	Due in Year 0 to 1	Due in Year 1 to 2	Due in Year 3 to 5	Due after Year 5	Total
Trade payables	1,749.32	-	-	-	1,749.32
Borrowings*	269.30	646.78	1,593.82	12.00	2,521.90
Other financial liabilities	272.23	7.29	-	-	279.52
Derivative financial liabilities	72.94	0.63	-	-	73.57
Total	2,363.79	654.70	1,593.82	12.00	4,624.31

*Excluding amortised cost adjustment.

(iv) Capital management

The capital structure of the Group consists of equity, debt, cash and cash equivalents. The Group's objective for capital management is to maintain the capital structure which will support the Group's strategy to maximize shareholder's value, safeguarding the business continuity and help in supporting the growth of the Group.

NOTE - 38 : RELATED PARTIES AND TRANSACTIONS

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

(₹ in crores)

Particulars	Holding Company		Key Management Personnel		Other related parties		Total	
(A) Nature of Transactions	**2017-18**	2016-17	**2017-18**	2016-17	**2017-18**	2016-17	**2017-18**	2016-17
Sale of finished goods	-	-	-	-	-	(0.08)	-	(0.08)
Purchase of material, consumables etc	-	-	-	-	2.88	-	2.88	-
Remuneration to key management personnel (including independent directors)	-	-	27.72	29.36	-	-	27.72	29.36
Contribution to Gratuity / Superannuation funds	-	-	-	-	63.83	31.72	63.83	31.72
Advance given	-	-	-	-	0.99	1.45	0.99	1.45
Lease rent paid	0.02	0.02	-	-	1.23	1.52	1.25	1.54
Services received	-	-	-	-	15.08	16.54	15.08	16.54
Commission & interest paid to carrying & forwarding agents	-	-	-	-	-	1.13	-	1.13
CSR Expenses	-	-	-	-	19.19	25.31	19.19	25.31
Interest income	-	-	-	-	0.13	0.05	0.13	0.05
Purchase of property, plant and equipments	-	-	-	-	45.02	0.07	45.02	0.07
Deposits given	-	-	-	-	-	0.17	-	0.17
Deposits refund received	-	-	-	-	1.56	-	1.56	-
Transfer value of employees (net)	-	-	-	-	0.05	0.34	0.05	0.34
(B) Balances at the end of the year	**31-Mar-18**	**31-Mar-17**	**31-Mar-18**	**31-Mar-17**	**31-Mar-18**	**31-Mar-17**	**31-Mar-18**	**31-Mar-17**
Trade receivables	-	-	-	-	0.07	0.06	0.07	0.06
Advances recoverable	-	-	-	-	0.70	2.22	0.70	2.22
Investment in equities	-	-	-	-	0.06	0.06	0.06	0.06
Trade & services payables	0.02	0.02	-	-	1.20	1.43	1.22	1.45
Other payables	-	-	21.87	23.84	-	-	21.87	23.84

Name of holding Company :

Holding Company	Torrent Private Limited

Terms and conditions of transactions with related parties

All related party transactions entered during the year were in ordinary course of the business and are on arm's length basis.

(C) Remuneration to Key Management Personnel :

(₹ in crores)

	Year ended 31-Mar-2018	Year ended 31-Mar-2017
Salaries and other benefits	5.72	4.88
Contribution to defined contribution plan	0.43	0.36
Commission	20.87	23.51
Sitting Fees	0.70	0.61
Total	27.72	29.36

NOTE - 39 : COMMITMENTS AND CONTINGENCIES

(₹ in crores)

	As at 31-Mar-2018	As at 31-Mar-2017
Commitments:		
Estimated amount of contracts remaining unexecuted on capital account (net of advances) not provided for	**188.05**	282.46
Contingent liabilities:		
(a) Claims against the Group not acknowledged as debts :		
Disputed demand of income tax for which appeals have been preferred	**3.39**	3.39
Disputed employee state insurance contribution liability under E.S.I. Act, 1948	**11.96**	10.44
Disputed demand of excise and service tax	**100.15**	90.05
Disputed demand of local sales tax and C.S.T	**0.46**	0.99
Disputed demand of stamp duty	**2.19**	-
Disputed cases at labour court / industrial court	**4.00**	3.90
Disputed bonus liability under Payment of Bonus (Amendment) Act, 2015	**0.40**	0.40
	122.55	109.17

Against the claims not acknowledged as debts, the Group has paid ₹ 0.18 crores (previous year ₹ 0.23 crores). The expected outflow will be determined at the time of final outcome in respect of the concerned matter. No amount is expected to be reimbursed.

(b) A subsidiary company, Bio-Pharm, Inc., is a party to a lawsuit filed by Antrim Pharmaceuticals LLC (Antrim) in the United States District Court for the Northern District of Illinois. In this case Antrim Pharmaceuticals LLC is asserting two claims against Bio-Pharm, Inc. (1) breach of an alleged oral agreement to manufacture the two products at issue (Escitalopram and Ondansetron); and (2) unjust enrichment. Antrim is seeking claims for “lost profits” for being unable to sell both products as a result of the Bio-Pharm, Inc.’s alleged breach and for Antrim's lost enterprise value. Bio-Pharm, Inc. denies the allegations and has also asserted two counterclaims for promissory estoppel or in alternative, its own claim for breach of an oral contract. Both the parties have filed a motion for summary judgement. Taking into consideration the facts and circumstances and legal counsel opinion, outcome cannot be predicted since the matter is at very initial stage. Any liability, including legal cost and other cost incurred by the Bio-Pharm, Inc. in connection with this litigation is fully indemnified by the Sellers through the Share Purchase Agreement (SPA) entered into with them by the Parent Company, Torrent Pharma Inc.

NOTE - 40 : PROPOSED DIVIDEND

The Board of Directors in their meeting held on 30th May, 2018, proposed a final equity dividend of ₹ 5.00 per equity share of ₹ 5.00 each fully paid up for the year 2017-18. The aggregate amount of final equity dividend proposed to be distributed is ₹ 102.00 crores including dividend distribution tax of ₹ 17.39 crores.

NOTE - 41

The consolidated financial statements for the year ended 31-Mar-2018 were approved for issue by the Board of Directors on 30th May, 2018.

NOTE - 42

The figures for the previous year have been restated/regrouped wherever necessary, to make them comparable.

NOTE - 43 : ADDITIONAL INFORMATION AS REQUIRED BY PARAGRAPH 2 OF THE GENERAL INSTRUCTIONS FOR PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS TO SCHEDULE III TO THE COMPANIES ACT, 2013

(a) As at and for the year ended 31-Mar-2018

Name of the entity	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	₹ in crores	As % of consolidated profit or loss	₹ in crores	As % of consolidated other comprehensive income	₹ in crores	As % of consolidated total comprehensive income	₹ in crores
Parent								
Torrent Pharmaceuticals Limited (Net of Consolidation Adjustments)	76.38%	3,530.41	73.45%	498.06	81.04%	(114.49)	71.43%	383.57
Subsidiaries								
Indian								
Torrent Pharmaceuticals (Sikkim)	0.37%	16.96	0.00%	0.02	-	-	0.00%	0.02
Foreign								
Zao Torrent Pharma	0.80%	36.99	(0.09%)	(0.62)	0.31%	(0.44)	(0.20%)	(1.06)
Torrent Do Brasil Ltda.	7.44%	343.95	7.48%	50.67	(3.23%)	4.57	10.29%	55.24
Torrent Pharma Gmbh	1.93%	89.29	3.84%	26.03	5.41%	(7.64)	3.43%	18.39
Torrent Pharma Inc.	0.76%	34.96	(7.59%)	(51.50)	6.64%	(9.38)	(11.34%)	(60.88)
Torrent Pharma Philippines Inc.	1.01%	46.69	0.76%	5.18	(0.16%)	0.23	1.01%	5.41
Laboratorios Torrent, S.A. De C.V.	0.34%	15.76	0.56%	3.82	(0.18%)	0.25	0.76%	4.07
Torrent Australasia Pty Ltd	0.00%	0.10	0.00%	0.03	-	-	0.01%	0.03
Torrent Pharma S.R.L.	(0.16%)	(7.42)	3.36%	22.79	3.24%	(4.58)	3.39%	18.21
Torrent Pharma (UK) Ltd	1.83%	84.67	(3.21%)	(21.80)	4.79%	(6.77)	(5.32%)	(28.57)
Torrent Pharma (Thailand) Co., Ltd.	0.01%	0.60	(0.04%)	(0.25)	(0.02%)	0.03	(0.04%)	(0.22)
Laboratories Torrent (Malaysia) SDN.BHD.	0.38%	17.51	0.42%	2.84	0.30%	(0.43)	0.45%	2.41
Torrent Pharma France S.A.S.	(0.09%)	(4.09)	0.00%	0.02	0.25%	(0.36)	(0.06%)	(0.34)
Heumann Pharma Gmbh & Co. Generica KG	(1.94%)	(89.67)	19.78%	134.12	2.81%	(3.97)	24.24%	130.15
Heunet Pharma Gmbh	0.89%	41.17	0.39%	2.66	2.39%	(3.38)	(0.13%)	(0.72)
Norispharm Gmbh	(0.00%)	(0.01)	0.00%	0.01	0.01%	(0.01)	-	-
Aptil Pharma Limited	0.31%	14.39	1.90%	12.89	2.12%	(2.99)	1.84%	9.90
Bio-Pharm, Inc.	9.73%	449.93	(1.01%)	(6.86)	(5.72%)	8.08	0.23%	1.22
Non-controlling interests in all subsidiaries	0.01%	0.52	0.00%	0.03	-	-	0.01%	0.03
Total	**100.00%**	**4,622.71**	**100.00%**	**678.14**	**100.00%**	**(141.28)**	**100.00%**	**536.86**

(b) As at and for the year ended 31-Mar-2017

Name of the entity	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	₹ in crores	As % of consolidated profit or loss	₹ in crores	As % of consolidated other comprehensive income	₹ in crores	As % of consolidated total comprehensive income	₹ in crores
Parent								
Torrent Pharmaceuticals Limited (Net of Consolidation Adjustments)	78.10%	3,398.20	89.22%	833.07	75.97%	95.85	87.66%	928.92
Subsidiaries								
Indian								
Torrent Pharmaceuticals (Sikkim)	0.37%	16.05	0.10%	0.89	-	-	0.08%	0.89
Foreign								
Zao Torrent Pharma	0.85%	36.80	0.36%	3.32	1.69%	2.13	0.51%	5.45
Torrent Do Brasil Ltda.	7.13%	310.41	4.47%	41.69	(9.50%)	(11.98)	2.80%	29.71
Torrent Pharma Gmbh	(0.17%)	(7.56)	(1.94%)	(18.13)	2.28%	2.87	(1.44%)	(15.26)
Torrent Pharma Inc.	10.77%	468.39	0.59%	5.52	9.28%	11.71	1.63%	17.23
Torrent Pharma Philippines Inc.	1.17%	50.78	1.30%	12.12	(0.55%)	(0.70)	1.08%	11.42
Laboratorios Torrent, S.A. De C.V.	0.30%	13.21	(0.41%)	(3.86)	(1.01%)	(1.28)	(0.49%)	(5.14)
Torrent Australasia Pty Ltd	0.00%	0.06	0.00%	0.03	-	-	0.00%	0.03
Torrent Pharma S.R.L.	(0.08%)	(3.44)	(1.81%)	(16.89)	5.39%	6.80	(0.95%)	(10.09)
Torrent Pharma (UK) Ltd	0.63%	27.42	(1.83%)	(17.04)	4.26%	5.38	(1.10%)	(11.66)
Torrent Pharma (Thailand) Co., Ltd.	0.01%	0.31	(0.03%)	(0.31)	-	-	(0.03%)	(0.31)
Laboratories Torrent (Malaysia) SDN.BHD.	0.23%	9.87	0.13%	1.22	0.38%	0.48	0.16%	1.70
Torrent Pharma France S.A.S.	(0.08%)	(3.37)	0.36%	3.35	0.46%	0.58	0.37%	3.93
Heumann Pharma Gmbh & Co. Generica KG	(1.53%)	(66.37)	9.19%	85.83	8.46%	10.67	9.11%	96.50
Heunet Pharma Gmbh	1.20%	51.99	0.73%	6.79	1.72%	2.17	0.85%	8.96
Norispharm Gmbh	(0.00%)	(0.11)	(0.00%)	(0.02)	0.01%	0.01	(0.00%)	(0.01)
Aptil Pharma Limited	1.09%	47.49	(0.43%)	(4.03)	1.16%	1.46	(0.24%)	(2.57)
Non-controlling interests in all subsidiaries	0.01%	0.49	0.00%	0.03	-	-	0.00%	0.03
Total	**100.00%**	**4,350.62**	**100.00%**	**933.58**	**100.00%**	**126.15**	**100.00%**	**1,059.73**

In terms of our report attached

For and on behalf of the Board of Directors

For B S R & Co. LLP
Chartered Accountants
(Firm's Registration No. 101248W/W-100022)

Samir Mehta
Executive Chairman

Jamil Khatri
Partner
Membership No. 102527

Ashok Modi
Executive Director
& Chief Financial Officer

Mahesh Agrawal
VP (Legal) & Company Secretary

Ahmedabad
30th May, 2018

Ahmedabad
30th May, 2018

(A) FORM AOC-1 : STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIAL STATEMENT OF SUBSIDIARIES / JOINT VENTURES PURSUANT TO FIRST PROVISO TO SUB-SECTION (3) OF SECTION 129 OF THE COMPANIES ACT 2013, READ WITH RULE 5 OF COMPANIES (ACCOUNTS) RULES, 2014 :

Part "A": Subsidiaries

(₹ in crores)

Sr. No.	Name of the subsidiary	Date of acquisition	Reporting currency	Exchange Rate	Share capital	Reserves & surplus	Total assets	Total liabilities	Investments	Turnover	Profit / (loss) before taxation	Provision for taxation	Profit / (loss) after taxation	Proposed Dividend
1	Zao Torrent Pharma	Not Applicable	Rouble	1.1358	0.27	25.43	45.33	19.63	-	58.14	(1.88)	(1.04)	(0.84)	-
2	Torrent Do Brasil Ltda.	31.05.2001	Reais	19.5692	37.46	11.27	438.38	389.65	-	681.36	86.66	33.87	52.79	-
3	Torrent Pharma Gmbh	Not Applicable	Euro	80.6222	0.20	24.91	191.19	166.08	47.25	9.00	31.93	6.88	25.05	-
4	Torrent Pharma Inc.	Not Applicable	USD	65.0441	7.81	73.01	1,353.04	1,272.22	457.14	1,075.10	41.34	77.66	(36.32)	-
5	Torrent Pharma Philippines Inc.	Not Applicable	Pesos	1.2459	4.80	24.06	71.61	42.75	-	105.45	9.31	2.82	6.49	
6	Laboratorios Torrent, S.A. De C.V.	Not Applicable	Mxn$	3.5457	26.50	(13.01)	21.99	8.50	-	37.91	3.82	-	3.82	-
7	Torrent Australasia Pty Ltd	Not Applicable	Au$	49.8563	0.43	(0.18)	0.25	-	-	0.39	0.03	-	0.03	-
8	Torrent Pharma (Thailand) Co., Ltd.	Not Applicable	THB	2.0851	2.48	(1.88)	0.79	0.19	-	-	(0.26)	-	(0.26)	-
9	Torrent Pharma S.R.L.	Not Applicable	RON	17.3098	7.18	(93.56)	11.36	97.74	-	28.78	14.16	-	14.16	-
10	Torrent Pharma (UK) Ltd	Not Applicable	GBP	92.2846	2.08	(38.54)	118.26	154.72	0.00	80.02	(17.12)	-	(17.12)	-
11	Laboratories Torrent (Malaysia) SDN.BHD.	Not Applicable	MYR	16.829	1.68	3.03	23.31	18.60	-	40.22	3.49	0.67	2.82	-
12	Torrent Pharma France S.A.S.	19.06.2013	Euro	80.6222	-	(2.51)	1.91	4.42	-	0.14	-	-	-	-
13	Heumann Pharma Gmbh & Co. Generica KG	03.07.2005	Euro	80.6222	0.09	279.48	1,418.97	1,139.40	-	826.53	133.24	11.67	121.57	32.25
14	Heunet Pharma Gmbh	Not Applicable	Euro	80.6222	0.20	13.21	365.29	351.88	-	191.21	6.86	4.16	2.70	-
15	Norispharm Gmbh	Not Applicable	Euro	80.6222	0.20	(0.20)	0.11	0.11	-	0.09	0.01	0.01	-	-
16	Aptil Pharma Limited	29.04.2014	GBP	92.2846	-	-	-	-	-	-	12.98	-	12.98	-
17	Bio-Pharm, Inc.	18.01.2018	USD	65.0441	11.60	66.17	93.92	16.15	-	18.85	(10.75)	(4.24)	(6.51)	-
18	Torrent Pharmaceuticals (Sikkim)	Not Applicable	INR	1	17.48	-	17.52	0.04	17.05	-	1.20	0.26	0.94	-

Note : i. % of shareholding in all subsidiaries either directly or through its subsidiaries is 100%, except in case of Torrent Pharmaceuticals (Sikkim), where the % shareholding is 97 %.
ii. Torrent Pharma France S.A.S., Torrent Australasia Pty Ltd & Torrent Pharma (Thailand) Co., Ltd. are yet to commence their operations.

Part "B": Associates and Joint Ventures

(₹ in crores)

Sr. No.	Name of Associates or Joint Venture	Date of acquisition	Latest Audited Balance Sheet Date	Shares of Associate or Joint Venture held by the company			Description of how there is significant influence	Reason why the Joint Venture is not consolidated	Net worth attributable to shareholding as per latest audited Balance Sheet	Profit / Loss for the year	
				No. of shares	Amount of investment	Extend of Holding %				Considered in Consolidation	Not considered in Consolidation
1	Tornascent Care Institute	Not Applicable	-					Refer Note below			
2	UNM Foundation	Not Applicable	-								

Note : Tornascent Care Institute (TCI) and UNM Foundation (UNM) are companies incorporated under Section 8 of the Companies Act, 2013 and these companies are prohibited to give any right over their profits to the members. In view of restrictions on Section 8 companies, the parent Company's proportionate share in TCI and UNM has not been considered in consolidated financial statement.

In accordance with Section 136 of the Companies Act, 2013, the annual audited accounts of each of the subsidiaries shall be made available to the shareholders of the Company seeking such information at any point in time. Further, in accordance with the aforementioned section, the audited financial statements, including the Consolidated Financial Statement and related information of the Company and audited accounts of each of its subsidiaries, are available on our website : www.torrentpharma.com. These documents will also be available for inspection at our registered office during normal business hours (10.00 AM to 6.00 PM) on working days, except second and fourth Saturdays, Sundays and public holidays upto and including the date of Annual General Meeting of the Company.

For and on behalf of the Board of Directors

Samir Mehta
Executive Chairman

Ashok Modi
Executive Director & Chief Financial Officer

Mahesh Agrawal
VP (Legal) & Company Secretary

FIVE YEAR FINANCIAL HIGHLIGHTS

CONSOLIDATED

(₹ in crores)

	IND-AS			Indian GAAP	
	2017-18	2016-17	2015-16	2014-15	2013-14
SALES, PROFIT & DIVIDEND					
Revenue	**6,002**	5,857	6,687	4,653	4,185
EBDITA	**1,641**	1,596	2,953	1,279	962
EBIT	**1,233**	1,289	2,715	1,100	875
Profit before exceptional items and tax (PBT)	**931**	1,088	2,537	940	844
Profit after tax (PAT)	**678**	934	1,733	751	664
Dividend for the year	**237**	237	592	190	169
Total dividend per share (₹)	**14.00**	14.00	35.00	11.25	10.00
Special dividend per share (₹)	**-**	-	15.00	-	-
Normal dividend (interim dividend and proposed final dividend) per share (₹)	**14.00**	14.00	20.00	11.25	10.00

FINANCIAL POSITION					
Equity share capital	**85**	85	85	85	85
Other equity / Reserves and surplus	**4,538**	4,266	3,409	2,406	1,818
Long term borrowings	**4,111**	2,241	1,850	2,185	744
Capital employed	**8,734**	6,591	5,344	4,676	2,647
Gross block	**10,096**	5,429	4,835	4,205	1,954
Net block	**8,502**	4,208	3,901	3,495	1,409
Net current assets	**60**	2,141	1,403	1,228	1,230

RETURN					
On revenue (PBT) %	**16%**	19%	38%	20%	20%
On capital employed (EBIT) %	**14%**	20%	51%	24%	33%
On shareholder's fund (PAT) %	**15%**	21%	50%	30%	35%
Earning per share (₹)	**40.07**	55.17	102.42	44.38	39.23

NOTES

TORRENT PHARMACEUTICALS LIMITED

(CIN: L24230GJ1972PLC002126)
Registered Office: Torrent House, Off Ashram Road, Ahmedabad - 380 009, Gujarat, India
Phone: + 91 79 26599000 Fax: + 91 79 26582100
Website: www.torrentpharma.com Email Id: investorservices@torrentpharma.com

PROXY FORM

Name of the member(s): ______________________

Registered address: ______________________

Email Id: ______________________

Folio No.: ______________________

DP Id / Client Id: ______________________

I / We, being the member(s) of .... shares of the above named Company, hereby appoint

1. Name: ______________________

   Address: ______________________

   Email Id: ______________________

   Signature: ______________________, or failing him

2. Name: ______________________

   Address: ______________________

   Email Id: ______________________

   Signature: ______________________, or failing him

3. Name: ______________________

   Address: ______________________

   Email Id: ______________________

   Signature: ______________________

as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 45th Annual General Meeting of the Company, to be held on Thursday, 2nd August, 2018 at 09:30 a.m. at J. B. Auditorium, Torrent AMA Centre, Ground Floor, Ahmedabad Management Association, Vastrapur, Ahmedabad - 380 015, Gujarat, India and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	RESOLUTIONS	OPTIONAL[3]	
Ordinary Business		For	Against
1.	To receive, consider and adopt the Standalone and Consolidated Financial Statements as at 31st March, 2018 including the Audited Balance Sheet as at 31st March, 2018, 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, 2018 and to declare the final dividend on equity shares for the said financial year.		

Resolution No.	RESOLUTIONS	OPTIONAL[3]	
Ordinary Business		For	Against
3.	To resolve not to fill the vacancy in the Board, caused by the retirement of Shri Markand Bhatt (holding DIN 00061955) who retires by rotation and has expressed his unwillingness to be re-appointed.		
4.	Modification to the resolution related to the appointment of Statutory Auditors.		
Special Business		For	Against
5.	Ratification of remuneration of Cost Auditors of the Company for the year 2018-19.		
6.	Appointment of Ms. Ameera Shah as an Independent Director.		
7.	Re- appointment of Shri Shailesh Haribhakti as an Independent Director.		
8.	Re-appointment of Shri Haigreve Khaitan as an Independent Director.		
9.	Appointment of Shri Aman Mehta, a Relative of Directors as an Executive of the Company.		

Signed this….... day of……............… 2018

Affix Revenue Stamp

____

Signature of Shareholder(s)

Notes:

1 This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

2 For the Resolutions, Explanatory Statement and Notes, please refer to the Notice of 45th Annual General Meeting.

3 It is optional to put a 'X' in the appropriate column against the Resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your Proxy will be entitled to vote in the manner as he / she thinks appropriate.

4 Please complete all details including details of member(s) in above box before submission.

TORRENT PHARMACEUTICALS LIMITED

(CIN: L24230GJ1972PLC002126)
Registered Office: Torrent House, Off Ashram Road, Ahmedabad – 380 009, Gujarat, India
Phone: + 91 79 26599000 Fax: + 91 79 26582100
Website: www.torrentpharma.com Email Id: investorservices@torrentpharma.com

ATTENDANCE SLIP

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

DP ID	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 45TH ANNUAL GENERAL MEETING being held at J. B. Auditorium, Torrent AMA Centre, Ground Floor, Ahmedabad Management Association, Vastrapur, Ahmedabad - 380 015, Gujarat, India on Thursday, the 2nd August, 2018 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 physical form.

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

ROUTE MAP TO THE AGM VENUE

TORRENT PHARMACEUTICALS LIMITED

CIN: L24230GJ1972PLC002126

45th Annual General Meeting
Date: 2nd August, 2018
Time: 09.30 A.M.

Venue: J. B. Auditorium, Torrent-AMA Centre, Ahmedabad Management Association(AMA), Vastrapur, Ahmedabad-380015

Romaco Blister Packaging Machine

Specialist Focus and Automation

Change of approach leads to change in the outcome. Torrent Pharma changed its marketing approach in the Indian market to focus on specialists and this has resulted in consolidating its market share and enhancing therapy presence. With thrust on Brand Building and sales force productivity, the Company today has 7 brands in the 100 crore+ category as per AIOCD AWACS including the top brand which has crossed 350 crores milestone. Two of its new launches also feature in the top 10 new launches in the Indian Pharmaceutical Market.

The Company is focusing on automation through new age equipment, which will reduce human interventions and improve consistency in quality. One such example is "Mespack Sachet Pack Machine" which is fully automated machine equipped with vacuum transfer system, online camera system, printer and nitrogen purging facility for the oxygen sensitive products to fill powder, granules and pellets in sachets.

Mespack Sachet Pack Machine


Acquired Sikkim Manufacturing Facility

Strategic Acquisitions

Growth through acquisitions has been one of the highlights of the year 2017-18 for Torrent Pharma. The Company's presence in core therapeutic areas like Cardiac, CNS and Gastro was further enhanced with the acquisition of Unichem branded business for India and Nepal markets and its manufacturing facility in Sikkim. This acquisition also helped the Company to add a large OTC brand. The Regestrone brand acquisition from Novartis AG helped the Company to strengthen its woman healthcare portfolio and achieve a sizable presence in the large hormone market. Acquisition of Bio-Pharm, Inc. USA provides an opportunity to the Company to access the niche market for liquid formulations and suppositories including its first overseas manufacturing facility


Acquired Bio-Pharm, Inc. USA

torrent PHARMA

TORRENT PHARMACEUTICALS LIMITED
CIN: L24230GJ1972PLC002126

Torrent House, Off Ashram Road, Ahmedabad - 380 009,
Gujarat, India
Phone: +91 79 26599000, Website: www.torrentpharma.com,
Email: investorservices@torrentpharma.com