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Independent Auditors' Report on Financial Information Prepared for Consolidation Purposes

To the Management and Shareholders of CJSC TORRENT PHARMA

Opinion

We have audited the financial information as at and for the year ended 31 March 2019 prepared for consolidation purposes of Closed Joint Stock Company TORRENT PHARMA (the "Company"), on pages 1 to 7 of the accompanying financial reporting package.

In our opinion, the financial information as at and for the year ended 31 March 2019 is prepared, for the purpose described, in all material respects, in conformity with the accounting policy of Torrent Pharmaceuticals Limited.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Information* section of our report. We are independent of the Company in accordance with the independence requirements that are relevant to our audit of the financial information in the Russian Federation and with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the requirements in the Russian Federation and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter – Restriction on Use

This financial information is prepared in accordance with the instructions of Torrent Pharmaceuticals Limited and it and the related auditors' report are not suitable for any other purpose.

Responsibilities of Management for the Financial Information

Management is responsible for the preparation of the financial information in accordance with the accounting policy of Torrent Pharmaceuticals Limited, and for such internal control as management determines is necessary to enable the preparation of financial information that is free from material misstatement, whether due to fraud or error.

In preparing the financial information, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Information

Our objectives are to obtain reasonable assurance about whether the financial information as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 ISAs 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 this financial information.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial information, 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, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- 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 auditors' report to the related disclosures in the financial information 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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.



Rogacheva Ekaterina

JSC "KPMG"

Russia

22 April 2019

CJSC Torrent Pharma
Statement of Financial Position in RUB

	Notes	As at 31-Mar-2019 RUB	As at 31-Mar-2018 RUB
ASSETS			
Non-current assets			
Property, plant and equipment		20,470	20,470
Deferred tax assets (net)		7,865,481	9,211,741
		<u>7,885,951</u>	<u>9,232,211</u>
Current assets			
Inventories	3	113,261,821	134,774,661
Financial assets			
Trade receivables	4	265,936,411	224,676,763
Cash and cash equivalents	5	7,536,150	16,172,894
Other financial assets	1	6,221,911	4,517,941
Assets for current tax (net)		2,225,905	4,683,577
Other current assets	2	3,646,247	5,015,369
		<u>398,828,445</u>	<u>389,841,206</u>
TOTAL		<u>406,714,396</u>	<u>399,073,416</u>
EQUITY AND LIABILITIES			
Equity			
Equity share capital	6	2,380,200	2,380,200
Other equity	7	239,052,821	223,860,511
		<u>241,433,021</u>	<u>226,240,711</u>
Current liabilities			
Financial liabilities			
Trade payables		163,056,122	171,450,513
Other financial liabilities		302,623	-
		<u>163,358,744</u>	<u>171,450,513</u>
Other current liabilities			
Provisions	8	224,929	-
		1,697,701	1,382,192
		<u>165,281,375</u>	<u>172,832,705</u>
TOTAL		<u>406,714,396</u>	<u>399,073,416</u>

Signature to the Statement of Financial Position
C.JSC Torrent Pharma
Suprit Agrawal
General Director
Moscow, Russia

Date: _____

**IDENTIFICATION
PURPOSES ONLY**



CJSC Torrent Pharma
Statement of Profit or Loss and Other Comprehensive Income in RUB

	Notes	Year Ended 31 Mar 2019 RUB	Year Ended 31 Mar 2018 RUB
REVENUE			
Revenue from operations	9	604,263,923	511,863,412
Total Revenue		604,263,923	511,863,412
EXPENSES			
Purchases of stock-in-trade		532,207,575	565,378,169
Changes in Inventory of finished goods	10	21,512,840	(66,245,149)
Employee benefits expense	11	10,323,141	8,689,550
Other expenses	12	21,224,125	20,622,223
Total Expenses		585,267,681	528,444,793
PROFIT / (LOSS) BEFORE EXCEPTIONAL ITEMS AND TAX		18,996,242	(16,581,381)
PROFIT / (LOSS) BEFORE TAX		18,996,242	(16,581,381)
TAX EXPENSE			
Current tax		2,427,945	-
Deferred tax charge / (credit)		1,375,987	(9,186,699)
		3,803,932	(9,186,699)
PROFIT / (LOSS) FOR THE YEAR		15,192,310	(7,394,682)
OTHER COMPREHENSIVE INCOME			
		-	
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		15,192,310	(7,394,682)
Earnings per share [Nominal value per equity share of RUB 100 each]			
Basic and diluted	13	638	(311)

Signature to the Statement of Profit or Loss and Other Comprehensive Income
 CJSC Torrent Pharma
 Suprit Agrawal
 General Director
 Moscow, Russia

Date:



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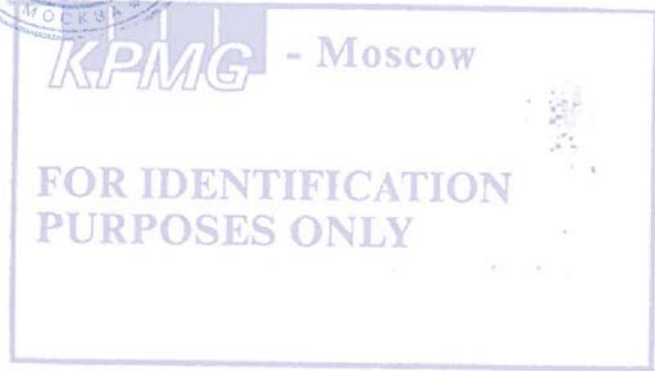
CJSC Torrent Pharma
Statement of Cash Flows in RUB

	Year Ended 31-Mar-2019	Year Ended 31-Mar-2018
A CASH FLOWS FROM OPERATING ACTIVITIES :		
PROFIT / (LOSS) BEFORE TAX	18,996,242	(16,581,381)
Adjustments for :		
Allowance for Impairment of Inventories	8,418,212	2,585,271
Allowance for Sales Bonuses	8,750,900	5,980,640
OPERATING PROFIT / (LOSS) BEFORE WORKING CAPITAL CHANGES	36,165,354	(8,015,470)
Adjustments for changes in working capital :		
Trade Receivables, Loans & Advances and Other Assets	(37,790,563)	10,284,151
Inventories	13,094,628	(68,830,420)
Trade Payables, Liabilities and Provisions	(16,302,231)	49,369,442
CASH USED IN OPERATIONS	(40,998,166)	(9,176,827)
Direct Taxes	(3,803,932)	(4,413,119)
NET CASH USED IN OPERATING ACTIVITIES	(8,636,744)	(21,605,416)
B CASH FLOWS FROM INVESTING ACTIVITIES		
NET CASH USED IN INVESTING ACTIVITIES	-	-
C CASH FLOWS FROM FINANCING ACTIVITIES		
NET CASH USED IN FINANCING ACTIVITIES	-	-
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(8,636,744)	(21,605,416)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	16,172,894	37,778,310
CASH AND CASH EQUIVALENTS AT END OF YEAR	7,536,150	16,172,894
Note: Cash and Cash Equivalents as at end of the year		
Cash and Bank balances as per Note 5	7,536,150	16,172,894
	7,536,150	16,172,894

Signature to the Statement of Cash Flows
 CJSC Torrent Pharma
 Suprit Agrawal
 General Director
 Moscow, Russia



Date:



CJSC Torrent Pharma
Notes to the Financial Information

	As at 31 Mar 2019	As at 31 Mar 2018
	RUB	RUB

NOTE - 1 : OTHER FINANCIAL ASSETS

Current assets

Other receivables	6,221,911	4,517,941
	<u>6,221,911</u>	<u>4,517,941</u>
	<u>6,221,911</u>	<u>4,517,941</u>

	As at 31-Mar-2019	As at 31-Mar-2018
	RUB	RUB

NOTE - 2 : OTHER ASSETS

Current assets

Indirect tax recoverable	3,646,247	5,015,369
	<u>3,646,247</u>	<u>5,015,369</u>
	<u>3,646,247</u>	<u>5,015,369</u>

	As at 31-Mar-2019	As at 31-Mar-2018
	RUB	RUB

NOTE - 3 : INVENTORIES

[At lower of cost and net realisable value]

Finished goods	113,261,821	134,774,661
	<u>113,261,821</u>	<u>134,774,661</u>

	As at 31-Mar-2019	As at 31-Mar-2018
	RUB	RUB

NOTE - 4 : TRADE RECEIVABLES

Considered good	265,936,411	224,676,763
Considered doubtful	1,562,883	1,562,883
Less : Allowance for doubtful trade receivables	1,562,883	1,562,883
	<u>265,936,411</u>	<u>224,676,763</u>
	<u>265,936,411</u>	<u>224,676,763</u>

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CJSC Torrent Pharma
Notes to the Financial Information (page 2)

	As at 31-Mar-2019 RUB	As at 31-Mar-2018 RUB
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NOTE - 5 : CASII AND CASII EQUIVALENTS

Cash on hand	5,892	5,892
Balances with banks	7,530,258	16,167,002
	<u>7,536,150</u>	<u>16,172,894</u>

	As at 31-Mar-2019 RUB	As at 31-Mar-2018 RUB
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NOTE - 6 : SHARE CAPITAL

Subscribed and paid-up	2,380,200	2,380,200
	<u>2,380,200</u>	<u>2,380,200</u>

	As at 31-Mar-2019 RUB	As at 31-Mar-2018 RUB
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NOTE - 7 : RESERVES AND SURPLUS

Retained earnings		
Balance as per last balance sheet	(118,128,182)	(110,733,500)
Add: Profit / (loss) for the year	15,192,310	(7,394,682)
Closing balance	<u>(102,935,872)</u>	<u>(118,128,182)</u>

Reserves		
Other Reserves		
Securities premium account	341,988,693	341,988,693
	<u>239,052,821</u>	<u>223,860,511</u>

	As at 31-Mar-2019 RUB	As at 31-Mar-2018 RUB
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NOTE - 8 : PROVISIONS

Short-term provisions

Provision for employee benefits

Leave benefits

	1,697,701	1,382,192
	<u>1,697,701</u>	<u>1,382,192</u>

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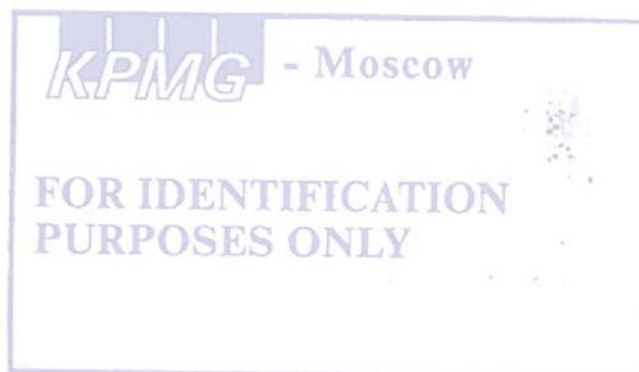
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CJSC Torrent Pharma
Notes to the Financial Information (page 3)

	Year Ended 31-Mar-2019	Year Ended 31-Mar-2018
	RUB	RUB
NOTE 9 : REVENUE FROM OPERATIONS		
Sales		
Sales outside India	604,263,923	511,453,678
	<u>604,263,923</u>	<u>511,453,678</u>
Operating Income		
Other operating income	-	409,734
	<u>-</u>	<u>409,734</u>
	<u>604,263,923</u>	<u>511,863,412</u>

	Year Ended 31-Mar-2019	Year Ended 31-Mar-2018
	RUB	RUB
NOTE - 10 : CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE		
Opening inventories		
Finished goods	134,774,661	68,529,513
	<u>134,774,661</u>	<u>68,529,513</u>
Less : Closing inventories		
Finished goods	113,261,821	134,774,661
	<u>113,261,821</u>	<u>134,774,661</u>
Net decrease / (increase) in inventories	<u>21,512,840</u>	<u>(66,245,149)</u>

	Year Ended 31-Mar-2019	Year Ended 31-Mar-2018
	RUB	RUB
NOTE - 11 : EMPLOYEE BENEFITS EXPENSE		
Salaries, wages and bonus	8,529,342	7,008,532
Contribution to provident and other funds	1,503,363	1,403,385
Staff welfare expenses	290,436	277,633
	<u>10,323,141</u>	<u>8,689,550</u>



CJSC Torrent Pharma
Notes to the Financial Information (page 4)

	Year Ended 31-Mar-2019	Year Ended 31-Mar-2018
	RUB	RUB
NOTE - 12 : OTHER EXPENSES		
Repairs and maintenance	39,786	21,237
Selling, publicity and medical literature expense	7,930,633	8,802,350
Sales and turnover taxes	16,096	9,283
Rent	5,306,740	4,263,607
Professional and legal fees	536,685	660,152
Communication expenses	91,496	124,063
Printing and stationery expenses	111,368	111,466
Insurance	4,001,531	3,241,280
Auditors remuneration and expenses	1,620,000	1,960,000
General charges	1,569,790	1,428,785
	<u>21,224,125</u>	<u>20,622,223</u>

NOTE - 13: EARNING PER SHARE

The basic and diluted earnings per share [EPS] are:

Net profit / (loss) for the year	15,192,310	(7,394,682)
Weighted average number of equity shares	23,802	23,802
EPS (basic and diluted)	<u>638</u>	<u>(311)</u>

