46th

ANNUAL
REPORT
2018-19

CREATING VALUE

SPREADING SMILES

torrent
PHARMA

Growth and Value Cycle

Sustaining Growth.
Enhancing Shareholders' Value.

The Company believes that all its operations and actions must serve the underlying goal of enhancing the long term value of the shareholders. Company's growth philosophy focusses on efficient capital allocation across opportunities that can yield sustainable growth with superior returns for creating long term value enhancement for our shareholders.

The Company has grown by 17% in terms of revenue and 23% in terms of EBITDA over a period of last 10 years. The shareholders' returns over the same period was 40% compared to the BSE Healthcare Index return of 15%.

With its objective of sustainable growth with superior returns, Company follows a consistent dividend policy of distributing 30% of its annual consolidated net profit after tax without taking into account non-cash charges relating to acquisition.

We maintain the highest level of transparency, accountability and equality in all aspects of the operations and in all interactions with our stakeholders as part of our commitment to practice sound corporate governance principles.

Focus on Long Term Financial Health

Quality Control Lab

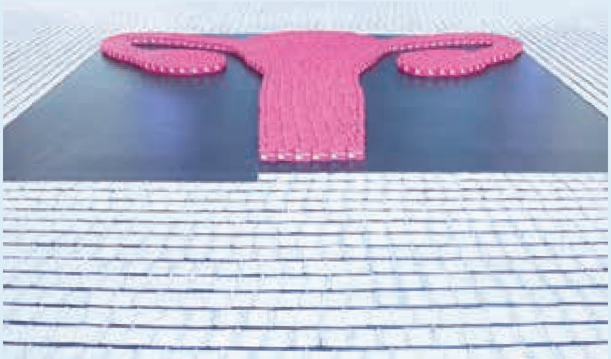
Assuring Quality.
Improving Patient Outcomes.

At Torrent Pharma, we believe in customer centricity and over the decades, our culture has been built keeping customer at the heart of everything we do. This is reflected in the well-diversified product portfolio that supports medical practitioners to improve patient outcome, either by addressing unmet medical needs or by enhancing convenience through novel drug delivery solutions.

Torrent Pharma is a pioneer in initiating the concept of niche marketing in India and is ranked amongst the leaders in therapeutic segment of Cardiovascular (CV), Central Nervous System (CNS), Gastro-Intestinal (GI) and Vitamin Mineral & Nutrients (VMN).

The Company has a robust sales & distribution network and actively partners with the medical fraternity to ensure quality healthcare through high quality products. Our product pipeline aids the medical fraternity to bridge the gaps in multiple therapy areas. The Company also collaborates actively with them through series of academic avenues to support continuous medical education and patient awareness initiatives.

In January 2019, our brand "Regestrone" along with AICOG Bengaluru and FOGSI Mumbai featured in 'Guinness World Records' with key objective to increase awareness on menstrual hygiene.



Creating Awareness on Menstrual Hygiene

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CORPORATE INFORMATION

BOARD OF DIRECTORS

1. Shri Sudhir Mehta
   Chairman Emeritus
2. Shri Samir Mehta
   Executive Chairman
3. Shri Shailesh Haribhakti
4. Shri Haigreve Khaitan
5. Ms. Ameera Shah
6. Ms. Nayantara Bali
7. Dr. Chaitanya Dutt
   Director (Research and Development)

AUDIT COMMITTEE

1. Shri Shailesh Haribhakti
   Chairman
2. Shri Haigreve Khaitan
3. Ms. Ameera Shah
4. Ms. Nayantara Bali

SECURITIES TRANSFER AND STAKEHOLDERS RELATIONSHIP COMMITTEE

1. Shri Haigreve Khaitan
   Chairman
2. Shri Shailesh Haribhakti
3. Ms. Ameera Shah

NOMINATION AND REMUNERATION COMMITTEE

1. Shri Shailesh Haribhakti
   Chairman
2. Shri Samir Mehta
3. Shri Haigreve Khaitan

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

1. Ms. Ameera Shah
   Chairperson
2. Ms. Nayantara Bali
3. Dr. Chaitanya Dutt

RISK MANAGEMENT COMMITTEE

1. Shri Shailesh Haribhakti
2. Shri Haigreve Khaitan
3. Shri Sudhir Menon

CHIEF FINANCIAL OFFICER

Shri Sudhir Menon

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 Fintech 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 SIXTH ANNUAL GENERAL MEETING OF THE MEMBERS OF TORRENT PHARMACEUTICALS LIMITED will be held on Tuesday, 23rd July, 2019 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, 2019 including the Audited Balance Sheet as at 31st March, 2019, 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, 2019 and to declare final dividend on equity shares for the said financial year.

   The Board of Directors at its meeting held on 30th January, 2019 had declared the interim dividend of ₹ 13.00 per equity share of fully paid up face value of ₹ 5.00 each and in its meeting held on 20th May, 2019 recommended final dividend of ₹ 4.00 per equity share of fully paid up face value of ₹ 5.00 each for the financial year ended 31st March, 2019.

3. To appoint a Director in place of Shri Samir Mehta (holding DIN 00061903), Director, who retires by rotation, and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS

4. 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 2019-20

   "**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 modification(s) or re-enactment thereof, for the time being in force) ("the Act") and the approval by the Board of Directors at their meeting dated 20th May, 2019, 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 2019-20:

   ₹ 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."

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

   RE-APPOINTMENT OF SHRI SAMIR MEHTA AS EXECUTIVE CHAIRMAN AND FIXATION OF REMUNERATION

   "**RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 203 and Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder and Regulation 17(1B) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and subject to the provisions of Section 152(6) of the Companies Act, 2013 and any other applicable laws (including any statutory modification(s) or re-enactment thereof, for the time being in force) and any other approval as may be required, the consent of the Company be and is hereby accorded for re-appointment of Shri Samir Mehta (holding DIN 00061903) as Executive Chairman of the Company with effect from 30th July, 2019 till 31st March, 2020 on the following terms and conditions:

1.	COMMISSION	:	At a rate such that the total remuneration does not exceed percentage limit of net profits of the Company as specified in the Companies Act, 2013, calculated in accordance with Section 198, subject to the overall ceiling prescribed under Section 197 read with Section I of Part II of Schedule V of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof, for the time being in force).

2.	PERQUISITES	:	shall be allowed in addition as under:	
	A.		(i)	The Company shall reimburse annual fees for two clubs.
			(ii)	The Company shall pay the premium on personal accident insurance policy as per the Company rules.
			(iii)	The Company shall pay the premium on medical insurance for self and family as per the Company rules.
	B.		(i)	The Company shall provide a car with driver for official and personal use.
			(ii)	The Company shall provide telephones at his residence, the cost of which will be borne by the Company.
3.	OTHER TERMS	:	(i)	Such appointment shall not be considered as a break in his service as managerial personnel of the Company.
			(ii)	The total remuneration for any year shall not exceed percentage limit of net profits of the Company as specified in the Companies Act, 2013, calculated in accordance with Section 198, subject to the overall ceiling prescribed under Section 197 read with Section I of Part II of Schedule V of the Companies Act, 2013 as existing or modified or re-enacted.
			(iii)	He shall not be entitled to receive sitting fees for attending meetings of the Board of Directors or a committee thereof.

"

"RESOLVED FURTHER THAT Shri Samir Mehta shall exercise substantial powers of management subject to superintendence, control and direction of the Board of Directors of the Company."

"RESOLVED FURTHER THAT in the event of loss or inadequacy of profit in any financial year, the Company shall pay Shri Samir Mehta, in respect of such financial year, remuneration by way of salary, allowances, perquisites and other benefits as the Board of Directors may deem fit, subject to the limits prescribed in Section II of Part II of Schedule V of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof, for the time being in force)."

"RESOLVED FURTHER THAT the Board of Directors or any Committee thereof specifically authorized for this purpose be and is hereby authorised to decide the amount of Commission to be paid to Shri Samir Mehta and the periodicity of such payment, subject to the overall limit as specified above, notwithstanding the limits stated in the Regulation 17(6)(e) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof, for the time being in force)."

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

PAYMENT OF COMMISSION TO SHRI SUDHIR MEHTA, CHAIRMAN EMERITUS FOR THE YEAR 2018-19

"RESOLVED THAT pursuant to Regulation 17(6)(ca) and other applicable provisions, if any, of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and other applicable provisions, if any, of the Companies Act, 2013 and pursuant to the approval of the shareholders of the Company at the 42nd Annual General Meeting of the Company, the consent of the Company be and is hereby accorded for payment of Commission of ₹ 5.00 Crores to Shri Sudhir Mehta (holding DIN 00061871), Chairman Emeritus for the year 2018-19."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do and perform and / or to authorize any Committee of Directors or any other person to do or perform all such acts, deeds, matters and things as may be considered necessary, desirable or expedient for giving effect to this resolution."

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

REMUNERATION TO NON-EXECUTIVE DIRECTORS (NEDs)

"RESOLVED THAT pursuant to the provisions of Section 197 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof, for time being in force), the approval of the Company be and is hereby accorded, subject to such other permissions and approvals, if any, as may be required, to pay commission to the Directors of the Company who are neither in the whole time employment nor managing director(s) of the Company (hereinafter referred as 'eligible Directors'), in accordance with and up to the limit laid down under the provisions of Section 197(1) of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof, for time being in force), computed in the manner specified in Section 198 of the Companies Act, 2013 or such other limit as may be approved by the Central Government or the relevant authority for a period of 5 years from the financial year commencing 1st April, 2020, in such manner and up to such extent as the Board of Directors or the Committee of Board specifically authorised for this purpose may from time to time determine."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to do and perform and / or to authorise any Committee of Directors or any other person to do or perform all such acts, deeds, matters and things as may be considered necessary, desirable or expedient for giving effect to this resolution."

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

By Order of the Board of Directors
For Torrent Pharmaceuticals Limited

Mahesh Agrawal
VP (Legal) & Company Secretary

Ahmedabad
20th May, 2019

NOTES:

1. The Explanatory Statement pursuant to Section 102(1) and (2) of the Companies Act, 2013 in respect of Item No. 3 and Special Business i.e. Item No. 4 to 7 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 46th 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. 16th July, 2019, 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. 28.

   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. 16th July, 2019.

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. In compliance with Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide the facility of live webcast of proceedings of AGM. Members who are entitled to participate in the AGM can view the proceeding of AGM by logging on the e-voting website of CDSL at www.evotingindia.com using their secure login credentials. Members are encouraged to use this facility of webcast.

13. The Notice of 46th 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, 2019 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.

14. Mr. Rajesh Parekh, Practicing Company Secretary (Membership No. A8073) and failing him Mr. Jitesh Patel, Practicing Company Secretary (Membership No. A20400) has been appointed as the scrutinizer to scrutinize the voting and e-voting process in a fair and transparent manner.

15. 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.

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

17. 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.

18. The final dividend on equity shares, if declared at the AGM, will be paid / dispatched around 26th July, 2019 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 on 14th June, 2019 i.e the Record Date fixed for this purpose.

19. 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.

20. SEBI vide its circular dated 8th June, 2018 amended Regulation 40 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to which requests for effecting transfer of securities shall not be processed unless the securities are held in the dematerialized form. Members holding the shares in physical form are requested to dematerialize their holdings at the earliest as it will not be possible to transfer shares held in physical mode.

21. SEBI vide its circular dated 20th April 2018, directed all the listed companies to record the Income Tax PAN and Bank Account Details of all their shareholders holding shares in physical form. All those shareholders who are yet to update their details with the Company are requested to do so at the earliest.

22. 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 45th AGM held on 2nd August, 2018 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 the year 2018-19, the Company has transferred 33,648 equity shares of 98 shareholders to the demat account of IEPF Authority.

23. 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.

24. 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 Director recommended for re-appointment in the AGM have been provided in the "Annexure" to the Notice. The Director has furnished the requisite consent / declarations for his re-appointment as required under the Companies Act, 2013 and the Rules thereunder.

25. 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.

26. 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.

27. 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.

28. 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.
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 19th July, 2019 from 09:00 A.M. and ends on 22nd July, 2019 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. 16th July, 2019, 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. 3

Pursuant to Section 152(6) of the Companies Act, 2013, Shri Samir Mehta retires by rotation at this AGM and being eligible, is proposed for re-appointment. He was last re-appointed on retirement by rotation as Director on 27th July, 2016. Shri Mehta has expressed his intention to act as a Director, if reappointed.

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

Except Shri Samir Mehta himself, Shri Sudhir Mehta, relative of Shri Samir Mehta and their relatives, none of the other Directors / Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in the ordinary resolution set out at Item No. 3 of the Notice.

The Board commends this resolution for your approval.

Item No. 4

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 20th May, 2019, 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 2019-20 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. 4 of the accompanying Notice, accordingly, seek members' approval for ratification of remuneration of Cost Auditors of the Company for the financial year 2019-20.

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

The existing term of Shri Samir Mehta will expire on 29th July, 2019. Based on the recommendation of Nomination and Remuneration Committee and considering the provisions of the Regulation 17(1B) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), the Board of Directors of the Company at their meeting held on 20th May, 2019, re-appointed Shri Mehta as Executive Chairman of the Company for period from 30th July, 2019 till 31st March, 2020, subject to approval of the shareholders. Such re-appointment will not be considered as a break in his service with the Company.

Particulars of his qualification, brief resume, area of expertise and other details are provided in the Annexure attached to this Notice. For details pertaining to remuneration drawn during the year 2018-19, please refer to Corporate Governance Report.

As per the revised Regulation 17(6)(e) of the Listing Regulations, the annual remuneration payable to the executive directors who are promoters or members of promoter group, shall be subject to approval of shareholders by special resolution in general meeting, if –

(i) the annual remuneration payable to such executive director exceeds ₹ 5 crore or 2.5 per cent of the net profits of the listed entity, whichever is higher; or

(ii) where there is more than one such director, the aggregate annual remuneration to such directors exceeds 5 per cent of the net profits of the listed entity:

Such approval of the shareholders shall be valid till the expiry of the term of such director. In this context, the said appointment along with the terms of the remuneration is proposed for approval by the Shareholders as a Special Resolution.

Shri Samir Mehta is also the Executive Chairman of Torrent Power Limited, a Group company. He would therefore, draw remuneration from one or both companies, provided that the total remuneration drawn from the companies does not exceed the higher maximum limit admissible from any one of the companies of which he is a managerial person, in accordance with the provisions of Schedule V to the Companies Act, 2013. Shri Samir Mehta shall be a Director liable to retire by rotation while he holds the office of the Executive Chairman.

As the Executive Chairman, he will exercise substantial powers of the management, subject to superintendence, control and direction of the Board of Directors of the Company.

Except Shri Samir Mehta himself, Shri Sudhir Mehta, relative of Shri Samir Mehta and their relatives, none of the other Directors / Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in the special resolution set out at Item No. 5 of the Notice.

The copies of relevant resolutions of the Board with respect to the re-appointment is available for inspection by members at the registered office of the Company during working hours on any working day till the date of AGM.

The Board commends this resolution for your approval.

Item No. 6

Shri Sudhir Mehta, Chairman Emeritus of the Company is associated with the Company since 23rd June, 1982. As a permanent member of the Board, he continues to provide his counsel and advice on key business and strategic matters emanating from his vast experience and his enviable qualities like strategic vision and innovative approach.

The Board had in its meeting held on 20th May, 2019, based on the recommendation of Nomination and Remuneration Committee, has approved the payment of commission of ₹ 5.00 Crores to him for 2018-19 subject to the approval of the shareholders of the Company.

Since the commission payable to Shri Mehta exceeds fifty percent of the total commission payable to all non-executive directors of the Company, in terms of the provisions of the Regulation 17(6)(ca) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, it is proposed to take approval of shareholders by way of this Special resolution.

Except Shri Sudhir Mehta himself, Shri Samir Mehta, relative of Shri Sudhir Mehta and their relatives, none of the other Directors / Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in the special resolution set out at Item No. 6 of the Notice.

The Board commends this resolution for your approval.

Item No. 7

The members of the Company at their 42nd AGM held on 27th July, 2015 approved under Section 197 of the Companies Act, 2013, the payment of remuneration by way of commission to the Non-Executive Directors of the Company, of a sum not exceeding the limit laid down under the provisions of Section 197(1) of the Companies Act, 2013 for a period of five years commencing from 1st April, 2015.

Section 197 of the Companies Act, 2013 provides, inter alia, remuneration to its directors (other than the managing director or whole time director), by way of commission, if the Company by resolution authorize such payments. Regulation 17(6)(a) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 also provides that all fees / commission paid to Non-Executive Directors shall be fixed by the Board and shall require the previous approval of the members. In this context, it is proposed to take this Ordinary resolution for payment of commission to the Non-Executive Directors for a period of 5 years effective from 1st April, 2020, as may be determined by the Board or its Committee authorised for the purpose for each financial year at a rate such that the total remuneration does not exceed percentage limits of the net profit of the Company as specified in the Companies Act, 2013 (presently 1% of the net profit), calculated in accordance with Section 197 read with Section 198 and any other applicable provisions of the Companies Act, 2013.

The payment of commission would be in addition to the sitting fees payable for attending meeting of the Board and Committees thereof, if any.

The Whole-time Director and Key Managerial Personnel of the Company and their relatives are not concerned or interested, financially or otherwise, in the resolution set out at Item No. 7 of the Notice. The Non-Executive Directors and their relatives including Shri Samir Mehta, relative of Shri Sudhir Mehta may be deemed to be concerned or interested in the Ordinary resolution set out at Item No. 7 of the Notice to the extent of the remuneration that may be received by them.

The Board commends this resolution for your approval.

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

By Order of the Board of Directors
For Torrent Pharmaceuticals Limited

Mahesh Agrawal
VP (Legal) & Company Secretary

Ahmedabad
20th May, 2019

ANNEXURE TO THE NOTICE

INFORMATION ON DIRECTOR RECOMMENDED FOR RE-APPOINTMENT

Shri Samir Mehta

Shri Samir Mehta, 55, is the Vice Chairman of ₹ 21,000 Crore Torrent Group and Chairman of Torrent Pharmaceuticals Limited and Torrent Power Limited.

Under his leadership, Torrent Pharma took several strategic initiatives, including forays into new therapies and geographies, large investments in product development infrastructure and capabilities, building state-of-the-art manufacturing facilities and well-planned strategic acquisitions, thus establishing Torrent as one of India's fast growing and well respected Pharma majors. His emphasis on Organisation design, right execution and operational efficiencies has built a strong and globally competitive business platform in Torrent Pharma.

Shri Mehta has also guided the Group's entry and growth of the Power business. Torrent Power has systematically improved its performance on all efficiency parameters and ranks amongst the best run power utilities in the Country. His emphasis on efficiency, reliability and quality has led the Company to demonstrate exemplary operational capabilities and high customer orientation thus, setting new benchmarks in the sector and attracting many accolades.

Equally conscious of his responsibilities towards society, Shri Mehta has practiced the conduct of business in a socially responsible way, thus giving a new dimension to the traditional meaning of CSR. He has emphasised on environment responsibility in industrial operations and creation of local livelihoods in the influence areas of Torrent establishments. His belief that improving community health and primary education of the underprivileged class are powerful instruments for social empowerment and upliftment, has driven much of the Group's CSR activities.

A fine blend of business acumen and entrepreneurial optimism, Shri Mehta has positively influenced all spheres of the Group with his contemporary outlook and innovative ideas. Torrent Group, having a diverse workforce, has earned a reputation for being employee-centric due to Shri Mehta's emphasis on fairness and humaneness.

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

Sr. No.	Directorship in Companies	Name of Committees
1.	Torrent Power Ltd	Committee of Directors – Chairman
		Stakeholder's Relationship Committee – Member
2.	Arvind Ltd	–
3.	Torrent Private Ltd	CSR Committee – Chairman
4.	Tornascent Care Institute	–
5.	UNM Foundation	–

Shri Mehta holds 200 Equity Shares (including 100 shares held in the name of Samir Mehta HUF) of your Company. Shri Mehta, a B-School graduate, is on the Board of your Company from 20th August, 1986. He has attended all the meetings of the Board held during the financial year 2018-19. Shri Samir Mehta is the brother of Shri Sudhir Mehta, Chairman Emeritus. He will be paid the remuneration in accordance with the Resolution No. 5 of the accompanying Notice.

DIRECTORS' REPORT

To

The Shareholders

The Directors have the pleasure of presenting the Forty Sixth Annual Report of your Company together with the Audited Financial Statement for the year ended 31st March, 2019.

HIGHLIGHTS

1. *India business:*

   - *Integration objectives with respect to the Unichem India business acquisition were successfully achieved and the business has become cash accretive in the first year of acquisition.*
   - *Torrent is ranked 7th (without bonus units) in the Indian Pharmaceuticals Market and registered growth of 15% compared to 10% growth of the market (as per AIOCD).*
   - *Torrent has 19 brands (PY 18) in Top 500 brands of IPM and has 8 brands (PY 7) with sales of more than ₹ 100 crores.*
   - *Shelcal XT got recognized as one of the best new introduction in chronic segment by AIOCD.*

2. *Brazil business:*

   - *Torrent continues to be ranked no. 1 Indian Pharmaceutical company in Brazil.*
   - *Brazil business registered growth of 10% compared to 8% growth of the market.*
   - *Launched 2 products during the year.*

3. *US business:*

   - *Torrent's volume market share in covered market improved from 12.4% as of 31st March, 2018 to 16.4% as of 31st March, 2019, as per IMS data.*
   - *Strengthened product pipeline by filing 20 ANDA (PY 13) and launching 9 products (PY 7).*
   - *Recalled 107 batches of Valsartan and 132 batches of Losartan due to detection of certain impurities in outsourced API.*

4. *Germany:*

   - *Torrent continues to be 4th largest generic company in Germany, with strong growth backed by new launches and gain in tender as well as non-tender business.*

5. *Rest of the World (ROW) business registered growth of 22%.*

6. *Torrent has invested in the state of art Oral Oncology manufacturing facility at Bileshwarpura, Indrad which will cater to the regulated and non-regulated markets in the near term.*

7. *Dahej (India) & Levittown (US) manufacturing facilities were audited by USFDA during the year. The Company has responded comprehensively within the stipulated time on the observations received.*

8. *Leverage of the Company (Net Debt-to-EBITDA) reduced to 2.37 as of 31st March, 2019 compared to 3.11 as of 31st March, 2018.*

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	
	2018-19	2017-18	2018-19	2017-18
Sales & Operating Income	5,762	4,244	7,673	5,950
Profit Before Depreciation, Net Finance Cost, Exceptional Items & Tax	1,977	1,227	2,025	1,641
Less Depreciation and Amortization	579	384	618	409
Less Net Finance Cost	463	281	488	301
Profit Before Exceptional Items & Tax	935	562	919	931
Less Exceptional Items	-	-	357	-
Less Tax Expense	190	80	126	253
Less Minority Interest	-	-	-	-
Net Profit for the Year	745	482	436	678
Balance brought forward	1,453	1,613	1,554	1,514
Other Comprehensive income and other adjustments	(5)	(2)	(6)	2
Balance available for appropriation	2,193	2,093	1,984	2,194
Appropriated as under:				
Transfer to Debenture Redemption Reserve	-	375	-	375
Transfer to General Reserve	-	-	-	-
Dividend	305	220	305	220
Tax on Distributed Profits for Dividend	4	45	63	45
Balance Carried Forward	1,884	1,453	1,616	1,554
Earnings Per Share (₹ per share)	44.05	28.48	25.78	40.07

Consolidated Operating Results

The consolidated sales and operating income increased to ₹ 7,673 crores from ₹ 5,950 crores in the previous year showing a growth of 29%. The consolidated operating profit for the year was ₹ 2,025 crores as against ₹ 1,641 crores in the previous year registering growth of 23%. The consolidated net profit decreased to ₹ 436 crores from ₹ 678 crores in the previous year mainly due to exceptional items of ₹ 357 crores (Impairment provision of ₹ 217 crores on acquired business in US and product recall charges of ₹140 crores in US) and due to full year impact of intangibles amortization pertaining to acquired business in India of ₹ 170 crores.

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.

APPROPRIATIONS

i) 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 dividend policy, copy of which is attached as **Annexure-A**. The policy is also available on the website http://www.torrentpharma.com/pdf/investors/Dividend_Policy.pdf.

Pursuant to this, Interim dividend of ₹ 13/- per equity share of face value of ₹ 5/- each (@ 260%) amounting to ₹ 220 crores was paid to the shareholders during the year under review. Further, the Board has recommended a final dividend of ₹ 4/- per equity share of face value of ₹ 5/- each (@ 80%) amounting to ₹ 68 crores for approval to shareholders at the 46th Annual General Meeting (AGM) of the Company. The aggregate distribution amount without tax on distributed profits works out to be ₹ 288 crores (previous year ₹ 237 crores).

ii) Transfer to Reserves

The Board of Directors of the Company has decided not to transfer any amount to the Reserves for the year under review.

HUMAN RESOURCES

At Torrent, we firmly believe in a people first approach. The organisation takes pride in its human capital, which comprises of people from diverse backgrounds and cultures. Guided by the core values which are deeply imbibed in each of the employees; the organisation's achievements are an outcome of efforts, dedication and conviction demonstrated by its people. In order to sustain this vital resource, the Company continues to build on meritocracy that will aid the organisation to be ready to embrace the new competencies for a sustainable future. The HR department plays a major role in developing an inspiring work culture weaved by the values and processes that enables everyone to recognize their true potential and focus on individual growth along with the successful growth of Company.

An emphasis on creating a conducive work environment and development of a robust and consistent approach towards talent management & leadership development is one of the significant roles that the HR plays. It evaluates the requirement of staff based on the demands of the business and also projects future requirements, thus playing a crucial role in corporate decision-making. It also strategically aligns HR Practices with the business objectives and priorities.

During the year, the Company took initiatives to increase organizational capability and productivity so as to be value driven and future ready. The HR department continued to arrange training and development programs which has helped to nurture talent, sharpen and understand new management skills.

In an endeavor to encourage this feeling of oneness amongst the employees, the Company celebrates various events where employees and their families participate thereby imbibing the reflection of a big Torrent family.

Various women friendly facilities like availability of crèche, flexi-work timing and extended maternity leave has supported the women employees in carrying on with their career along with other responsibilities. Special activities focusing on health, well being and stress free life is also organized thereby fostering a woman's personal and professional growth.

The year also saw reinforcement of the already existing "Whistle Blower Policy" in order to emphasize and encourage reporting of any wrongdoing or unethical practice.

The HR department has successfully integrated the Human Resources acquired from Unichem. This includes the manpower integration and the cultural integration of both the entities. This has led to a cohesive team which strongly believes in our values and various practices adopted by Torrent.

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 13,598 employees as on 31st March, 2019 vis-à-vis 14,700 employees as on 31st March, 2018.

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.

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.

Details of the above are explained in the Report of Corporate Governance.

As a part of Policy for Prevention of Sexual Harassment of Women at Workplace, internal complaints committees had been set up for all the administrative units / offices to redress complaints received regarding sexual harassment. Under this Policy, one complaint was received during the year, which was addressed appropriately.

CORPORATE SOCIAL RESPONSIBILITY

The CSR activities by the Company were under the thrust areas of Community Healthcare, Sanitation & Hygiene, Education & Knowledge Enhancement and Social Care & Concern. During the financial year ended 31st March, 2019, the Company incurred CSR expenditure of ₹ 26.45 crores which was higher than the obligation to spend 2% of average net profit for the past three financial years amounting to ₹ 26.35 crores. The brief outline of the Corporate Social Responsibility (CSR) Policy of your Company and the details of key CSR programs and activities undertaken at Group level are provided in the Annual Report on CSR Activities is annexed as **Annexure-C** to this Report.

In addition to above, the Company also made donations amounting to ₹ 6.10 crores to various organisations for activities related to healthcare, education, community and social services, socio-economic development including de-addiction, self-help groups, youth, upliftment of women, integrated development of tribes 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 the interested parties with our business operations.

Our sincere and focused endeavors in EHS domain has brought down all possible causes of incidents leading to safe working environment.

As a part of green initiative, we achieved major reduction in waste generation, utilization of waste as an alternative fuel and conservation of energy to reduce environmental impact arising from the plant activities. We have disposed off more than 55% high calorific value hazardous waste for Co-processing / Pre-processing in cement industry (as an alternate fuel) instead of incineration. We have targeted to dispose off 90% of total such waste generation for co-processing in upcoming years. We have initiated the efforts to use canteen food waste and biological waste for generation of bio gas which will help us in reduction of 20% waste disposal under landfill category.

Under the Plastic Waste Management Rules, 2016, the Company has been registered as a brand owner with Central Pollution Control Board (CPCB). The Company, as a part of the Extended Producer's Responsibility, under the initiative named **'EPR CONNECT- Towards a Sustainable Future'** stated in the said rules, has engaged a service provider who shall be responsible for Collection and Sustainable End Disposal of Multi Layered Plastic (MLP) and Plastic waste. The service provider will take back 30% Plastic waste being generated for the first year (started from March, 2019) and reach to 100% by third year as per CPCB guidelines.

During the year, Company at all its facilities has implemented a drive on Behavior Based Safety (BBS) to build the proactive safety culture and encourage employees to immediately correct unsafe acts / conditions.

All of the Company's facilities have obtained certifications such as ISO-14001:2015 & OHSAS-18001:2007. Regular audits of our operational units by our cross functional teams, global customers, regulators and external third party auditors help us in achieving benchmark / highest levels of compliance. Further to this, implementation of New Standard ISO-45001:2018 (Occupational Health and Safety Management System) in place of OHSAS – 18001 has already been initiated.

The Company's Contractors are well conversant with our various EHS drives and execute the whole project activities following the Torrent's Project Safety Manual. Abiding by the provisions of this manual is one of the key terms of the contract.

Throughout the year, all of the Company's facilities remained compliant with applicable regulatory requirements pertaining to Environment, Health & Safety.

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 any accident.

FINANCE

(a) Share Capital

As on 31st March, 2019 the Authorised Capital of the Company is ₹ 150 crores, divided into 25 crores Equity Shares of ₹ 5/- each and 25 lacs Preference Shares of ₹ 100/- each.

(b) Deposits and Loans, Guarantees and Investments

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, 2019.

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.

(c) Debentures and other debt instruments

The outstanding amount of Non-Convertible Debentures issued by the Company is ₹ 1,956.95 crores as on 31st March, 2019.

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

(d) Contracts or Arrangements with Related Parties

All Related Party transactions are entered in compliance to the provisions of law, the Policy on Materiality of Related Party Transactions and Dealing with Related Party Transactions 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.**

(e) 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.

Accordingly, the Company has adopted financial control system and framework 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 wherever 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 with reference to Financial Reporting and their Audit Report is annexed as Annexure B and Annexure A to the Independent Auditors' Report under Standalone Financial Statements and Consolidated Financial Statements respectively.

(f) Material changes affecting the Company

No material changes and commitments has occurred after the close of the year till the date of this Report which may affect the financial position of the Company.

INSURANCE

The Company's plants, properties, equipment and stocks are adequately insured against all major risks including loss on account of business interruption caused due to property damage. The Company 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 performance of the Company. As on date, there is no risk envisaged which could threaten the existence of the Company.

The Board in its meeting held on 20th May, 2019, has constituted a separate Risk Management Committee by segregating it from the Audit and Risk Management Committee.

SUBSIDIARIES & JOINT VENTURES

As of 31st March, 2019, the Company has 16 subsidiaries, out of which 4 are step down subsidiaries.

Bio-Pharm Inc., a wholly owned subsidiary of Torrent Pharma Inc. USA ("TPI") merged with TPI with effect from 1st January, 2019. The merger aims at administrative convenience and to achieve higher operational efficiencies.

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 subsidiaries in terms of the revenue and profit is provided in Form AOC-1, which forms part of the Annual Report.

The details of two associate companies of the Company is also shown in the AOC-1. These associate companies 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 six other Directors as on 31st March, 2019[1], including one Whole Time Director, four Independent Directors which includes two Woman Director and one Non-Executive Director (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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

During the year under review:

- Shri Markand Bhatt retired from the Board with effect from 2nd August, 2018 (i.e. date of last AGM).
- Smt. Renu Challu and Shri Pradeep Bhargava have completed their tenure as Independent Director of the Company on 26th July, 2018 and 31st March, 2019 respectively.

The Board places on record its deep appreciation for the guidance and support provided by them for the overall growth of the Company during their tenure as a member of the Board and its Committees.

During the last AGM held on 2nd August, 2018, the members approved:

[1] Excluding Shri Pradeep Bhargava who has completed his tenure as an Independent Director of the Company on 31st March, 2019.

- 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.

Further, the members of the Company have approved (through Postal Ballot) the appointment of Ms. Nayantara Bali as an Independent Director of the Company w.e.f. 7th March, 2019 for a term of 3 (three) consecutive years.

As per the provisions of the Companies Act, 2013, Shri Samir Mehta, Executive Chairman, (holding DIN 00061903), retires by rotation at the ensuing AGM and being eligible has offered himself for re-appointment.

Shri Mehta has been re-appointed by the Board of directors in its meeting held on 20th May, 2019 as Executive Chairman of the Company with effect from 30th July, 2019 till 31st March, 2020, subject to approval of the members.

The brief resume and other relevant documents of the Director being re-appointed 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, four meetings of the Board of Directors were convened and held on 30th May, 2018, 2nd August, 2018, 3rd November, 2018 and 30th January, 2019. 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) Audit and Risk Management Committee

The composition of the Audit and Risk Management Committee is in compliance with the provisions of Section 177 of the Companies Act, 2013 and Regulation 18 of the Listing Regulations. The composition of the Committee as on 31st March, 2019 is given below:

Name of Director	Category of Directorship
Shri Shailesh Haribhakti, Chairman	Independent Director
Shri Pradeep Bhargava[1]	Independent Director
Shri Haigreve Khaitan	Independent Director
Ms. Ameera Shah	Independent Director

1. Shri Pradeep Bhargava ceased to be the Member of the Committee consequent to completion of his term on the Board on 31st March, 2019.

The Committee was expanded by appointing Ms. Nayantara Bali as its member with effect from 6th April, 2019.

The Committee was renamed as Audit Committee on constitution of separate Risk Management Committee on 20th May, 2019.

During the year, the Board has accepted all the recommendations made by the Audit and Risk Management Committee.

(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 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.

The key qualifications, skills and attributes which the Board is collectively expected to have for the effective discharge of their duties are explained in Corporate Governance Report 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 get 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 year 2018-19, the Company has conducted 11 programs for familiarising the Directors for a total duration of 6 hours.

On cumulative basis since 1st April, 2015, the Company has conducted 48 programs for familiarising the Directors for a total duration of 42 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_2018-19.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 30th January, 2019 with respect to the above.

(g) Key Managerial Personnel

Shri Sudhir Menon was designated as the Chief Financial Officer and Whole-time Key Managerial Personnel of the Company w.e.f 1st September, 2018 consequent to the relinquishment of such position by Shri Ashok Modi w.e.f closing hours of 31st August, 2018.

(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, 2019, 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, 2019 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

During the year under review, new Remuneration Policy was introduced replacing the existing policy considering the amendments introduced under the Companies Act, 2013 and the Listing Regulations. The policy covers the remuneration for the Directors (Chairman, Managing Director, Whole-time directors, Independent Directors and other non-executive Directors) and other employees (under senior management cadre and management cadre). The Policy has been formulated with the following key objectives:

- To ensure that employee remuneration is in alignment with business strategy & objectives, organisation values and long-term interests of the organisation.
- To ensure objectivity, fairness and transparency in determination of employees remuneration.
- To ensure the level and composition of remuneration are reasonable and sufficient to attract, retain and motivate a high performance workforce and are in compliance with all applicable laws.

It covers various heads of remuneration including benefits for Directors and employees. It also covers the process followed with respect to annual performance reviews and variables considered for revision in the remuneration. The said Policy is available on the website of the Company www.torrentpharma.com.

(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 percentage limits of the net profit of the Company as specified in the Companies Act, 2013 (presently 1% of the net profit), calculated in accordance with Section 197 read with Section 198 and any other applicable provisions of the Companies Act, 2013.

   Further, as per the Regulation 17(6)(ca) of the revised Listing Regulations, approval of the shareholders by special resolution shall be required every year, in which the annual remuneration payable to a single NED exceeds fifty per cent of the total annual remuneration payable to all NEDs, giving details of the remuneration thereof.

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 within the limit as approved by the shareholders'. 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) Remuneration to Managerial Personnel

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

(d) Particulars of Employees and related disclosures

In terms of the provisions of Section 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, disclosures pertaining to remuneration and other details are provided in the **Annexure-D** to this Report.

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 year 2016-17, up to the conclusion of the Forty Ninth AGM to be held in the year 2021-22.

(b) Cost Auditors

In terms of the Section 148 of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014, the Company has made and maintained the cost accounts and records for the year 2018-19.

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, 2019. The Cost Audit Report to the Central Government for the financial year ended 31st March, 2018 was filed on 29th August, 2018, 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 2019-20 and fixed their remuneration, subject to 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, 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 2018-19.

M/s. M. C. Gupta & Co. have carried out the Secretarial Audit of the Company for year 2018-19 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.

During the year 2018-19, the Company has complied with all the applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

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 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 and various State Governments specifically the 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
20th May, 2019

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 8^{th} 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 26^{th} October, 2016, had approved this Policy which has been revised by the Board in its meeting held on 08^{th} February, 2018. Any subsequent amendment / modification in the applicable statues 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 Obligation 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 acquisition 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.

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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: **NIL**
   - (a) Name(s) of the Related Party and nature of relationship
   - (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[1]:
   - (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. Manufacturing and 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, 2024.
     - ii. Liaison Support Agreement – Valid from 1st April, 2009 till 31st March, 2020.
     - iii. Manufacturing and Supply Agreement – Valid from 29th October, 2018 till 28th October, 2023.
   - (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.

[1]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.

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.

iii. Manufacturing and Supply Agreement:

a. Purpose – Company to manufacture and supply the Product listed in the Agreement.

b. TPI grants license to the Company to use the Product Technology and the trademarks of TPI on non - transferable basis for the purposes of manufacturing, packaging and labelling of the Products listed in this Agreement.

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

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

e. Credit Term – Mutually agreed between the Parties.

f. Supply Price – Mutually agreed between the Parties.

During the financial year 2018-19, the net value of the transactions with TPI is ₹ 1,038.75 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

For and on behalf of the Board

Ahmedabad
20th May, 2019

Samir Mehta
Executive Chairman

ANNUAL REPORT ON CSR ACTIVITIES FOR THE YEAR 2018-19

1. **A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs**

Inspired by noble ideas of the founder Chairman late Shri U N Mehta, Torrent Group deeply subscribes to its responsibilities as a corporate citizen and believes in carrying out its industrial and business activities in a socially and environmentally responsible manner balancing the needs of all stakeholders and contributing to the upliftment and well being of the disadvantaged sections of the society.

The Company, as a part of its CSR programs / activities, made dedicated efforts in the fields of Community Healthcare, Sanitation & Hygiene, Education & Knowledge Enhancement and Social Care & Concern. It is in this backdrop that the Company has drawn up its CSR policy and conducted its programs and activities for the year 2018-19.

Overview of projects or programs undertaken

Major CSR initiatives undertaken by the Company during the year 2018-19, are enumerated hereunder:

i. **REACH:**

Driven by the belief of our Chairman Emeritus, Shri Sudhir Mehta '**Children are the future of our nation and this future must be well preserved',** the flagship CSR program of the Group **"REACH" – Reach EAch CHild** was initiated in the year 2016 under the aegis of Tornascent Care Institute. REACH has three major pillars: **(a) SHAISHAV (b) JATAN and (c) MUSKAN.** The program has made a strong headway 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 scope and reach. Salient achievements are:

- Under the first pillar of the program **"Shaishav",** so far 289 paediatric camps covering 372 villages and 58,000+ 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. Till date, more than 90% of the children were cured of their anaemic condition and around 79% of children were brought out of severe malnourishment. To improve the effectiveness in treatment of malnourishment an extensive in-house research was carried out to develop palatable nutri-dense recipes from easily available local ingredients, without any compromise in the nutrient content. After duly testing for nutrient content in certified laboratories, **"Mauji Biscuits"** were launched. **"Mauji Biscuits"** proved to be a success story as 63% of 12,976 children addressed were cured. In the year 2018-19, emphatic focus was to ensure complete recovery in children having specific ailments, identified during camps or in Jatan centers. Specialised treatment was coordinated with referral hospitals and 985 children were restored to normalcy till 31st March, 2019.

- **"Jatan",** the second pillar of the program, focuses on providing the paediatric care through well equipped Paediatric centres to children in the age group of 0 -18 years. Established in year 2017, all four centres at Sugen, Dahej, Balasinor and Indrad are successfully supporting the basic medical needs of children in these four areas. Treatment by doctors, medicines & basic laboratory tests are provided free of cost. 1,47,000+ children have benefitted till 31st March, 2019.

  A Paediatric Hospital at SUGEN:

  To provide intensive and inclusive healthcare solution to paediatric patients, a 150 bedded secondary care hospital is being constructed near Sugen plant. The target date for commissioning and dedicating the hospital is 2nd October 2019.

- Under **"Muskaan",** the third pillar of the program, counselling and support is provided to the adolescent girls of villages near Sugen, Dahej & Indrad centers for menstrual hygiene and sanitation by giving them free health and hygiene kits which include sanitary pads, soap, shampoo etc. About 6,300 adolescent girls of 125 villages near above specified centres, between 11-18 years of age were provided kits on monthly basis during the year. This programme has helped gradual eradication of physiological and social taboos and increased confidence and self-esteem amongst them.

Through large scale employee participation, a new initiative was launched in the name of **“જાગરણ એ જ નિવારણ”,** with an aim to spread health awareness amongst the communities about curative facilities available at Bal Arogya Kendras so as to prevent diseases. The targetted population includes patients waiting for consultation at Jatan, mothers hailing from villages where camps are conducted and others who come in contact during follow up interventions.

ii. Shiksha Setu :

The Teaching and Learning program conducted through UNM Foundation completed third year of Phase II. This program covers 13 schools located near Sugen, Chhatral, Chhapi, Memadpur and Ahmedabad locations having 4,600+ students and 150+ teachers of 3rd to 8th standards. Focus in the year 2018-19 continued to be on enhancing learning levels of students through academic workshops and technology based education tools provided in the schools. About 4,600 students from 3rd to 8th standard (including 13 program schools and 7 control schools) participated in technology based learning assessment and achieved 21% YoY improvement in learning levels compared to previous year’s result.

Based on the result analysis, gaps in concepts and skills were identified and continuous inputs were provided to teachers and students.1,037 academic sessions were carried out on different topics for 150+ teachers on strengthening academic concepts. Additionally focused intervention through remedial tools was carried out to improve basic skills in Language & Mathematics of academically weak students and bring them at par with others.

iii. Development and Maintenance of Public Parks:

The Torrent Group along with 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 Ahmedabad have joined hands under LEAF (Landscape Environment and Advancement Foundation) to undertake this work. After visiting many parks in Ahmedabad, 15 parks with differing sizes, which were equally distributed in Ahmedabad, were chosen for development. During the year, 6 parks measuring approx. 33,000 Sq. mt (under Phase I) have been fully developed by the Torrent Group and are opened for public use. The design of the other parks of Phase II is in Progress.

iv. National Cancer Institute:

The Company contributed to Dr. Abaji Thatte Seva Aur Anusandhan Sanstha, Nagpur to establish laboratory sciences department and to procure 1 mobile cancer detection unit complete with CR, Mammography X-Ray, with necessary furniture and other medical equipment. Dr. Abaji Thatte Seva Aur Anusandhan Sanstha is a registered charitable trust established in 1996 focuses on alleviating suffering of people with various medical illnesses.

The CSR Policy and approved CSR budget for the year 2018-19 are available for reference on the website of the Company at:
http://www.torrentpharma.com/pdf/investors/CSRPolicy.pdf
http://www.torrentpharma.com/pdf/investors/CSR_Plan_2018-19.pdf
respectively.

A brief outline of the CSR Policy is given below:

- three thrust areas in which CSR activities are planned (a) Community healthcare, sanitation and hygiene (b) Education and knowledge enhancement (c) Social care and concern
- the CSR projects are conducted, preferably in local area and areas around which the Company (including its Units) operates, after approval of CSR Committee and Board with estimated expenditure and implementation schedules thereto. Half-yearly monitoring of the implementation of the CSR Policy and Plan be done by the CSR Committee.
- CSR Projects may be implemented directly by the Company whereby Company implements the CSR Projects on its own or through its Trust / Society / Section 8 Company or Group Company Trust / Society / Section 8 Company and / or indirect whereby the Company implements the CSR Projects through an external Trust / Society / Section 8 Company.

2. **The Composition of CSR Committee:**

Name of Director	Category of Directorship
Ms. Ameera Shah[1]	Independent Director
Ms. Nayantara Bali[2]	Independent Director
Dr. Chaitanya Dutt	Whole time Director

Note: Shri Pradeep Bhargava ceased to be the Member and Chairperson of the Committee on completion of his term on the Board on 31st March, 2019.

1. Appointed as member w.e.f. 2nd August, 2018 and Chairperson w.e.f. 20th May, 2019.
2. Appointed as member w.e.f. 6th April, 2019.

3. **Average net profit of the Company for last three financial years:** ₹ 1,318 crores.

4. **Prescribed CSR Expenditure (2% of the above amount):** ₹ 26.35 crores.

5. **Details of CSR spent during the financial year.**

   a) **Total amount spent for the financial year 2018-19:** ₹ 26.45 crores.

   b) **Amount unspent, if any:** Nil

   c) **Manner in which the CSR amount was spent during the financial year 2018-19 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**	**Amount spent on the projects or programs Subheads: (1) Direct expenditure on projects or programs, (2) Overheads**	**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)	Various district in the State of Gujarat like Kamrej, Mandvi, Mangrol, Olpad in Surat, Vagra, Amod in Bharuch, Balasinor in Mahisagar, Jotana, Kadi in Mehsana, Galteshwar, Kapadvanj, Kathlal, Thasra, Nadiad in Kheda, Kalol in Gadhinagar	9.30	9.30	64.99	Directly: (1) Through Tornascent Care Institute (Section 8 Company of the Group) (2) By Company
2	**Development and Maintenance of Public Parks**	Social Care and Concern (Ensuring environmental sustainability, ecological balance and protection of flora and fauna)	Ahmedabad, Gujarat	8.45	8.45	12.95	Directly: Through UNM Foundation (Section 8 Company of the Group)

(₹ 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**	**Amount spent on the projects or programs Subheads: (1) Direct expenditure on projects or programs, (2) Overheads**	**Cumulative expenditure upto the reporting period***	**Amount Spent: Direct or through implementing agency**
3	**Shiksha Setu (Quality Education Programme) (Rural and Urban Slum Area)$**	Education and Knowledge Enhancement (Promoting education)	Sabarmati in Ahmedabad, Kamrej in Surat, Vadgam in Banaskantha Kadi in Mehsana, in the State of Gujarat	1.00	1.00	7.00	Directly: Through UNM Foundation (Section 8 Company of the Group)
4	**Primary School Education & Community Development work**	a. Education and Knowledge Enhancement (Promoting education) b. Community Development Work	At Village Bhud (Rural Area, Baddi) Makhnu Majra, Ta Nalagarh, Dist Solan, Himachal Pradesh	0.80	0.53	1.03	Directly by Company
5	**Indrad School and Medical OPD**	Promoting education & healthcare	At Village Indrad, Taluka Kadi, Dist Mehsana, Gujarat	0.18	0.13	0.25	Directly by Company
6	**Supporting the establishment of a Cancer Care Centre**	Community Healthcare, Sanitation and Hygiene (Promoting healthcare including preventive healthcare)	Nagpur, Maharashtra	5.35	5.35	13.00	Indirectly through Implementing Agency: Dr. Abaji Thatte Seva Aur Anusandhan Sanstha
7	**Upgradation / Maintenance of School and other infrastructure facilities**	a. Education and Knowledge Enhancement (Promoting education) b. Community Development Work	Sikkim, Dahej, Vizag & Pithampur locations	0.87	0.50	0.50	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**	**Amount spent on the projects or programs Subheads: (1) Direct expenditure on projects or programs, (2) Overheads**	**Cumulative expenditure upto the reporting period***	**Amount Spent: Direct or through implementing agency**
8	**Others**						
	CSR capacity building cost including Administrative overhead			1.30	1.10	4.45	Directly by Company
	Miscellaneous			0.10	0.09	0.77	
	Total			**27.35**	**26.45**	**104.94**	

*Starting from 1st April, 2014.

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

6. **In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board's Report.**

   Not Applicable

7. The CSR Committee confirms that the implementation and monitoring of the CSR Policy, is in compliance with CSR objectives and Policy of the Company.

Ahmedabad	**Samir Mehta**	**Ameera Shah**
20th May, 2019	Executive Chairman	Chairperson, CSR Committee

DETAILS PERTAINING TO REMUNERATION AS REQUIRED UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULES 5(1), 5(2) AND 5(3) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

A. Ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the year 2018-19 and the percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the year 2018-19 are as under:

Sr. No.	Name	Designation	Ratio of Remuneration of Director to Median Remuneration of employees	% increase in Remuneration in the year 2018-19
1	Shri Sudhir Mehta	Chairman Emeritus	112.08(1)	0.00(1)
2	Shri Samir Mehta	Executive Chairman	336.33(2)	0.00(2)
3	Shri Markand Bhatt	Non-Executive Director	--(3)	--(3)
4	Shri Shailesh Haribhakti	Independent Director	7.85	(2.78)
5	Shri Haigreve Khaitan	Independent Director	6.95	10.71
6	Shri Pradeep Bhargava	Independent Director	7.17	(15.79)
7	Smt. Renu Challu	Independent Director	--(4)	--(4)
8	Ms. Ameera Shah	Independent Director	3.36(5)	--(5)
9	Ms. Nayantara Bali	Independent Director	--(6)	--(6)
10	Dr. Chaitanya Dutt	Whole-time Director	167.81(2)	21.83(2)
11	Shri Ashok Modi	Chief Financial Officer	NA	--(7)
12	Shri Sudhir Menon	Chief Financial Officer	NA	--(7)
13	Shri Mahesh Agrawal	Company Secretary	NA	12.74(2)(8)

(1) Subject to the approval of the shareholders in the ensuing Annual General Meeting (AGM).

(2) Also entitled to group personal accident and group mediclaim policy.

(3) No remuneration has been paid to Shri Markand Bhatt. He retired from the Board w.e.f. 2nd August, 2018.

(4) Smt. Renu Challu completed her tenure as an Independent Director w.e.f. 26th July, 2018.

(5) Ms. Ameera Shah appointed as an Independent Director w.e.f. 2nd August, 2018. No remuneration was paid to her in 2017-18.

(6) Ms. Nayantara Bali appointed as an Independent Director w.e.f. 7th March, 2019 and no remuneration was paid to her during the year.

(7) Shri Ashok Modi relinquished his position w.e.f. closing hours of 31st August, 2018 and Shri Sudhir Menon designated as Chief Financial Officer w.e.f. 1st September, 2018.

(8) The percentage change in remuneration is excluding performance pay.

B. The percentage increase in the median remuneration of employees in the financial year under review is 10.26%. 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.

C. The Company has 13,598 employees on the rolls of Company as on 31st March, 2019.

D. The increase made in the salaries of employees other than managerial personnel during the year under review was 11.04% while the increase in managerial remuneration was 6.34%. There was no change in remuneration of Shri Samir Mehta.

E. It is hereby affirmed that the remuneration paid is as per the Remuneration Policy of the Company.

F. The information required under Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, forms part of this Annual Report. Having regard to the provisions of Section 134 and Section 136 of the Companies Act, 2013, the Reports and Accounts are being sent to the Members excluding such information. However, the said information is 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 shareholder interested in obtaining a copy of such statement may write to the Company Secretary at the Registered Office of the Company.

For and on behalf of the Board

Ahmedabad
20th May, 2019

Samir Mehta
Executive Chairman

FORM NO. MR - 3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2019

[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,

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, 2019 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, 2019 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, 2009/2018;

   (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)**

   (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998/2018; **(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 Price Control Order, 2013;

d) The Narcotic Drugs & Psychotropic 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. During the year, the Company has raised ₹ 300 Crores through Commercial Paper (CP).

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

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

Ahmedabad
20th May, 2019

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,

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
20th May, 2019

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 3rd September, 2018.

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 2019, 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 2019.

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
ICAI UDIN : 19102527AAAAAE3334

Ahmedabad
20th May, 2019

FORM NO. MGT - 9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March, 2019

[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 Fintech 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	210	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, Brazil, 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, Third floor, Nexus Building, 4 Gatwick Road, Crawley, West Sussex, RH10 9BG, 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 Third floor, Nexus Building, 4 Gatwick Road, Crawley, West Sussex, RH10 9BG, UK	NA	Subsidiary	100%	Section 2(87)
18	Tornascent Care Institute (Section 8 company) "Samanvay", 600, Tapovan, Ambawadi, Ahmedabad - 380015, Gujarat, India.	U85100GJ2015N-PL082291	Associate	50%	Section 2(6)
19	UNM Foundation (Section 8 company) "Samanvay", 600, Tapovan, Ambawadi, Ahmedabad - 380015, Gujarat, India.	U85110GJ2015N-PL083340	Associate	50%	Section 2(6)

Bio-Pharm Inc., merged with Torrent Pharma Inc., its holding company w.e.f. 1st January 2019.

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 01/04/2018				No. of shares held at the end of the year 31/03/2019				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
PROMOTER AND PROMOTER GROUP									
INDIAN									
Individual / HUF	900	-	900	0.00	1000	-	1000	0.00	0.00
Central Government / State Government(s)	-	-	-	-	-	-	-	-	-
Bodies Corporate	120563720	-	120563720	71.25	120563720	-	120563720	71.25	-
Financial Institutions / Banks	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-
Sub-Total A(1) :	**120564620**	**-**	**120564620**	**71.25**	**120564720**	**-**	**120564720**	**71.25**	**0.00**

Category of Shareholder	No. of the shares held at the beginning of the year 01/04/2018				No. of shares held at the end of the year 31/03/2019				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
FOREIGN									
Individuals (NRIs / Foreign Individuals)	100	-	100	0.00	-	-	-	-	-
Other - Individuals	-	-	-	-	-	-	-	-	-
Bodies Corporate	-	-	-	-	-	-	-	-	-
Financial Institutions / Banks	-	-	-	-	-	-	-	-	-
Any other	-	-	-	-	-	-	-	-	-
Sub-Total A(2) :	**100**	**-**	**100**	**0.00**	**-**	**-**	**-**	**-**	**-**
Total A=A(1)+A(2)	**120564720**	**-**	**120564720**	**71.25**	**120564720**	**-**	**120564720**	**71.25**	**-**
PUBLIC SHAREHOLDING									
INSTITUTIONS									
Mutual Funds / UTI	16638979	400	16639379	9.83	16123583	400	16123983	9.53	(0.30)
Financial Institutions / Banks / AIFs / NBFC	642297	-	642297	0.38	1625387	-	1625387	0.96	0.58
Central Government / State Government(s)	-	-	-	-	-	-	-	-	-
Venture Capital Funds	-	-	-	-	-	-	-	-	-
Insurance Companies	36763	-	36763	0.02	36763	-	36763	0.02	-
Foreign Institutional Investors / Foreign Portfolio Investors	14217603	-	14217603	8.40	14607149	-	14607149	8.63	0.23
Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-
Sub -Total B(1) :	**31535642**	**400**	**31536042**	**18.64**	**32392882**	**400**	**32393282**	**19.14**	**0.50**
NON-INSTITUTIONS									
Bodies Corporate	4312602	9120	4321722	2.55	4086968	5880	4092848	2.42	(0.13)
Individuals									
(i) Individuals holding nominal share capital upto ₹ 1 lac	5880682	739310	6619992	3.91	5668788	567490	6236278	3.69	(0.22)
(ii) Individuals holding nominal share capital in excess of ₹ 1 lac	1781764	-	1781764	1.05	1679867	-	1679867	0.99	(0.06)
Others									
Clearing Members	139208	-	139208	0.08	68139	-	68139	0.04	(0.04)
Directors and their Relatives	3589890	-	3589890	2.12	3580890	-	3580890	2.12	0.00
HUF	204122	-	204122	0.12	194122	-	194122	0.11	(0.01)
IEPF	50903	-	50903	0.03	84551	-	84551	0.05	0.02
Non Resident Indians (Including NRI (Non Repatriation))	412702	-	412702	0.24	324864	-	324864	0.19	(0.05)
Trusts	1655	-	1655	0.00	3159	-	3159	0.00	0.00
Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
Sub-Total B(2) :	**16373528**	**748430**	**17121958**	**10.12**	**15691348**	**573370**	**16264718**	**9.61**	**(0.51)**
Total B = B(1)+B(2) :	**47909170**	**748830**	**48658000**	**28.75**	**48084230**	**573770**	**48658000**	**28.75**	**-**
Total (A+B) :	**168473890**	**748830**	**169222720**	**100.00**	**168648950**	**573770**	**169222720**	**100.00**	**-**
Shares held by custodians, for ADRs and GDRs	-	-	-	-	-	-	-	-	-
Total (C) :	-	-	-	-	-	-	-	-	-
GRAND TOTAL (A+B+C) :	**168473890**	**748830**	**169222720**	**100.00**	**168648950**	**573770**	**169222720**	**100.00**	**-**

(ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year 01/04/2018			Shareholding at the end of the year 31/03/2019			% 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	Sudhir Uttamlal Mehta (HUF)	100	0.00	-	100	0.00	-	-
2	Samir Uttamlal Mehta (HUF)	100	0.00	-	100	0.00	-	-
3	Sudhir U Mehta	100	0.00	-	100	0.00	-	-
4	Samir U Mehta	100	0.00	-	100	0.00	-	-
5	Anita S Mehta	100	0.00	-	100	0.00	-	-
6	Sapna S Mehta	100	0.00	-	100	0.00	-	-
7	Jinal S Mehta	100	0.00	-	100	0.00	-	-
8	Varun S Mehta	100	0.00	-	100	0.00	-	-
9	Shaan Mehta	100	0.00	-	100	0.00	-	-
10	Aman Mehta	100	0.00	-	100	0.00	-	-
11	Torrent Private Limited	120563720	71.25	-	120563720	71.25	-	-
	Total	**120564720**	**71.25**	**-**	**120564720**	**71.25**	**-**	**-**

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

Sr. No.	Particulars	Shareholding at the beginning of the year 01/04/2018		Increase / Decrease in Shareholding during the year		Cumulative Shareholding during the year / Shareholding at the end of the year 31/03/2019	
		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	-	-	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 01/04/2018		Increase / (Decrease) in Shareholding during the year*		Cumulative Shareholding during the year		Shareholding at the end of the year 31/03/2019	
		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 Mutual Fund#	3569615	2.11	06-04-2018	22295	3591910	2.12	4415263	2.61
				13-04-2018	209701	3801611	2.25		
				13-04-2018	(1000)	3800611	2.25		
				20-04-2018	13800	3814411	2.25		
				27-04-2018	420000	4234411	2.50		
				04-05-2018	42228	4276639	2.53		
				11-05-2018	27165	4303804	2.54		
				01-06-2018	13000	4316804	2.55		
				08-06-2018	778715	5095519	3.01		
				08-06-2018	(649715)	4445804	2.63		
				22-06-2018	150000	4595804	2.72		
				06-07-2018	47100	4642904	2.74		
				13-07-2018	72000	4714904	2.79		
				14-09-2018	(39700)	4675204	2.76		

Sr. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year 01/04/2018		Increase / (Decrease) in Shareholding during the year*		Cumulative Shareholding during the year		Shareholding at the end of the year 31/03/2019	
		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
				19-10-2018	3500	4678704	2.76		
				07-12-2018	(3500)	4675204	2.76		
				21-12-2018	(56565)	4618639	2.73		
				08-02-2019	(221376)	4397263	2.60		
				22-02-2019	18000	4415263	2.61		
2	UTI Mutual Fund#	2266087	1.34	06-04-2018	(3447)	2262640	1.34	2296638	1.36
				13-04-2018	33324	2295964	1.36		
				13-04-2018	(1346)	2294618	1.36		
				20-04-2018	(20000)	2274618	1.34		
				27-04-2018	4687	2279305	1.35		
				04-05-2018	330193	2609498	1.54		
				04-05-2018	(335363)	2274135	1.34		
				18-05-2018	40000	2314135	1.37		
				25-05-2018	(20000)	2294135	1.36		
				22-06-2018	8000	2302135	1.36		
				03-08-2018	75530	2377665	1.41		
				10-08-2018	54462	2432127	1.44		
				10-08-2018	(54462)	2377665	1.41		
				17-08-2018	538	2378203	1.41		
				24-08-2018	35825	2414028	1.43		
				24-08-2018	(49000)	2365028	1.40		
				31-08-2018	(13000)	2352028	1.39		
				14-09-2018	(1456)	2350572	1.39		
				19-10-2018	36030	2386602	1.41		
				26-10-2018	(20000)	2366602	1.40		
				16-11-2018	31002	2397604	1.42		
				30-11-2018	13424	2411028	1.42		
				21-12-2018	(23432)	2387596	1.41		
				04-01-2019	(20000)	2367596	1.40		
				11-01-2019	(5000)	2362596	1.40		
				18-01-2019	(20000)	2342596	1.38		
				15-02-2019	(7500)	2335096	1.38		
				22-02-2019	8542	2343638	1.38		
				22-02-2019	(15000)	2328638	1.38		
				01-03-2019	20000	2348638	1.39		
				29-03-2019	(52000)	2296638	1.36		
3	Fidelity Investment Trust	0	0.00	20-07-2018	361102	361102	0.21	1796107	1.06
				27-07-2018	127308	488410	0.29		
				03-08-2018	187700	676110	0.40		
				10-08-2018	411015	1087125	0.64		
				17-08-2018	154000	1241125	0.73		
				24-08-2018	266013	1507138	0.89		
				31-08-2018	131387	1638525	0.97		
				05-10-2018	19349	1657874	0.98		

Sr. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year 01/04/2018		Increase / (Decrease) in Shareholding during the year*		Cumulative Shareholding during the year		Shareholding at the end of the year 31/03/2019	
		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
				12-10-2018	34451	1692325	1.00		
				02-11-2018	116300	1808625	1.07		
				09-11-2018	2882	1811507	1.07		
				23-11-2018	(46961)	1764546	1.04		
				30-11-2018	(293439)	1471107	0.87		
				14-12-2018	182724	1653831	0.98		
				21-12-2018	142276	1796107	1.06		
4	HDFC Life Insurance Company Limited#	1696923	1.00	13-04-2018	7761	1704684	1.01	1774095	1.05
				20-04-2018	179	1704863	1.01		
				18-05-2018	1819	1706682	1.01		
				25-05-2018	10004	1716686	1.01		
				01-06-2018	14711	1731397	1.02		
				08-06-2018	(26534)	1704863	1.01		
				22-06-2018	(43124)	1661739	0.98		
				27-07-2018	18124	1679863	0.99		
				10-08-2018	(24000)	1655863	0.98		
				24-08-2018	(621)	1655242	0.98		
				31-08-2018	(180)	1655062	0.98		
				07-09-2018	20000	1675062	0.99		
				28-09-2018	131	1675193	0.99		
				05-10-2018	25112	1700305	1.00		
				12-10-2018	29374	1729679	1.02		
				19-10-2018	20699	1750378	1.03		
				26-10-2018	103	1750481	1.03		
				02-11-2018	(19900)	1730581	1.02		
				09-11-2018	(1300)	1729281	1.02		
				16-11-2018	66	1729347	1.02		
				23-11-2018	20	1729367	1.02		
				30-11-2018	79	1729446	1.02		
				07-12-2018	20000	1749446	1.03		
				14-12-2018	(12376)	1737070	1.03		
				21-12-2018	12462	1749532	1.03		
				28-12-2018	7	1749539	1.03		
				04-01-2019	34	1749573	1.03		
				11-01-2019	(51484)	1698089	1.00		
				18-01-2019	(23450)	1674639	0.99		
				25-01-2019	7	1674646	0.99		
				08-02-2019	5377	1680023	0.99		
				15-02-2019	19676	1699699	1.00		
				22-02-2019	22225	1721924	1.02		
				01-03-2019	21	1721945	1.02		
				08-03-2019	52816	1774761	1.05		
				15-03-2019	76	1774837	1.05		
				22-03-2019	(748)	1774089	1.05		
				29-03-2019	6	1774095	1.05		

Sr. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year 01/04/2018		Increase / (Decrease) in Shareholding during the year*		Cumulative Shareholding during the year		Shareholding at the end of the year 31/03/2019	
		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
5	SBI Mutual Fund#	1781993	1.05	06-04-2018	26427	1808420	1.07	1664582	0.98
				06-04-2018	(847)	1807573	1.07		
				13-04-2018	905500	2713073	1.60		
				13-04-2018	(648020)	2065053	1.22		
				20-04-2018	11600	2076653	1.23		
				27-04-2018	25000	2101653	1.24		
				04-05-2018	46000	2147653	1.27		
				22-06-2018	37600	2185253	1.29		
				27-07-2018	30000	2215253	1.31		
				03-08-2018	(80000)	2135253	1.26		
				10-08-2018	(85576)	2049677	1.21		
				17-08-2018	(91897)	1957780	1.16		
				24-08-2018	(82527)	1875253	1.11		
				07-09-2018	(30000)	1845253	1.09		
				21-09-2018	(58157)	1787096	1.06		
				28-09-2018	(8925)	1778171	1.05		
				19-10-2018	(61118)	1717053	1.01		
				26-10-2018	(9400)	1707653	1.01		
				09-11-2018	1800	1709453	1.01		
				16-11-2018	(15000)	1694453	1.00		
				30-11-2018	10772	1705225	1.01		
				18-01-2019	(772)	1704453	1.01		
				01-03-2019	(39871)	1664582	0.98		
				29-03-2019	50000	1714582	1.01		
				29-03-2019	(50000)	1664582	0.98		
6	T. Rowe Price International Discovery Fund	1353648	0.80	-	-	1353648	0.80	1353648	0.80
7	Reliance Mutual Fund#	1760638	1.04	06-04-2018	112000	1872638	1.11	1258516	0.74
				06-04-2018	(21788)	1850850	1.09		
				25-05-2018	103186	1954036	1.15		
				01-06-2018	13547	1967583	1.16		
				10-08-2018	(168000)	1799583	1.06		
				24-08-2018	(150000)	1649583	0.97		
				31-08-2018	(50000)	1599583	0.95		
				14-09-2018	(50000)	1549583	0.92		
				26-10-2018	100000	1649583	0.97		
				07-12-2018	(55118)	1594465	0.94		
				14-12-2018	(95000)	1499465	0.89		
				21-12-2018	(200377)	1299088	0.77		
				11-01-2019	(50000)	1249088	0.74		
				18-01-2019	(25000)	1224088	0.72		
				25-01-2019	(48821)	1175267	0.69		
				01-02-2019	802	1176069	0.69		
				08-02-2019	75010	1251079	0.74		
				01-03-2019	12	1251091	0.74		

Sr. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year 01/04/2018		Increase / (Decrease) in Shareholding during the year*		Cumulative Shareholding during the year		Shareholding at the end of the year 31/03/2019	
		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
				08-03-2019	6482	1257573	0.74		
				15-03-2019	402	1257975	0.74		
				22-03-2019	120	1258095	0.74		
				29-03-2019	421	1258516	0.74		
8	Dushyant Shantilal Shah#	1201735	0.71	-	-	1201735	0.71	1201735	0.71
9	Mirae Asset Mutual Fund#	1383023	0.82	13-04-2018	(100000)	1283023	0.76	1074816	0.64
				08-06-2018	(41834)	1241189	0.73		
				15-06-2018	(16873)	1224316	0.72		
				06-07-2018	13061	1237377	0.73		
				13-07-2018	25633	1263010	0.75		
				27-07-2018	9565	1272575	0.75		
				10-08-2018	(40000)	1232575	0.73		
				24-08-2018	4311	1236886	0.73		
				07-09-2018	22110	1258996	0.74		
				21-09-2018	11800	1270796	0.75		
				28-09-2018	7750	1278546	0.76		
				05-10-2018	10339	1288885	0.76		
				05-10-2018	(50000)	1238885	0.73		
				12-10-2018	2750	1241635	0.73		
				19-10-2018	3000	1244635	0.74		
				26-10-2018	47203	1291838	0.76		
				09-11-2018	6342	1298180	0.77		
				21-12-2018	250	1298430	0.77		
				18-01-2019	(197116)	1101314	0.65		
				01-02-2019	(22787)	1078527	0.64		
				08-02-2019	(7471)	1071056	0.63		
				22-02-2019	11509	1082565	0.64		
				01-03-2019	800	1083365	0.64		
				29-03-2019	(8549)	1074816	0.64		
10	Sundaram Mutual Fund#	5882	0.00	06-04-2018	67	5949	0.00	1051081	0.62
				01-06-2018	18	5967	0.00		
				15-06-2018	(230)	5737	0.00		
				22-06-2018	(15)	5722	0.00		
				29-06-2018	(1489)	4233	0.00		
				20-07-2018	49376	53609	0.03		
				27-07-2018	13677	67286	0.04		
				03-08-2018	5790	73076	0.04		
				10-08-2018	366170	439246	0.26		
				17-08-2018	20281	459527	0.27		
				24-08-2018	65363	524890	0.31		
				31-08-2018	71607	596497	0.35		
				14-09-2018	153284	749781	0.44		
				28-09-2018	29400	779181	0.46		
				05-10-2018	1440	780621	0.46		

Sr. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year 01/04/2018		Increase / (Decrease) in Shareholding during the year*		Cumulative Shareholding during the year		Shareholding at the end of the year 31/03/2019	
		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
				12-10-2018	19735	800356	0.47		
				26-10-2018	3848	804204	0.48		
				30-11-2018	40238	844442	0.50		
				04-01-2019	21022	865464	0.51		
				11-01-2019	105464	970928	0.57		
				25-01-2019	22589	993517	0.59		
				01-02-2019	28602	1022119	0.60		
				22-02-2019	26312	1048431	0.62		
				01-03-2019	1500	1049931	0.62		
				08-03-2019	750	1050681	0.62		
				15-03-2019	400	1051081	0.62		

* Change in shareholding is due to transfer of shares by way of sale / purchase. The transactions details have been captured based on the weekly beneficiary position received from the depositories.

Shareholding is consolidated based on permanent account number (PAN) of the shareholders.

(V) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year 01/04/2018		Increase / (Decrease) in Shareholding during the year		Cumulative Shareholding during / at the end of the year 31/03/2019	
		No. of shares	% of total shares of the Company	Date	No. of shares	No. of shares	% of total shares of the Company
	DIRECTORS:						
1	Shri Sudhir Mehta*	200	0.00	-	-	200	0.00
2	Shri Samir Mehta+	200	0.00	-	-	200	0.00
3	Ms. Ameera Shah^	-	-	13-11-2018	1200	1200	0.00
4	Dr. Chaitanya Dutt$	800	0.00	-	-	800	0.00
	KMP:						
1	Shri Sudhir Menon, Chief Financial Officer&	-	-	17-07-2018	10	10	0.00
2	Shri Mahesh Agrawal, Company Secretary	10	0.00	-	-	10	0.00

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

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

^ Shares held as second holder jointly with Smt. Duru Shah.

$ 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.

& Designated as Chief Financial Officer w.e.f. 1st September, 2018. Holding jointly with Smt. Reshmi Sudhir Menon.

Note - Shri Ashok Modi who had relinquished his position as CFO w.e.f. closing hours of 31st August, 2018 was holding 960 shares at beginning of the year including 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	5045.27	799.29		5844.56
(ii) Interest due but not paid	-	-		-
(iii) Interest accrued but not due	77.35	18.46		95.81
Total (i+ii+iii)	**5122.62**	**817.75**		**5940.37**
Change in Indebtedness during the financial year				
- Addition	788.84	-		788.84
- Reduction	493.39	516.94	**Nil**	1010.33
Net Change	**295.45**	**(516.94)**		**(221.49)**
Indebtedness at the end of the financial year				
(i) Principal Amount	5340.72	282.35		5623.07
(ii) Interest due but not paid	-	-		-
(iii) Interest accrued but not due	73.09	20.46		93.55
Total (i+ii+iii)	**5413.81**	**302.81**		**5716.62**

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	-	696.00	696.00
	(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	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission			
	- as % of profit	-	-	-
	- others specify (Note - 1)	1500.00	-	1500.00
5	Others, please specify			
	Provident Fund	-	52.20	52.20
	Superannuation	-	-	-
	Total (A)	1500.40	748.60	2249.00
	Ceiling as per the Act (5% of the Net Profit)	4671.30	4671.30	
	Cumulative Ceiling as per the Act (10% of the Net Profit)	9342.60		

$ Also entitled 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	Ms Ameera Shah	Shri Sudhir Mehta*	
	Independent Directors							
1	Fee for attending Board / Committee meetings	18.00	14.00	16.00	4.00	7.00	-	59.00
2	Commission	17.00	17.00	16.00	4.00	8.00	-	62.00
	Total (a)	35.00	31.00	32.00	8.00	15.00	-	121.00
	Other Non-Executive Directors							
1	Fee for attending Board / Committee meetings	-	-	-	-	-	-	-
2	Commission	-	-	-	-	-	500.00	500.00
3	Others, please specify	-	-	-	-	-	-	-
	Total (b)	-	-	-	-	-	500.00	500.00
	Total (c)=(a+b)	35.00	31.00	32.00	8.00	15.00	500.00	621.00
	Total Managerial Remuneration (A+B)	2870.00						
	Overall Ceiling as per the Act (11% of the Net Profit, excluding sitting fees)	10276.86						

* Subject to shareholers' approval.

[#] Ms. Nayantara Bali appointed as an Independent Director w.e.f. 7th March, 2019 and no remuneration was paid to her during the year.

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

(₹ in lacs)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			
		CFO		Company Secretary	Total
		Shri Ashok Modi*	Shri Sudhir Menon**	Shri Mahesh Agrawal	
1	Gross Salary				
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	225.00	64.93	94.55	384.48
	(b) Value of perquisites under Section 17(2) Income-tax Act, 1961	0.12	0.26	0.44	0.82
	(c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission				
	- as % of profit	-	-	-	-
	- others specify	-	-	-	-
5	Others, please specify				
	Provident Fund	15.22	4.76	7.93	27.91
	Superannuation	0.63	0.88	1.50	3.01
	Total	**240.97**	**70.83**	**104.42**	**416.22**

* Relinquished his position as Chief Financial Officer w.e.f. closing hours of 31st August, 2018.

** Designated as Chief Financial Officer w.e.f. 1st September, 2018.

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

1. **Steps taken or impact on conservation of energy:**
   - New centrifugal air compressor with Heat Recovery unit having capacity of approx. 2,390 CFM put in operation.
   - Power factor maintained nearer to Unity at various plants resulted in receipt of annual rebate.
   - Installed a dedicated panel to cater the load of critical equipments to manage on small 500 KVA DG.
   - Replacement of CFL/PL/conventional lamps by LED at various plants of the Company.
   - Plant flash steam utilized at Heat Exchangers instead of RAW steam.
   - Use of Electrical power instead of Steam for Dehumidifier.
2. **Steps taken by the Company for utilizing alternate source of energy:**
   - Solar roof top plants installed at one of the plant and at R & D Centre.
3. **The capital investment on energy conservation equipments:**
   - The capital investment on energy conservation equipment is ₹ 3.27 crores during the year 2018-19.

B. TECHNOLOGY ABSORPTION

Particulars with respect to technology absorption are given below:

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 R & D operations e.g. Microfluidizer has been utilized as a high end homogenizer for ophthalmic development.

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

   The equipments that have been introduced have helped us to develop robust quality products e.g. the implementation of Process Analysis Techniques (PAT) tools has helped us build robust processes. This has been implemented in all our plants which has increased throughputs and production efficiencies. We have also introduced controlled drug release systems based on osmotic technology which are produced by Laser Drilling Machines.

3. **Information of technology imported during last three years:**

Sr. No.	Technology Imported	Year of Import
1	Inductively Coupled Plasma Mass Spectrometer (ICP-MS)	2018-19
2	Lab Lyophilizer	2018-19
3	Micro Fluidizer	2018-19
4	Laser based Tablet drilling machine	2017-18
5	Mespack Sachet Pack Machine	2017-18
6	Process Analytical Tool - Near Infra Red (PAT - NIR)	2017-18
7	O'Hara Coater	2017-18
8	Sterile powder filling /Sealing machine	2017-18
9	Vial Filling Machine	2017-18
10	Advance flow Reactor	2017-18
11	Centrifugal extractor	2017-18

Sr. No.	Technology Imported	Year of Import
12	Agitated Thin Film Dryer (ATFD/ATFE)	2017-18
13	High potent/Containment facility for APIs	2017-18
14	Compression Machine (KorschXm 12)	2017-18
15	Gastro Plus Software	2017-18
16	Handheld Raman Analyzer	2017-18
17	Ribbon Density Analyzer - Import	2017-18
18	Jacketed reactor with homogenizer, vacuum and stirrer	2017-18
19	Continuous Manufacturing System	2016-17
20	Tablet Processing Work Station	2016-17
21	Microniser with classifier	2016-17
22	Micro Dissolution Profiler	2016-17
23	Extruder & Spheroniser	2016-17
24	Online NIR analyzer for blending end point determination	2016-17
25	Insitu Particle Monitor	2016-17
26	Flash chromatography with Online Mass Spectrophotometer	2016-17
27	Sonocrystallization System	2016-17
28	Surface Dissolution Imaging	2016-17

The above technologies have fully been absorbed except mentioned in Sr. No. 2, which is expected to be absorbed during year 2019-20.

4. **Expenditure on R&D:**

(₹ in crores)

Particulars	2018-19
Total R&D expenditure including Capital expenses	398.08
Total R&D expenditure as a percentage of turnover	7.16%

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

(₹ in crores)

Particulars	2018-19	2017-18
Foreign Exchange Earnings	**2,210.26**	1,458.01
Foreign Exchange Outgo	**552.15**	359.99

For and on behalf of the Board

Ahmedabad
20th May, 2019

Samir Mehta
Executive Chairman

TO

THE SHAREHOLDERS

CAVEAT

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

NOTE

Except stated otherwise, all figures, percentages, analysis, views and opinions are on consolidated financial statements of Torrent Pharmaceuticals Limited and its wholly owned subsidiaries (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:

After a strong growth in 2017 and early 2018, the global economic growth weakened in the second half of 2018 and growth is estimated to be 3.6% in 2018 down from 3.8% in 2017. Growth in advanced economies decreased from 2.4% in 2017 to 2.2% in 2018 and emerging economies decreased from 4.8% in 2017 to 4.5% in 2018. Global economic activity in 2018 softened amidst an increase in trade tensions and tariff hikes between US and China, weak intra trade in euro area countries (Germany, France, Italy and Spain), tightening of financial conditions and higher uncertainty of fiscal policy in the wake of policy actions across all economies. In advanced economies, the growth declined due to low exports of euro area economies, disruptions to the auto sector in Germany, softening investments despite strong consumption growth and deceleration of production of capital goods. In emerging market and developing economies, the growth declined due to tighter credit policies in China, soft spending of durable consumption goods and financial and macroeconomic balances in Argentina and Turkey. Consumer price inflation remained muted across the advanced economies with the drop in the commodity and the core inflation (inflation rates excluding fuel and food prices) is well below the target despite the pickup in demand. For some emerging market economies, currency depreciation have passed through to higher domestic prices, partially offsetting downward pressure from lower commodity prices. Global economic growth is projected to decline further to 3.3% in 2019. However, the growth in 2020 is forecasted to rebound at 3.6% with expectations of trade agreement between US and China, shift towards more accommodative monetary policies, improvement in global financial market sentiments and gradual stabilization of conditions in stressed emerging market economies[1].

Global Pharma Market:

Life sciences operates around clinical and operational innovation, customer and consumer engagement and regulatory compliance and issues relating to cost and pricing. It is expected to have sales growth due to increasing demand from an ageing population, prevalence of chronic and communicable diseases, improved economic standards in key geographies and evolving scientific and technology advancements. The global pharmaceutical sales grew by around 4% in the year 2018 compared to the year 2017 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 2018, share of US, Europe and Emerging markets in global pharmaceutical sales remained relatively static compared to 2017.

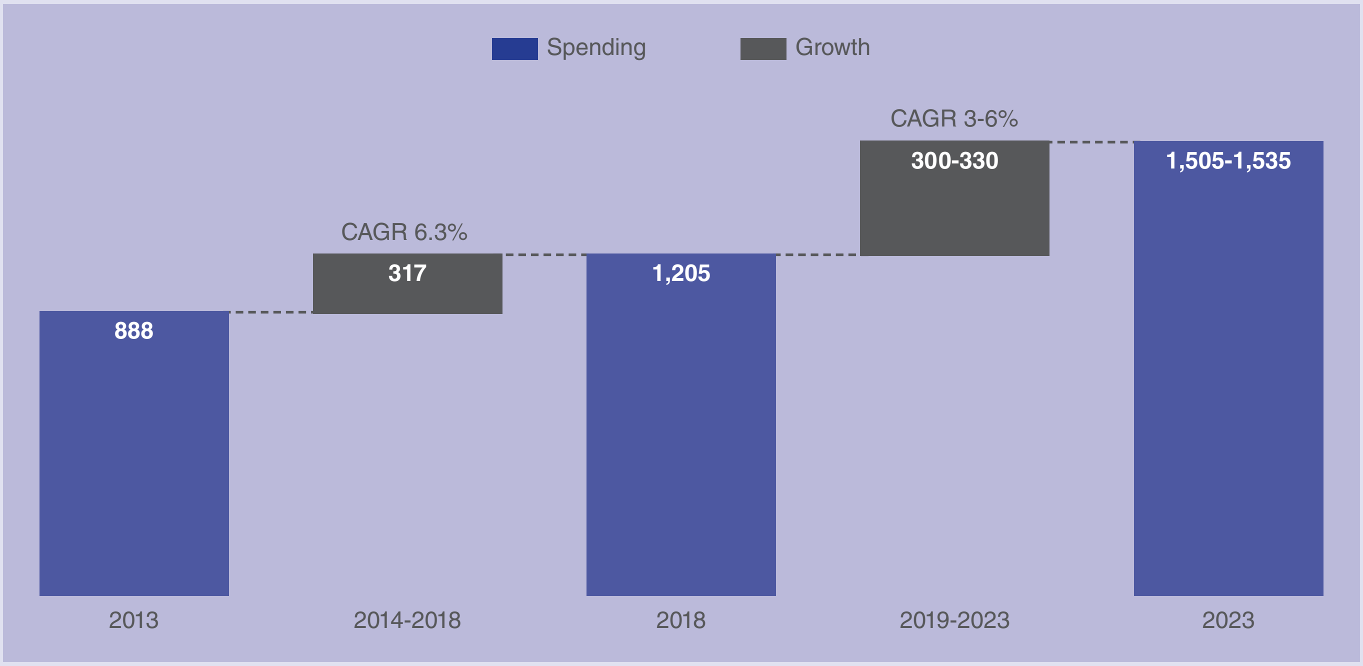
The largest pharmaceutical market, US is estimated to be approximately US$ 485 Bn in 2018 registering a growth of around 5.2% (compared to 1.2% in 2017). The market is expected to grow at a CAGR of 4% to 7% through 2023. The rebound in overall growth will be primarily driven by specialty and orphan drugs and will be offset by the impact of losses of brand exclusivity along with the emergence of biosimilars.

Top 5 European market is estimated to be approximately US$ 178 Bn with a growth of around 3.9% in 2018 (compared to 1% in 2017). However, as compared to CAGR of 4.7% over the past five years, the market is expected to grow slower at a CAGR of around 1% to 4% through 2023. Measures to control healthcare spending, budget concerns for innovative medicines leading to lesser growth from new products will contribute to this slower growth.

The Pharmerging markets mainly led by China, Brazil, India and Russia are estimated to be US$ 286 Bn and expected to grow slow at a CAGR of 5% to 8% through 2023, as compared to CAGR of around 9.3% of last five years. All pharmerging markets are expected to see slower growth in the next five years than in the past five years as the economic growth and healthcare access expansions of the past contribute less to growth. Branded generic medicines comprise the largest proportion of medicine spending in these economies. China, the largest Pharmerging market slows to 3% to 6% growth from an average of 8% in last five years as government reforms to expand insurance access to residents as well as expand and modernize the hospital system have been largely achieved and efforts shift to cost optimization and control corruption. These markets will be primarily driven by volume changes and the use of generics.

The global spending on medicines reached US$ 1.2 trillion in 2018, up from US$ 1.1 trillion in 2017. It is expected to exceed US$ 1.5 trillion by 2023 growing at 3% to 6% CAGR, a notable slowdown from 6.3% growth over prior five years. In the developed markets, growth will be driven by original brands and adoption of a wave of newly launched innovative products, partly offsetting the decline in spending on traditional medicines. While in the pharmerging markets, growth will be driven by the efforts of individual governments to expand public access to healthcare, higher incidence of chronic ailments and rising per capita incomes[2].

Global Spending and Growth, 2013-2023 US$Bn[3]



Emerging trends: Following are some notable trends that are expected to have an impact on the industry:

Oncology: Treatments for cancer have been advancing at an accelerated pace in recent years, offering notable improvements in clinical benefit, as well as increased specificity through selection, or through engineered cell or gene therapies. Advances in technology and the use of information will act as driving forces that will impact oncology treatment and costs over the next decade.

This would include advances in drugs and medical devices, real-world data with ability to link across datasets, pace of innovation in artificial intelligence and use of mobile apps for prevention to survivor support will drive better patient engagement. While each of these areas will see advances individually, they will also have combined influence on treatments of patients. It is expected that 70 to 90 oncology products will be launched in the next five years as compared to 57 oncology products launched in the past five years[2]. The global market for oncology therapeutic medicines is estimated US$ 100 Bn in 2018 and is expected to reach US$ 140 to 150 Bn at a CAGR of 6% to 9% by 2023[4].

Biosimilar products: In the next five years, biosimilars market will be driven by introduction of new competitors, market penetration of existing biosimilars and losses of exclusivity. Across developed markets, biosimilar introductions in the US have lagged behind Europe. However by 2023, US policies are expected to encourage more biosimilar filings, greater clarity in FDA review process and legal framework surrounding biosimilars litigation leading to their approvals at a faster pace.

Growth Drivers:

Ageing Population: Population across major parts of the globe is ageing. Number of older people is growing faster than the number of people in younger age groups due to declining fertility and increasing longevity. Older people (representing aged 65 and older) is projected to increase from 9% in 2018 to 16% by 2050. Global life expectancy is expected to improve 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[5].

Changing Lifestyles: In today's world, lifestyle of individuals are increasingly becoming hectic and stressful leading to unhealthy eating habits, lack of exercise, less sleep and other lifestyle choices. This change in lifestyle has resulted in higher obesity, hypertension, depression, diabetes, cardiovascular diseases and other physical problems.

Rising Disposable Income: In emerging markets, long term economic growth will lead to rise in disposable incomes. Due to this, the demand for better healthcare solutions will gradually increase.

Health Insurance & Infrastructure: 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. Moreover, medical infrastructure due to setting up / renovation of hospitals and healthcare centers, procurement of medical equipment and devices and improvement in medical education is expected to give healthcare providers the tools and resources necessary to treat their patients.

Technology & Innovation: Patients are better informed and aware of the healthcare choices available to them through technological advances such as mobile apps and healthcare devices. A new wave of innovation continues to replenish the product pipeline and will provide essential therapeutic advances for patients. 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 has set a high priority to improve the generic drug review process to increase competition to reduce prices. 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). The USFDA has granted highest number of ANDA approvals in its history by approving 971 ANDA's during 2018.

Global life science industry is at a phase 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:

Generic drugs are copies of branded drugs, which have exact same composition, intended use, effects, side effects, risks, safety and strength as the genuine drug. Generic drugs are available worldwide at an affordable cost along with faster approval process. The growth of generic drugs market across the world is driven by the increasing number of patent expiry for leading branded drugs, government initiatives boosting the generic drug usage for prevailing chronic diseases, adoption of complex generics and industry consolidation. Increase in number of competitors for generic drugs market have put the pressure on manufacturers of pricing. Moreover, price-ceiling actions by governments is further aggravating the profit margins of the generic drug manufacturers. Considering these challenges of pricing pressure and thin margins, the market is expected to exhibit steady growth in the future.

Global generic drug market is expected to reach USD 474 Bn by 2023, with a CAGR of around 6.8% between 2018 and 2023. Generic medicines already account for more than 80% in terms of volume of all drugs dispensed across the world and increased focus on bringing down healthcare expenditures would continue to help drive growth in generics market. 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.

In the US market, rapid consolidation has whittled down the number of buyers to three large buying consortia which controls little more than 90% of all generic drug purchases for the retail market. This has resulted in price deflation in the US generic market and has driven the companies to execute portfolio optimization strategies. In China, central government reforms to expand insurance access as well as modernize the hospital system will drive greater competitiveness for generic medicines and off-patent brands.

Opportunities for generics remain strong and positive across the globe, with an increasing demand for affordable healthcare and governmental focus on cost control. 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:

Today's regulatory environment is in the midst of significant change, driven by variety of forces including political shifts, new social norms and behaviors, and technological innovation. To succeed in this challenging environment, pharmaceutical companies need to actively look for ways to improve the effectiveness and efficiency of their compliance strategies and operations. Setting up of a unified regulatory information management system, which includes collection, management, publishing and archiving of regulatory requirements can help to drive end-to-end regulatory processes, realign country specific regulatory frameworks to global standards enabling harmonization of standards effectively, efficiently with and greater consistency thereby optimizing the costs. Regulatory requirements vary widely around the world and are constantly changing. Global regulatory intelligence department track and capture all the diverse requirements in a single global database that is definitive, comprehensive, searchable, and continuously updated.

Pharmaceutical product serialization is being introduced throughout the world, and there is consensus between regulatory agencies about the importance of the control and tracking of pharmaceutical products. The core purpose of serialization is to drive business values like better patient care, tracking and tracing of products, identify diversions in the supply chain thereby preventing from theft and counterfeiting of products. For pharmaceutical manufacturers to meet the requirements of serialization, this involves careful planning and considerable cost. To achieve serialization, every drug product pack needs to be uniquely identified with digital information-a machine readable code, and for the product to be registered in an external database to permit each individual item to be traceable. With USFDA being relatively advanced with serialization requirements, from 27th November, 2019 pharmaceutical wholesalers in US must buy and sell only serialized drugs and the whole pharma supply chain to complete unit level traceability by 27th November, 2023.

Mergers & Acquisitions (M&A):

Life sciences companies M&A activity focus to acquire new capabilities essential to keep pace with the changing landscape in the industry. Drying up of new product pipelines, patent expirations of blockbuster drugs, increasing pricing pressures from governments and insurance companies drives pharmaceutical companies to explore M&A options with a hope to replenish their pipelines and find something equally promising to compensate for the drop in revenues. Dwindling returns on R&D investment will mean that big pharma companies will continue to streamline their portfolios through targeted divestures of non-core assets and businesses, to focus their research and partnering budgets on their narrow spectrum of therapeutic areas where they hold dominant positions. In-house R&D productivity remains low for many large pharmaceutical companies and the need to access external sources of innovation continues. Availability of low cost finance and potential tax benefits also drive M&A activity. As technology innovation and digital capabilities becoming increasing important to satisfy health customers, life science companies are more likely to prioritize digital alliances that build data centric capabilities to improve patient outcomes.

Strategic investments depend on stable supply chains and trade policy. A lack of clearly foreseeable end to the US-China trade war and looming exit of the UK from the EU could put future investments at risk in 2019. The volume of M&A deals announced in 2018 declined by 10% from 2017. However, the aggregate value of all M&A deals signed in 2018 was around US$ 203 Bn, 15% higher against 2017[6]. Despite continued uncertainty, outlook of M&A activity remains reasonably strong with changing market dynamics.

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.

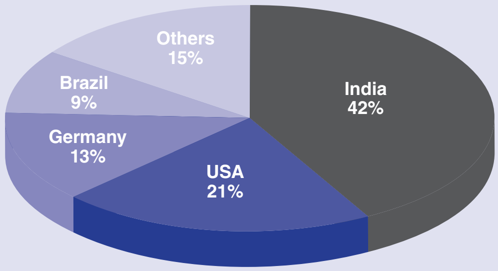
During the year 2018-19, the Company reported revenues of ₹ 7,673 crores, growth of 29% compared with ₹ 5,950 crores in the previous financial year. The Company had acquired branded business of Unichem Laboratories Limited for India and Nepal on a going concern basis on 14th December, 2017. The year ended 31st March, 2019 and 31st March, 2018 includes revenue of the acquired business from the date of acquisition.

The breakup of Revenues under key territories is as under:

Revenue (₹ in Crores)	2018-19		2017-18		Growth
	Amount	Share	Amount	Share	%
India	3,234	42%	2,351	40%	38%
USA	1,589	21%	1,100	18%	44%
Germany	1,009	13%	860	14%	17%
Brazil	689	9%	709	12%	-3%
Other countries	679	9%	522	9%	30%
CRAMs / Others	472	6%	408	7%	16%
Total	**7,673**	**100%**	**5,950**	**100%**	**29%**

Torrent's 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 its new product pipeline by developing complex products.

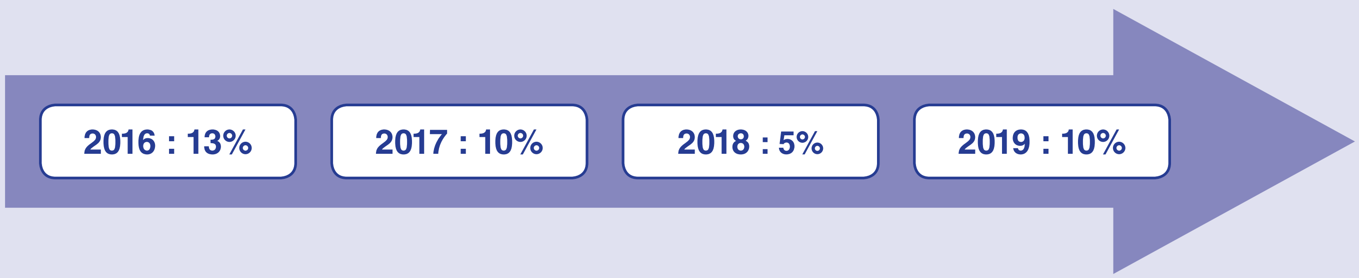


INDIA:

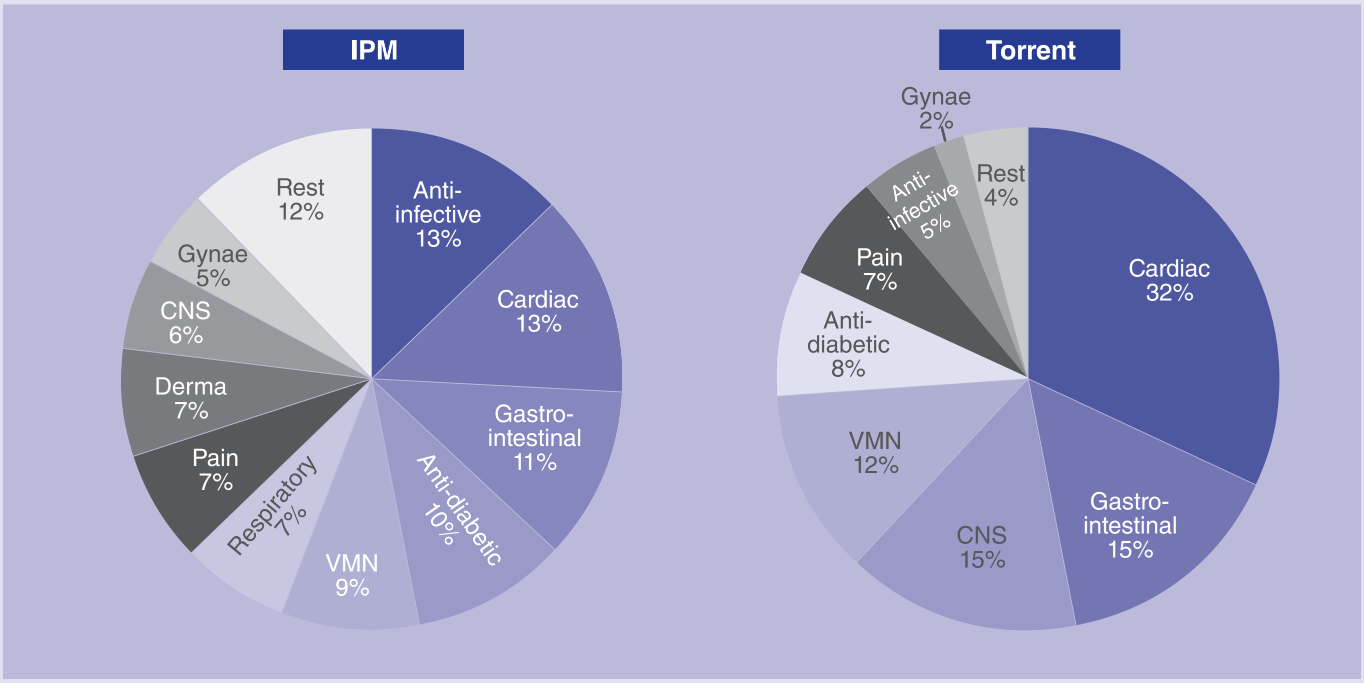
India enjoys an important position in the global pharmaceutical arena and accounts for 20% of the global exports in generics.

Indian pharmaceutical industry has been a significant contributor to the Indian economy. The drugs & pharmaceuticals sector attracted cumulative FDI inflows worth US$ 15.9 Bn over the last two decades (as per data released by Department for Promotion of Industry and Internal Trade). Growth drivers include robust demand from the domestic market, increasing spend on healthcare, improved healthcare solutions, enhanced medical access coupled with high incidence of chronic diseases and good economic growth.

Branded generics continue to dominate the Indian pharmaceutical market. The Indian pharma industry today seems to have adjusted to external factors such as demonetization and GST, which has affected the market growth in 2018. Market growth is expected to stabilize at a steady double-digit growth. The chronic segment is expected to grow faster than the acute segment. Indian Pharmaceutical Market (IPM) growth trend is as follows:

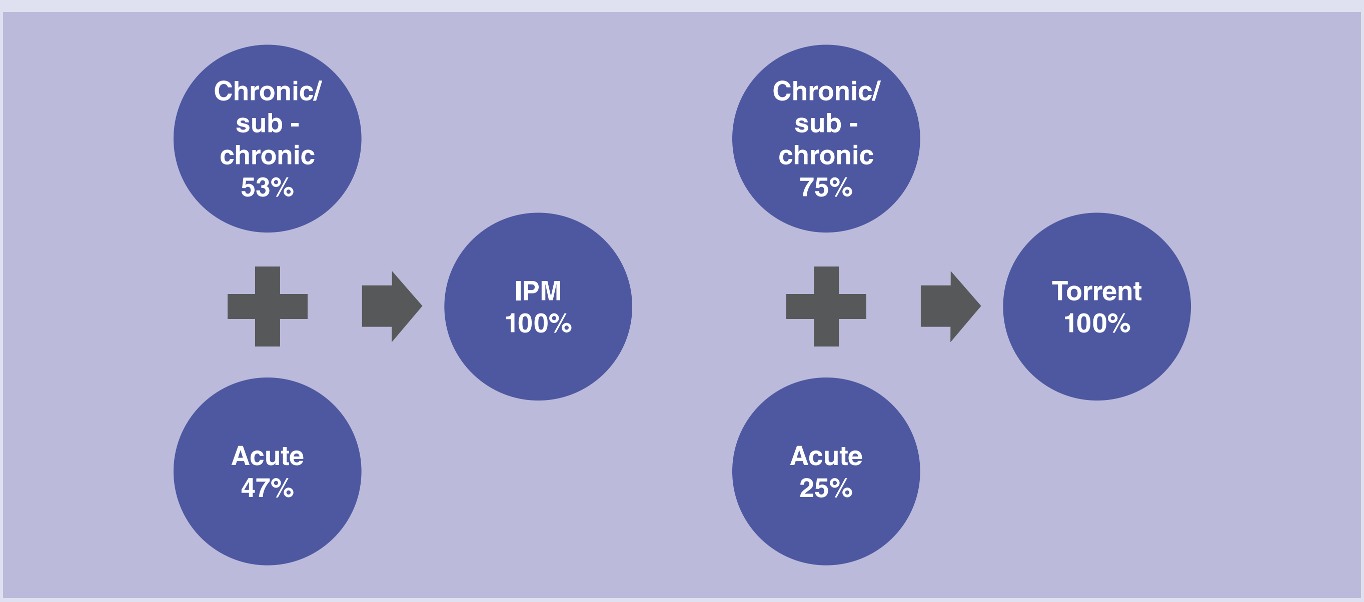


In IPM, the Anti-infective therapy is the key contributor followed by Cardiac, Gastro-intestinal, Anti-diabetic and Vitamin Minerals Nutrients (VMN) segment. The increment for the market is mainly contributed by the Cardiac, Anti-diabetic and Gastro-intestinal therapies[7].



India business contributes 42% to the overall Torrent revenues and is ranked 7th in India with 3.35% market share (as per AIOCD dataset March, 2019, without bonus schemes)[7].

High growth chronic / sub-chronic therapies accounts for 75% of the India business for Torrent v/s 53% for IPM[7].



Torrent has strong presence in key therapies and ranks amongst the top 5 players in Cardiac, Central Nervous System (CNS), Vitamin Minerals Nutrients (VMN) and Gastro-intestinal therapeutic area. Additionally, there has been rank improvement across Gastro-intestinal, Pain and Anti-diabetic therapies during the year[7].

Ranking	Cardiac	CNS	VMN	GI	Pain	Anti Diab*
	2nd	4th	4th	5th	8th	10th

***without Insulin**

The Company on 14th December, 2017 has completed the acquisition of branded business of Unichem Laboratories Limited for India and Nepal and by now, substantial progress has been achieved on the integration aspects. Significant interventions have been executed across field force optimization, specialty based promotion and portfolio prioritization. Moving forward the benefits would be seen in terms of revenue growth as well as productivity improvement.

Brand building remains the key priority and currently 19 brands feature amongst top 500 brands in IPM[7].

The largest brand Shelcal has achieved another milestone by surpassing sales of ₹ 400 crores at mother brand level as per AIOCD dataset as on Moving Annual Total (MAT) March, 2019[7].

As on date, the Company has 70 brands, which are leader in their respective covered markets[7].

New introductions also remains the area of focus, Shelcal XT that was launched in June, 2017 features amongst top 5 new introductions in the IPM[7].

BRAZIL:

Brazil is the largest pharmaceutical market in the Latin America and the 7th largest in the world which is expected to become the 5th largest market by 2023. The Brazilian pharma market is estimated to be around US$ 32 Bn and it is forecasted to grow at 5% to 8% year on year until 2023 with improvements expected on macro-economic parameters under the new government and its policies[3].

After the downturn of 2015-16, Brazil's economic recovery has been slow with annual growth of 1% in 2017 and 2018 and is expected to be 2.1% in 2019. Inflation is expected to remain in the range of 3% to 4% in 2019 and 2020[1]. The economic recovery has been slow due to poor fiscal health, elevated debt and debt-servicing costs for consumers and businesses, and a lack of strong progress in improving long-term private sector competitiveness. Economic challenges of lack of productivity, low investments and fiscal imbalances remains to be addressed by the new Government in office from January, 2019. With unemployment rate, hovering around 12% it shows economy well below its capacity. Government subsidies under health care schemes has reduced while opportunity for the pharmaceutical companies to gain from direct sales to consumers is increasing. It would also be dependent on the future health care policy of the new Government. On the regulatory front, the Brazilian government is taking measures for anti-counterfeiting by bringing in batch traceability regulation. The pilot phase started in 2017 with some companies and full implementation is expected in by mid of 2020. Tender market is slowing down, the cost of healthcare is rising and the coverage is waning. Global MNCs have a strong hold in the market, followed by the local companies with a strong presence also in the generic segment. Indian companies are also expanding their footprints in the Brazilian market.

During the year, Brazilian operations registered revenue of ₹ 689 crores (Sales in Reals 366 Mn) with constant currency growth of 5% over previous year. The Company intend to gain market shares through specialty focus, enhancing field force productivity and introducing new products.

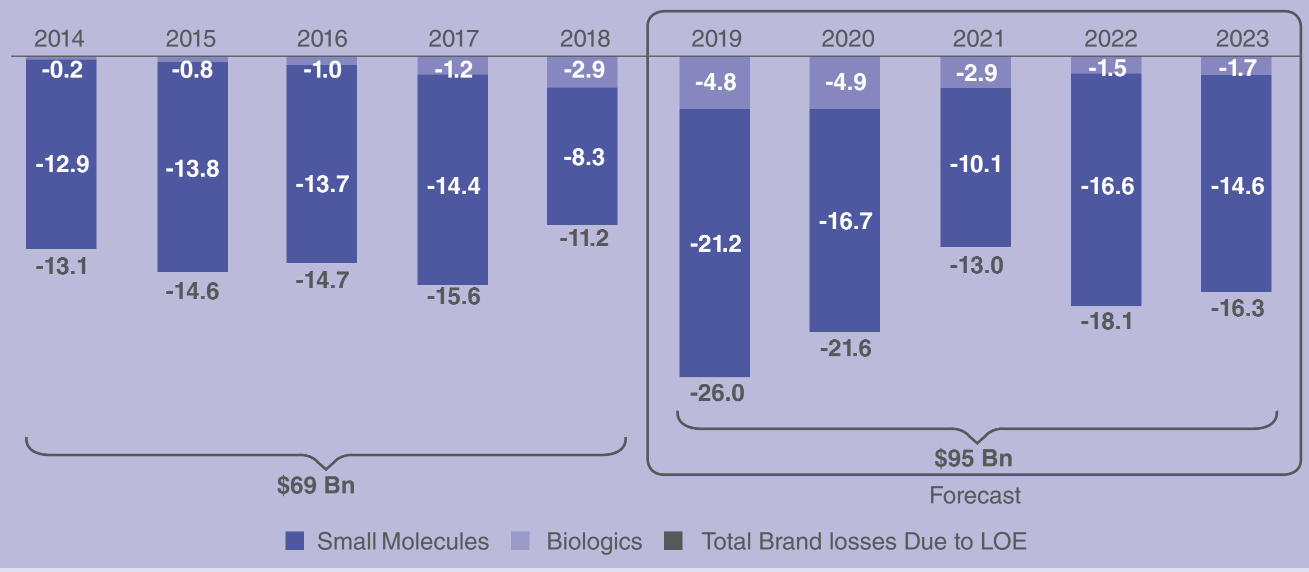
Among the Indian companies, in terms of value Torrent ranks No. 1, with the second largest less than half of the size of Torrent (Close-up dataset). The Company has 12 products under approval and has a development basket of 22 products. The Company has been building its portfolio in the generics with parallel filings of branded generic products. It has approvals of 21 generic products and 25 branded generics.

USA:

The US pharmaceutical market remains the world's largest market. US market growth in 2018 rebound to 5.2% compared to 1.2% in 2017. US spending on medicines is expected to reach from $485 Bn in 2018 to $625 to $655 Bn in 2023, at a CAGR of 4% to 7%. This increase in spending growth will be driven by a substantial rise in the number of new launches offset by losses of market exclusivity of branded products[3].

In the developed markets, majority of the brand Losses of Exclusivity (LOE) impact through 2023 will be derived from the US market. Brand LOE impact in the US for the next five years is expect to be $95 Bn as compared to $69 Bn in last five years but the impact will be same (4.1% of the branded market) in terms of percentage for the next five years as compared to last five years. Overall, the impact of LOE in the US is greater for small molecules compared to biologics, although the impact of biosimilar competition will grow significantly for biologics through 2023. The largest individual product to face LOE in the US is expect to be adalimumab (Humira), with estimated biosimilar entries expected in late 2023, which will delay the bulk of the impact into 2024 and beyond[2].

US impact of Losses of Exclusivity on Brand Spending US$Bn[8]



Generic drugs account for nearly 90% of prescriptions dispensed in the US and contribute to approximately 20.8% spending. US generic market continues to face price deflation, decreased dollar growth and concentrated buying power. Three key generic purchasers in the US have nearly 90% share of generic purchases. Generic drugs have significantly lower price as compared to branded drugs. Besides this, market competition, increasing number of patent expiries, government initiatives and rising prevalence of chronic diseases will propel the growth of US generic drugs market in the near future.

The USFDA has put forth several measures to improve the generic-drug development and approval process. Re-authorization of the Generic Drug User Fee Amendments (GDUFA II) to provide additional resources to the USFDA for generic drug reviews has led to increase both generic approvals and generic drug competition in the US generic drug market. During 2018, USFDA approved 971 ANDA fillings, which are highest approval in a single year.

Torrent is ranked No. 10 amongst the US generic Indian companies and has a market share of around 16% in its covered market. Revenues from US operations were ₹ 1,589 crores (Sales in US$ 212 Mn) during the financial year 2018-19 as compared to ₹ 1,100 crores (Sales in US$ 163 Mn) during the previous financial year showing a growth of 44% (constant currency growth of 30%).

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

The Company received 14 ANDA approvals in 2018-19. The Company has 100 ANDA approvals (including 10 tentative approvals) and its pipeline consists of 32 pending approvals and 39 products under development. The US business is expected to contribute to the growth of international business in a significant way.

GERMANY:

Top 5 European markets are Germany, France, Italy, UK and Spain. Medicine spending in top 5 European countries will increase from $178 Bn in 2018 to $200 to $230 Bn in 2023. Cost control measures by the European governments and less growth from new products is expected to limit growth to 1% to 4% from 2019 to 2023 compared to 4.7% CAGR seen during the past five years. Controlling healthcare spending is a uniform focus across European governments while policy approaches differ[3].

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.

The Company's European business is mainly in Germany and UK, where the Company has its direct presence.

Germany is the 4th largest pharmaceutical market in the world and the largest in Western Europe. It is valued around $54 Bn and is expected to grow at a CAGR of 3% to 6% till 2023[3]. 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 6.5% and is ranked No. 1 among Indian players in the German market. Revenues from Germany operations during 2018-19 were ₹ 1,009 crores (Sales in Euro 124 Mn) with a growth of 17% (constant currency 9%).

CONTRACT MANUFACTURING:

This mainly includes manufacturing of human insulins for Novo Nordisk, for the India market and revenues from dossier out licensing business. It registered revenues of ₹ 460 crores during the year showing a growth of 15% over previous year.

MANUFACTURING

The Company's state of art manufacturing facilities for formulation and API have significantly contributed to the demand of high quality products and in sustaining its growth and success.

NEW CAPITAL INVESTMENTS

As part of its strategy to diversify into different dosage forms, the Company is setting up manufacturing facility for Oral Oncology products. The project is progressing well.

RESEARCH AND DEVELOPMENT

Discovery Research:

The Company is currently developing several in-house New Chemical Entities (NCE) in the areas of metabolic, cardiovascular, gastrointestinal, dermatological and respiratory disorders. The Company has cumulatively filed 731 patent applications for NCEs from these and earlier projects in all major markets of which, 372 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 is for management of heart failure in diabetic patients, for which the Phase II clinical trial has been completed in India and Europe. The formulation has been optimized and the Company is planning to file for pivotal phase III clinical trial later this year.

Approval for Phase II study for the Company's 3rd NCE being developed for inflammatory bowel disease, has been granted. The IND (Investigational New Drug) enabling toxicity studies to support first-in-human studies for the first NCE for the indication of COPD (Chronic Obstructive Pulmonary Disease), from the basket of drugs under development for respiratory disorders, has been completed. The Company is preparing for Phase I filing, planned early next year.

NDDS & Pipeline Augmentation:

Novel Drug Delivery Systems (NDDS) have emerged from application of new technology platforms to design products with an aim to reposition existing drugs, if required through an alternate route of administration. The aim is to improve their performance with respect to efficacy, safety and patient compliance through enhanced bio-availability, reducing the dose, frequency and onset of action.

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

Foam based topical product for psoriasis is undergoing late stage clinical development. Another program that the Company is currently working on is for the indication of acute pain management through nasal route of delivery, for which Phase III clinical trial is ongoing.

THREATS, RISKS AND CONCERNS

Drug Price Control:

Currently 376 drugs and 790 formulations are covered under National List of Essential Medicines [NLEM]. It is likely that the government may bring more such drugs and formulations under price control or change the mechanism of calculating the ceiling price of the Drugs which are under the ambit of Drug Price Control Order 2015 [DPCO 2015], which in turn will have impact on the margins of the Company. The Company manages its product portfolio so as to minimize the product weightage of drugs under price control.

Generics:

The Government of India is encouraging use of generic products through various initiatives. 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, regulatory 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.

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 2018-19 was 14,550 against 15,599 as at the end of financial year 2017-18, a decrease of 1,049 employees. The field force decreased by 581 employees from 6,774 at the end of financial year 2017-18 to 6,193 at the end of financial year 2018-19. The R&D centre had 999 employees (of which 814 were scientists) at the end of financial year 2018-19 compared with 1,160 (of which 955 were scientists) as at the end of financial year 2017-18, a decrease of 161 employees. The worker strength at plant was 2,191 at the end of financial year 2018-19 compared with 2,193 at the end of financial year 2017-18. The remaining employee strength comprising mainly of head office personnel, overseas employees, nonworker employees at plants at Indrad, Baddi, Sikkim, Dahej, Pithampur, Vizag which decreased to 5,167 at the end of financial year 2018-19 from 5,472 at the end of financial year 2017-18.

INTERNAL CONTROL SYSTEM

The Company has a robust 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 2018-19 COMPARED WITH FINANCIAL YEAR 2017-18

Summary Financial Information:

Particulars	**2018-19**		**2017-18**	
	₹ crores	**% to Revenues**	**₹ crores**	**% to Revenues**
Sales and Operating Income (Revenues)	**7,673**	**100%**	**5,950**	**100%**
Gross Profit	**5,453**	**71%**	**4,276**	**72%**
Selling, General and Admin expenses (SG&A)	2,931	38%	2,467	41%
Research and development spend	538	7%	460	8%
Forex Gain / (Loss)	(1)	(0%)	237	4%
Other Income	42	1%	55	1%
EBIDTA	**2,025**	**26%**	**1,641**	**28%**
Depreciation/Amortization	618	8%	409	7%
Net Interest expense/(Income)	488	6%	301	5%
Profit before tax and exceptional items	**919**	**12%**	**931**	**16%**
Exceptional Items	357	5%	-	-
Profit before tax and after exceptional items	**562**	**7%**	**931**	**16%**
Income Tax	126	1%	253	5%
Profit after Tax	**436**	**6%**	**678**	**11%**

The Company acquired branded business of Unichem Laboratories Limited on 14th December, 2017 and acquired Bio-Pharm Inc. on 18th January, 2018. To this extent the previous year number includes revenues and expenses only from the date of acquisition.

Financial Performance

- Revenues grew by 29% to ₹ 7,673 crores from ₹ 5,950 crores in the previous year.
- EBIDTA grew by 23% to ₹ 2,025 crores from ₹ 1,641 crores.
- Depreciation and amortization increase is on account of the acquired businesses during the previous year.
- Increase in interest expenses is on account of debt borrowed for acquisitions.
- Research and Development expenses include amount of ₹ 95 crores (PY: ₹81 crores) towards discovery research.
- Exceptional items represent:

  (i) ₹ 217 crores pertaining to impairment of certain Intangible assets recognized with respect to Bio-Pharm acquisition and

  (ii) ₹ 140 crores in relation to product recall expenses.
- The net debt stood at ₹ 4,808 crores against ₹ 5,102 crores in the previous year.
- Addition to Property, plant and equipment during the year was ₹ 581 crores which includes purchase of freehold land amounting to around ₹ 320 crores.

WORKING CAPITAL AND LIQUIDITY

The trade working capital i.e. net working capital investment excluding current investments, cash and cash equivalents, bank balances other than cash and cash equivalents, loan given to employees, short term borrowings, current maturity of long term debt, derivative financial instruments and accruals for health insurance contracts (in Germany) increased by ₹ 160 crores from ₹ 2,035 crores at the end of financial year 2017-18 to ₹ 2,195 crores at the end of financial year 2018-19. The number of days of net trade working capital has decreased from 128 days in 2017-18 to 107 days in 2018-19.

The liquidity of the Company as reflected by cash and bank balances and current investments increased by ₹ 238 crores to ₹ 940 crores at the end of financial year 2018-19 from ₹ 702 crores at the end of financial year 2017-18. The Company generated net cash of ₹ 1,798 crores from operations (after working capital changes) and ₹ 1,314 crores was spent on financing activities comprising new loans, dividend, interest and loan re-payments and it spent a net amount of ₹ 241 crores in investing activities.

KEY FINANCIAL RATIOS FOR FINANCIAL YEAR 2018-19 COMPARED WITH FINANCIAL YEAR 2017-18

Reference	Particulars	2018-19	2017-18
	Profitability ratios		
a)	Operating profit margin	**26%**	28%
b)	Net profit margin (Refer Note 1)	**6%**	11%
c)	Return on net worth (Refer Note 1)	**9%**	15%
	Working capital ratios		
d)	Debtors turnover (days)	**70**	79
e)	Inventory turnover (days)	**95**	123
	Gearing ratios		
f)	Interest coverage (Refer Note 2)	**2.83**	4.05
g)	Debt / Equity	**1.08**	1.05
	Liquidity ratios		
h)	Current ratio	**0.98**	1.01

The ratios have been computed as follows:

a) Operating profit margin: Revenues – [Cost of goods sold+ Employee benefits + Other expenses] + [other income - interest income] / Revenues

b) Net profit margin: Profit after taxes / Revenues

c) Return on net worth: Profit after taxes / Net worth

[Net worth: Share Capital + Reserves and Surplus]

d) Debtors days: (Net Sales / Trade Receivables) * 365

e) Inventory days: (Net Sales / Inventory) * 365

f) Interest coverage: Profit before interest, exceptional items and taxes / Interest expense

g) Debt to Equity: Debt / Net Worth

Debt: Long term borrowings (Current & Non Current Portion)

Net worth: Share Capital + Reserves & Surplus

h) Current ratio: Current assets / Current liabilities

Notes:

1. Net profit margin and return on net worth are lower mainly on account of full year impact of interest and amortization of acquired businesses (viz. Unichem and Bio-Pharm) and impairment of intangibles and product recall expenses aggregating to ₹ 357 crores shown under exceptional items.

2. Interest coverage ratio: Interest coverage ratio is lower as compared to previous year owing to mainly full year impact of interest expenses of acquired business.

For and on behalf of the Board

Ahmedabad
20th May, 2019

Samir Mehta
Executive Chairman

References

1. International Monetary Fund - World Economic Outlook, April, 2019

2. The Global Use of Medicine in 2019 and Outlook to 2023, IQVIA Institute, January, 2019

3. IQVIA Market Prognosis, September, 2018, IQVIA Institute, December, 2018

4. IQVIA Therapy Prognosis, September, 2018; IQVIA Institute, October, 2018

5. World Population Data 2018

6. IQVIA Pharma Deals, Review of 2018

7. AIOCD AWACS : Pharma Trac March, 2019

8. IQVIA Market Prognosis, October, 2018; IQVIA Institute, December, 2018

BUSINESS RESPONSIBILITY REPORT FOR THE FINANCIAL YEAR 2018-19

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:**	2018-19
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, Losartan 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 sixteen subsidiaries, two representative offices and one manufacturing unit of the Subsidiary Company. Details of major locations are explained in the Management Discussion and Analysis.
	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 forty 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, 2019
2	**Total Turnover (INR) (Consolidated):**	₹ 7,673 Crores
3	**Total profit after taxes (INR) (Consolidated):**	₹ 436 Crores
4	**Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%) (Consolidated):**	6.07% 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 the year 2018-19: 1. Paediatric Healthcare Programme - Reach EAch CHild (“REACH”) 2. Development and Maintenance of Public Parks 3. Shiksha Setu – A quality education programme 4. Supporting the establishment of a cancer care center 5. Supporting Primary and Secondary schools and other community development work in and around the Company’s operations. 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 16 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. **Principal-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:**

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

* 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 believes that while implementation of the minimum framework is a pre-requisite, superior governance practices are vital for growing a 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 Integrity, Passion for Excellence, Participative Decision Making, Concern for Society & Environment, Transparency and Fairness with Care.

   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, Monitor and Report Trading by Insiders.

   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 ensures that 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 78 complaints from various stakeholders during the year 2018-19, which were promptly resolved except 7 which are under investigation.

Principle 2: PRODUCTS LIFE CYCLE SUSTAINABILITY

Drug Product quality and patient safety are the fundamental principles for Torrent. At Torrent, we strive to provide goods and services that are safe and contribute to sustainability throughout their lifecycle.

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 strives for sustainability by strengthening the processes to minimize the environmental load, understanding risk to the environment and to human health arising from environment and promoting green processes by strategic design of technologies and integrating with updated guidelines.

   Following products help to address social or environmental concerns in their design:

   a) Febuxostat is a xanthine oxidase inhibitor used for treating gout caused by excessive levels of uric acid in the blood (hyperuricemia). Uric acid is formed from the breakdown of certain chemicals (purines) in the body.

      The Febuxostat manufacturing process involves 3-stages of manufacturing. The process included a reagent isobutyl bromide which had isomeric impurities and consequently required additional purification which led to yield losses as well as increased environmental load. The process was redesigned by introducing isopropylamine in the reaction process which reacted with the isomeric impurities in order to form a complex which was removed during the down stream processing. This resulted in higher yields with desired quality and the process generated no waste.

   b) Alogliptin benzoate is a dipeptidyl peptidase-4 (DPP-4) inhibitor which is used in combination with diet and exercise in the therapy of type 2 diabetes, either alone or in combination with other oral hypoglycemic agents. ... Used for treatment of type 2 diabetes.

The Alogliptin benzoate manufacturing process involved a 4-stage synthesis. The process in stage-II consist of N-methylation reaction. The process was modified by increasing the concentration of reactant in order to minimize the generation of hazardous waste at plant scale leading to reduction of solid waste generation. Further, during the formation of API the desired particle size was achieved through crystallization. The process was fine-tuned in order to avoid micronization which resulted in reduction of cycle time & waste generation.

c) Prucalopride Succinate is a drug acting as a selective, high affinity 5-HT4 receptor agonist which targets the impaired motility associated with chronic constipation, thus normalizing bowel movements.

The Prucalopride Succinate manufacturing process was reduced to a single stage synthesis against the earlier 2-stage process which included an additional purification step. The manufacturing process was optimized to remove additional purification by incorporating water and solvent to get desired quality of product in the first step only which resulted into higher yields and reduction in process cycle time leading to environmental waste minimization and energy savings.

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 continuously incorporating /strengthening controls in the sourcing methodology, manufacturing, safety norms and distribution chain. Same were considered during product development. The system is in place for vendor selection and evaluation procedure and emphasize local supplier as and where possible. Product development done with optimum yield which resulted into less waste generation. Up to 10-15% waste is recycled by efficient process development. So during development the Company considered to achieve more output with less waste.

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

The Company emphasizes to reduce the water and energy consumptions that reduce the direct or indirect cost as well as natural resources. The Company always promote natural resource conservation, reuse, reduce, recycle and waste minimization through out process intensification in terms of process time and optimum yield.

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 endeavours 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 materials/ APIs and intermediates. The Company has system of identifying and/ 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 wherever 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 philosophy of the waste reduction hierarchy which consists of reduce, reuse, recover & recycle.

   Waste solvent is being recovered through recovery system and sold to external agencies (approved by State Pollution Control Board) for reuse at their end.

   Major part of high calorific waste (more than 55%) is being used as an alternate fuel in cement industry in eco-friendly manner.

   Installed sludge dryer is further up graded to have more efficient output.

   The manufacturing facilities have state-of-art effluent treatment facilities, which ensure Zero Liquid Discharge of waste water. All the effluent quantity (i.e. 100%) is being reused in utility operations and gardening.

   Plastic waste is sent to CPCB approved agency for recycling.

Principle 3: EMPLOYEES WELL-BEING[1]

At Torrent, our value systems have helped us to sustain in this journey. Besides, what also stands out are the contribution of our employees who have made this possible with their agile mindset, strong performance ethics and rigorous customer focus.

In recognition of the employee contribution, the Company constantly strives to provide a conducive work environment. It also focuses on empowering employees and help them to realize their potential. This has provided them an opportunity for the all-round development and growth - both professionally and personally.

Torrent's culture promotes an environment that is transparent, flexible, fulfilling and purposeful for its employees.

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

   The total number of employees is 13,598 as on 31st March, 2019.

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 1,792 as on 31st March, 2019.

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

   The total number of permanent women employees is 1,187 as on 31st March, 2019.

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

   The total number of permanent employees with disabilities is 39 as on 31st March, 2019.

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

   Yes

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

   4.46% of permanent employees are the members of the recognized 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. During the year, one complaint of sexual harassment was received, which was promptly addressed.

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[1] All the figures are on standalone basis.

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	76.06%
b.	Permanent Women Employees	77.93%
c.	Casual / Temporary / Contractual Employees	99.50%
d.	Employees with Disabilities	92.31%

Principle 4: STAKEHOLDER ENGAGEMENT

At Torrent, we believe that an effective stakeholder engagement process is necessary for achieving its sustainability goal of inclusive growth. The Company has always partnered with its stakeholders and believed in sharing the fruits of socio-economic progress.

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**

Yes, 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	Investors' 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 headquarters 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 wherever 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 year 2018-19, please refer the 'Annual Report on CSR Activities' attached as Annexure C to Directors Report.

Principle 5: HUMAN RIGHTS

Torrent through its Code of Business Conduct, expresses it's commitment to do business ethically and embrace practices that support environment, human rights and labour laws. The Company's policies like Policy on Protection of Women against Sexual Harassment at Workplace and the Whistle Blower Policy are developed and aligned to these principles.

One of our core value, Fairness with Care, reflect our philosophy of treating all employees equally, irrespective of their caste, creed, religion and gender.

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. Besides covering the Company, it also extends to various stakeholders including Group Companies in India, suppliers, contractors, etc.

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

   No complaints on breach of human rights were received during the year.

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.

   Rain Water Harvesting System is installed at Indrad plant with 26 injection wells with large sunken (Catchment) area. Dense and lush green belt has been developed across all its locations. All the Company's facilities are in compliance with ISO–14001-2015 standards.

   The Company is also ensuring that its business partners particularly Loan Licensees' sites are maintaining a good level of environment protection plan.

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.**

   Yes, the Company is committed towards contributing to manage climate change. The Company has started using eco-friendly refrigerant gas R 410 in all its air conditioning operations. As a part of renewable energy and to reduce carbon footprint, the Company has installed & commissioned 1 MW Solar Rooftop power plant at its Indrad manufacturing facility. This plant generates approx. 15 lacs units per annum. Further, the Indrad manufacturing facility is certified with Energy Management Systems- ISO 50001.

   New buildings are designed and constructed on the concept of 'Green Building' having natural lights and ventilation. Various power saving devices viz. more efficient electric drives/ lights fixtures- LED /machines etc. are being procured and installed.

   The Company is not using ozone layer depleting substances in any of its process / utilities.

   The Company has also taken up several other steps directed towards conservation of energy. Please refer to Annexure H to the Director's Report.

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

   Yes, the Company has system in place to evaluate environment risks under Environment Management System ISO 14001-2015.

   Environment risks are evaluated for all process, storage and handling operations at site. Health, Safety and Environment aspects are taken care while designing manufacturing processes at Research and Development Centre.

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, the Company has taken various actions to minimize GHG (Greenhouse Gases) like clean fuel Natural Gas is used in Boilers, eco friendly refrigerant gas R410 is used in air conditioning operations, water less urinals installed in wash rooms.

   Yearly environment audits are conducted, wherever applicable, by schedule I auditor decided by State Pollution Control Board. The reports are submitted to authorities.

   The incinerated type hazardous waste is also supplied to the cement industries as an alternate fuel as a part of co-process / Pre-process.

   Organic Waste Converter is installed at its various manufacturing facilities/ R & D Centre for converting canteen waste into useful compost.

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.**

   Yes, the Company has taken several initiatives on clean technology, energy efficiency and renewable energy. Solar power system has been installed in its Indrad manufacturing facility. Energy efficient dewatering system has been installed & commissioned to reduce the moisture content in ETP sludge.

   All new installations are having energy efficient motors. Existing motors are being replaced gradually. 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. In addition to regular periodic reporting, the Company has in place online monitoring system for treated waste water. This data are accessible by CPCB/GPCB. Online Camera is also installed for treated waste water flow monitoring and accessible by CPCB/GPCB.

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.**

   No show cause / legal notice is pending at the end of the year 2018-19.

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 year 2018-19, 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 Tornascent 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 & Maintenance 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 ₹ 26.45 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 ₹ 6.10 crores to various organisations involved in activities related to education, health, socio-economic development, culture, integrated development of tribes, Community development, and 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 Pharmacovigilance 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?**

   0.49% of the complaints are pending at the end of the financial year.

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).**

   Yes, 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.**

   In the year 2014, a complaint was filed before the Competition Commission of India ("CCI") by Madhya Pradesh Chemist and Distributors Federation against Madhya Pradesh Chemist and Druggists Association ("MPCDA"), two other associations and several pharmaceutical companies alleging contravention of Section 3 of the Competition Act, 2002 . 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 final order.

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.

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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, 2019. 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 a leading Legal Professional, an Accounting Professional, a Healthcare Entrepreneur and an Accomplished Professional 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 seven directors[1] as on 31st March, 2019. Out of total Board strength, five are Non-Executive Directors (NEDs) (71% of the Board strength) and four are Independent Non-Executive Directors (IDs) (57% of the Board strength) including two Independent Women Directors.

In order to effectively discharge its duties, it is necessary that collectively the Board holds the appropriate balance of skills and experience. The Board seeks a complementary diversity of skills and experience across its members. The table below summarizes the key qualifications, skills and attributes which are taken into consideration while nominating a person to serve on the Board.

Skills / Expertise / Competencies	Detail for such Skills / Expertise / Competencies
Strategic Leadership	Significant leadership experience to think strategically and develop effective strategies to drive change and growth in context of the Company's overall objectives.
Industry Experience	Experience and / or knowledge of the industry in which the Company operates.
Financial expertise	Qualification and / or experience in accounting and/or finance coupled with ability to analyze key financial statements; critically assess financial viability and performance; contribute to financial planning; assess financial controls and oversee capital management and funding arrangements.
Governance, risk and compliance	Knowledge and experience of best practices in governance structures, policies and processes including establishing risk and compliance frameworks, identifying and monitoring key risks.
Diversity	Representation of gender, cultural or other such diversity that expand the Board's understanding and perspective.

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, 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 four times on 30th May, 2018, 2nd August, 2018, 3rd November, 2018 and 30th January, 2019. Time elapsed between any two consecutive meetings never exceeded 120 days.

[1] excluding Shri Pradeep Bhargava who has completed his tenure as an Independent Director of the Company on 31st March, 2019.

Details of the composition of the Board, the Board meetings held during the year, attendance of Directors at Board meetings and at the last Annual General Meeting (AGM) are as under:

Name & Designation of the Director	Category[1]	No. of Board Meetings held during the tenure	Board meetings attended	Attendance at the last AGM
Shri Sudhir Mehta, Chairman Emeritus	NED	4	4	Yes
Shri Samir Mehta, Executive Chairman	Executive Chairman	4	4	Yes
Shri Markand Bhatt[2]	NED	1	1	No
Shri Shailesh Haribhakti	ID	4	4	Yes
Shri Haigreve Khaitan	ID	4	4	Yes
Shri Pradeep Bhargava[3]	ID	4	4	Yes
Smt. Renu Challu[4]	ID	1	1	NA
Ms. Ameera Shah[5]	ID	3	2	NA
Ms. Nayantara Bali[5]	ID	NA	NA	NA
Dr. Chaitanya Dutt, Director (Research & Development)	WTD	4	4	Yes

Notes:

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

2 Shri Markand Bhatt retired as Director of the Company with effect from 2nd August, 2018 (i.e. date of last AGM).

3 Shri Pradeep Bhargava has completed his tenure as an Independent Director of the Company on 31st March, 2019, pursuant to which he ceased to be the Director of the Company.

4 Smt Renu Challu has completed her tenure as an Independent Director of the Company on 26th July, 2018, pursuant to which she ceased to be the Director of the Company.

5 Ms. Ameera Shah and Ms. Nayantara Bali were appointed as Independent Directors of the Company for a term of 3 (three) consecutive years effective from 2nd August, 2018 and 7th March, 2019 respectively.

Details of Directorships and other related matters are as under:

Name & Designation of the Director	No. of other Directorship Held[1]		Name of the other listed entities where Directorship held & Category of Directorship	No. of other Board Committees of which Member / Chairperson[1]
	Listed Company	Other Company		
Shri Sudhir Mehta, Chairman Emeritus	1	-	1. Torrent Power Limited, Non-Executive Director	-
Shri Samir Mehta, Executive Chairman	2	-	1. Torrent Power Limited, Executive Chairman 2. Arvind Limited, Independent Director	1 (Member)
Shri Shailesh Haribhakti	6	3	1. Future Lifestyle Fashions Limited, Independent Director 2. Blue Star Limited, Independent Director 3. ACC Limited, Independent Director 4. L&T Finance Holdings Limited, Non-Executive Chairman 5. Mahindra Lifespace Developers Limited, Independent Director 6. Ambuja Cements Limited, Independent Director	4 (Chairperson) 4 (Member)

Name & Designation of the Director	No. of other Directorship Held[1]		Name of the other listed entities where Directorship held & Category of Directorship	No. of other Board Committees of which Member / Chairperson[1]
	Listed Company	Other Company		
Shri Haigreve Khaitan	5	3	1. Ceat Limited, Independent Director 2. Harrisons Malayalam Limited, Independent Director 3. Inox Leisure Limited, Independent Director 4. Ambuja Cements Limited, Independent Director 5. JSW Steel Limited, Independent Director	3 (Chairperson) 4 (Member)
Ms. Ameera Shah	2	1	1. Kaya Limited, Independent Director 2. Shoppers Stop Limited, Independent Director	2 (Member)
Ms. Nayantara Bali	-	-	-	-
Dr. Chaitanya Dutt, Director (Research & Development)	-	-	-	-

Notes:

1 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.

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.

Shareholding of Non-Executive Directors:

Details of the equity shares held by Non-Executive Directors as on 31st March, 2019 are as under:

Name of the Director	Nos of Equity shares
Shri Sudhir Mehta	200*
Ms. Ameera Shah	1200**

* Including shares held as Karta of HUF

** Shares held as second shareholder jointly with Smt. Duru Shah, Mother as the first holder.

Shri Samir Mehta is liable to retire by rotation at the forthcoming AGM and being eligible, has offered himself for re-appointment. Relevant details pertaining to Shri Samir Mehta are provided in the notice of the AGM.

The Board has recommended the re-appointment of Shri Samir Mehta as an Executive Chairman of the Company with effect from 30th July, 2019 till 31st March, 2020.

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 Board, based of the declarations received from the IDs, have verified the veracity of such disclosures and confirmed that the IDs fulfil the conditions of independence specified in the Listing Regulations and are independent of the management of the Company.

The IDs of the Company met on 30th January, 2019 under the chairmanship of Shri Haigreve Khaitan 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_2018-19.pdf

During the year, all the recommendations of all the Committees were accepted by the Board.

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, five meetings of the Committee were held on 30th May, 2018, 2nd August, 2018, 8th October, 2018, 3rd November, 2018 and 30th January, 2019. 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.	5	5
Shri Pradeep Bhargava[1]	ID	B.Sc. (Honours), B.E. (EC), MBA (IIMA)	5	4
Shri Haigreve Khaitan	ID	LL. B.	5	5
Smt. Renu Challu[1]	ID	MA Economics	1	1
Ms. Ameera Shah[2]	ID	Degree in Finance (University of Texas)	3	2

1. Shri Pradeep Bhargava and Smt. Renu Challu ceased to be the Members of the Committee consequent to completion of their term on the Board on 31st March, 2019 and 26th July, 2018 respectively.

2. Ms. Ameera Shah was appointed as Member of the Committee with effect from 2nd August, 2018.

The Committee was expanded by the Board by appointing Ms. Nayantara Bali as its Member with effect from 6th April, 2019.

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, a special Audit Committee meeting, in addition to the quarterly meetings, were held inter-alia to brief the members on subsidiaries governance process.

The total fees for all services paid by the Company and its subsidiaries to the statutory auditor and all entities in the network firm / network entity of which the statutory auditor is a part, amounts to ₹ 1.49 crores for the year 2018-19.

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 utilization of loans and / or advances from / investment by the Company in the subsidiary exceeding ₹ 100 crores or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments.

vii. 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.

viii. 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 including inter-alia cyber security.

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.

A separate Risk Management Committee was formed on 20th May, 2019, by suitably revising the terms of reference of the Committee and the Committee was renamed as Audit Committee.

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 four times on 30th May, 2018, 2nd August, 2018, 3rd November, 2018 and 30th January, 2019.

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[1]	ID	1	1
Shri Haigreve Khaitan, Chairman[2]	ID	4	4
Shri Shailesh Haribhakti	ID	4	4
Ms. Ameera Shah[3]	ID	3	2

1. Smt. Renu Challu ceased to be Member and Chairperson of the Committee due to completion of her term on the Board on 26th July, 2018

2. Shri Haigreve Khaitan was selected as the Chairman of the Committee on 2nd August, 2018.

3. Ms. Ameera Shah was appointed as Member of the Committee on 2nd August, 2018.

Shri Mahesh Agrawal, Vice President (Legal) & Company Secretary is designated as the Compliance Officer.

99.66% 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, 2019.

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 84,551 equity shares of 392 shareholders to the demat account of Investor Education and Protection Fund (IEPF) Authority.

During the year, the Company has received 6 (six) complaints from shareholders which were attended within a reasonable period of time. No complaint was pending as on 31st March, 2019.

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, four meetings of the Committee were held on 30th May, 2018, 12th July, 2018, 2nd August, 2018 and 30th January, 2019.

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 Shailesh Haribhakti, Chairman	ID	4	4
Shri Markand Bhatt[1]	NED	2	1
Shri Pradeep Bhargava[2]	ID	4	4
Shri Samir Mehta[3]	Executive Chairman	3	3
Shri Haigreve Khaitan[3]	ID	-	-

1. Shri Markand Bhatt ceased to be Member of the Committee due to his retirement from the Board with effect from 2nd August, 2018 (i.e. date of last AGM).

2. Shri Pradeep Bhargava ceased to be Member of the Committee due to his completion of term on the Board on 31st March, 2019.

3. Shri Samir Mehta and Shri Haigreve Khaitan were appointed as the Members of the Committee with effect from 30th May, 2018 and 30th January, 2019 respectively.

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 specify the manner for effective evaluation of Board, its Committees and individual directors to be carried out either by the Board, by the Committee or by an independent external agency and review its implementation and compliance.

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 CEO/MD/WTD/Manager (including CEO/Manager, not part of the board) and shall specifically include CS and CFO.

9. To recommend to the Board remuneration proposed to be paid, to Executive Directors, Non-executive Directors (other than Independent Directors), Whole-time Key Managerial Personnel and Senior Management, with proper justification for such remuneration.

10. To seek information from management and have full access to the Company's records relevant to its functioning in discharge of its obligations.

11. To make recommendations to the Board on any matter within its purview, by passing appropriate resolutions.

12. 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.

13. 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.

On the recommendation of the Nomination and Remuneration Committee, the Board has, inter alia, approved the following evaluation criteria for the Independent Directors:

- 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 forms 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. The appointment was for a period of five years effective from the conclusion of the said meeting. Shri Samir Mehta has been re-appointed as Executive Chairman of the Company with effect from 30th July, 2019 till 31st March, 2020, subject to approval of the shareholders.

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, 2019 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	17.00	18.00	35.00
Shri Haigreve Khaitan	Nil	17.00	14.00	31.00
Shri Pradeep Bhargava	Nil	16.00	16.00	32.00
Smt. Renu Challu	Nil	4.00	4.00	8.00
Ms. Ameera Shah	Nil	8.00	7.00	15.00
Dr. Chaitanya Dutt, Director (Research & Development)	748.60#**	Nil	Nil	748.60
Total	**749.00**	**2062.00**	**59.00**	**2870.00**

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.

^ subject to the approval of the shareholders in the AGM.

Includes house rent allowance, contribution to provident fund & approved perquisites.

Commission as approved by the Board pursuant to the shareholders' approval within the 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.

Note - Ms. Nayantara Bali appointed as an Independent Director w.e.f. 7th March, 2019 and no remuneration was paid to her during the year.

Khaitan & Co. and Khaitan & Co. LLP., the law firms in which Shri Haigreve Khaitan, an Independent Director, is a partner, were paid ₹ 0.51 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, three meetings of the Committee were held on 30th May, 2018, 3rd November, 2018 and 30th January, 2019.

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[1]	ID	3	3
Smt. Renu Challu[2]	ID	1	1
Ms. Ameera Shah[3]	ID	2	1
Dr. Chaitanya Dutt	WTD	3	3

1. Shri Pradeep Bhargava ceased to be Member and Chairman of the Committee due to completion of his term on the Board on 31st March, 2019.
2. Smt. Renu Challu ceased to be the Member of the Committee consequent to completion of her term on the Board on 26th July 2018.
3. Ms. Ameera Shah was appointed as the Member of the Committee with effect from 02nd August, 2018 and as Chairperson of the Committee w.e.f. 20th May, 2019.

The Committee was expanded by the Board by appointing Ms. Nayantara Bali as its Member with effect from 6th April, 2019.

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
43rd AGM	27th July, 2016	09.30 AM	J. B. Auditorium, Torrent AMA Centre, Ground Floor, Ahmedabad Management Association, Vastrapur, Ahmedabad	-
44th AGM	31st July, 2017	04.00 PM		2
45th AGM	02nd August, 2018	09.30 AM		2

During the year, the Company sought approval from the shareholders by postal ballot for the following proposals, result of which was declared on 8th March, 2019:

Date of Notice	Proposal	No. & % of votes casts in favour	No. & % of votes casts against
30th January, 2019	Special Resolution No. 1 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	154022511 (99.26%)	1143277 (0.74%)
	Special Resolution No. 2 for Alteration of Articles of Association of the Company	155163930 (100%)	1858 (0.00%)
	Ordinary Resolution No. 3 for Cancellation of equity shares forfeited by the Company	155164479 (100%)	509 (0.00%)
	Ordinary Resolution No. 4 for Appointment of Ms. Nayantara Bali as an Independent Director	153278440 (99.98%)	28704 (0.02%)

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

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.

The 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 (Prohibition of Insider Trading) (Amendment) Regulations, 2018, the Company has amended the Code of Conduct to Regulate, Monitor and Report Trading by Designated Persons ("Insider Trading Code") and Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information ("Fair Disclosure Code"), effective from 1st April, 2019. The Insider Trading Code is aimed 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. The Company has also adopted the Policy for determination of legitimate purposes which forms part of Fair Disclosure Code

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. The said policy was revised during the year in line with the amendments in the Listing Regulations. A copy of the Related Party Transactions Policy for dealing with related party transactions is available on the website http://torrentpharma.com/pdf/investors/Related_Party_Transactions_Policy.pdf

The Company has also formulated Policy on Determining Material Subsidiaries as required under Listing Regulations. The said policy was revised during the year in line with the amendments in the Listing Regulations.A copy of this policy is available on the website http://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 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. **Certificate from Company Secretary in Practice regarding appointment and continuation of directors**

The Company has obtained the Certificate from the Practising Company Secretary certifying that none of the directors of the Company are debarred or disqualified from being appointed or continuing as directors of Company by SEBI / MCA or any such authority.

h. **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, 2018	176	57,880
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, 2019	7	3,200
Number of shareholders to whom shares were transferred from Unclaimed Suspense Account during the year ended 31st March, 2019	7	3,200
Number of shares transferred to IEPF authority from Unclaimed Suspense Account during the year ended 31st March, 2019	-*	4,900
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, 2019	169	49,780

* There is no change in the number of shareholders whose shares have been transferred from Unclaimed Suspense Account to IEPF authority on account of Bonus Shares still lying in the Unclaimed Suspense Account which are still not due to be transferred to IEPF.

The voting rights on such shares shall remain frozen till the rightful owner claims the shares.

i. **Whistle Blower Policy**

In the endeavour to create enduring value for all the stakeholders and to ensure highest level of honesty, integrity and ethical behaviour in all its operations, the Company has adopted 'Whistle Blower Policy'. Through this Policy, the Company encourages employees, stakeholders, stockiest and directors to bring to the Company's attention any instances of unethical behaviour, actual or suspected incidents of fraud or violation of Company's Code of Conduct that could adversely impact Company's operation, business performance and / or reputation.

Under this Policy, the Company investigates any aforesaid incidents, when reported, in an impartial manner and takes appropriate action to ensure that requisite standards of professional and ethical conduct are maintained. The Company ensures protection of the employees who brings forth any such incidents to its attention. The outcome of the investigation is informed to all the concerned parties and a written report of the finding is prepared. The Audit and Risk Management

Committee (ARMC) reviews the functioning of the Whistle Blower mechanism on a quarterly basis. The Whistle Blower Policy is available on the Company's website www.torrentpharma.com.

The Policy also outlines the reporting procedure and investigation mechanism to be followed. Protected Disclosure 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), 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, the disclosure are to be made directly to the Chairman of ARMC. Protected disclosures can be made through a phone call, email or letters.

No person has been denied access to the Chairman of the ARMC.

j. Commodity price risk and hedging activities

The Company purchases Active Pharmaceutical Ingredient (API) and other materials that are used in the manufacturing of drugs. The prices of raw material generally fluctuate in line with commodity cycles over short period of time.

Commodity price risk exposure is evaluated and managed through operating procedures and sourcing policies. The Company also 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. Additionally, the Company also develops on an ongoing basis alternate supply sources for key products subject to economic justification. Most of these materials are sourced from the domestic market and therefore do not have significant foreign exchange fluctuation risks. The Company does not use any derivative contracts to hedge exposure to fluctuations in commodity prices.

k. Policy on Protection of Women against Sexual Harassment at Workplace

To foster a positive workplace environment, free from harassment of any nature, the Company has in place Policy of Protection of Women against Sexual Harassment at workplace, through which it addresses complaints of sexual harassment. The policy assures confidentiality and protection to complainants.

The Company has constituted Complaint Redressal Committees covering all the locations to address sexual harassment complaints in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

During the year 2018-19, the Company has received one complaint on sexual harassment, which has been resolved with appropriate action.

l. 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 are disclosed below:

Audit Qualification: The Company's financial statements for the year 2018-19 do not contain any modified audit opinion.

Reporting of Internal Auditors: The Internal Auditors presents its internal audit observations quarterly to the ARMC.

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. 46th AGM

Date & Time	Tuesday, 23rd July, 2019 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 2019-20

Financial year	1st April to 31st March
First Quarter results	Fourth week of July 2019
Half Yearly results	Fourth week of October 2019
Third Quarter results	Fourth week of January 2020
Results for year-end	Second week of May 2020

c. Record Date

14th June, 2019

d. Dividend payment date

The proposed dividend, if approved at the ensuing AGM will be distributed around 26th July, 2019.

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 2019-20 to both the above stock exchanges.

f. Market Price Data

The closing market price of equity share on 29th March, 2019 (last trading day of the year) was ₹ 1,952.20 on BSE & ₹ 1,949.75 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, 2019 at BSE & NSE:

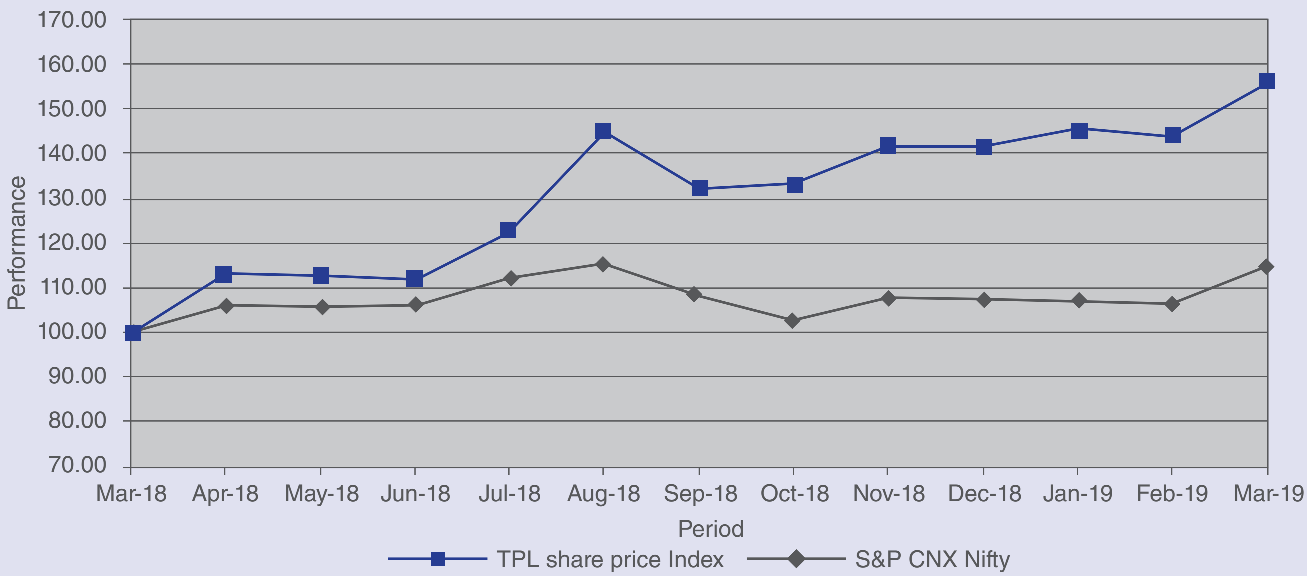
(share price in ₹)

Month	BSE			NSE		
	High	Low	Volume	High	Low	Volume
Apr-18	1,446.15	1,245.00	277,249	1,447.95	1,243.60	4,449,412
May-18	1,430.00	1,282.00	105,308	1,430.00	1,303.55	3,340,370
Jun-18	1,526.95	1,366.00	1,375,846	1,525.00	1,371.15	6,599,346
Jul-18	1,537.85	1,394.10	168,841	1,533.15	1,390.65	4,515,197
Aug-18	1,825.65	1,511.50	569,887	1,823.95	1,508.00	9,865,530
Sep-18	1,871.95	1,588.95	326,229	1,872.80	1,583.45	5,965,702
Oct-18	1,684.00	1,515.90	201,899	1,685.00	1,511.35	4,373,540
Nov-18	1,775.00	1,574.55	520,952	1,780.00	1,571.00	4,406,919
Dec-18	1,832.90	1,669.65	169,431	1,835.00	1,665.25	4,148,229
Jan-19	1,960.00	1,748.80	312,469	1,962.00	1,747.05	6,091,085
Feb-19	1,860.00	1,722.10	109,278	1,859.90	1,743.10	3,603,511
Mar-19	1,964.00	1,758.00	141,186	1,962.00	1,758.50	3,908,540
Total			**4,278,575**			**61,267,381**
% of volume traded to outstanding shares			**2.53%**			**36.21%**

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-18	1,249.75	10,113.70	100.00	100.00
Apr-18	1,418.50	10,739.35	113.50	106.19
May-18	1,411.50	10,736.15	112.94	106.15
Jun-18	1,401.15	10,714.30	112.11	105.94
Jul-18	1,528.60	11,356.50	122.31	112.29
Aug-18	1,812.80	11,680.50	145.05	115.49
Sep-18	1,652.60	10,930.45	132.23	108.08
Oct-18	1,667.60	10,386.60	133.43	102.70
Nov-18	1,773.80	10,876.75	141.93	107.54
Dec-18	1,771.40	10,862.55	141.74	107.40
Jan-19	1,818.80	10,830.95	145.53	107.09
Feb-19	1,801.95	10,792.50	144.18	106.71
Mar-19	1,949.75	11,623.90	156.01	114.93
** data as on closing of the month				

Relative performance of TPL share price vs. S&P CNX Nifty



g. **Distribution of shareholding as at 31st March, 2019**

By size of shareholding:

Category (Shares)	Mode of Holding	No. of Shares	% To Equity	No. of Holders	% To Holders
1 - 1,000	Electronic	4,176,998	2.47	35,660	93.69
	Physical	472,730	0.28	1,157	3.04
1,001 - 2,000	Electronic	881,906	0.52	589	1.55
	Physical	44,400	0.03	28	0.07
2,001 - 10,000	Electronic	1,474,337	0.87	352	0.92
	Physical	56,640	0.03	14	0.04
10,001 - 20,000	Electronic	737,197	0.44	54	0.14

Category (Shares)	Mode of Holding	No. of Shares	% To Equity	No. of Holders	% To Holders
	Physical	-	-	-	-
Above 20,000	Electronic	161,378,512	95.36	208	0.55
	Physical	-	-	-	-
Total	**Electronic**	**168,648,950**	**99.66**	**36,863**	**96.85**
	Physical	**573,770**	**0.34**	**1,199**	**3.15**
	Total:	**169,222,720**	**100.00**	**38,062**	**100.00**

By category of shareholders:

Category	No. of Shares		Total Shares	% of Holding
	Electronic	Physical		
Promoter's Group	120,564,720	-	120,564,720	71.25
Mutual Fund and UTI	16,123,583	400	16,123,983	9.53
Bank, FIs, AIFs & Insurance Companies	1,662,150	-	1,662,150	0.98
Foreign Institutional Investors / QFIs / NRIs	14,932,013	-	14,932,013	8.82
Other Bodies Corporate	4,086,968	5,880	4,092,848	2.42
Indian Public	11,194,965	567,490	11,762,455	6.95
IEPF	84,551	-	84,551	0.05
Total	**168,648,950**	**573,770**	**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 99.66% 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 applications 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. Credit Ratings

Details of all credit ratings obtained by the Company for its borrowings including debt instruments are as follows:

ICRA Ltd has assigned credit rating of -

- [ICRA] AA (Stable) for banking facilities and non-convertible debentures.
- [ICRA] A1+ for commercial paper program of the Company.

India Ratings and Research Private Limited has assigned rating of -

- IND AA (Stable) for Non-convertible debentures and term loans.
- IND A1+ for commercial papers / short term non-convertible debentures.

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

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

l. Registered Office

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

m. 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. Plot No. Z104-106, Dahej SEZ Phase II, Taluka Vagra, Dist. Bharuch (Gujarat).
8. Torrent Pharma Inc. - 2091 Hartel Street, Pennsylvania 19057, U.S.A

n. Project Site

Bileshwarpura, Taluka Kalol, District Gandhinagar (Gujarat)

o. Research & Development Facility

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

p. 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

q. Investor services

E-mail ID: investorservices@torrentpharma.com

r. Registrars & Transfer Agents (RTA)

KARVY FINTECH 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. Ganesh Chandra Patro
E-mail ID: einward.ris@karvy.com

s. 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: sunny@idbitrustee.com
Tel. No: +91 22 4080 7011
Mob No: +91 98903 34141
Fax No: +91 22 6631 1776

For and on behalf of the Board

Ahmedabad
20th May, 2019

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, 2018 or the date of their joining the Company, whichever is later, to 31st March, 2019 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
20th May, 2019

Samir Mehta
Executive Chairman

Standalone Financial Statements 2018-19

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TORRENT PHARMACEUTICALS LIMITED

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of Torrent Pharmaceuticals Limited ("the Company"), which comprise the standalone balance sheet as at 31 March 2019, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("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 31 March 2019, and its profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Standalone Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

1. Revenue Recognition

The Key Audit Matter	How the matter was addressed in our audit
• The Company provides a right of return to its customers as a customary business practice. These arrangements result in deductions to gross amounts invoiced. The initial revenue recognition is reduced taking into consideration the anticipated sales returns. • Refer note 4.12 of the financial statements for details on accounting policy on revenue recognition. • Due to the Company's presence across different regions and the competitive business environment, the estimation of anticipated sales returns is material and considered to be complex and judgemental. Management has determined an accrual of ₹149.50 crores to be necessary as at 31 March 2019 (31 March 2018: ₹140.47 crores).	**In view of the significance of the matter we applied following procedures :** • assessed the appropriateness of the Company's revenue recognition accounting policies by comparing with applicable accounting standards. • assessed and tested the design, implementation and operating effectiveness of management key controls over the Company's systems relating to the deductions made to gross sales for anticipated sales returns including those controls over accrual rates used for calculations of provision for sales returns. • performed testing by selecting samples relating to sales returns recorded during the year and comparing the parameters used in the calculation with the relevant source documents. • compared the assumptions to current trends of sales returns. We have also considered the historical accuracy of the Company's estimates as well as current trends of sales return. • considered the adequacy of the disclosures in respect of revenue.

2. Assessment of recoverability of the carrying value of goodwill, intangible assets and investment in subsidiaries

The Key Audit Matter	How the matter was addressed in our audit
As at 31 March 2019, the Company has ₹ 4,386.79 crores of acquired brands under intangible assets and related goodwill of ₹ 209.34 crores. In addition, the Company has ₹ 132.78 crores of investment in subsidiaries. The carrying value of goodwill, acquired brands, and investment in subsidiaries will be recovered through future cash flows and there is inherent risk that these assets will be impaired if these cash flows do not meet the Company's expectations. Refer to note 4.8, 7 and 8 in the Standalone Financial Statements for details of accounting policies on impairment of assets and related disclosures. Valuation of goodwill, acquired brands and investment in subsidiaries is a key audit matter due to: • The inherent complexity in auditing the forward looking assumptions applied to recoverable value given the significant judgements involved. The key assumptions in the cash flow models include the forecast revenue, margins, terminal growth and discount rates. We focused on brands acquired through historical acquisitions and related goodwill, as these are the most significant individually and in aggregate.	**In view of the significance of the matter we applied following procedures :** • tested operating effectiveness of controls over the review of the impairment analysis. • assessed the accuracy of prior period cash flow forecasts of the Company by reference to actual performance. • using our knowledge of the Company and industry, challenged the significant assumptions and judgements incorporated in impairment analysis specifically in relation to forecast revenue, margins, terminal growth and discount rates with the assistance of our valuations specialist; • performed sensitivity analysis of the key assumptions, including future revenue growth rates, future gross margins, and the discount rate applied in the recoverable value and considering the resulting impact on the impairment testing and whether selection of these key assumptions is appropriate; • evaluated the adequacy of disclosures, including disclosures of key assumptions, judgements and sensitivities.

3. Minimum Alternate Tax (MAT) Credit Entitlement – Deferred tax assets:

The Key Audit Matter	How the matter was addressed in our audit
The Company pays minimum alternate tax (MAT) under section 115JB of the Income Tax Act, 1961. The MAT paid would be available as an offset over a period of 15 years. The MAT credit is recognized as a deferred tax asset to be available for offset when the Company pays taxes under the provision of Income Tax Act, 1961. The balance of MAT credit receivable as at 31 March 2019 is ₹ 721.82 crores (refer note 20 to the standalone financial statements). The recognition and recoverability of deferred tax asset on account of MAT credit requires significant judgement regarding the Company's future profitability and taxable income which will result in utilization of the MAT credit within the time limits available under the applicable Income tax laws.	**In respect of such deferred tax assets, we assessed recoverability from a tax perspective by performing the following procedures:** • understanding why the MAT credit entitlement arose and understanding whether the MAT credit entitlement can be utilized • assessing any restriction in use of the MAT credit entitlement and • determining when the MAT credit entitlement will expire Further, we assessed the applicability of Ind AS 12 Income Taxes by assessing management's assessment of recoverability of MAT credit entitlement against forecast income streams, including reliability of future income projections. We validated the appropriateness of the related disclosures in note 20 to the standalone financial statements, including the enhanced disclosures made in respect of the utilization period of deferred tax assets in relation to MAT credit entitlement.

Information Other than the Standalone Financial Statements and Auditor's Report thereon (Other information)

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the standalone financial statements and our auditors' report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Standalone Financial Statements

The Company's management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit and 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) specified 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 of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management and Board of Directors are 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.

Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to standalone financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone 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 the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

   (A) 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 standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account.

   d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under section 133 of the Act.

   e) On the basis of the written representations received from the directors as on 31 March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 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".

(B) With respect to the other matters to be included in the Auditors' 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 as at 31 March 2019 on its financial position in its standalone financial statements - Refer Note 41 to the standalone 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 8^{th} November, 2016 to 30^{th} December, 2016 have not been made since they do not pertain to the financial year ended 31^{st} March, 2019.

(C) With respect to the matter to be included in the Auditors' Report under section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

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

Jamil Khatri
Partner
Membership No. 102527

Ahmedabad
20^{th} May, 2019

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

(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. 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) During the current year, the Company has not granted any loans, secured or unsecured to parties covered in the register maintained under section 189 of the Companies Act, 2013. However in earlier years, an interest bearing unsecured loan was granted to one wholly owned subsidiary covered in the register maintained under Section 189 of the Act, which was repaid along with interest, before the date of the balance sheet.

(a) In our opinion and according to the information and explanations given to us, the terms and conditions under which the aforesaid loan was granted is not prejudicial to the Company's interest.

(b) In respect of aforesaid loan, repayment of the principal amount is as stipulated and payment of interest has been regular.

(c) In respect of aforesaid loan, there is no amount which is overdue for more than ninety days.

(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, Goods and Service Tax, Duty of Customs, Cess and other material statutory dues have been generally regularly deposited during the year by the Company with the appropriate authorities. Pending clarity on the matter as explained in Note 41 to the standalone financial statements, the Company is currently unable to determine the extent of arrears of such provident fund due as at 31 March 2019 outstanding for a period of more than six months from the date they become payable.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-Tax, Goods and Service Tax, Duty of Customs, Cess and other material statutory dues were in arrears as at 31 March 2019 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, Cess as at 31 March 2019, 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) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the management.

(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 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
20th May, 2019

ENCLOSURE I

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 2018-19	13.25	13.25
The Central Excise Act, 1944	Demand of Excise duty/Interest/ Penalty	Deputy Commissioner of CGST & Central Excise, Kalol	2005-06	0.05	0.03
The Central Excise Act, 1944	Demand of Excise duty/Interest/ Penalty	CESTAT - Ahmedabad	2005-06 to 2006-07 and 2009-10 to 2010-11	0.17	0.15
The Central Excise Act, 1944	Cenvat Credit/Input service tax/demand of duty & penalty/ Refund	CESTAT - Kolkatta	2011-12	2.37	2.07
Cenvat Credit Rules, 2004	Cenvat Credit/Input service tax/ demand of duty & penalty	CESTAT - Ahmedabad	2006-07 to 2008-09	0.34	0.15
Cenvat Credit Rules, 2004	Cenvat Credit/Input service tax/demand of duty, Interest & penalty	Commissioner (Appeals) Central Excise and CGST, Silliguri	2012-13 to July-2015	0.04	0.04
Cenvat Credit Rules, 2004	Cenvat Credit/Input service tax/ demand of duty & penalty	Commissioner (Appeals) Central Excise and CGST, Indore	2015-16 to 2016-17	0.45	0.45
Finance Act, 1994	Demand of Service Tax/Interest/ Penalty	CESTAT - Ahmedabad	2013-14	4.61	4.61
Finance Act, 1994	Demand of Service Tax/Interest/ Penalty	Commissioner (Appeals), CGST Ahmedabad	2011-12 to 2013-14	0.66	0.65
Finance Act, 1994	Demand of Penalty	CESTAT - Ahmedabad	2008-09 to 2010-11	0.18	0.18
Finance Act, 1994	Interest on refund	CESTAT - Ahmedabad	2014-15	1.14	1.14
Finance Act, 1994	Demand of Service Tax/Interest/ Penalty	Supreme Court of India	2007-08 to June 2012	53.30	53.30
Kerala Value Added Tax Act, 2003	Demand of Tax	Deputy Commissioner Appeals	2006-07 to 2007-08	0.47	0.47
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
Madhyapradesh Vat Act, 2002	Demand of Tax	Assistant Commissioner of Commercial Tax, Madhyapradesh	2014-15 and 2015-16	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	1.13	1.13
West Bengal Value Added Tax Act, 2003	Demand of Tax	Additional Commissioner of Commercial Tax, West Bengal	2008-09	1.22	1.22
West Bengal Value Added Tax Act, 2003	Demand of Tax	Joint Commissioner Commercial Tax, West Bengal	2015-16	1.02	1.02
Bihar Value Added Tax Act, 2005	Demand of Tax	Assistant Commissioner of Commercial Tax, Bihar	2015-16	0.01	0.01

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

on standalone financial statements of Torrent Pharmaceuticals Limited for the year ended 31 March 2019

Report on the Internal Financial Controls with reference to the aforesaid standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013.

(Referred to in paragraph 1(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to financial statements of Torrent Pharmaceuticals Limited ('the Company') as of 31 March 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2019, based on the internal financial controls with reference to financial statements 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 (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. 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 ('the Act').

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. 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 with reference to financial statements was established and maintained and whether 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, 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 standalone 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 with reference to financial statements.

Meaning of Internal Financial Controls with Reference to Financial Statements

A company's internal financial control with reference to financial statements 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 with reference to financial statements 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 with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

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

Jamil Khatri
Partner
Membership No. 102527

Ahmedabad
20th May, 2019

BALANCE SHEET

(₹ in crores)

	Notes	As at 31-Mar-2019	As at 31-Mar-2018
ASSETS			
Non-current assets			
Property, plant and equipment	6	**2,673.30**	2,299.28
Capital work-in-progress	6	**470.88**	422.77
Goodwill	7	**243.96**	243.96
Other intangible assets	8	**4,507.89**	4,885.29
Intangible assets under development	8	**26.70**	24.61
Financial assets			
Investments	9	**134.87**	149.83
Loans	10	**2.61**	2.48
Other financial assets	11	**77.44**	10.01
		214.92	162.32
Non-current tax assets (net)		**66.93**	52.50
Deferred tax assets (net)	20	**-**	0.82
Other non-current assets	12	**73.74**	89.38
Total non-current assets		**8,278.32**	8,180.93
Current assets			
Inventories	13	**1,358.30**	1,299.40
Financial assets			
Investments	9	**351.35**	475.22
Trade receivables	14	**1,356.01**	1,108.04
Cash and cash equivalents	15	**92.61**	53.07
Bank balances other than cash and cash equivalents		**145.23**	4.02
Loans	10	**3.79**	110.12
Other financial assets	11	**44.41**	151.68
		1,993.40	1,902.15
Other current assets	12	**397.24**	437.50
Non-current assets held for sale		**0.01**	0.09
Total current assets		**3,748.95**	3,639.14
TOTAL ASSETS		**12,027.27**	11,820.07
EQUITY AND LIABILITIES			
Equity			
Equity share capital	16	**84.62**	84.62
Other equity	17	**4,930.65**	4,471.87
Total equity		**5,015.27**	4,556.49
Non-current liabilities			
Financial liabilities			
Borrowings	18	**3,739.99**	4,111.46
Other financial liabilities	22	**8.69**	13.05
		3,748.68	4,124.51
Provisions	19	**163.77**	149.10
Deferred tax liabilities (net)	20	**7.51**	-
Other non-current liabilities	23	**4.22**	2.42
Total non-current liabilities		**3,924.18**	4,276.03
Current liabilities			
Financial liabilities			
Borrowings	18	**726.60**	1,040.20
Trade payables			
Due to micro and small enterprises	21	**7.14**	7.34
Due to others		**575.19**	768.38
		582.33	775.72
Other financial liabilities	22	**1,419.85**	969.53
		2,728.78	2,785.45
Provisions	19	**84.07**	80.06
Other current liabilities	23	**274.97**	122.04
Total current liabilities		**3,087.82**	2,987.55
TOTAL EQUITY AND LIABILITIES		**12,027.27**	11,820.07
Notes forming part of the 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

Sudhir Menon
Chief Financial Officer

Mahesh Agrawal
VP (Legal) & Company Secretary

Ahmedabad
20th May, 2019

Ahmedabad
20th May, 2019

STATEMENT OF PROFIT AND LOSS

(₹ in crores)

	Notes	Year ended 31-Mar-2019	Year ended 31-Mar-2018
REVENUE			
Revenue from operations	24	**5,762.48**	4,244.43
Other income	25	**381.96**	332.31
Total Revenue		**6,144.44**	4,576.74
EXPENSES			
Cost of materials consumed	26	**1,206.95**	995.25
Purchases of stock-in-trade		**342.76**	352.79
Changes in inventories of finished goods, work-in-progress and stock-in-trade	27	**(4.97)**	(232.35)
Employee benefits expense	28	**1,014.06**	826.07
Finance costs	29	**480.97**	293.68
Depreciation and amortisation expense	30	**578.90**	383.88
Other expenses	31	**1,590.65**	1,395.29
Total Expenses		**5,209.32**	4,014.61
PROFIT BEFORE TAX		**935.12**	562.13
TAX EXPENSE			
Current tax	20	**193.75**	121.15
Deferred tax credit	20	**(4.05)**	(41.06)
		189.70	80.09
PROFIT FOR THE YEAR		**745.42**	482.04
Other comprehensive income, net of taxes			
Items that will not be reclassified to profit or loss			
Re-measurement gains / (losses) on defined benefit plans		**(7.67)**	(3.45)
Equity instruments through other comprehensive income		**-**	(0.03)
Income tax relating to items that will not be reclassified to profit or loss			
Re-measurement gains / (losses) on defined benefit plans		**2.68**	1.20
Equity instruments through other comprehensive income		**-**	0.01
Items that will be reclassified to profit or loss			
Effective portion on gains and loss on hedging instruments in a cash flow hedge		**43.10**	(171.50)
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		**(15.06)**	59.28
		23.05	(114.49)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**768.47**	367.55
Earnings per share [Nominal value per equity share of ₹ 5]			
Basic and diluted	33	**44.05**	28.48
Notes forming part of the Financial Statements	1 - 44		

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
20th May, 2019

For and on behalf of the Board of Directors

Samir Mehta
Executive Chairman

Sudhir Menon
Chief Financial Officer

Mahesh Agrawal
VP (Legal) & Company Secretary

Ahmedabad
20th May, 2019

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31-MAR-2019

(A) EQUITY SHARE CAPITAL

(₹ in crores)

	As at 31-Mar-2019	As at 31-Mar-2018
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	Equity instruments through other comprehensive income	Effective portion of cash flow hedges	
Balance as at 01-Apr-2018	1,453.31	2,275.32	724.70	4.34	0.03	14.17	4,471.87
Profit for the year	745.42	-	-	-	-	-	745.42
Other comprehensive income	(4.99)	-	-	-	-	28.04	23.05
Dividends	(304.61)	-	-	-	-	-	(304.61)
Tax on dividend	(5.08)	-	-	-	-	-	(5.08)
Transfer from debenture redemption reserve	-	235.46	(235.46)	-	-	-	-
Balance as at 31-Mar-2019	**1,884.05**	**2,510.78**	**489.24**	**4.34**	**0.03**	**42.21**	**4,930.65**
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**

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 : Securities premium 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 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
20th May, 2019

For and on behalf of the Board of Directors

Samir Mehta
Executive Chairman

Sudhir Menon
Chief Financial Officer

Mahesh Agrawal
VP (Legal) & Company Secretary

Ahmedabad
20th May, 2019

CASH FLOW STATEMENT

(₹ in crores)

		Notes	Year ended 31-Mar-2019	Year ended 31-Mar-2018
A	**CASH FLOW FROM OPERATING ACTIVITIES**			
	PROFIT BEFORE TAX		**935.12**	562.13
	Adjustments for :			
	Depreciation and amortisation expense		**578.90**	383.88
	Allowance for doubtful trade receivables (net)		**1.12**	2.41
	Unrealised foreign exchange loss, net		**108.50**	19.57
	Share of profit from partnership firm		**(0.65)**	(0.91)
	Loss on sale / discard / write-off of property, plant & equipment		**3.23**	2.57
	Net gain on sale of investments		**(45.54)**	(65.21)
	Finance costs		**480.97**	293.68
	Interest income		**(18.34)**	(13.45)
	Dividend income		**(287.41)**	(0.03)
			1,755.90	1,184.64
	Adjustments for changes in working capital :			
	Trade receivables, loans and other assets		**(232.57)**	(170.17)
	Inventories		**(58.90)**	(183.29)
	Trade payables, liabilities and provisions		**(24.42)**	230.24
	CASH GENERATED FROM OPERATIONS		**1,440.01**	1,061.42
	Direct taxes paid		**(208.18)**	(132.28)
	NET CASH FROM OPERATING ACTIVITIES		**1,231.83**	929.14
B	**CASH FLOW FROM INVESTING ACTIVITIES**			
	Acquisition of business / undertaking	36	**-**	(3,515.00)
	Purchase of property, plant and equipment and intangible assets		**(615.80)**	(755.70)
	Proceeds from sale of property, plant and equipment and intangible assets		**1.78**	1.14
	Long-term investment in subsidiary		**-**	(0.51)
	Purchase of investments		**(2.00)**	-
	Sale / (Purchase) of government securities		**15.25**	(15.25)
	Refund of partner's capital on dissolution of partnership firm		**17.61**	-
	Net gain on sale of investments		**45.54**	65.21
	Dividend received		**287.41**	0.03
	Investment in fixed deposits		**(141.42)**	(0.03)
	Interest received		**18.30**	13.12
	NET CASH USED IN INVESTING ACTIVITIES		**(373.33)**	(4,206.99)
C	**CASH FLOW FROM FINANCING ACTIVITIES**			
	Proceeds from long-term borrowings		**750.00**	2,859.16
	Repayment of long-term borrowings		**(689.63)**	(488.06)
	Proceeds from / (repayment of) short term borrowings (net)		**(313.60)**	1,040.20
	Proceeds from loan repaid by subsidiary		**115.35**	45.88
	Dividend paid (including tax on dividend)		**(309.69)**	(264.77)
	Finance cost paid		**(480.01)**	(263.69)
	NET CASH FROM / (USED IN) FINANCING ACTIVITIES		**(927.58)**	2,928.72
	NET DECREASE IN CASH AND CASH EQUIVALENTS		**(69.08)**	(349.13)
	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR		**512.99**	862.12
	CASH AND CASH EQUIVALENTS AT THE END OF YEAR		**443.91**	512.99

(₹ in crores)

			Notes	Year ended 31-Mar-2019	Year ended 31-Mar-2018
Notes:	**(1)**	**Cash and cash equivalents as at end of year**			
		Cash and cash equivalents	15	**92.61**	53.07
		Current investment in mutual funds	9	**351.30**	459.92
				443.91	512.99
	(2)	**Changes in liabilities arising from financing activities :**			
		Long-term borrowings (Refer note 18) :			
		Opening balance		**4,804.36**	2,445.63
		Amount borrowed during the year		**750.00**	2,859.16
		Amount repaid during the year		**(689.63)**	(488.06)
		Amortised cost adjustment		**3.22**	(4.22)
		Foreign exchange difference		**28.52**	(8.15)
		Closing balance		**4,896.47**	4,804.36
		Short-term borrowings (Refer note 18) :			
		Opening balance		**1,040.20**	-
		Amount borrowed / (repaid) during the year (net)		**(313.60)**	1,040.20
		Closing balance		**726.60**	1,040.20

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

Sudhir Menon
Chief Financial Officer

Mahesh Agrawal
VP (Legal) & Company Secretary

Ahmedabad
20th May, 2019

Ahmedabad
20th May, 2019

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 read with the Companies (Indian Accounting Standards) Rules as amended from time to time 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 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 Inventories or value in use in Ind AS 36 Impairment of asset.

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 judgements, 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. 4.14)

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.

Capital work in progress are those which are not ready for intended use are carried at cost less impairment loss, if any.

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 the 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 equipments*	5 to 20 years
Electrical equipments*	10 to 20 years
Furniture & Fixtures	10 years
Office equipments*	10 years
Computer equipments	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 in the statement of profit and loss. The identifiable assets and liabilities that meet the condition for recognition are 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 identifiable 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. The financial statement of prior period is restated as if the business combination had occurred from the beginning of the preceding period, irrespective of the actual date of combination.

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. 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 on 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 the 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 measured 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 in the period corresponding to the occurrence of the forecasted transactions. The ineffective portion of such hedges is recorded in the statement of profit and loss immediately.

Hedge effectiveness is tested 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 rate 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 rate 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 equal to 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 tax 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 the Company to apply expected credit loss model for recognition and measurement of impairment loss. In determining the allowances for doubtful trade receivables, the Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The impairment loss is based on the ageing of the receivables that are due and allowance rates used in the provision matrix. For all other financial assets, expected credit losses are measured at an amount equal to the 12-months expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

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.

Effective April 1, 2018, the Company has applied Ind AS 115 Revenue from Contracts with Customers, which outlines single comprehensive model for accounting of revenue arising from contracts with customers and supersedes Ind AS 18 Revenue and Ind AS 11 Construction contracts. The Company applied Ind AS 115 using the modified retrospective approach.

Revenue is measured based on the transaction price adjusted for discounts and rebates, which is specified in a contract with customer. Revenue are net of estimated returns and taxes collected from customers.

Revenue from sale of goods is recognized at point in time when control is transferred to the customer and it is probable that consideration will be collected. Control of goods is transferred upon the shipment of the goods to the customer or when goods is made available to the customer.

The transaction price is documented on the sales invoice and payment is generally due as per agreed credit terms with customer.

The consideration can be fixed or variable. Variable consideration is only recognised when it is highly probable that a significant reversal will not occur.

Sales return is variable consideration that is recognised and recorded based on historical experience, market conditions 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 trade practices, historical trends, past experience and projected market conditions.

4.13. Other Income

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.

4.14. 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 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.

4.15. 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.

4.16. Research and development

Revenue expenditure on research and development activities is recognized as expense in the separate heads of the statement of profit and loss 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 Company has not applied the following new and revised Ind ASs that have been issued but are not yet effective :

a) In March 2019, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) Amendment Rules, 2019, notifying Ind AS 116 Leases and consequential amendments to other standards. The amendments are applicable to the Company from 01-Apr-2019.

Ind AS 116 supersede Ind AS 17. The new standard introduces single lease accounting model for the lessees under which all major leases are recognised on-balance sheet, removing the lease classification test. Lease assets are initially recognised as right of use asset and subsequently measured using the cost model. Lease liabilities are initially measured at present value of future lease payments and subsequently adjusted for interest, payments and remeasurement, if any. Exemption is provided for short-term leases and low value underlying items. Lease accounting for lessors essentially remains unchanged except for additional guidance and new disclosure requirements. The Company is evaluating the impact of Ind AS 116 on its financial statements and plans to adopt on effective date using the practical expedients.

b) In March 2019, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) Second Amendment Rules, 2019, amending :

i) Ind AS 12 – Income Taxes with Appendix C Uncertainty over Income Tax Treatments

The amendments are applicable to the Company from 01-Apr-2019. Appendix C to Ind AS 12 clarifies the recognition and measurement requirements in Ind AS 12 when there is uncertainty over income tax treatments. The Company is evaluating the impact of this amendment on its financial statements.

ii) Ind AS 19 – Plan Amendment, Curtailment or Settlement

The amendments clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the re-measurement are determined using the assumptions used for the re-measurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The Company does not expect this amendment to have any significant impact on its financial statements.

iii) Ind AS 23 – Borrowing Costs

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. The Company does not expect any impact from this amendment.

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 01-Apr-2018	375.24	27.65	884.14	1,515.90	55.93	13.32	86.96	189.10	3,148.24
Additions during the year	319.87	1.85	44.63	165.14	6.20	3.62	10.26	10.62	562.19
Deductions during the year	-	-	0.03	16.00	1.20	1.09	1.28	0.39	19.99
Gross carrying amount as at 31-Mar-2019	695.11	29.50	928.74	1,665.04	60.93	15.85	95.94	199.33	3,690.44
Accumulated depreciation as at 01-Apr-2018	-	-	128.88	567.38	32.68	4.10	48.24	67.68	848.96
Depreciation for the year	-	-	27.32	126.61	3.75	1.46	14.54	9.48	183.16
Deductions during the year	-	-	-	11.99	0.92	0.78	1.08	0.21	14.98
Accumulated depreciation as at 31-Mar-2019	-	-	156.20	682.00	35.51	4.78	61.70	76.95	1,017.14
Net carrying amount as at 31-Mar-2019	**695.11**	**29.50**	**772.54**	**983.04**	**25.42**	**11.07**	**34.24**	**122.38**	**2,673.30**
Capital work-in-progress									470.88
Total									**3,144.18**
Gross carrying amount as at 01-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 01-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**

(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 ₹ 12.40 crores (previous year : ₹ 9.00 crores) incurred in the course of construction.
(iii) The amount of capital commitments is disclosed in note 41.
(iv) Additions to research and development assets during the year are as under:

(₹ in crores)

	Year ended 31-Mar-2019	Year ended 31-Mar-2018
Buildings	**0.94**	2.84
Plant and equipment [including laboratory equipment]	**25.34**	42.78
Electrical equipment	**0.77**	0.57
Furniture and fixtures	**1.74**	1.38
Office equipment	**0.21**	3.77
Vehicles	**0.57**	0.30
Intangibles being softwares	**1.61**	3.54
Total	**31.18**	55.18

(v) Pro-rata cost of assets owned jointly with Torrent Power Limited, a fellow subsidiary are as under:

(₹ in crores)

	Proportion of holding	As at 31-Mar-2019	As at 31-Mar-2018
Freehold Land	50%	**23.79**	23.79
Freehold Land	30%	**35.69**	35.69
Buildings	30%	**0.65**	0.65

	As at 31-Mar-2019	As at 31-Mar-2018
		(₹ in crores)
NOTE - 7 : GOODWILL		
Cost:		
Balance at beginning of year	**243.96**	143.63
Goodwill arising on business combinations during the year	**-**	100.33
Balance at end of year	**243.96**	243.96

The Company tests goodwill for impairment annually or based on an indicator 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 01-Apr-2018	80.58	37.53	5,266.80	98.53	29.46	5,512.90
Additions during the year	18.34	-	-	-	-	18.34
Gross carrying amount as at 31-Mar-2019	98.92	37.53	5,266.80	98.53	29.46	5,531.24
Accumulated amortisation as at 01-Apr-2018	50.59	8.93	528.89	34.53	4.67	627.61
Amortisation for the year	19.60	8.46	351.12	13.61	2.95	395.74
Accumulated amortisation as at 31-Mar-2019	70.19	17.39	880.01	48.14	7.62	1,023.35
Net carrying amount as at 31-Mar-2019	**28.73**	**20.14**	**4,386.79**	**50.39**	**21.84**	**4,507.89**
Intangible assets under development						26.70
Total						**4,534.59**
Gross carrying amount as at 01-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 01-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**

Material intangible assets to the Company's financial statement :

Description of intangible assets	Brands
Net Carrying amount	₹ 4386.79 crores as at 31-Mar-2019 (₹ 4737.91 crores as at 31-Mar-2018)
Remaining amortisation period	10 years to 14 years as at 31-Mar-2019 (11 years to 15 years as at 31-Mar-2018)

(₹ in crores)

	No. of Shares	As at 31-Mar-2019	As at 31-Mar-2018
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**	2.10
fully paid-up equity shares of 5 Thai baht each			
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			
		132.78	132.78
Investment in partnership firm			
Torrent Pharmaceuticals (Sikkim) (India)		**-**	16.96

(₹ in crores)

	No. of Shares	As at 31-Mar-2019	As at 31-Mar-2018
At fair value through other comprehensive income			
Equity instruments of :			
Epigeneres Biotech Private Limited	158	**2.00**	-
fully paid-up equity shares of ₹ 10 each			
Shivalik Solid Waste Management 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
fully paid-up equity shares of ₹ 10 each			
At amortised cost			
National savings certificates		**0.01**	0.01
		134.87	149.83
Current			
At fair value through other comprehensive income			
Equity instruments of :			
Corporation Bank	15500	**0.05**	0.05
fully paid-up equity shares of ₹ 2 each			
At fair value through profit or loss			
Mutual funds		**351.30**	459.92
At amortised cost			
Government of India Securities		**-**	15.25
		351.35	475.22
		486.22	625.05
(i) Aggregate amount of unquoted investments		**134.87**	165.08
(ii) Aggregate amount of quoted investments		**0.05**	0.05
(iii) Aggregate amount of investment in mutual funds at market value		**351.30**	459.92
(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-2019	Capital as at 31-Mar-2018
Torrent Pharmaceuticals (Sikkim)	Torrent Pharmaceuticals Limited	97%	-	16.96
	Torrent Pharma Employees Welfare Trust	3%	-	0.52

Partnership firm has been dissolved with effect from 31-Mar-2019.

(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.

(₹ in crores)

	As at 31-Mar-2019	As at 31-Mar-2018
NOTE - 10 : LOANS		
[Unsecured and considered good, unless otherwise stated]		
Non-current		
Employee loans	2.61	2.48
	2.61	2.48
Current		
Loans to related parties	-	107.00
Employee loans	3.79	3.12
	3.79	110.12
	6.40	112.60
NOTE - 11 : OTHER FINANCIAL ASSETS		
Non-current		
Derivative financial instruments	70.16	2.42
Fixed deposit with more than 12 months maturity	0.15	0.14
Other receivables	7.13	7.45
	77.44	10.01
Current		
Derivative financial instruments	22.45	120.84
Interest accrued on loans and deposits	9.22	8.80
Other receivables	12.74	22.04
	44.41	151.68
	121.85	161.69
NOTE - 12 : OTHER ASSETS		
Non-current		
Capital advances	23.81	38.20
Pre-paid expenses	49.93	51.18
	73.74	89.38
Current		
Export benefits receivable	63.59	97.66
Claims receivable (indirect tax / insurance / others)	112.85	110.90
Employee advances	5.06	5.64
Pre-paid expenses	27.07	22.89
Indirect taxes recoverable	100.71	121.38
Advances to supplier	77.34	67.00
Other receivables	10.62	12.03
	397.24	437.50
	470.98	526.88

(₹ in crores)

	As at 31-Mar-2019	As at 31-Mar-2018
NOTE - 13 : INVENTORIES		
[At lower of cost or net realisable value]		
Raw materials	**639.51**	585.72
Packing materials	**44.38**	44.24
Work-in-progress	**187.37**	212.83
Finished goods	**363.47**	315.28
Stock-in-trade	**123.57**	141.33
	1,358.30	1,299.40
(i) The Company charged inventory write-down (net) of ₹ 21.62 crores and ₹ 21.73 crores to statement of profit and loss for the year ended 31-Mar-2019 and 31-Mar-2018 respectively.		
(ii) Inventories are hypothecated as security for borrowings as disclosed under note 18.		
NOTE - 14 : TRADE RECEIVABLES		
Unsecured		
(a) Considered good	**1,356.01**	1,108.04
(b) Significant increase in credit risk	**18.82**	87.36
Less : Allowance for doubtful trade receivables	**18.82**	87.36
	1,356.01	1,108.04
(i) Trade receivables are non-interest bearing and are generally on credit period of 60-180 days.		
(ii) Movements in allowance for doubtful trade receivables :		
Opening balance	**87.36**	76.12
Add : Provision made during the year (net)	**1.12**	2.41
Less: Provision used during the year	**(62.85)**	(0.68)
Add / (less): Translation exchange difference	**(6.81)**	9.51
Closing balance	**18.82**	87.36
NOTE - 15 : CASH AND CASH EQUIVALENTS		
Cash on hand	**0.14**	0.20
Balances with banks	**58.97**	52.87
Fixed deposit	**33.50**	-
	92.61	53.07

(₹ in crores)

	As at 31-Mar-2019	As at 31-Mar-2018
NOTE - 16 : EQUITY SHARE CAPITAL		
Authorised		
250,000,000 (previous year 250,000,000) equity shares of ₹ 5 each	**125.00**	125.00
2,500,000 (previous year 2,500,000) preference shares of ₹ 100 each	**25.00**	25.00
	150.00	150.00
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-2019		As at 31-Mar-2018	
	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-2019	As at 31-Mar-2018
NOTE - 17 : OTHER EQUITY		
Reserves and Surplus		
Retained earnings	**1,884.05**	1,453.31
General reserve	**2,510.78**	2,275.32
Debenture redemption reserve	**489.24**	724.70
Securities premium	**4.34**	4.34
	4,888.41	4,457.67
Other comprehensive income		
Effective portion of cash flow hedges	**42.21**	14.17
Equity instruments through other comprehensive income	**0.03**	0.03
	42.24	14.20
	4,930.65	4,471.87

(₹ in crores)

	As at 31-Mar-2019	As at 31-Mar-2018
NOTE - 18 : BORROWINGS		
Non-current		
Secured non-convertible debentures	**1,404.43**	1,953.10
Secured term loans from banks	**2,332.45**	2,152.21
Unsecured term loans from others	**3.11**	6.15
	3,739.99	4,111.46
Current maturities of long-term debt (Refer note 22)		
Secured non-convertible debentures	**550.11**	441.85
Secured term loans from banks	**603.73**	248.11
Unsecured term loans from others	**2.64**	2.94
	1,156.48	692.90
Current		
Secured loans from banks	**450.00**	250.00
Unsecured commercial paper from banks	**276.60**	290.20
Unsecured non-convertible debentures	**-**	500.00
	726.60	1,040.20
	5,623.07	5,844.56

Notes:

(i) Term Loans from banks referred above to the extent of :

(a) ₹ 1515.44 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.

(b) ₹ 749.54 crores (Previous year ₹ 1593.12 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 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.

(c) ₹ 345.86 crores (Previous year ₹ 325.22 crores) from bank is secured by first charge on certain identified trademarks of the Company including its future line extensions.

(d) ₹ 193.68 crores (Previous year ₹ 266.68 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.

(e) ₹ 131.66 crores (Previous year ₹ 172.18 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.

(f) ₹ Nil (Previous year ₹ 43.12 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.

(ii) Non-convertible debentures referred above to the extent of :

(a) ₹ 956.22 crores (Previous year ₹ 1,396.88 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) ₹ 998.32 crores (Previous year ₹ 998.07 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 as well as on certain identified trademarks of the Company including its future line extensions.

(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 long-term loans are as under:

Financial year	(₹ in crores)
2019-20	**1,156.48**
2020-21	**1,311.27**
2021-22	**929.88**
2022-23	**444.34**
2023-24	**402.68**
2024-25	**371.43**
2025-26	**292.83**
	4,908.91
Less : Amortised cost adjustment	**12.44**
Total	**4,896.47**

(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	Total repayment	Amortised cost adjustment	Closing balance
7.90% to 9.30%	142.84	142.86	142.86	142.86	292.86	542.56	550.11	1,956.95	2.41	1,954.54

(₹ in crores)

	As at 31-Mar-2019	As at 31-Mar-2018
NOTE - 19 : PROVISIONS		
Non-current		
Provision for employee benefits		
Post-retirement benefits (Refer note 38)	**-**	-
Leave benefits	**84.73**	76.67
	84.73	76.67
Provision for sales returns	**79.04**	72.43
	163.77	149.10
Current		
Provision for employee benefits		
Leave benefits	**13.61**	12.02
Provision for sales returns	**70.46**	68.04
	84.07	80.06
	247.84	229.16

(₹ in crores)

	As at 31-Mar-2019	As at 31-Mar-2018
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	**140.47**	91.85
Add: Provision made during the year	**62.47**	56.27
Less: Provision utilised during the year	**53.44**	45.65
Add: Recognised in business combination	**-**	38.00
Closing balance	**149.50**	140.47
Non-current provision	**79.04**	72.43
Current provision	**70.46**	68.04
Total	**149.50**	140.47

(₹ in crores)

	Year ended 31-Mar-2019	Year ended 31-Mar-2018
NOTE - 20 : INCOME TAXES		
(a) Expense / (benefit) recognised in the statement of profit and loss:		
Current tax:		
Expense for current year	**193.75**	121.15
Deferred tax:		
Deferred tax benefit for current year	**(4.05)**	(41.06)
	189.70	80.09
(b) Expense / (benefit) recognised in statement of other comprehensive income		
Re-measurement gains / (losses) on defined benefit plans	**2.68**	1.20
Equity instruments through other comprehensive income	**-**	0.01
Effective portion on gains and loss on hedging instruments in a cash flow hedge	**(15.06)**	59.28
	(12.38)	60.49
(c) Reconciliation of Effective Tax Rate :		
Profit before income taxes	**935.12**	562.13
Enacted tax rate in India	**34.944%**	34.608%
Expected income tax expenses	**326.77**	194.54
Adjustments to reconcile expected income tax expense to reported income tax expense:		
Weighted deduction allowed in respect of research and development expenses	**(70.64)**	(68.99)
Effect of expenses not deductible in determining taxable profit	**23.33**	34.75
MAT Credit entitlement of earlier periods recognised	**(73.28)**	(120.36)
Effect of income taxed at special rates	**(21.51)**	-
Others (net)	**5.03**	40.15
Adjusted income tax expenses	**189.70**	80.09
Effective Tax Rate	**20.29%**	14.25%

(₹ in crores)

	As at 31-Mar-2019	As at 31-Mar-2018
(d) Deferred tax relates to:		
Deferred tax liabilities :		
Property, plant and equipments and intangible assets	**829.07**	599.45
Amortised cost adjustment on borrowings	**4.35**	5.48
Fair valuation of investment in mutual funds	**0.38**	2.59
Fair valuation of investment in equity instruments	**0.01**	0.01
Cash flow hedge reserve	**22.67**	7.61
	856.48	615.14
Deferred tax assets :		
Provision for employee benefit expense	**(34.36)**	(30.99)
Valuation of inventories	**(5.24)**	(5.24)
Allowance for doubtful trade receivables	**(6.58)**	(30.53)
Interest accrued but not due	**(14.66)**	-
MAT credit entitlement	**(721.82)**	(482.89)
Unabsorbed depreciation	**(66.31)**	(66.31)
	(848.97)	(615.96)
Deferred tax liabilities / (assets) net	**7.51**	(0.82)

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.

Under the Income-tax Act, 1961, the Company is liable to pay Minimum Alternate Tax (MAT). MAT paid can be carried forward for a period of 15 years and can be set off against the future tax liabilities. MAT is recognised as a deferred tax asset only when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

(e) Movement of deferred tax liabilities / (assets) during the year:

(₹ in crores)

Year ended 31-Mar-2019	**Opening balance as at 01-Apr-2018**	**Recognised in statement of profit and loss**	**Recognised in other comprehensive income**	**Closing balance as at 31-Mar-2019**
Deferred tax liabilities / (assets) in relation to:				
Property, plant and equipments and intangible assets	599.45	229.62	-	**829.07**
Amortised cost adjustment on borrowings	5.48	(1.13)	-	**4.35**
Fair valuation of investment in mutual funds	2.59	(2.21)	-	**0.38**
Cash flow hedge reserve	7.61	-	15.06	**22.67**
Fair valuation of investments in equity instruments	0.01	-	-	**0.01**
Provision for employee benefit expense	(30.99)	(0.69)	(2.68)	**(34.36)**
Valuation of inventories	(5.24)	-	-	**(5.24)**
Allowance for doubtful trade receivables	(30.53)	23.95	-	**(6.58)**
Interest accrued but not due	-	(14.66)	-	**(14.66)**
MAT credit entitlement	(482.89)	(238.93)	-	**(721.82)**
Unabsorbed depreciation	(66.31)	-	-	**(66.31)**
Deferred tax liabilities / (assets) net	**(0.82)**	**(4.05)**	**12.38**	**7.51**

Year ended 31-Mar-2018	Opening balance as at 01-Apr-2017	Recognised in statement of profit and loss	Recognised in other comprehensive income	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)

	As at 31-Mar-2019	As at 31-Mar-2018
NOTE - 21 : TRADE PAYABLES		
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	**7.14**	7.34
(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	**5.76**	4.42
(ii) Interest actually paid under Section 16 of the MSMED Act	**0.03**	0.02
(c) Normal interest due and payable during the year, for all the delayed payments, as per the agreed terms	**0.07**	0.03
(d) Total interest accrued during the year and remaining unpaid	**0.07**	0.03
The above information regarding Micro, Small and Medium Enterprises has been determined on the basis of information available with the Company. This has been relied upon by the auditors.		
NOTE - 22 : OTHER FINANCIAL LIABILITIES		
Non-Current		
Creditors for capital goods	**8.42**	4.65
Security deposits	**0.27**	0.22
Derivative financial instruments	**-**	8.18
	8.69	13.05
Current		
Current maturities of long-term debt (Refer note 18)	**1,156.48**	692.90
Interest accrued but not due on borrowings	**93.55**	95.81
Creditors for capital goods	**38.03**	41.26
Payables for employee benefits	**92.39**	83.13
Book overdraft	**14.14**	17.08
Derivative financial instruments	**9.35**	22.45
Unclaimed dividend	**3.92**	3.98
Other payables	**11.99**	12.92
	1,419.85	969.53
	1,428.54	982.58

(₹ in crores)

	As at 31-Mar-2019	As at 31-Mar-2018
NOTE - 23 : OTHER LIABILITIES		
Non-Current		
Government grant	**4.22**	2.42
	4.22	2.42
Current		
Payables to statutory and other authorities	**46.50**	32.47
Trade advances	**213.47**	54.13
Government grant	**1.69**	0.70
Other payables	**13.31**	34.74
	274.97	122.04
	279.19	124.46

(₹ in crores)

	Year ended 31-Mar-2019	Year ended 31-Mar-2018
NOTE - 24 : REVENUE FROM OPERATIONS		
Sales		
Sales in India	**3,509.18**	2,570.53
Sales outside India	**2,047.54**	1,567.56
	5,556.72	4,138.09
Other operating income		
Export benefits	**76.17**	60.31
Income from product registration dossiers	**3.41**	2.81
Compensation and settlement income	**62.81**	-
Government grant income	**7.17**	3.77
Other income	**56.20**	39.45
	205.76	106.34
	5,762.48	4,244.43
Reconciliation of revenue from operations with the contracted price :		
Contracted price	**5,619.68**	4,198.21
Adjustments :		
Discounts	**(0.49)**	(3.85)
Sales return	**(62.47)**	(56.27)
Sales	**5,556.72**	4,138.09
Add : Other operating income	**205.76**	106.34
Revenue from operations	**5,762.48**	4,244.43
Revenue disaggregation by geography :		
India	**3,553.04**	2,596.46
Outside India :		
USA	**1,082.20**	666.48
Germany	**155.42**	162.80
Brazil	**336.09**	270.92
Other countries	**635.73**	547.77
	5,762.48	4,244.43

Revenue from operations also includes contract manufacturing revenue of ₹ 460.31 crores and ₹ 399.60 crores for the year ended 31-Mar-2019 and 31-Mar-2018 respectively.

(₹ in crores)

	Year ended 31-Mar-2019	Year ended 31-Mar-2018
NOTE - 25 : OTHER INCOME		
Interest income	**18.34**	13.45
Share of profit from partnership firms	**0.65**	0.91
Net gain on sale of investments (including gain/(loss) on fair valuation ₹ (6.33) crores and ₹ (12.48) crores for year ended 31-Mar-2019 and 31-Mar-2018 respectively)	**39.21**	52.73
Net foreign exchange gain	**25.29**	255.54
Dividend income	**287.41**	0.03
Other non-operating income	**11.06**	9.65
	381.96	332.31
NOTE - 26 : COST OF MATERIALS CONSUMED		
Raw materials	**1,028.52**	856.95
Packing materials	**178.43**	138.30
	1,206.95	995.25
NOTE - 27 : CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE		
Opening 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
Less : Closing inventory :		
Finished goods	**363.47**	315.28
Work-in-progress	**187.37**	212.83
Stock-in-trade	**123.57**	141.33
	674.41	669.44
Net (increase) / decrease in inventory	**(4.97)**	(232.35)
NOTE - 28 : EMPLOYEE BENEFITS EXPENSE		
Salaries, wages and bonus	**895.23**	724.90
Contribution to provident and other funds	**69.57**	60.01
Gratuity cost	**18.40**	16.55
Staff welfare expenses	**30.86**	24.61
	1,014.06	826.07
NOTE - 29 : FINANCE COSTS		
Interest expenses	**478.49**	290.23
Other borrowing cost	**2.48**	3.45
	480.97	293.68
NOTE - 30 : DEPRECIATION AND AMORTISATION EXPENSE		
Depreciation of tangible assets	**183.16**	156.62
Amortisation of intangible assets	**395.74**	227.26
	578.90	383.88

(₹ in crores)

	Year ended 31-Mar-2019	Year ended 31-Mar-2018
NOTE - 31 : OTHER EXPENSES		
Selling, publicity and medical literature expenses	**539.39**	453.50
Laboratory goods and testing expenses	**133.24**	139.77
Power and fuel	**131.49**	117.86
Travelling, conveyance and vehicle expenses	**91.49**	71.75
Stores and spares consumed	**101.98**	103.35
Cost of outsourced manpower	**51.14**	42.87
Allowance for doubtful trade receivables (net)	**1.12**	2.41
Professional and legal fees	**86.21**	99.52
Compensation expense	**40.42**	6.00
Auditors remuneration and expenses (Refer note 34)	**0.90**	1.57
Commission to non-executive directors	**5.62**	6.57
Donation	**31.60**	16.61
Corporate social responsibility expenses	**25.34**	26.39
General charges	**350.71**	307.12
	1,590.65	1,395.29
NOTE - 32 : RESEARCH AND DEVELOPMENT EXPENSES		
(a) Break-up of research and development expenses included in statement of profit and loss under below heads:		
Material cost - Exhibit batches	**47.04**	39.70
Employee benefits expense		
Salaries, wages and bonus	**115.01**	99.24
Contribution to provident and other funds	**11.06**	9.53
Gratuity cost	**3.87**	3.97
Staff welfare expenses	**2.71**	2.54
	132.65	115.28
Other expenses		
Power and fuel	**6.84**	5.79
Stores and spares consumed	**23.75**	22.79
Laboratory goods and testing expenses	**89.05**	92.56
Travelling, conveyance and vehicle expenses	**5.88**	5.02
General charges	**69.15**	63.35
	374.36	344.49
(b) Depreciation and amortisation includes ₹ 20.97 crores (previous year ₹ 15.88 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	**35.11**	42.49
Advances for capital expenditure	**1.39**	1.47
Total	**36.50**	43.96

(₹ in crores)

		Year ended 31-Mar-2019	Year ended 31-Mar-2018
NOTE - 33 : EARNINGS PER SHARE			
The basic and diluted earnings per share [EPS] are:			
Net profit for the year [a]	(₹ in crores)	**745.42**	482.04
Weighted average number of equity shares [b]	(Nos.)	**169,222,720**	169,222,720
EPS (basic and diluted) [a] / [b]	₹	**44.05**	28.48
Nominal value per equity share	₹	**5.00**	5.00
NOTE - 34 : AUDITORS REMUNERATION			
(a) As audit fees			
Statutory audit fees		**0.71**	0.84
(b) For quarterly limited reviews of subsidiaries financials		**0.13**	0.21
(c) For other services		**0.02**	0.50
(d) For reimbursement of expenses		**0.04**	0.02
		0.90	1.57

NOTE - 35 : DONATION TO POLITICAL PARTIES

Donation includes political contributions of ₹ 25.50 crores and ₹ 10.00 crores for the year ended 31-Mar-2019 and 31-Mar-2018 respectively.

NOTE - 36 : BUSINESS COMBINATIONS AND ACQUISITIONS

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 of ₹ 7.75 crores for the year ended 31-Mar-2018 have been included in other expenses in the statement of profit and loss.

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**	
	2018-19	2017-18		**31-Mar-2019**	31-Mar-2018
Torrent Do Brasil Ltda.	**-**	-	110.96	**-**	107.00

(b) 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.

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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.

(₹ in crores)

		Year ended 31-Mar-2019	Year ended 31-Mar-2018
(a)	**Reconciliation of opening and closing balances of the present value of the defined benefit obligation :**		
	Obligations at the beginning of the year	**164.43**	132.94
	Current service cost	**18.91**	15.40
	Interest cost	**12.83**	9.60
	Liability transferred in / acquisitions	**-**	8.99
	Liability transferred out	**(0.02)**	(0.01)
	Actuarial (gains) / losses	**8.47**	3.81
	Benefits paid directly by the employer	**(0.39)**	(0.27)
	Benefits paid from the fund	**(8.72)**	(6.03)
	Obligations at the end of the year	**195.51**	164.43
(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	**166.86**	114.16
	Interest income	**13.01**	8.25
	Return on plan assets, excluding interest income	**0.80**	0.36
	Contributions	**30.00**	50.12
	Benefits paid	**(8.72)**	(6.03)
	Plan assets at the end of the year, at fair value	**201.95**	166.86
	Actual return on plan assets	**13.81**	8.61
(c)	**Expense recognised in the statement of profit and loss for the year :**		
	Current service cost	**18.91**	15.40
	Net interest on net defined benefit liability	**(0.18)**	1.35
	Net gratuity cost	**18.73**	16.75
(d)	**Expense recognised in other comprehensive income for the year :**		
	Actuarial (gains) / losses	**8.47**	3.81
	Return on plan assets, excluding interest income	**(0.80)**	(0.36)
		7.67	3.45
(e)	**Reconciliation of the present value of the defined benefit obligation and fair value of plan assets :**		
	Obligations at the end of the year	**195.51**	164.43
	Plan assets at the end of the year, at fair value	**201.95**	166.86
	(Asset) / Liability recognised in balance sheet	**(6.44)**	(2.43)

(₹ in crores)

		Year ended 31-Mar-2019	Year ended 31-Mar-2018
(f)	**Remeasurement of net defined benefit liability / (asset) :**		
	Actuarial (gains) / losses from changes in financial assumptions	**2.06**	(6.70)
	Experience adjustments	**6.41**	10.51
	Remeasurement of defined benefit liability	**8.47**	3.81
	Remeasurement of return on plan assets	**(0.80)**	(0.36)
	Total	**7.67**	3.45
(g)	**Expected contribution for the next year**	**13.64**	16.49
(h)	**Assumptions :**		
	Discount rate	**7.64%**	7.80%
	Salary escalation rate	**10.00%**	10.00%
	Weighted average duration of defined benefit obligation	**9 years**	9 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-2019	Year ended 31-Mar-2018
Impact of increase in discount rate by 1 %	**(12.24)**	(10.45)
Impact of decrease in discount rate by 1 %	**13.93**	11.89
Impact of increase in salary escalation rate by 1 %	**13.48**	11.52
Impact of decrease in salary escalation rate by 1 %	**(12.10)**	(10.34)

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-2019	As at 31-Mar-2018
Equity instruments	**9.23%**	11.20%
Corporate bonds	**58.90%**	60.22%
Government securities	**26.07%**	22.61%
Fixed deposits with banks	**0.17%**	0.32%
Other current assets	**5.63%**	5.65%

(k) Maturity profile :

The defined benefit obligations shall mature after year ended 31-Mar-2019 as follows:

(₹ in crores)

	Undiscounted values
1st following year	22.89
2nd following year	16.97
3rd following year	19.06
4th following year	19.22
Thereafter	105.30

(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-2019	Carrying Value	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets :					
Amortised cost * :					
Cash and cash equivalents	92.61	-	-	-	-
Bank balances other than cash and cash equivalents	145.23	-	-	-	-
Trade receivables	1,356.01	-	-	-	-
Investments	0.01	-	-	-	-
Loans	6.40	-	-	-	-
Other financial assets	29.24	-	-	-	-
Fair value through other comprehensive income :					
Investment in equity instruments (Other than investment in subsidiaries)	2.13	0.05	-	2.08	2.13
Fair value through profit or loss :					
Investment in mutual funds	351.30	351.30	-	-	351.30
Derivative instruments :					
Designated as cash flow hedge	64.88	-	64.88	-	64.88
Fair value through profit and loss	27.73	-	27.73	-	27.73
Total	2,075.54	351.35	92.61	2.08	446.04
Financial liabilities :					
Amortised cost * :					
Borrowings	5,623.07	-	-	-	-
Trade payables	582.33	-	-	-	-
Other financial liabilities	262.71	-	-	-	-
Derivative instruments :					
Fair value through profit and loss	9.35	-	9.35	-	9.35
Total	6,477.46	-	9.35	-	9.35

(₹ 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	53.07	-	-	-	-
Bank balances other than cash and cash equivalents	4.02	-	-	-	-
Trade receivables	1,108.04	-	-	-	-
Investments	15.26	-	-	-	-
Loans	112.60	-	-	-	-
Other financial assets	38.43	-	-	-	-
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
Derivative instruments :					
Designated as cash flow hedge	21.78	-	21.78	-	21.78
Fair value through profit and loss	101.48	-	101.48	-	101.48
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	-	-	-	-
Derivative instruments :					
Fair value through profit and loss	30.63	-	30.63	-	30.63
Total	6,909.96	-	30.63	-	30.63

* 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-2019	31-Mar-2018	**31-Mar-2019**	31-Mar-2018
USD	Forward contracts	Sell	**28.75**	32.95	**66.27**	57.97
EUR	Forward contracts	Sell	**2.11**	4.23	**8.33**	(13.71)
GBP	Forward contracts	Sell	**0.81**	0.89	**1.29**	(4.98)
MXN	Forward contracts	Sell	**2.18**	1.55	**(0.18)**	(0.27)
MYR	Forward contracts	Sell	**2.10**	1.42	**(0.94)**	(2.03)
RUB	Forward contracts	Sell	**46.64**	64.15	**(0.37)**	(3.92)
USD	Cross Currency Interest Rate Swaps	Buy	**2.80**	4.10	**(9.52)**	(11.28)
					64.88	21.78
Less : Deferred tax					**22.67**	7.61
Balance in cash flow hedge reserve					**42.21**	14.17

The movement of cash flow hedges in other comprehensive income is as follows:

(₹ in crores)

Particulars	Year ended 31-Mar-2019	Year ended 31-Mar-2018
Balance at the beginning of the year	**14.17**	126.39
(Gain) / losses reclassified to profit or loss	**84.76**	(138.91)
Deferred tax on (gains) / losses reclassified to profit or loss	**(29.62)**	48.54
Change in the fair value of effective portion of cash flow hedges	**(41.66)**	(33.59)
Deferred tax on fair value of effective portion of cash flow hedges	**14.56**	11.74
Balance at the end of the year	**42.21**	14.17

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-2019	31-Mar-2018
1	**Foreign currency loan - payable**				
	Currency cum interest rate swap	Buy	USD	**7.80**	9.77
	Foreign currency interest - payable	Buy	USD	**0.03**	0.03
	Foreign currency loan - receivable				
	Loan to group companies	Sell	USD	**-**	1.65
	Foreign currency interest - receivable	Sell	USD	**-**	0.13
2	**Foreign currency trade payables**				
	Forward exchange contracts	Buy	EUR	**-**	0.06
		Buy	USD	**-**	0.09
3	**Foreign currency receivables**				
	Forward exchange contracts	Sell	USD	**14.87**	11.77
		Sell	EUR	**0.42**	0.80
		Sell	RUB	**26.97**	23.63
		Sell	GBP	**0.77**	0.57
		Sell	MXN	**0.88**	0.79
		Sell	MYR	**0.79**	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-2019	US Dollar	Euro	Others*	Total
Assets :				
Cash and cash equivalents	0.01	-	2.47	2.48
Trade receivables	1,028.92	47.35	116.88	1,193.15
Other assets	16.91	2.80	0.47	20.18
Total	1,045.84	50.15	119.82	1,215.81
Liabilities :				
Borrowings	539.54	-	-	539.54
Trade payables	87.30	11.16	8.11	106.57
Other liabilities	11.08	224.94	1.36	237.38
Total	637.92	236.10	9.47	883.49
Net assets / (liabilities)	407.92	(185.95)	110.35	332.32

(₹ 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

*Others mainly includes currencies namely British Pound, 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 ₹ 48.14 crores (₹ 33.49 crores) in the Company's net profit and ₹ 98.45 crores (₹ 110.74 crores) in cash flow hedge reserve from such contracts as at 31-Mar-2019 and 31-Mar-2018 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 ₹ 11.09 crores (₹ 8.11 crores) in the Company's net profit for the year ended 31-Mar-2019 and 31-Mar-2018 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 78 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-2019 and 31-Mar-2018.

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 ₹ 2,073.27 crores and ₹ 1,914.40 crores as at 31-Mar-2019 and 31-Mar-2018 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-2019	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	582.33	-	-	-	582.33
Borrowings*	1,883.08	1,311.27	1,776.90	664.26	5,635.51
Other financial liabilities	254.02	8.69	-	-	262.71
Derivative financial liabilities	9.35	-	-	-	9.35
Total	2,728.78	1,319.96	1,776.90	664.26	6,489.90

(₹ 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

*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 / Independent Directors		Other related parties		Total	
(A) Nature of Transactions	**2018-19**	2017-18	**2018-19**	2017-18	**2018-19**	2017-18	**2018-19**	2017-18	**2018-19**	2017-18	**2018-19**	2017-18
Sale of finished goods	-	-	1,689.04	1,243.12	-	-	-	-	-	-	1,689.04	1,243.12
Purchase of material, consumables etc	-	-	35.68	0.30	-	-	-	-	0.25	2.88	35.93	3.18
Remuneration to key management personnel / independent directors	-	-	-	-	-	-	28.70	27.72	-	-	28.70	27.72
Contribution to Gratuity / Superannuation funds	-	-	-	-	-	-	-	-	45.18	63.83	45.18	63.83
Advance given	-	-	-	-	-	-	-	-	1.54	0.99	1.54	0.99
Lease rent paid	0.02	0.02	-	-	-	-	-	-	-	1.23	0.02	1.25
Services received	-	-	14.59	13.56	-	-	-	-	16.85	15.08	31.44	28.64
CSR expenses	-	-	-	-	-	-	-	-	18.72	19.19	18.72	19.19
Interest income	-	-	7.61	11.70	-	-	-	-	0.07	0.13	7.68	11.83
Expenses reimbursement	-	-	7.11	14.10	-	-	-	-	-	-	7.11	14.10
Sale of property, plant and equipment	-	-	0.34	-	-	-	-	-	-	-	0.34	-
Purchase of property, plant and equipment	-	-	-	-	-	-	-	-	184.18	45.02	184.18	45.02
Equity contribution	-	-	-	0.51	-	-	-	-	-	-	-	0.51
Remuneration paid	-	-	-	-	-	-	-	-	0.27	-	0.27	-
Refund of capital on dissolution of partnership firm	-	-	-	-	17.61	-	-	-	-	-	17.61	-
Share of profit/(loss) from partnership firm	-	-	-	-	0.65	0.91	-	-	-	-	0.65	0.91
Repayment of loan	-	-	115.35	45.88	-	-	-	-	-	-	115.35	45.88
Dividend Received	-	-	287.41	-	-	-	-	-	-	-	287.41	-
Deposits refund received	-	-	-	-	-	-	-	-	-	1.56	-	1.56
Recovery of expenses	-	-	14.17	7.69	-	-	-	-	-	-	14.17	7.69
Transfer value of employees (net)	-	-	-	-	-	-	-	-	0.02	0.05	0.02	0.05
(B) Balances at the end of the year	**31-Mar-19**	31-Mar-18	**31-Mar-19**	31-Mar-18	**31-Mar-19**	31-Mar-18	**31-Mar-19**	31-Mar-18	**31-Mar-19**	31-Mar-18	**31-Mar-19**	31-Mar-18
Trade receivables	-	-	1,092.78	819.13	-	-	-	-	-	-	1,092.78	819.13
Loans	-	-	-	107.00	-	-	-	-	-	-	-	107.00
Interest receivable on loan to subsidiary	-	-	-	8.17	-	-	-	-	-	-	-	8.17
Advances recoverable	-	-	-	-	-	-	-	-	0.66	0.70	0.66	0.70
Trade advances	-	-	206.14	46.04	-	-	-	-	-	-	206.14	46.04
Investments in equities	-	-	162.22	162.22	-	-	-	-	0.06	0.06	162.28	162.28
Investments in partnership firm	-	-	-	-	-	16.96	-	-	-	-	-	16.96
Provision for impairment in value of investment	-	-	29.44	29.44	-	-	-	-	-	-	29.44	29.44
Allowance for doubtful trade receivables	-	-	-	67.50	-	-	-	-	-	-	-	67.50
Trade payables	-	0.02	30.76	21.19	-	-	-	-	1.23	1.20	31.99	22.41
Other payables	-	-	-	-	-	-	20.76	21.87	-	-	20.76	21.87
Guarantees given	-	-	1,073.88	313.84	-	-	-	-	-	-	1,073.88	313.84

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. (merged with Torrent Pharma Inc. with effect from 01-Jan-2019)
3	**Enterprises controlled by the Company**	Torrent Pharmaceuticals (Sikkim) (Dissolved with effect from 31-Mar-2019)

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 / Independent Directors :

(₹ In crores)

	Year ended 31-Mar-2019	Year ended 31-Mar-2018
Salaries and other benefits	**6.97**	5.72
Contribution to defined contribution plan	**0.52**	0.43
Commission	**20.62**	20.87
Sitting Fees	**0.59**	0.70
Total	**28.70**	27.72

(₹ in crores)

	As at 31-Mar-2019	As at 31-Mar-2018
NOTE - 41 : COMMITMENTS AND CONTINGENCIES		
Commitments:		
Estimated amount of contracts remaining unexecuted on capital account (net of advances) not provided for	**246.36**	188.05
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)]	**2.88**	2.93
	249.24	190.98
Contingent liabilities:		
(a) 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	**13.25**	11.96
Disputed demand of goods and service tax / excise	**102.93**	100.15
Disputed demand of local sales tax and C.S.T.	**0.31**	0.46
Disputed demand of stamp duty	**2.19**	2.19
Disputed cases at labour court / industrial court	**3.16**	4.00
Disputed bonus liability under Payment of Bonus (Amendment) Act, 2015	**0.47**	0.40
	125.70	122.55

In most of the cases above, the relevant authorities have raised a demand or disallowed / deducted the relevant taxes. The Company has preferred an appeal and the outcome is awaited.

Against the claims not acknowledged as debts, the Company has paid ₹ 0.15 crores (previous year ₹ 0.18 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) The Company is in the process of evaluating the impact of the Supreme Court ("SC") judgement dated February 28, 2019 in the case of Regional Provident Fund Commissioner (II) West Bengal v/s Vivekananda Vidyamandir and Others, in relation to non-inclusion of certain allowances from the definition of "basic wages" of the relevant employees for the purposes of determining contribution to Provident Fund ("PF") under the Employees' Provident Fund & Miscellaneous Provisions Act, 1952. Based on legal advice received by the management, there are interpretation issues relating to the said SC judgement and review petitions are pending before the SC in this matter. In the assessment of the management, the aforesaid matter is not likely to have a significant impact and accordingly, no provision has been made in the financial statements.

NOTE - 42 : PROPOSED DIVIDEND

The Board of Directors in their meeting held on 20-May-2019, proposed a final equity dividend of ₹ 4.00 per equity share of ₹ 5.00 each fully paid up for the year 2018-19.

NOTE - 43

The financial statements for the year ended 31-Mar-2019 were approved for issue by the Board of Directors on 20-May-2019.

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

Sudhir Menon
Chief Financial Officer

Mahesh Agrawal
VP (Legal) & Company Secretary

Ahmedabad
20th May, 2019

Ahmedabad
20th May, 2019

Consolidated Financial Statements 2018-19

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TORRENT PHARMACEUTICALS LIMITED

Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Torrent Pharmaceuticals Limited (hereinafter referred to as the "Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), which comprise the consolidated balance sheet as at 31 March 2019, and the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

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 of such subsidiaries as were audited by the other auditors, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("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 31 March 2019, of its consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India, and we have fulfilled our other ethical responsibilities in accordance with the provisions of the Act. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

1. **Revenue Recognition**

The Key Audit Matter	How the matter was addressed in our audit
• The Group distributes its products in several geographies in many cases through wholesale distributors, and the ultimate net selling prices are determined based on contractual arrangements. • Further in several geographies the Group also provides a right of return to its customers usually as a customary business practice. • These arrangements result in deductions to gross amounts invoiced. The initial revenue recognition, which is usually upon shipment to distributor is reduced taking into consideration items such as discounts, rebates, chargebacks and sales returns. • Refer note 4.13 of the financial statements for more details on accounting policy on revenue recognition. • The process of management's estimation over items such as discounts, rebates, chargebacks and sales returns are considered to be complex and judgemental.	**In view of the significance of the matter we applied following procedures:** • assessed appropriateness of Company's revenue recognition accounting policies by comparing with applicable accounting standard. • assessed and tested design, implementation and operating effectiveness of management key controls over the Company's systems relating to the deductions made to gross sales for items such as discounts, rebates, chargebacks and sales return including those controls over accrual rates used for calculations of accrued liabilities, provisions or deductions from trade receivables. • performed testing by selecting samples relating to items such as discounts, rebates, chargebacks and sales returns recorded during the year and comparing the parameters used in the calculation with the relevant source documents (including invoices and contracts) to assess whether the methodology adopted in the calculation was in accordance with the terms and conditions defined in the corresponding customer contract.

The Key Audit Matter	How the matter was addressed in our audit
• Management has determined an accrual of ₹ 284.60 crores to be necessary as at 31 March 2019 (31 March 2018: ₹ 273.23 crores).	• compared the assumptions of chargeback calculations, historical rebates, sales returns, and such other allowances to current payment trends. We have also considered the historical accuracy of the Group's estimates in previous years. • considered the adequacy of the disclosures in respect of revenue.

2. Impairment of Goodwill and Intangible assets

The Key Audit Matter	How the matter was addressed in our audit
As at 31 March 2019, the Group has ₹ 4,386.79 crores of acquired brands under intangible assets, ₹ 68.48 crores of acquired intangible assets under development and related goodwill of ₹ 286.06 crores. The carrying value of goodwill and such intangible assets will be recovered through future cash flows and there is inherent risk that these assets may be impaired if these cash flows do not meet the Group's expectations. Refer to note 4.9, 7, 8 and 38 in the Consolidated Financial Statements for details of accounting policies on impairment of assets and related disclosures. Impairment of goodwill and such intangible assets is a key audit matter due to the inherent complexity in auditing the forward looking assumptions applied to the recoverable value given the significant judgements involved. The key assumptions in the cash flow models include the forecast revenue, margins, terminal growth and discount rates.	**In view of the significance of the matter we applied following procedures:** • tested operating effectiveness of controls over the management's review of the impairment analysis. • assessed the accuracy of prior period cash flow forecasts of the Group by reference to actual performance. • using our knowledge of the Group and industry, challenged the significant assumptions and judgements incorporated in the impairment analysis specifically in relation to forecast revenue, margins, terminal growth and discount rates with the assistance of our valuations specialist; • performed sensitivity analysis of the key assumptions, including future revenue growth rates, future gross margins, and the discount rate applied in the recoverable value and considering the resulting impact on the impairment testing and whether the selection of these key assumptions is appropriate; • evaluated the adequacy of disclosures, including disclosures of key assumptions, judgements and sensitivities.

3. Minimum Alternate Tax (MAT) Credit Entitlement – Deferred tax assets

Key Audit Matter	How the key matter was addressed in our audit
The Holding Company pays minimum alternate tax (MAT) under section 115JB of the Income Tax Act, 1961. The MAT paid would be available as an offset over a period of 15 years. The MAT credit is recognized as a deferred tax asset to be available for offset when the Holding Company pays taxes under the provision of Income Tax Act, 1961. The balance of MAT credit receivable as at 31 March 2019 is ₹ 721.82 crores (refer note 20 to the consolidated financial statements). The recognition and recoverability of deferred tax asset on account of MAT credit requires significant judgement regarding the Holding Company's future profitability and taxable income which will result in utilization of the MAT credit within the time limits available under the applicable Income tax laws.	**In respect of such deferred tax assets, we assessed recoverability from a tax perspective by performing the following procedures:** • understanding why the MAT credit entitlement arose and understanding whether the MAT credit entitlement can be utilized • assessing any restriction in use of the MAT credit entitlement and • determining when the MAT credit entitlement will expire Further, we assessed the applicability of Ind AS 12 Income Taxes by assessing management's assessment of recoverability of MAT credit entitlement against forecast income streams. We validated the appropriateness of the related disclosures in note 20 to the consolidated financial statements, including the enhanced disclosures made in respect of the utilization period of deferred tax assets in relation to MAT credit entitlement.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon (Other information)

The Holding Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the holding Company's annual report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed and based on the work done/ audit report of other auditors, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit and 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 each company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring 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 management and Board of Directors of the companies included in the Group are responsible for assessing the ability of each company 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.

The respective Board of Directors of the companies included in the Group is responsible for overseeing the financial reporting process of each company.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 the Group (holding company and subsidiaries) to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group to express an opinion on the consolidated financial statements, of which we are the independent auditors. We are responsible for the direction, supervision and performance of the audit of financial information of such entities. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in para (a) of the section titled 'Other Matters' in this audit report.

We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

(a) We did not audit the financial statements / financial information of 11 subsidiaries whose financial statements/financial information reflect total assets of ₹ 366.50 crores as at 31 March 2019, total revenues of ₹ 439.66 crores and net cash flows amounting to ₹ 10.16 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, in so far as it relates to the aforesaid subsidiaries is based solely on the audit reports of the other auditors.

Certain of these subsidiaries are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Holding Company's management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Company and audited by us.

Our opinion 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

A. As required by Section 143(3) of the Act, based on our audit and on the consideration of reports of the other auditors on separate financial statements of such subsidiaries, as were audited by other auditors, as noted in the 'Other Matters' 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 (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows 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 Ind AS 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 31 March 2019 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 31 March 2019 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 and the operating effectiveness of such controls, refer to our separate Report in "Annexure A", which is based on the auditors' reports of the Holding company, being the only company in the group to which such requirements of the Act are applicable.

B. 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 reports of the other auditors on separate financial statements of the subsidiaries, as noted in the 'Other Matters' paragraph:

   i. The consolidated financial statements disclose the impact of pending litigations as at 31 March 2019 on the consolidated financial position of the Group, Refer Note 40 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 31 March 2019.

   iii. There has been no delay in transferring amounts to the Investor Education and Protection Fund by the Holding Company during the year ended 31st March, 2019, 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, 2019.

C. With respect to the matter to be included in the Auditor's report under section 197(16):

   In our opinion and according to the information and explanations given to us the remuneration paid during the current year by the Holding Company, being the only company in the group to which such requirements of the Act are applicable, to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Holding Company is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

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

Jamil Khatri
Partner
Membership No. 102527

Ahmedabad
20th May, 2019

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

on the consolidated financial statements of Torrent Pharmaceuticals Limited for the year ended 31 March 2019

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

(Referred to in paragraph (A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2019, we have audited the internal financial controls with reference to consolidated financial statements of Torrent Pharmaceuticals Limited (hereinafter referred to as "the Holding Company") being the only company in the group to which requirement of the Act are applicable.

In our opinion, the Holding Company has in all material respects, an adequate internal financial controls with reference to consolidated financial statements and such internal financial controls were operating effectively as at 31 March 2019, based on the internal financial control with reference to consolidated financial statements criteria established by the Company considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. (the "Guidance Note")

Management's Responsibility for Internal Financial Controls

The respective management and the Board of Directors of the Holding 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 with reference to consolidated financial statements based on the criteria established by the Company considering the essential components of internal control stated in the Guidance Note. 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 ("the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Holding Company's, being the only company in the group to which requirement of the act are applicable, internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. 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 with reference to consolidated financial statements 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 with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of the 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 consolidated 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 internal financial controls with reference to financial statements of the Holding Company, being the only company in the group to which requirement of the Act are applicable.

Meaning of Internal Financial Controls with Reference to Consolidated Financial Statements

A company's internal financial control with reference to consolidated financial statements 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 with reference to consolidated financial statements 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 with Reference to Consolidated Financial Statements

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, 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 with reference to consolidated financial statements to future periods are subject to the risk that the internal financial control with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

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

Jamil Khatri
Partner
Membership No. 102527

Ahmedabad
20th May, 2019

CONSOLIDATED BALANCE SHEET

(₹ in crores)

	Notes	As at 31-Mar-2019	As at 31-Mar-2018
ASSETS			
Non-current assets			
Property, plant and equipment	6	**2,800.68**	2,416.80
Capital work-in-progress	6	**479.31**	423.21
Goodwill	7	**334.79**	398.52
Other intangible assets	8	**4,612.24**	5,039.36
Intangible assets under development	8	**137.81**	223.73
Financial assets			
Investments	9	**2.09**	0.09
Loans	10	**2.61**	2.48
Other financial assets	11	**146.10**	21.04
		150.80	23.61
Non-current tax assets (net)		**120.39**	90.28
Deferred tax assets (net)	20	**369.85**	275.92
Other non-current assets	12	**77.51**	89.38
Total non-current assets		**9,083.38**	8,980.81
Current assets			
Inventories	13	**1,935.15**	1,966.30
Financial assets			
Investments	9	**351.35**	492.27
Trade receivables	14	**1,435.71**	1,253.45
Cash and cash equivalents	15	**588.76**	241.11
Bank balances other than cash and cash equivalents		**227.28**	626.12
Loans	10	**3.79**	3.12
Other financial assets	11	**64.69**	159.31
		2,671.58	2,775.38
Other current assets	12	**430.80**	520.64
Non-current assets held for sale		**0.01**	0.09
Total current assets		**5,037.54**	5,262.41
TOTAL ASSETS		**14,120.92**	14,243.22
EQUITY AND LIABILITIES			
Equity			
Equity share capital	16	**84.62**	84.62
Other equity	17	**4,639.73**	4,537.57
Equity attributable to owners of the Company		**4,724.35**	4,622.19
Non-controlling interests		**-**	0.52
Total equity		**4,724.35**	4,622.71
Non-current liabilities			
Financial liabilities			
Borrowings	18	**3,912.92**	4,111.46
Other financial liabilities	22	**14.60**	17.76
		3,927.52	4,129.22
Provisions	19	**288.52**	286.66
Deferred tax liabilities (net)	20	**7.50**	0.04
Other non-current liabilities	23	**7.71**	2.42
Total non-current liabilities		**4,231.25**	4,418.34
Current liabilities			
Financial liabilities			
Borrowings	18	**934.11**	1,625.60
Trade payables			
Due to micro and small enterprises	21	**7.14**	7.34
Due to others		**2,089.60**	2,040.90
		2,096.74	2,048.24
Other financial liabilities	22	**1,523.38**	1,052.07
		4,554.23	4,725.91
Provisions	19	**414.22**	327.40
Liabilities for current tax (net)		**78.99**	49.25
Other current liabilities	23	**117.88**	99.61
Total current liabilities		**5,165.32**	5,202.17
TOTAL EQUITY AND LIABILITIES		**14,120.92**	14,243.22
Notes forming part of the Consolidated 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

Sudhir Menon
Chief Financial Officer

Mahesh Agrawal
VP (Legal) & Company Secretary

Ahmedabad
20th May, 2019

Ahmedabad
20th May, 2019

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(₹ in crores)

	Notes	Year ended 31-Mar-2019	Year ended 31-Mar-2018
REVENUE			
Revenue from operations	24	**7,672.80**	5,949.83
Other income	25	**57.05**	298.84
Total Revenue		**7,729.85**	6,248.67
EXPENSES			
Cost of materials consumed	26	**1,290.31**	1,039.01
Purchases of stock-in-trade		**845.94**	996.66
Changes in inventories of finished goods, work-in-progress and stock-in-trade	27	**83.44**	(362.20)
Employee benefits expense	28	**1,403.79**	1,135.25
Finance costs	29	**503.75**	308.48
Depreciation, amortisation and impairment expense	30	**617.69**	408.60
Other expenses	31	**2,066.26**	1,791.86
Total Expenses		**6,811.18**	5,317.66
PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX		**918.67**	931.01
Exceptional items	38	**357.01**	-
PROFIT BEFORE TAX		**561.66**	931.01
TAX EXPENSE			
Current tax	20	**279.45**	199.09
Deferred tax credit	20	**(155.44)**	(8.56)
Short provision for tax of earlier years	20	**1.34**	62.34
		125.35	252.87
PROFIT FOR THE YEAR		**436.31**	678.14
Other comprehensive income, net of taxes			
Items that will not be reclassified to profit or loss			
Re-measurement gains / (losses) on defined benefit plans		**(9.13)**	(0.39)
Equity instruments through other comprehensive income		**-**	(0.03)
Income tax relating to items that will not be reclassified to profit or loss			
Re-measurement gains / (losses) on defined benefit plans		**2.68**	1.71
Equity instruments through other comprehensive income		**-**	0.01
Items that will be reclassified to profit or loss			
Exchange differences on translation of financial statements of foreign operations		**13.49**	(30.36)
Effective portion on gains and loss on hedging instruments in a cash flow hedge		**40.59**	(171.50)
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		**(14.53)**	59.28
		33.10	(141.28)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**469.41**	536.86
PROFIT FOR THE YEAR ATTRIBUTABLE TO :			
Owners of the Company		**436.28**	678.11
Non-controlling interests		**0.03**	0.03
		436.31	678.14
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO :			
Owners of the Company		**469.38**	536.83
Non-controlling interests		**0.03**	0.03
		469.41	536.86
Earnings per share [Nominal value per equity share of ₹ 5]			
Basic and diluted	32	**25.78**	40.07
Notes forming part of the Consolidated 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

Sudhir Menon
Chief Financial Officer

Mahesh Agrawal
VP (Legal) & Company Secretary

Ahmedabad
20th May, 2019

Ahmedabad
20th May, 2019

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31-MAR-2019

(A) EQUITY SHARE CAPITAL

(₹ in crores)

	As at 31-Mar-2019	As at 31-Mar-2018
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	Equity instruments through other comprehensive income	Effective portion of cash flow hedges	Foreign currency translation reserve			
Balance as at 01-Apr-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
Profit for the year	436.28	-	-	-	-	-	-	-	436.28	0.03	436.31
Other comprehensive income	(6.45)	-	-	-	-	-	26.06	13.49	33.10	-	33.10
Dividends	(304.61)	-	-	-	-	-	-	-	(304.61)	-	(304.61)
Tax on dividend	(62.61)	-	-	-	-	-	-	-	(62.61)	-	(62.61)
Transfer from debenture redemption reserve	-	235.46	(235.46)	-	-	-	-	-	-	-	-
Decrease in non-controlling interest on dissolution of partnership firm	-	-	-	-	-	-	-	-	-	(0.55)	(0.55)
Balance as at 31-Mar-2019	**1,616.36**	**2,510.87**	**489.24**	**5.56**	**4.34**	**0.03**	**40.23**	**(26.90)**	**4,639.73**	**-**	**4,639.73**
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**

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 : Securities premium 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 parent company's functional currency.

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

Sudhir Menon
Chief Financial Officer

Mahesh Agrawal
VP (Legal) & Company Secretary

Ahmedabad
20th May, 2019

Ahmedabad
20th May, 2019

CONSOLIDATED CASH FLOW STATEMENT

(₹ in crores)

		Notes	Year ended 31-Mar-2019	Year ended 31-Mar-2018
A	**CASH FLOW FROM OPERATING ACTIVITIES**			
	PROFIT BEFORE TAX		**561.66**	931.01
	Adjustments for :			
	Depreciation, amortisation and impairment expense		**617.69**	408.60
	Allowance for doubtful trade receivables (net)		**(5.48)**	(8.20)
	Exceptional items (Impairment of intangible assets)	38	**217.48**	-
	Unrealised foreign exchange loss / (gain) (net)		**142.71**	(41.17)
	Loss on sale / discard / write-off of property, plant & equipment		**4.05**	11.10
	Net gain on sale of investments		**(45.60)**	(65.23)
	Finance costs		**503.75**	308.48
	Interest income		**(16.41)**	(6.66)
			1,979.85	1,537.93
	Adjustments for changes in working capital :			
	Trade receivables, loans and other assets		**(88.86)**	(343.95)
	Inventories		**31.15**	(306.04)
	Trade payables, liabilities and provisions		**157.10**	289.83
	CASH GENERATED FROM OPERATIONS		**2,079.24**	1,177.77
	Direct taxes paid		**(281.16)**	(283.62)
	NET CASH FROM OPERATING ACTIVITIES		**1,798.08**	894.15
B	**CASH FLOW FROM INVESTING ACTIVITIES**			
	Acquisition of business / undertaking	33	**-**	(3,961.92)
	Purchase of property, plant and equipment and intangible assets		**(662.83)**	(791.25)
	Proceeds from sale of property, plant and equipment and intangible assets		**2.31**	2.10
	Net gain on sale of investments		**45.60**	65.23
	Corporate deposits matured / (placed)		**16.04**	(1.01)
	Purchase of investments		**(2.00)**	-
	Sale / (Purchase) of government securities		**15.25**	(15.25)
	Investment in bank balances other than cash and cash equivalents		**336.29**	(10.99)
	Interest received		**8.06**	6.14
	NET CASH USED IN INVESTING ACTIVITIES		**(241.28)**	(4,706.95)
C	**CASH FLOW FROM FINANCING ACTIVITIES**			
	Proceeds from long-term borrowings		**963.10**	2,859.16
	Repayment of long-term borrowings		**(724.64)**	(520.44)
	Proceeds from / (repayment of) short term borrowings (net)		**(739.80)**	1,619.10
	Dividend paid (including tax on dividend)		**(309.69)**	(264.77)
	Finance cost paid		**(503.42)**	(275.66)
	NET CASH FROM / (USED IN) FINANCING ACTIVITIES		**(1,314.45)**	3,417.39
	NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		**242.35**	(395.41)
	Effect of exchange rate changes on foreign currency cash and cash equivalents		**(4.33)**	24.64
	Cash and cash equivalents transferred on acquisition		**-**	5.24
	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR		**702.04**	1,067.57
	CASH AND CASH EQUIVALENTS AT THE END OF YEAR		**940.06**	702.04

(₹ in crores)

		Notes	Year ended 31-Mar-2019	Year ended 31-Mar-2018
Notes:	**(1) Cash and cash equivalents as at end of year**			
	Cash and cash equivalents	15	**588.76**	241.11
	Current investments in mutual funds	9	**351.30**	460.93
			940.06	702.04
	(2) Changes in liabilities arising from financing activities :			
	Long-term borrowings (Refer note 18) :			
	Opening balance		**4,836.72**	2,510.13
	Amount borrowed during the year		**963.10**	2,859.16
	Amount repaid during the year		**(724.64)**	(520.44)
	Amortised cost adjustment		**3.39**	(4.06)
	Foreign exchange difference		**25.42**	(8.07)
	Closing balance		**5,103.99**	4,836.72
	Short-term borrowings (Refer note 18) :			
	Opening balance		**1,625.60**	-
	Amount borrowed / (repaid) during the year (net)		**(739.80)**	1,619.10
	Foreign exchange difference		**48.31**	6.50
	Closing balance		**934.11**	1,625.60

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

Sudhir Menon
Chief Financial Officer

Mahesh Agrawal
VP (Legal) & Company Secretary

Ahmedabad
20th May, 2019

Ahmedabad
20th May, 2019

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 manufacturing facilities are located in the states of Gujarat, Himachal Pradesh, Madhya Pradesh, Andhra Pradesh and Sikkim in India and Pennsylvania in US.

The consolidated financial statements comprise the financial statements of the Parent Company Torrent Pharmaceuticals Limited (TPL) and the following subsidiaries / step-down subsidiaries (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.	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

During the year, Bio-Pharm, Inc. merged with Torrent Pharma Inc. with effect from 01-Jan-2019 and Torrent Pharmaceuticals (Sikkim), partnership firm, dissolved with effect from 31-Mar-2019.

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 read with the Companies (Indian Accounting Standards) Rules as amended from time to time 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 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 Inventories or value in use in Ind AS 36 Impairment of asset.

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 judgements, 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 no. 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. 4.15)

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.

Capital work in progress are those which are not ready for intended use are carried at cost less impairment loss, if any.

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 the 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 equipment	Useful life
Office buildings*	58 years
Factory buildings*	28 years
Plant and equipments*	10 to 20 years
Laboratory equipments*	5 to 20 years
Electrical equipments*	5 to 20 years
Furniture and fixtures*	3 to 10 years
Office equipments*	10 years
Computer equipments*	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 in the statement of profit and loss. The identifiable assets and liabilities that meet the condition for recognition are 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 identifiable 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. The financial statement of prior period is restated as if the business combination had occurred from the beginning of the preceding period, irrespective of the actual date of combination.

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	Upto 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. 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 on 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 the 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 measured 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 in the period corresponding to the occurrence of the forecasted transactions. The ineffective portion of such hedges is recorded in the statement of profit and loss immediately.

Hedge effectiveness is tested 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 rate 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 rate 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 equal to 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 tax 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 the Group to apply expected credit loss model for recognition and measurement of impairment loss. In determining the allowances for doubtful trade receivables, the Group has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The impairment loss is based on the ageing of the receivables that are due and allowance rates used in the provision matrix. For all other financial assets, expected credit losses are measured at an amount equal to the 12-months expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

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 is a claim 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 procured from the company. 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.

Effective April 1, 2018, the Group has applied Ind AS 115 Revenue from Contracts with Customers, which outlines single comprehensive model for accounting of revenue arising from contracts with customers and supersedes Ind AS 18 Revenue and Ind AS 11 Construction contracts. The Group applied Ind AS 115 using the modified retrospective approach.

Revenue is measured based on the transaction price adjusted for chargeback, discounts and rebates, which is specified in a contract with customer. Revenue are net of estimated returns, medicaid payments and taxes collected from customers.

Revenue from sale of goods is recognized at point in time when control is transferred to the customer and it is probable that consideration will be collected. Control of goods is transferred upon the shipment of the goods to the customer or when goods is made available to the customer.

The transaction price is documented on the sales invoice and payment is generally due as per agreed credit terms with customer.

The consideration can be fixed or variable. Variable consideration is only recognised when it is highly probable that a significant reversal will not occur.

A chargeback is a claim 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 procured from the company. Chargeback, rebates, returns and medicaid payments are variable consideration that is recognised and recorded based on 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.

4.14. Other income

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.

4.15. 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.

4.16. 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.

4.17. Research and development

Revenue expenditure on research and development activities is recognized as expense in the separate heads of the statement of profit and loss in the period in which it is incurred.

4.18. 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.

4.19. 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 2019, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) Amendment Rules, 2019, notifying Ind AS 116 Leases and consequential amendments to other standards. The amendments are applicable to the Group from 01-Apr-2019.

   Ind AS 116 supersede Ind AS 17. The new standard introduces single lease accounting model for the lessees under which all major leases are recognised on-balance sheet, removing the lease classification test. Lease assets are initially recognised as right of use asset and subsequently measured using the cost model. Lease liabilities are initially measured at present value of future lease payments and subsequently adjusted for interest, payments and remeasurement, if any. Exemption is provided for short-term leases and low value underlying items. Lease accounting for lessors essentially remains unchanged except for additional guidance and new disclosure requirements. The Group is evaluating the impact of Ind AS 116 on its financial statements and plans to adopt on effective date using the practical expedients.

b) In March 2019, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) Second Amendment Rules, 2019, amending :

i) Ind AS 12- Income Taxes with Appendix C Uncertainty over Income Tax Treatments

The amendments are applicable to the Group from 01-Apr-2019. Appendix C to Ind AS 12 clarifies the recognition and measurement requirements in Ind AS 12 when there is uncertainty over income tax treatments. The Group is evaluating the impact of this amendment on its financial statements.

ii) Ind AS 19 – Plan Amendment, Curtailment or Settlement

The amendments clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the re-measurement are determined using the assumptions used for the re-measurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The Group does not expect this amendment to have any significant impact on its financial statements.

iii) Ind AS 23 – Borrowing Costs

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. The Group does not expect any impact from this amendment.

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 01-Apr-2018	403.32	27.65	918.84	1,559.04	70.34	13.98	96.85	200.45	3,290.47
Additions during the year	319.88	1.84	44.94	181.87	6.87	3.62	11.85	10.94	581.81
Deductions during the year	-	-	0.45	16.59	1.20	1.40	1.89	0.39	21.92
Translation exchange difference	1.78	-	1.87	(0.24)	(0.21)	(0.01)	(0.30)	(1.08)	1.81
Gross carrying amount as at 31-Mar-2019	724.98	29.49	965.20	1,724.08	75.80	16.19	106.51	209.92	3,852.17
Accumulated depreciation as at 01-Apr-2018	-	-	130.11	576.04	37.68	4.32	54.48	71.04	873.67
Depreciation for the year	-	-	28.97	132.51	5.18	1.55	16.10	10.53	194.84
Deductions during the year	-	-	0.01	12.30	0.92	0.80	1.51	0.21	15.75
Translation exchange difference	-	-	(0.03)	(0.65)	(0.04)	(0.02)	(0.18)	(0.35)	(1.27)
Accumulated depreciation as at 31-Mar-2019	-	-	159.04	695.60	41.90	5.05	68.89	81.01	1,051.49
Net carrying amount as at 31-Mar-2019	**724.98**	**29.49**	**806.16**	**1,028.48**	**33.90**	**11.14**	**37.62**	**128.91**	**2,800.68**
Capital work-in-progress									479.31
Total									**3,279.99**
Gross carrying amount as at 01-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 01-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**

(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 ₹ 12.40 crores (previous year : ₹ 9.00 crores) incurred in the course of construction.

(iii) The amount of capital commitments is disclosed in note 40.

(v) Pro-rata cost of assets owned jointly with Torrent Power Limited, a fellow subsidiary are as under:

(₹ in crores)

	Proportion of holding	As at 31-Mar-2019	As at 31-Mar-2018
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-2019	As at 31-Mar-2018
NOTE - 7 : GOODWILL		
Balance at beginning of year	**398.52**	159.50
Add : Goodwill arising on business combinations during the year	**-**	237.91
Add : Measurement period adjustments	**3.46**	-
Less : Impairment during the year (Refer note 38)	**(76.52)**	-
Add : Translation exchange difference	**9.33**	1.11
Balance at end of year	**334.79**	398.52

The Group tests goodwill for impairment annually or based on an indicator 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 ₹ 76.72 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 01-Apr-2018	91.25	269.90	5,266.80	103.08	29.46	5,760.49
Additions during the year	20.87	7.94	-	-	-	28.81
Deductions during the year	0.01	46.76	-	-	-	46.77
Translation exchange difference	(0.21)	5.86	-	0.29	-	5.94
Gross carrying amount as at 31-Mar-2019	111.90	236.94	5,266.80	103.37	29.46	5,748.47
Accumulated amortisation and impairment as at 01-Apr-2018	57.47	95.40	528.89	34.70	4.67	721.13
Amortisation for the year	21.79	29.10	351.12	14.59	2.95	419.55
Impairment for the year *	-	42.88	-	-	-	42.88
Deductions during the year	0.01	46.76	-	-	-	46.77
Translation exchange difference	(0.14)	(0.42)	-	-	-	(0.56)
Accumulated amortisation and impairment as at 31-Mar-2019	79.11	120.20	880.01	49.29	7.62	1,136.23
Net carrying amount as at 31-Mar-2019	**32.79**	**116.74**	**4,386.79**	**54.08**	**21.84**	**4,612.24**
Intangible assets under development (Net of impairment of ₹ 98.08 crores)*						137.81
Total						**4,750.05**
Gross carrying amount as at 01-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 01-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**

* Impairment - Refer note 38

Material intangible assets to the Group's financial statement :

Description of intangible assets	Brands
Net Carrying amount	₹ 4386.79 crores as at 31-Mar-2019 (₹ 4737.91 crores as at 31-Mar-2018)
Remaining amortisation period	10 years to 14 years as at 31-Mar-2019 (11 years to 15 years as at 31-Mar-2018)

(₹ in crores)

	No. of Shares	As at 31-Mar-2019	As at 31-Mar-2018
NOTE - 9 : INVESTMENTS			
Non-current			
At fair value through other comprehensive income			
Equity Instruments of :			
Epigeneres Biotech Private Limited	158	**2.00**	-
fully paid-up equity shares of ₹ 10 each			
Shivalik Solid Waste Management 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
fully paid-up equity shares of ₹ 10 each			
At amortised cost			
National savings certificates		**0.01**	0.01
		2.09	0.09
Current			
At fair value through other comprehensive income			
Equity Instruments of :			
Corporation Bank	15500	**0.05**	0.05
fully paid-up equity shares of ₹ 2 each			
At fair value through profit or loss			
Mutual funds		**351.30**	460.93
At amortised cost			
Corporate deposit with HDFC Limited		**-**	16.04
Government of India securities		**-**	15.25
		351.35	492.27
		353.44	492.36
(i) Aggregate amount of unquoted investments		**2.09**	31.38
(ii) Aggregate amount of quoted investments		**0.05**	0.05
(iii) Aggregate amount of investment in mutual funds at market value		**351.30**	460.93
(iv) Number of shares in bracket represents shares held in previous year.			
NOTE - 10 : LOANS			
[Unsecured and considered good, unless otherwise stated]			
Non-current			
Employee loans		**2.61**	2.48
		2.61	2.48
Current			
Employee loans		**3.79**	3.12
		3.79	3.12
		6.40	5.60

(₹ in crores)

	As at 31-Mar-2019	As at 31-Mar-2018
NOTE - 11 : OTHER FINANCIAL ASSETS		
Non-current		
Derivative financial instruments	**70.16**	2.42
Fixed deposit with more than 12 months maturity	**62.63**	0.14
Other receivables	**13.31**	18.48
	146.10	21.04
Current		
Derivative financial instruments	**26.12**	123.55
Interest accrued on deposits	**9.22**	0.87
Other receivables	**29.35**	34.89
	64.69	159.31
	210.79	180.35
NOTE - 12 : OTHER ASSETS		
Non-current		
Capital advances	**27.58**	38.20
Pre-paid expenses	**49.93**	51.18
	77.51	89.38
Current		
Export benefits receivable	**63.59**	97.66
Claims receivable (indirect tax / insurance / others)	**117.59**	148.78
Employees advances	**5.75**	6.98
Pre-paid expenses	**40.40**	37.01
Indirect taxes recoverable	**108.93**	132.89
Advances to suppliers	**83.92**	85.29
Other receivables	**10.62**	12.03
	430.80	520.64
	508.31	610.02
NOTE - 13 : INVENTORIES		
[At lower of cost or net realisable value]		
Raw materials	**663.95**	604.45
Packing materials	**46.25**	50.86
Work-in-progress	**187.43**	213.23
Finished goods	**722.76**	678.52
Stock-in-trade	**314.76**	419.24
	1,935.15	1,966.30

(i) The Group charged inventory write-down (net) of ₹ 12.58 crores and ₹ 16.27 crores to statement of profit and loss for the year ended 31-Mar-2019 and 31-Mar-2018 respectively.

(ii) Inventories are hypothecated as security for borrowings as disclosed under note 18.

(₹ in crores)

	As at 31-Mar-2019	As at 31-Mar-2018
NOTE - 14 : TRADE RECEIVABLES		
Unsecured		
(a) Considered good	**1,435.71**	1,253.45
(b) Significant increase in credit risk	**28.13**	38.72
Less : Allowance for doubtful trade receivables	**28.13**	38.72
	1,435.71	1,253.45
(i) Trade receivables are non-interest bearing and are generally on credit period of 60-180 days.		
(ii) Movements in allowance for doubtful trade receivables :		
Opening balance	**38.72**	46.92
Add: Provision made / (reversed) during the year (net)	**(5.48)**	(8.20)
Less: Provision used during the year	**(6.97)**	(3.14)
Add / (less): Translation exchange difference	**1.86**	3.14
Closing balance	**28.13**	38.72
NOTE - 15 : CASH AND CASH EQUIVALENTS		
Cash on hand	**0.29**	0.36
Balances with banks	**549.92**	237.97
Fixed deposit	**38.55**	2.78
	588.76	241.11
NOTE - 16 : EQUITY SHARE CAPITAL		
Authorised		
250,000,000 (previous year 250,000,000) equity shares of ₹ 5 each	**125.00**	125.00
2,500,000 (previous year 2,500,000) preference shares of ₹ 100 each	**25.00**	25.00
	150.00	150.00
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-2019		As at 31-Mar-2018	
	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-2019	As at 31-Mar-2018
NOTE - 17 : OTHER EQUITY		
Reserves and Surplus		
Retained earnings	**1,616.36**	1,553.75
General reserve	**2,510.87**	2,275.41
Debenture redemption reserve	**489.24**	724.70
Capital reserve	**5.56**	5.56
Securities premium	**4.34**	4.34
	4,626.37	4,563.76
Other comprehensive income		
Equity instruments through other comprehensive income	**0.03**	0.03
Effective portion of cash flow hedges	**40.23**	14.17
Foreign currency translation reserve	**(26.90)**	(40.39)
	13.36	(26.19)
	4,639.73	4,537.57
NOTE - 18 : BORROWINGS		
Non-current		
Secured non-convertible debentures	**1,404.43**	1,953.10
Secured term loans from banks	**2,505.38**	2,152.21
Unsecured term loans from others	**3.11**	6.15
	3,912.92	4,111.46
Current maturities of long-term debt (Refer note 22)		
Secured non-convertible debentures	**550.11**	441.85
Secured term loans from banks	**638.32**	280.47
Unsecured term loans from others	**2.64**	2.94
	1,191.07	725.26
Current		
Secured loans from banks	**450.00**	835.40
Unsecured loans from banks	**207.51**	-
Unsecured commercial paper from banks	**276.60**	290.20
Unsecured non-convertible debentures	**-**	500.00
	934.11	1,625.60
	6,038.10	6,462.32

Notes:

(i) Term Loans from banks referred above to the extent of :

(a) ₹ 1515.44 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.

(b) ₹ 749.54 crores (Previous year ₹ 1593.12 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 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.

(c) ₹ 345.86 crores (Previous year ₹ 325.22 crores) from bank is secured by first charge on certain identified trademarks of the Company including its future line extensions.

(d) ₹ 193.68 crores (Previous year ₹ 266.68 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.

(e) ₹ 131.66 crores (Previous year ₹ 172.18 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.

(f) ₹ Nil (Previous year ₹ 43.12 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.

(g) ₹ 207.52 crores (previous year ₹ Nil) from bank is secured by hypothecation of inventories and book debts.

(h) ₹ Nil (previous year ₹ 32.36 crores) from bank is secured by negative lien on the acquired brand and inter-corporate guarantee.

(ii) Non-convertible debentures referred above to the extent of :

(a) ₹ 956.22 crores (Previous year ₹ 1,396.88 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) ₹ 998.32 crores (Previous year ₹ 998.07 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 as well as on certain identified trademarks of the Company including its future line extensions.

(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 long-term loans are as under:

Financial year	(₹ in crores)
2019-20	**1,191.07**
2020-21	**1,345.86**
2021-22	**1,068.22**
2022-23	**444.34**
2023-24	**402.68**
2024-25	**371.43**
2025-26	**292.83**
	5,116.43
Less : Amortised cost adjustment	**12.44**
Total	**5,103.99**

(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	Total repayment	Amortised cost adjustment	Closing balance
7.90% to 9.30%	142.84	142.86	142.86	142.86	292.86	542.56	550.11	1,956.95	2.41	1,954.54

(₹ in crores)

	As at 31-Mar-2019	As at 31-Mar-2018
NOTE - 19 : PROVISIONS		
Non-Current		
Provision for employee benefits		
Post-retirement benefits (Refer note 35)	**81.52**	81.96
Leave benefits	**84.73**	76.67
	166.25	158.63
Provision for sales returns	**106.49**	107.68
Provision for expenses	**15.78**	20.35
	288.52	286.66
Current		
Provision for employee benefits		
Post-retirement benefits (Refer note 35)	**2.23**	2.21
Leave benefits	**13.79**	12.18
	16.02	14.39
Provision for sales returns	**178.11**	165.55
Provision for failure to supply	**154.28**	122.32
Provision for medicaid	**24.31**	25.14
Provision for expenses	**41.50**	-
	414.22	327.40
	702.74	614.06

(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.

	As at 31-Mar-2019	As at 31-Mar-2018
Opening balance	**273.23**	203.27
Add: Provision made during the year	**221.98**	194.01
Add: Recognised in business combination	**-**	38.00
Less: Provision utilised during the year	**(214.90)**	(163.28)
Add / (Less): Translation exchange difference	**4.29**	1.23
Closing balance	**284.60**	273.23
Non-current provision	**106.49**	107.68
Current provision	**178.11**	165.55
Total	**284.60**	273.23

(₹ in crores)

	As at 31-Mar-2019	As at 31-Mar-2018
(ii) Provision for expenses :		
(a) Non-current :		
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	**20.35**	25.74
Add: Additional provision (net of reversal)	**(2.68)**	(4.27)
Add / (Less): Translation exchange difference	**(1.89)**	(1.12)
Closing balance	**15.78**	20.35
(b) Current :		
Provision for expenses includes estimated amount of liability pertaining to product recall expenses.		
Opening balance	**-**	-
Add: Additional provision (net of reversal)	**41.74**	-
Add / (Less): Translation exchange difference	**(0.24)**	-
Closing balance	**41.50**	-
(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	**122.32**	90.61
Add: Additional provision (net of reversal)	**57.12**	18.50
Less: Utilisation during the year	**(21.61)**	(0.75)
Add / (Less): Translation exchange difference	**(3.55)**	13.96
Closing balance	**154.28**	122.32
(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	**25.14**	17.52
Add: Additional provision (net of reversal)	**24.18**	23.41
Less: Utilization during the year	**(26.63)**	(15.92)
Add / (Less): Translation exchange difference	**1.62**	0.13
Closing balance	**24.31**	25.14

(₹ in crores)

	Year ended 31-Mar-2019	Year ended 31-Mar-2018
NOTE - 20 : INCOME TAXES		
(a) Expense / (benefit) recognised in the statement of profit and loss:		
Current tax:		
Expense for current year	**279.45**	199.09
Expense pertaining to prior years	**1.34**	62.34
Deferred tax:		
Deferred tax credit for current year	**(155.44)**	(8.56)
	125.35	252.87
(b) Expense / (benefit) recognised in statement of other comprehensive income :		
Re-measurement gains / (losses) on defined benefit plans	**2.68**	1.71
Equity instruments through other comprehensive income	**-**	0.01
Effective portion on gains and loss on hedging instruments in a cash flow hedge	**(14.53)**	59.28
	(11.85)	61.00
(c) Reconciliation of Effective Tax Rate :		
Profit before income taxes	**561.66**	931.01
Enacted tax rate in India	**34.944%**	34.608%
Expected income tax expenses	**196.27**	322.20
Adjustments to reconcile expected income tax expense to reported income tax expense:		
Weighted deduction allowed in respect of research and development expenses	**(70.64)**	(68.99)
Recognition of previously unrecognised deferred tax asset (net)	**1.80**	(1.20)
Effect of change in tax rate*	**-**	40.65
Effect of expenses not deductible in determining taxable profit	**23.77**	6.54
Foreign exchange difference	**2.07**	2.01
Effect of difference between Indian tax rate and foreign tax rate	**39.45**	15.84
Tax adjustments of prior periods	**1.34**	62.34
Deferred tax created on tax adjustments of prior periods	**-**	(40.76)
MAT Credit entitlement of earlier periods recognised	**(73.28)**	(120.36)
Others (net)	**4.57**	34.60
Adjusted income tax expenses	**125.35**	252.87
Effective Tax Rate	**22.32%**	27.16%

*Corporate tax rate is changed in US from 35% to 21% w.e.f. 01-Jan-2018.

(₹ in crores)

	As at 31-Mar-2019	As at 31-Mar-2018
(d) Deferred tax relates to:		
Deferred tax liabilities :		
Property, plant and equipments and intangible assets	**793.02**	597.73
Amortised cost adjustment on borrowings	**4.35**	5.48
Fair valuation of investments in mutual fund	**0.38**	2.63
Cash flow hedge reserve	**22.14**	7.61
Fair valuation of investment in equity instruments	**0.01**	0.01
	819.90	613.46
Deferred tax assets :		
Provision for employee benefit expense	**(46.70)**	(49.07)
Valuation of inventories	**(39.40)**	(38.51)
Provision for expenses	**(86.84)**	(62.79)
Provision for chargebacks	**(105.57)**	(77.31)
Allowance for doubtful trade receivables	**(6.59)**	(30.65)
Unrealized foreign exchange loss	**(0.01)**	4.36
Interest accrued but not due	**(14.66)**	-
Unabsorbed depreciation / Tax losses of subsidiaries	**(91.02)**	(96.00)
MAT Credit entitlement	**(721.82)**	(482.89)
Unrealised profit in inventory	**(69.64)**	(56.48)
	(1,182.25)	(889.34)
Deferred tax liabilities / (assets) net	**(362.35)**	(275.88)
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	**7.50**	0.04
Deferred tax assets	**369.85**	275.92
	(362.35)	(275.88)

Amount of ₹ 91.02 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 ₹ 45.82 crores as at 31-Mar-2019.

Under the Income-tax Act, 1961, the Company is liable to pay Minimum Alternate Tax (MAT). MAT paid can be carried forward for a period of 15 years and can be set off against the future tax liabilities. MAT is recognised as a deferred tax asset only when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

(e) Movement of deferred tax liabilities / (assets) during the year:

(₹ in crores)

Year ended 31-Mar-2019	Opening balance as at 01-Apr-2018	Recognised in statement of profit and loss	Recognised in other comprehensive income	Recognised in retained earnings	Foreign exchange difference	Closing balance as at 31-Mar-2019
Deferred tax liabilities / (assets) in relation to:						
Property, plant and equipments and intangible assets	597.73	194.87	-	-	0.42	**793.02**
Amortised cost adjustment on borrowings	5.48	(1.13)	-	-	-	**4.35**
Fair valuation of investment in mutual fund	2.63	(2.25)	-	-	-	**0.38**
Cash flow hedge reserve	7.61	-	14.53	-	-	**22.14**
Fair valuation of investment in equity instruments	0.01	-	-	-	-	**0.01**
Provision for employee benefit expense	(49.07)	5.87	(2.68)	-	(0.82)	**(46.70)**
Valuation of inventories	(38.51)	(4.10)	-	-	3.21	**(39.40)**
Provision for expenses	(62.79)	(18.88)	-	-	(5.17)	**(86.84)**
Provision for chargebacks	(77.31)	(29.89)	-	-	1.63	**(105.57)**
Allowance for doubtful trade receivables	(30.65)	24.05	-	-	0.01	**(6.59)**
Unrealized foreign exchange loss	4.36	(4.23)	-	-	(0.14)	**(0.01)**
Interest accrued but not due	-	(14.66)	-	-	-	**(14.66)**
Unabsorbed depreciation / Tax losses of subsidiaries	(96.00)	(31.49)	-	36.02	0.45	**(91.02)**
MAT credit entitlement	(482.89)	(260.44)	-	21.51	-	**(721.82)**
Unrealised profit in Inventory	(56.48)	(13.16)	-	-	-	**(69.64)**
Deferred tax liabilities / (assets) net	**(275.88)**	**(155.44)**	**11.85**	**57.53**	**(0.41)**	**(362.35)**

(₹ 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	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)

	As at 31-Mar-2019	As at 31-Mar-2018
NOTE - 21 : TRADE PAYABLES		
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	**7.14**	7.34
(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	**5.76**	4.42
(ii) Interest actually paid under Section 16 of the MSMED Act	**0.03**	0.02
(c) Normal interest due and payable during the year, for all the delayed payments, as per the agreed terms	**0.07**	0.03
(d) Total interest accrued during the year and remaining unpaid	**0.07**	0.03
The above information regarding Micro, Small and Medium Enterprises has been determined on the basis of information available with the company. This has been relied upon by the auditors.		
NOTE - 22 : OTHER FINANCIAL LIABILITIES		
Non-Current		
Creditors for capital goods	**8.91**	5.42
Security deposits	**0.27**	0.45
Derivative financial instruments	**1.48**	8.18
Other payables	**3.94**	3.71
	14.60	17.76
Current		
Current maturities of long-term debt (Refer note 18)	**1,191.07**	725.26
Interest accrued but not due on borrowings	**95.82**	98.68
Creditors for capital goods	**38.03**	41.30
Payables for employee benefits	**131.04**	123.43
Unclaimed dividend	**3.92**	3.98
Book overdraft	**14.14**	17.08
Derivative financial instruments	**35.98**	28.45
Other payables	**13.38**	13.89
	1,523.38	1,052.07
	1,537.98	1,069.83
NOTE - 23 : OTHER LIABILITIES		
Non-Current		
Government grant	**4.22**	2.42
Payables to statutory and other authorities	**3.49**	-
	7.71	2.42
Current		
Trade advances	**9.62**	9.99
Payables to statutory and other authorities	**93.26**	54.18
Government grant	**1.69**	0.70
Other payables	**13.31**	34.74
	117.88	99.61
	125.59	102.03

(₹ in crores)

	Year ended 31-Mar-2019	Year ended 31-Mar-2018
NOTE - 24 : REVENUE FROM OPERATIONS		
Sales		
Sales in India	**3,509.18**	2,570.53
Sales outside India	**3,952.66**	3,254.31
	7,461.84	5,824.84
Other operating income		
Export benefits	**76.17**	60.31
Income from product registration dossiers	**4.06**	2.81
Compensation and settlement income	**62.81**	-
Government grant income	**7.17**	3.77
Other income	**60.75**	58.10
	210.96	124.99
	7,672.80	5,949.83
Reconciliation of revenue from operations with the contracted price :		
Contracted price	**14,316.37**	11,154.23
Adjustments :		
Chargeback, rebates and discounts	**(6,608.37)**	(5,111.97)
Sales return	**(221.98)**	(194.01)
Others	**(24.18)**	(23.41)
Sales	**7,461.84**	5,824.84
Add : Other operating income	**210.96**	124.99
Revenue from operations	**7,672.80**	5,949.83

Revenue disaggregation by geography has been included in segment reporting (Refer note 36).

Revenue from operations also includes contract manufacturing revenue of ₹ 460.31 crores and ₹ 399.60 crores for the year ended 31-Mar-2019 and 31-Mar-2018 respectively.

	Year ended 31-Mar-2019	Year ended 31-Mar-2018
NOTE - 25 : OTHER INCOME		
Interest income	**16.41**	6.66
Net gain on sale of investments (including gain/(loss) on fair valuation ₹ (6.33) crores and ₹ (12.42) crores for year ended 31-Mar-2019 and 31-Mar-2018 respectively)	**39.27**	52.81
Net foreign exchange gain / (loss)	**(1.09)**	237.14
Other non-operating income	**2.46**	2.23
	57.05	298.84
NOTE - 26 : COST OF MATERIALS CONSUMED		
Raw materials	**1,111.88**	900.71
Packing materials	**178.43**	138.30
	1,290.31	1,039.01
NOTE - 27 : CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE		
Opening 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
Less : Closing inventory :		
Finished goods	**722.76**	678.52
Work-in-progress	**187.43**	213.23
Stock-in-trade	**314.76**	419.24
	1,224.95	1,310.99
Less : Exceptional items	**2.60**	-
Net (increase) / decrease in inventory	**83.44**	(362.20)

(₹ in crores)

		Year ended 31-Mar-2019	Year ended 31-Mar-2018
NOTE - 28 : EMPLOYEE BENEFITS EXPENSE			
Salaries, wages and bonus		**1,208.36**	966.93
Contribution to provident and other funds		**124.13**	108.28
Gratuity and other retirement benefit cost		**21.84**	20.02
Staff welfare expenses		**49.46**	40.02
		1,403.79	1,135.25
NOTE - 29 : FINANCE COSTS			
Interest expenses		**501.10**	304.79
Other borrowing cost		**2.65**	3.69
		503.75	308.48
NOTE - 30 : DEPRECIATION, AMORTISATION AND IMPAIRMENT EXPENSE			
Depreciation of tangible assets		**194.84**	163.46
Amortisation of intangible assets		**419.55**	245.14
Impairment of intangible assets under development		**3.30**	-
		617.69	408.60
NOTE - 31 : OTHER EXPENSES			
Selling, publicity and medical literature expenses		**738.03**	641.30
Laboratory goods and testing expenses		**172.43**	168.26
Power and fuel		**132.46**	118.77
Stores and spares consumed		**101.98**	103.35
Travelling, conveyance and vehicle expenses		**129.41**	103.19
Cost of outsourced manpower		**58.32**	47.67
Allowance for doubtful trade receivables (net)		**(5.48)**	(8.20)
Compensation expense		**66.05**	24.04
Professional and legal fees		**136.94**	137.59
Auditors remuneration and expenses		**3.33**	3.70
Commission to non-executive directors		**5.62**	6.57
Donation		**31.60**	16.61
Corporate social responsibility expenses		**25.34**	26.39
General charges		**470.23**	402.62
		2,066.26	1,791.86
NOTE - 32 : EARNINGS PER SHARE			
The basic and diluted earnings per share [EPS] are:			
Net profit for the year [a]	(₹ in crores)	**436.28**	678.11
Weighted average number of equity shares [b]	(Nos.)	**169,222,720**	169,222,720
EPS (basic and diluted) [a] / [b]	₹	**25.78**	40.07
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 of ₹ 7.75 crores for the year ended 31-Mar-2018 have been included in other expenses in the consolidated statement of profit and loss.

(b) The Company had, 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 of ₹ 4.03 crores for the year ended 31-Mar-2018 have been included in other expenses in the consolidated statement of profit and loss.

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-2019	As at 31-Mar-2018
Not later than 1 year	**4.52**	5.94
Later than 1 year and not later than 5 years	**8.94**	6.43
Above 5 Years	**6.60**	-
Total	**20.06**	12.37

Lease rentals on the above lease amounting to ₹ 2.56 crores (previous year ₹ 3.11 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-2019				Year ended 31-Mar-2018			
		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	164.43	80.47	2.53	1.17	132.94	71.21	2.51	0.98
	Current service cost	18.91	0.47	0.47	0.57	15.40	0.46	0.51	0.32
	Interest cost	12.83	1.66	0.17	0.10	9.60	1.45	0.13	0.08
	Liability transferred in / acquisitions	-	-	-	-	8.99	-	-	-
	Liability transferred out	(0.02)	-	-	-	(0.01)	-	-	-
	Actuarial (gains) / losses	8.47	1.41	0.01	0.04	3.81	(2.53)	(0.51)	(0.02)
	Benefits paid directly by the employer	(0.39)	(1.96)	-	(0.56)	(0.27)	(1.82)	-	(0.72)
	Benefits paid from the fund	(8.72)	-	-	-	(6.03)	-	-	-
	Curtailments / settlements	-	-	-	-	-	-	-	0.51
	Translation exchange difference	-	(2.94)	0.13	0.01	-	11.70	(0.11)	0.02
	Obligations at the end of the year	195.51	79.11	3.31	1.33	164.43	80.47	2.53	1.17
(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	166.86	-	-	-	114.16	-	-	-
	Interest income	13.01	-	-	-	8.25	-	-	-
	Return on plan assets, excluding interest income	0.80	-	-	-	0.36	-	-	-
	Contributions	30.00	-	-	-	50.12	-	-	-
	Benefits paid	(8.72)	-	-	-	(6.03)	-	-	-
	Plan assets at the end of the year, at fair value	201.95	-	-	-	166.86	-	-	-
	Actual return on plan assets	13.81	-	-	-	8.61	-	-	-
(c)	**Expense recognised in the statement of profit and loss for the year :**								
	Current service cost	18.91	0.47	0.47	0.57	15.40	0.46	0.51	0.32
	Net Interest on net defined benefit liability	(0.18)	1.66	0.17	0.10	1.35	1.45	0.13	0.08
	Net gratuity and other retirement benefit cost	18.73	2.13	0.64	0.67	16.75	1.91	0.64	0.40
(d)	**Expense recognised in other comprehensive income for the year :**								
	Actuarial (gains) / losses	8.47	1.41	0.01	0.04	3.81	(2.53)	(0.51)	(0.02)
	Return on plan assets, excluding interest income	(0.80)	-	-	-	(0.36)	-	-	-
		7.67	1.41	0.01	0.04	3.45	(2.53)	(0.51)	(0.02)

(₹ in crores)

		Year ended 31-Mar-2019				Year ended 31-Mar-2018			
		Gratuity	Pension	Retirement Benefit Plan	Retirement Benefit and Seniority Premium Plan	Gratuity	Pension	Retirement Benefit Plan	Retirement Benefit and Seniority Premium Plan
(e)	**Reconciliation of the present value of the defined benefit obligation and fair value of plan assets :**								
	Obligations at the end of the year	195.51	79.11	3.31	1.33	164.43	80.47	2.53	1.17
	Plan assets at the end of the year, at fair value	201.95	-	-	-	166.86	-	-	-
	(Asset) / Liability recognised in balance sheet	(6.44)	79.11	3.31	1.33	(2.43)	80.47	2.53	1.17
(f)	**Remeasurement of net defined benefit liability / (asset) :**								
	Actuarial (gains) / losses :								
	Changes in demographic assumptions	-	0.90	-	-	-	-	-	-
	Changes in financial assumptions	2.06	0.64	-	(0.03)	(6.70)	(2.69)	(0.52)	(0.02)
	Experience adjustments	6.41	(0.13)	0.01	0.07	10.51	0.16	0.01	0.00
	Remeasurement of defined benefit liability	8.47	1.41	0.01	0.04	3.81	(2.53)	(0.51)	(0.02)
	Remeasurement of return on plan assets	(0.80)	-	-	-	(0.36)	-	-	-
	Total	7.67	1.41	0.01	0.04	3.45	(2.53)	(0.51)	(0.02)
(g)	**Expected contribution for the next year**	13.64	2.23	-	0.28	16.49	2.21	-	0.28
(h)	**Assumptions :**								
	Discount rate	7.64%	2.00%	6.50%	10.00%	7.80%	2.05%	6.50%	9.50%
	Salary escalation rate	10.00%	2.50%	6.00%	4.50%	10.00%	2.50%	6.00%	4.50%
	Weighted average duration of defined benefit obligation	9 years	16.39 years	14.56 years	4.57 years	9 years	16.80 years	16.24 years	4.55 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-2019				Year ended 31-Mar-2018			
	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 %	(12.24)	(11.31)	(0.41)	(0.05)	(10.45)	(11.72)	(0.34)	(0.04)
Impact of decrease in discount rate by 1 %	13.93	14.40	0.50	0.06	11.89	15.01	0.41	0.05
Impact of increase in salary escalation rate by 1 %	13.48	0.32	0.50	0.06	11.52	0.38	0.41	0.05
Impact of decrease in salary escalation rate by 1 %	(12.10)	(0.30)	(0.42)	(0.05)	(10.34)	(0.36)	(0.34)	(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 :

	As at 31-Mar-2019	As at 31-Mar-2018
Equity instruments	9.23%	11.20%
Corporate bonds	58.90%	60.22%
Government securities	26.07%	22.61%
Fixed deposits with banks	0.17%	0.32%
Other current assets	5.63%	5.65%

(k) **Maturity profile :**

The defined benefit obligations shall mature after year ended 31-Mar-2019 as follows:

(₹ in crores)

	Undiscounted values			
	Gratuity	Pension	Retirement Benefit Plan	Retirement Benefit and Seniority Premium Plan
1st following year	22.89	2.23	-	0.29
2nd following year	16.97	2.45	0.33	0.28
3rd following year	19.06	2.55	0.10	0.28
4th following year	19.22	2.76	-	0.30
Thereafter	105.30	18.29	2.97	2.19

(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-2019	Year ended 31-Mar-2018
India	**3,553.04**	2,596.46
Outside India :		
USA	**1,589.47**	1,099.74
Germany	**1,009.18**	860.37
Brazil	**689.20**	709.45
Other countries	**831.91**	683.81
Total	**7,672.80**	5,949.83

Revenue from external customers is allocated based on the location of the customer.

(ii) **Non-current assets:**

(₹ in crores)

	As at 31-Mar-2019	As at 31-Mar-2018
India	**7,996.38**	7,965.12
Outside India :		
USA	**320.21**	496.88
Germany	**52.49**	48.66
Brazil	**16.72**	21.02
Other countries	**56.54**	59.32
Total	**8,442.34**	8,591.00

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-2019 and 31-Mar-2018.

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-2019	Carrying Value	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets :					
Amortised cost * :					
Cash and cash equivalents	588.76	-	-	-	-
Bank balances other than cash and cash equivalents	227.28	-	-	-	-
Trade receivables	1,435.71	-	-	-	-
Loans	6.40	-	-	-	-
Investments	0.01	-	-	-	-
Other financial assets	114.51	-	-	-	-
Fair value through other comprehensive income :					
Investment in equity instruments	2.13	0.05	-	2.08	2.13
Fair value through profit or loss :					
Investment in mutual funds	351.30	351.30	-	-	351.30
Derivative instruments :					
Designated as cash flow hedge	62.37	-	62.37	-	62.37
Fair value through profit and loss	33.91	-	33.91	-	33.91
Total	2,822.38	351.35	96.28	2.08	449.71
Financial liabilities :					
Amortised cost * :					
Borrowings	6,038.10	-	-	-	-
Trade payables	2,096.74	-	-	-	-
Other financial liabilities	305.51	-	-	-	-
Fair value through profit or loss :					
Other financial liabilities **	3.94	-	-	3.94	3.94
Derivative instruments :					
Fair value through profit and loss	37.46	-	37.46	-	37.46
Total	8,481.75	-	37.46	3.94	41.40

(₹ 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	241.11	-	-	-	-
Bank balances other than cash and cash equivalents	626.12	-	-	-	-
Trade receivables	1,253.45	-	-	-	-
Loans	5.60	-	-	-	-
Investments	31.30	-	-	-	-
Other financial assets	54.38	-	-	-	-
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
Derivative instruments :					
Designated as cash flow hedge	21.78	-	21.78	-	21.78
Fair value through profit and loss	104.19	-	104.19	-	104.19
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
Derivative instruments :					
Fair value through profit and loss	36.63	-	36.63	-	36.63
Total	8,855.13	-	36.63	3.71	40.34

* 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-2019	31-Mar-2018	**31-Mar-2019**	31-Mar-2018
USD	Forward contracts	Sell	**28.75**	32.95	**66.27**	57.97
EUR	Forward contracts	Sell	**2.11**	4.23	**8.33**	(13.71)
GBP	Forward contracts	Sell	**0.81**	0.89	**1.29**	(4.98)
MXN	Forward contracts	Sell	**2.18**	1.55	**(0.18)**	(0.27)
MYR	Forward contracts	Sell	**2.10**	1.42	**(0.94)**	(2.03)
RUB	Forward contracts	Sell	**46.64**	64.15	**(0.37)**	(3.92)
USD	Cross Currency Interest Rate Swaps	Buy	**2.80**	4.10	**(9.52)**	(11.28)
USD	Interest Rate Swaps		**3.00**	-	**(2.51)**	-
					62.37	21.78
Less : Deferred tax					**22.14**	7.61
Balance in cash flow hedge reserve					**40.23**	14.17

The movement of cash flow hedges in other comprehensive income is as follows:

(₹ in crores)

Particulars	Year ended 31-Mar-2019	Year ended 31-Mar-2018
Balance at the beginning of the year	**14.17**	126.39
(Gain) / losses transferred to profit or loss	**84.76**	(138.91)
Deferred tax on (gains) / losses reclassified to profit or loss	**(29.62)**	48.54
Change in the fair value of effective portion of cash flow hedges	**(44.17)**	(33.59)
Deferred tax on fair value of effective portion of cash flow hedges	**15.09**	11.74
Balance at the end of the year	**40.23**	14.17

(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-2019	US Dollar	Euro	Others*	Total
Assets :				
Cash and cash equivalents	**75.52**	**383.41**	**39.67**	**498.60**
Trade receivables	**650.40**	**253.79**	**343.11**	**1,247.30**
Bank balances other than cash and cash equivalents	**-**	**82.05**	**-**	**82.05**
Other assets	**17.62**	**79.27**	**12.22**	**109.11**
Total	**743.54**	**798.52**	**395.00**	**1,937.06**
Liabilities :				
Borrowings	**919.98**	**-**	**-**	**919.98**
Trade payables	**224.88**	**1,379.86**	**60.14**	**1,664.88**
Other liabilities	**68.18**	**29.24**	**27.62**	**125.04**
Total	**1,213.04**	**1,409.10**	**87.76**	**2,709.90**
Net assets / (liabilities)	**(469.50)**	**(610.58)**	**307.24**	**(772.84)**

(₹ 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)

*Others mainly includes currencies namely British Pound, 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 ₹ 3.52 crores (₹ 45.19 crores) in the Group's net profit and ₹ 98.45 crores (₹ 110.74 crores) in cash flow hedge reserve from such contracts as at 31-Mar-2019 and 31-Mar-2018 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 ₹ 11.09 crores (₹ 8.11 crores) in the Group's net profit for the year ended 31-Mar-2019 and 31-Mar-2018 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 ₹ 36.48 crores (₹ 21.96 crores) in the Group's foreign currency translation reserve at 31-Mar-2019 and 31-Mar-2018 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 138 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 60 million borrowing at US subsidiary is at a floating rate of interest. Interest rate swaps are taken by US subsidiary for 30 million borrowings to convert variable interest rate to fixed interest rate. 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-2019 and 31-Mar-2018.

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 ₹ 2,819.96 crores and ₹ 2,798.50 crores as at 31-Mar-2019 and 31-Mar-2018 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-2019	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	**2,096.74**	**-**	**-**	**-**	**2,096.74**
Borrowings*	**2,125.18**	**1,345.86**	**1,915.24**	**664.26**	**6,050.54**
Other financial Liabilities	**296.33**	**9.18**	**0.42**	**3.52**	**309.45**
Derivative financial liabilities	**35.98**	**1.48**	**-**	**-**	**37.46**
Total	**4,554.23**	**1,356.52**	**1,915.66**	**667.78**	**8,494.19**

(₹ 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

*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.

38 EXCEPTIONAL ITEMS

(a) Impairment of intangible assets

Impairment loss in the consolidated statement of profit and loss pertains to goodwill, certain intangible assets and intangible assets under development recognised as part of acquisition of Bio-Pharm, Inc. summarised as under:

(₹ in crores)

Particulars	Year ended 31-Mar-2019	Year ended 31-Mar-2018
Intangible assets	**42.88**	-
Intangible assets under development	**98.08**	-
Goodwill	**76.52**	-
Total	**217.48**	-

The above assets and the related goodwill form part of the acquisition of Bio Pharm Inc., a Pennsylvania based manufacturing entity (merged with Torrent Pharma Inc. w.e.f. 01-Jan-2019), and have been impaired primarily on account of:

(i) Up-gradation of the facility due to regulatory developments causing temporary disruption and cancellation of customer contracts.

(ii) Change in product development strategy.

The impairment loss has been determined by considering each individual intangible asset group (product under development, customer contracts etc.) as a cash generating unit (CGU). Goodwill which arose upon acquisition has been apportioned to groups of CGU's for the purpose of carrying out impairment test. Recoverable amount (i.e. higher of value in use and fair value less cost to sell) of each individual CGU was compared to carrying value and impairment amount was arrived as follows:

1. CGUs where carrying value was higher than recoverable amount were impaired.

2. Goodwill was apportioned to remaining CGUs. The recoverable value was then compared with carrying value of Group of CGUs and impairment loss was recognised against goodwill.

3. CGUs where recoverable amount was higher than carrying value were carried at carrying value.

Value in use is calculated using a discounted expected cash flow approach, with a post-tax discount rate applied to the projected risk adjusted post-tax cash flows and terminal value. The discount rate is the weighted average cost of capital of the group of cash-generating units relating to erstwhile Bio Pharm Inc. For assessing value in use, the cash flow projections are based on the most recent long-term forecasts approved by management. The long-term forecasts include management's latest estimates on sales volume and pricing as well as production and other operating costs.

Other key assumptions used in the calculations are the period of cash flow projections included in the long-term forecasts, the terminal value growth rate and the discount rate.

Key assumptions for CGUs 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 is disclosed in note 7.

(b) Recall expenses

The Group has charged ₹ 139.53 crores to the consolidated statement of profit and loss in relation to product recalls made during the current year. These expenses include write down of inventory, certain contractual obligations and recall expenses.

NOTE - 39 : 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 / Independent Directors		Other related parties		Total	
(A) Nature of Transactions	**2018-19**	2017-18	**2018-19**	2017-18	**2018-19**	2017-18	**2018-19**	2017-18
Purchase of material, consumables etc	-	-	-	-	0.25	2.88	0.25	2.88
Remuneration to key management personnel / independent directors	-	-	28.70	27.72	-	-	28.70	27.72
Contribution to Gratuity / Superannuation funds	-	-	-	-	45.18	63.83	45.18	63.83
Advance given	-	-	-	-	1.54	0.99	1.54	0.99
Lease rent paid	0.02	0.02	-	-	-	1.23	0.02	1.25
Services received	-	-	-	-	16.85	15.08	16.85	15.08
CSR Expenses	-	-	-	-	18.72	19.19	18.72	19.19
Interest income	-	-	-	-	0.07	0.13	0.07	0.13
Purchase of property, plant and equipments	-	-	-	-	184.18	45.02	184.18	45.02
Remuneration paid	-	-	-	-	0.27	-	0.27	-
Deposits refund received	-	-	-	-	-	1.56	-	1.56
Transfer value of employees (net)	-	-	-	-	0.02	0.05	0.02	0.05
(B) Balances at the end of the year	**31-Mar-19**	31-Mar-18	**31-Mar-19**	31-Mar-18	**31-Mar-19**	31-Mar-18	**31-Mar-19**	31-Mar-18
Trade receivables	-	-	-	-	-	0.07	-	0.07
Advances recoverable	-	-	-	-	0.66	0.70	0.66	0.70
Investment in equities	-	-	-	-	0.06	0.06	0.06	0.06
Trade payables	-	0.02	-	-	1.23	1.20	1.23	1.22
Other payables	-	-	20.76	21.87	-	-	20.76	21.87

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 / Independent Directors:

(₹ in crores)

	Year ended 31-Mar-2019	Year ended 31-Mar-2018
Salaries and other benefits	6.97	5.72
Contribution to defined contribution plan	0.52	0.43
Commission	20.62	20.87
Sitting Fees	0.59	0.70
Total	**28.70**	27.72

NOTE - 40 : COMMITMENTS AND CONTINGENCIES

(₹ in crores)

	As at 31-Mar-2019	As at 31-Mar-2018
Commitments :		
Estimated amount of contracts remaining unexecuted on capital account (net of advances) not provided for	**267.20**	188.05
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	**13.25**	11.96
Disputed demand of goods and service tax / excise	**102.93**	100.15
Disputed demand of local sales tax and C.S.T	**0.31**	0.46
Disputed demand of stamp duty	**2.19**	2.19
Disputed cases at labour court / industrial court	**3.16**	4.00
Disputed bonus liability under Payment of Bonus (Amendment) Act, 2015	**0.47**	0.40
	125.70	122.55

In most of the cases above, the relevant authorities have raised a demand or disallowed / deducted the relevant taxes. The Group has preferred an appeal and the outcome is awaited.

Against the claims not acknowledged as debts, the Group has paid ₹ 0.15 crores (previous year ₹ 0.18 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) The Company is in the process of evaluating the impact of the Supreme Court ("SC") judgement dated February 28, 2019 in the case of Regional Provident Fund Commissioner (II) West Bengal v/s Vivekananda Vidyamandir and Others, in relation to non-inclusion of certain allowances from the definition of "basic wages" of the relevant employees for the purposes of determining contribution to Provident Fund ("PF") under the Employees' Provident Fund & Miscellaneous Provisions Act, 1952. Based on legal advice received by the management, there are interpretation issues relating to the said SC judgement and review petitions are pending before the SC in this matter. In the assessment of the management, the aforesaid matter is not likely to have a significant impact and accordingly, no provision has been made in the financial statements.

(c) Bio-Pharm, Inc. (merged with Torrent Pharma 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 Torrent Pharma Inc.

NOTE - 41 : PROPOSED DIVIDEND

The Board of Directors in their meeting held on 20-May-2019, proposed a final equity dividend of ₹ 4.00 per equity share of ₹ 5.00 each fully paid up for the year 2018-19.

NOTE - 42

The consolidated financial statements for the year ended 31-Mar-2019 were approved for issue by the Board of Directors on 20-May-2019.

NOTE - 43

The figures for the previous year have been restated/regrouped wherever necessary, to make them comparable.

NOTE - 44 : 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-2019

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)	99.06%	4,680.86	111.30%	485.64	69.65%	23.05	108.35%	508.69
Subsidiaries								
Indian								
Torrent Pharmaceuticals (Sikkim)	-	-	0.01%	0.03	-	-	0.01%	0.03
Foreign								
Zao Torrent Pharma	0.55%	25.87	0.20%	0.87	(1.42%)	(0.47)	0.09%	0.40
Torrent Do Brasil Ltda.	1.36%	64.40	1.76%	7.70	20.60%	6.82	3.09%	14.52
Torrent Pharma Gmbh	1.24%	58.53	(6.02%)	(26.28)	1.81%	0.60	(5.47%)	(25.68)
Torrent Pharma Inc.	(3.83%)	(181.07)	(54.97%)	(239.86)	(13.72%)	(4.54)	(52.07%)	(244.40)
Torrent Pharma Philippines Inc.	0.63%	29.75	(0.01%)	(0.03)	(0.03%)	(0.01)	(0.01%)	(0.04)
Laboratorios Torrent, S.A. De C.V.	0.34%	16.24	0.64%	2.81	0.09%	0.03	0.61%	2.84
Torrent Australasia Pty Ltd	0.01%	0.26	0.00%	0.01	-	-	0.00%	0.01
Torrent Pharma S.R.L.	(0.43%)	(20.27)	0.66%	2.88	3.29%	1.09	0.85%	3.97
Torrent Pharma (UK) Ltd	(0.79%)	(37.50)	0.83%	3.64	6.19%	2.05	1.21%	5.69
Torrent Pharma (Thailand) Co., Ltd.	0.01%	0.69	0.02%	0.08	0.06%	0.02	0.02%	0.10
Laboratories Torrent (Malaysia) SDN.BHD.	0.13%	5.97	0.45%	1.95	(0.85%)	(0.28)	0.36%	1.67
Torrent Pharma France S.A.S.	(0.05%)	(2.58)	(0.03%)	(0.15)	-	-	(0.03%)	(0.15)
Heumann Pharma Gmbh & Co. Generica KG	1.07%	50.36	40.16%	175.21	11.24%	3.72	38.12%	178.93
Heunet Pharma Gmbh	0.70%	32.84	4.99%	21.78	2.27%	0.75	4.80%	22.53
Norispharm Gmbh	-	-	-	-	-	-	-	-
Aptil Pharma Limited	-	-	-	-	0.82%	0.27	0.06%	0.27
Non-controlling interests in all subsidiaries	-	-	0.01%	0.03	-	-	0.01%	0.03
Total	**100.00%**	**4,724.35**	**100.00%**	**436.31**	**100.00%**	**33.10**	**100.00%**	**469.41**

(b) 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)	84.75%	3,918.21	73.45%	498.06	81.04%	(114.49)	71.43%	383.57
Subsidiaries								
Indian								
Torrent Pharmaceuticals (Sikkim)	0.38%	17.48	0.00%	0.02	-	-	0.00%	0.02
Foreign								
Zao Torrent Pharma	0.55%	25.47	(0.09%)	(0.62)	0.31%	(0.44)	(0.20%)	(1.06)
Torrent Do Brasil Ltda.	1.08%	49.85	7.48%	50.67	(3.23%)	4.57	10.29%	55.24
Torrent Pharma Gmbh	0.20%	9.24	3.84%	26.03	5.41%	(7.64)	3.43%	18.39
Torrent Pharma Inc.	1.52%	70.35	(7.59%)	(51.50)	6.64%	(9.38)	(11.34%)	(60.88)
Torrent Pharma Philippines Inc.	0.63%	29.08	0.76%	5.18	(0.16%)	0.23	1.01%	5.41
Laboratorios Torrent, S.A. De C.V.	0.29%	13.40	0.56%	3.82	(0.18%)	0.25	0.76%	4.07
Torrent Australasia Pty Ltd	0.01%	0.25	0.00%	0.03	-	-	0.01%	0.03
Torrent Pharma S.R.L.	(0.52%)	(24.25)	3.36%	22.79	3.24%	(4.58)	3.39%	18.21
Torrent Pharma (UK) Ltd	(0.93%)	(43.18)	(3.21%)	(21.80)	4.79%	(6.77)	(5.32%)	(28.57)
Torrent Pharma (Thailand) Co., Ltd.	0.01%	0.61	(0.04%)	(0.25)	(0.02%)	0.03	(0.04%)	(0.22)
Laboratories Torrent (Malaysia) SDN.BHD.	0.09%	4.30	0.42%	2.84	0.30%	(0.43)	0.45%	2.41
Torrent Pharma France S.A.S.	(0.05%)	(2.52)	0.00%	0.02	0.25%	(0.36)	(0.06%)	(0.34)
Heumann Pharma Gmbh & Co. Generica KG	5.06%	233.83	19.78%	134.12	2.81%	(3.97)	24.24%	130.15
Heunet Pharma Gmbh	0.22%	10.31	0.39%	2.66	2.39%	(3.38)	(0.13%)	(0.72)
Norispharm Gmbh	-	-	0.00%	0.01	0.01%	(0.01)	-	-
Aptil Pharma Limited	-	-	1.90%	12.89	2.12%	(2.99)	1.84%	9.90
Bio-Pharm, Inc.	6.70%	309.76	(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**

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

Sudhir Menon
Chief Financial Officer

Mahesh Agrawal
VP (Legal) & Company Secretary

Ahmedabad
20th May, 2019

Ahmedabad
20th May, 2019

(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	1.0685	0.25	25.54	43.46	17.67	-	64.57	2.03	0.41	1.62	-
2	Torrent Do Brasil Ltda.	31.05.2001	Reais	17.7513	44.38	(8.95)	405.13	369.70	-	649.41	(8.71)	0.07	(8.78)	-
3	Torrent Pharma Gmbh	Not Applicable	Euro	77.7024	0.19	72.48	166.54	93.87	45.53	7.66	349.84	25.53	324.31	275.84
4	Torrent Pharma Inc.	Not Applicable	USD	69.1713	8.30	(196.77)	1,472.37	1,660.84	-	1,518.71	(334.81)	(70.04)	(264.77)	-
5	Torrent Pharma Philippines Inc.	Not Applicable	Pesos	1.3105	5.05	23.96	97.42	68.41	-	122.57	(1.43)	(0.09)	(1.34)	
6	Laboratorios Torrent, S.A. De C.V.	Not Applicable	Mxn$	3.5693	26.68	(10.52)	24.28	8.12	-	41.45	2.57	-	2.57	-
7	Torrent Australasia Pty Ltd	Not Applicable	Au$	49.0217	0.42	(0.16)	0.29	0.03	-	0.26	0.02	-	0.02	-
8	Torrent Pharma (Thailand) Co., Ltd.	Not Applicable	THB	2.1786	2.59	(1.89)	1.61	0.91	-	0.92	0.07	-	0.07	-
9	Torrent Pharma S.R.L.	Not Applicable	RON	16.3144	6.76	(27.00)	3.17	23.41	-	71.14	63.63	2.45	61.18	-
10	Torrent Pharma (UK) Ltd	Not Applicable	GBP	90.4756	2.04	(37.55)	172.75	208.26	-	143.80	-	(0.24)	0.24	-
11	Laboratories Torrent (Malaysia) SDN.BHD.	Not Applicable	MYR	16.9247	1.69	4.11	20.16	14.36	-	51.82	1.50	0.43	1.07	-
12	Torrent Pharma France S.A.S.	19.06.2013	Euro	77.7024	0.00	(2.58)	1.70	4.28	-	-	(0.15)	-	(0.15)	-
13	Heumann Pharma Gmbh & Co. Generica KG	03.07.2005	Euro	77.7024	0.09	67.68	1,264.21	1,196.44	-	814.28	174.31	26.33	147.98	349.66
14	Heunet Pharma Gmbh	Not Applicable	Euro	77.7024	0.19	30.39	554.43	523.85	-	166.93	24.47	6.80	17.67	-
15	Norispharm Gmbh	Not Applicable	Euro	77.7024	0.19	(0.19)	0.14	0.14	-	0.12	-	-	-	-
16	Aptil Pharma Limited	29.04.2014	GBP	90.4756	0.00	-	0.00	-	-	-	-	-	-	-

Note :
- i. % of shareholding in all subsidiaries either directly or through its subsidiaries is 100%.
- ii. Torrent Pharma France S.A.S. and Torrent Australasia Pty Ltd are yet to commence their operations.
- iii. Bio-Pharm, Inc. merged with Torrent Pharma Inc. with effect from 01-Jan-2019.
- iv. Torrent Pharmaceuticals (Sikkim) dissolved with effect from 31-Mar-2019.

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

Sudhir Menon
Chief Financial Officer

Mahesh Agrawal
VP (Legal) & Company Secretary

Ahmedabad
20th May, 2019

FIVE YEAR FINANCIAL HIGHLIGHTS

CONSOLIDATED

(₹ in crores)

	IND-AS				Indian GAAP
	2018-19	2017-18	2016-17	2015-16	2014-15
SALES, PROFIT & DIVIDEND					
Revenue	**7,673**	5,950	5,857	6,687	4,653
EBITDA	**2,025**	1,641	1,596	2,953	1,279
EBIT	**1,406**	1,233	1,289	2,715	1,100
Profit before exceptional items and tax (PBT)	**919**	931	1,088	2,537	940
Profit after tax (PAT)	**436**	678	934	1,733	751
Dividend for the year	**288**	237	237	592	190
Total dividend per share (₹)	**17.00**	14.00	14.00	35.00	11.25
Special dividend per share (₹)	**-**	-	-	15.00	-
Normal dividend (interim dividend and proposed final dividend) per share (₹)	**17.00**	14.00	14.00	20.00	11.25

FINANCIAL POSITION					
Equity share capital	**85**	85	85	85	85
Other equity / Reserves and surplus	**4,640**	4,538	4,266	3,409	2,406
Long term borrowings	**5,104**	4,837	2,510	2,348	2,421
Capital employed	**9,829**	9,460	6,861	5,842	4,912
Gross block	**10,553**	10,096	5,429	4,835	4,205
Net block	**8,365**	8,502	4,208	3,901	3,495
Net current assets	**(128)**	60	2,141	1,403	1,228

RETURN					
On revenue (PBT)%	**12%**	16%	19%	38%	20%
On capital employed (EBIT)%	**14%**	13%	19%	46%	22%
On shareholder's fund (PAT)%	**9%**	15%	21%	50%	30%
Earnings per share (₹)	**25.78**	40.07	55.17	102.42	44.38
Earnings per share before exceptional item net of tax (₹)	**42.45**	40.07	55.17	111.46	44.38

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 46th Annual General Meeting of the Company, to be held on Tuesday, 23rd July, 2019 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, 2019 including the Audited Balance Sheet as at 31st March, 2019, 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 for the financial year ended 31st March, 2019 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 appoint a Director in place of Shri Samir Mehta (holding DIN 00061903), Director, who retires by rotation, and being eligible, offers himself for re-appointment.		
Special Business		For	Against
4.	Ratification of remuneration of Cost Auditors of the Company for the year 2019-20.		
5.	Re-appointment of Shri Samir Mehta as Executive Chairman and fixation of Remuneration.		
6.	Payment of Commission to Shri Sudhir Mehta, Chairman Emeritus for the year 2018-19.		
7.	Remuneration to Non-Executive Directors (NEDs).		

Signed this…... day of……...........… 2019

____

Signature of Shareholder(s)

Affix Revenue Stamp of not less than ₹ 1

____

Signature of Proxyholder(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 46th 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' and '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
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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 46TH ANNUAL GENERAL MEETING being held at J. B. Auditorium, Torrent AMA Centre, Ground Floor, Ahmedabad Management Association, Vastrapur, Ahmedabad – 380 015, Gujarat, India on Tuesday, the 23rd July, 2019 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

46th Annual General Meeting
Date: 23rd July, 2019
Time: 09.30 A.M.

Venue: J. B. Auditorium, Torrent-AMA Centre, Ahmedabad Management Association(AMA), Vastrapur, Ahmedabad-380015

Human Capital Builds Our Brand

Child Health – Investing for Future

Enhancing Knowledge Capital. Enriching Capabilities.

The Company places as much emphasis on human capital as on financial capital. The latter's productivity is inextricably linked with the former's capability, efficiency, motivation and sense of belonging.

Company's core values bind all the employees into an organisation with cohesive culture. Providing a work culture that provides a path to personal development of all, silently builds the human capital and provides future generation of leaders.

The Company's human capital is its most important off-balance sheet asset.

Serving Communities. Spreading Smiles.

"Think of others also, when you think about yourself" - With this guiding philosophy, Torrent's CSR endeavours are undertaken in key focus areas of healthcare , education and community welfare.

The flagship REACH programme aims to alleviate anaemia and mal-nutrition among under-privileged children whilst providing basic healthcare facilities. It has screened more than 58,000 children by organising medical check-up camps and over 2,00,000+ children have been treated at Torrent's 4 Paediatric Health Centres and through Mobile OPDs.

On the education front, through "Siksha Setu" 8000+ children from economically disadvantaged sections of rural communities and urban slums, 250+ teachers and 3500+ parents are being covered through 26 schools for improvement in teaching and learning outcomes.

"Pratiti" is an initiative to develop beautifully landscaped gardens in the city of Ahmedabad for the general benefit of citizens and increasing the green cover of the city.

Founders' Day 2019–Fostering the Spirit of Parivaar

Siksha Setu – Improving Quality of Education

Printed on 100% recycled paper

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